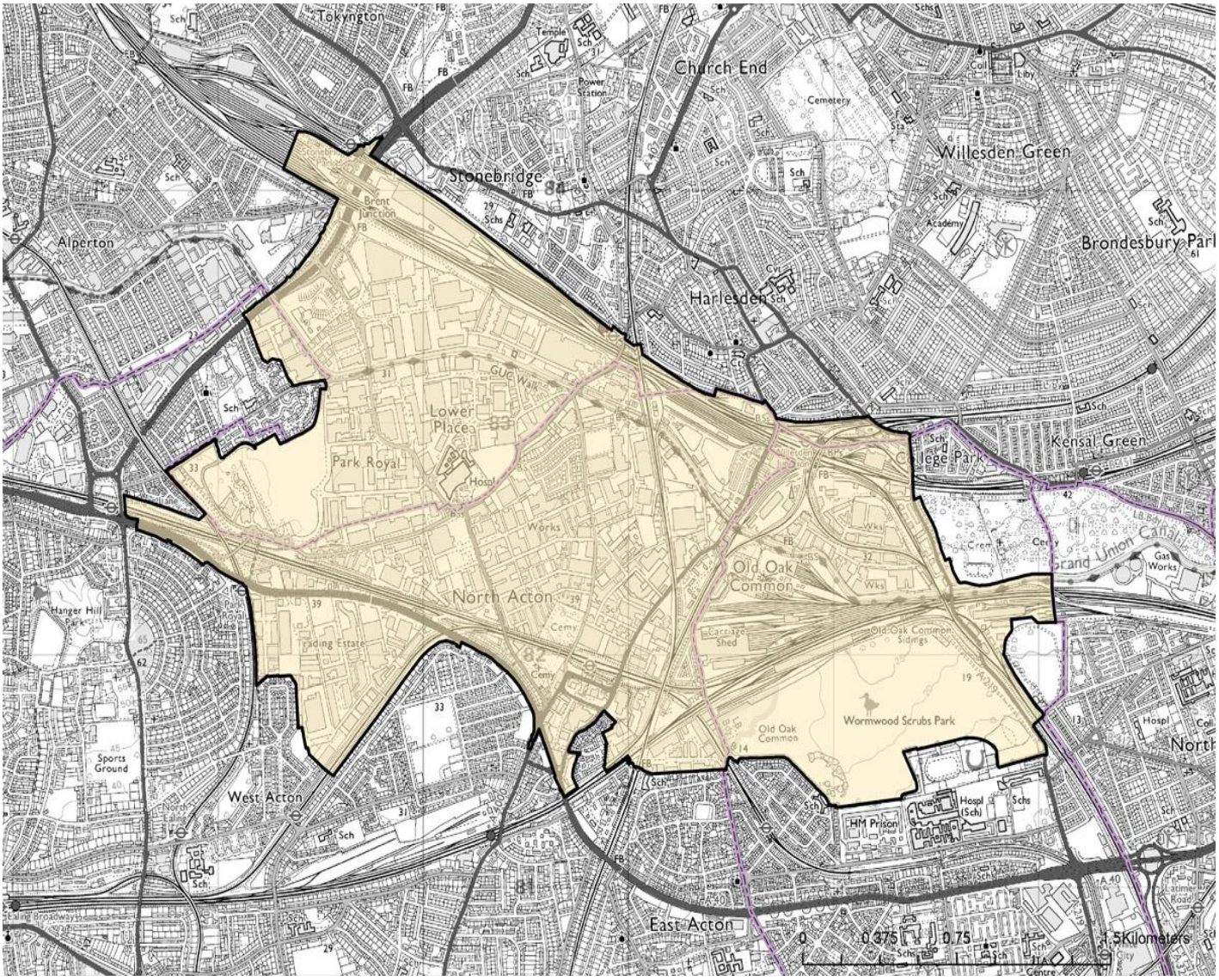
Park Royal workforce skills analysis

Employer skills demand and training supply on London's largest industrial estate

May 2016



SQW

Contents

Contact:	Chris Gibbon	Tel:	020 7391 4100	email:	cgibbon@sqw.co.uk

Approved by:	Michael Frearson Director	Date:	20 May 2016

1. Introduction

The brief

1.1 Park Royal is the largest industrial estate in London. It covers around 500 hectares of land stretching across three local authorities (Brent, Ealing, and Hammersmith and Fulham), making it equivalent in size to the City of London. Its fortunes have waxed and waned since its beginnings as a centre for employment during the First World War, reaching a peak in the 1960s when 45,000 people worked there. Currently estimated to be home to around 2,000 businesses employing over 30,000 people, Park Royal is well-known as a centre for warehousing and distribution, food processing and film and TV-related firms, but is also home to companies from a wide range of other industrial sectors. It is a focal point for two of the largest infrastructure projects being undertaken in London: Crossrail and HS2. As a result, in 2015 the Mayor of London created a new Development Corporation to oversee the area and ensure it adapts to and thrives in a fast-changing London.

1.2 One of the tasks the Corporation has set itself is to build up an evidence base on many aspects of the local economy. This project is one example of such work. The Hyde Group – a major provider of social housing in the area – the Old Oak Common and Park Royal Development Corporation (OPDC) and the London Borough of Brent (LBB), with the support of the Park Royal Business Group (PRBG), commissioned SQW to carry out a needs analysis to help determine the skills and qualifications businesses on the Park Royal estate are looking for (now and in the future) in their workforce.

1.3 The aim of the work is to inform the training 'offer' provided by Hyde Group, the local authorities, further education colleges and other training providers, with the ultimate goal of improving the chances of local people being employed on Park Royal now and in the future.

Policy context

1.4 In 2014 the Greater London Authority (GLA) surveyed 250 businesses on the estate. Almost half (47%) of them anticipated employment or workspace growth in the short-term, creating expansion and replacement demand for workforce skills.[1] In the longer term, new employment opportunities will arise with the development of Old Oak Common, where the proposed HS2 and Crossrail inter-change could bring 14,000 new jobs and 1,500 new homes by 2031.[2]

1.5 Park Royal straddles the London Boroughs of Brent, Ealing, and Hammersmith and Fulham. Together these boroughs are home to 37% of the people working at Park Royal (see Annex B). The boroughs share a number of priorities for improving the employment and skills opportunities of their residents, as expressed in the employment and skills strategies for Brent and Ealing and the Hammersmith and Fulham core strategy. Shared challenges include disproportionately high levels of unemployment among BAME groups, recent migrants and people with a disability or mental health problems, comparatively low employability skills

[1] Park Royal Atlas (GLA, May 2014) https://www.london.gov.uk/what-we-do/regeneration/regeneration-publications/park-royal-atlas (accessed January 2016)
[2] Park Royal Business Group http://www.westlondon.com/park-royal-business-group.html (accessed January 2016)

(e.g. in basic English or financial numeracy), and lack of employment opportunities, particularly for young people.

1.6 The boroughs recognise Park Royal is an important provider of entry-level and low-skilled employment for their residents, and the planned inward investment and development of the site is anticipated to create opportunities for business start-ups and relocation. This in turn is expected to increase demand for high-skilled workers, and help build resilience into a local labour market that has been slow to recover from the recession. However, there are also risks. Rising land values present a threat to the micro and small enterprises currently located on the site, and local residents without access to entry-level jobs may struggle to enter or re-enter the local labour market. The challenges and opportunities presented by the present and future workforce needs of employers at Park Royal are thus inextricably entwined.

1.7 As London's largest industrial estate, Park Royal also has an important role to play in the economic development of the capital. The employment and skills aspirations of the three boroughs co-exist with priorities set by the London Enterprise Panel (LEP) to create a city with "fundamental strengths in research, talent, creativity and finance" to make it an "unparalleled location for commercial innovation".[3] London's current vision for employment and skills is expressed in *London 2036: An agenda for jobs and growth* (GLA 2013) and *Jobs and Growth Plan for London* (GLA 2013), and is supported through local delivery vehicles such as the West London Alliance jobs and skills programmes, including *Working People Working Places* and the *Skills Escalator*.[4] Taken together, the main skills priorities for London may be summarised as follows:

- Ensure Londoners have the STEM skills firms need, particularly though science and technology **apprenticeships** (alongside aims to increase the number of apprenticeships in general).
- Improve the competitiveness of London by increasing the numbers of people gaining economically valuable **higher-level skills** (Levels 3/4+), and closing the Level 3/4 qualifications gap between growth (Olympic Host) boroughs and the London average.
- Develop Londoners' skills to meet the needs of new and existing industries, including **technical talent** (identified by London's tech entrepreneurs as the single biggest barrier to growth).
- Develop **employability skills**, particularly for adults, and ensure that London residents are equipped to compete for jobs.
- Ensure the **supply of skills** is sufficient in sectors that play an important role in **enabling growth**. This includes working with the construction sector to ensure a lack of **construction** skills does not become a barrier to house-building, and securing the supply of skills to meet London's growing **transport** requirements.

[3] London Enterprise Panel (2013) London 2036: an agenda for jobs and growth
[4] http://westlondonalliance.org/wla/wlanew.nsf/pages/WLA-291

Our approach

1.8 Partly because Park Royal is split over three boroughs there is relatively little data on the views of local businesses on the site. SQW's research approach was therefore, in essence, to try and talk to as many businesses as possible about their skills and training needs. In order to obtain a reasonably sized and broadly representative sample, it was decided that the primary vehicle for doing this should be a telephone survey of local businesses. The 2014 GLA 'atlas' of Park Royal businesses[5] created a database of firms' locations that included (in some cases) some basic information about the companies. While this database was a little out of date in 2016, and some of the records did not contain phone numbers, it was felt it represented the best available source of leads with which to start this work.

1.9 SQW and its market research partner, Qa Research, were able to take these records and supplement them with others collected from other sources, including Park Royal landlords. The result was a database of approximately 1,300 usable records. All the businesses were rung up (several times, in cases where no reply was received) and eventually interviews were secured with 178 businesses (see Annex A).

1.10 As part of the 15-minute phone interview businesses were asked if they would be willing to consider taking part in a face-to-face group interviews facilitated by SQW to explore these issues further. Those that said yes (90 respondents) were offered four possible dates for such a session. However, the response rate was poor, so SQW also created two other channels for local employers to respond: a further phone interview and a short online survey. A total of 10 people contributed further views in these ways.

1.11 SQW also conducted secondary analysis of published workforce data in order to establish travel to work patterns, the employment and skills characteristics of local residents and opportunities for training, and employers' skills challenges and training solutions (see Annex B).

The report

1.12 The findings of the phone survey, fleshed out with insights and commentary from the second group of consultees, form the primary research undertaken for this project. The report also tries to place these findings in a wider context, by analysing relevant secondary data and reviewing research literature. To allow such comparisons to be made more easily, the report has been structured around two 'chapters', the first looking at the demand for skills in Park Royal, and the second looking at the supply of training and skills. This approach leads into a final conclusions chapter, which considers the implications of the research for Park Royal and for the commissioning partners and other training providers. There is a series of supporting annexes for those who wish to explore the evidence in more depth.

[5] Greater London Authority (2014) *Park Royal Atlas; An Employment Study of London's Largest Industrial Area*. The GLA kindly granted SQW access to the associated database of Park Royal companies.

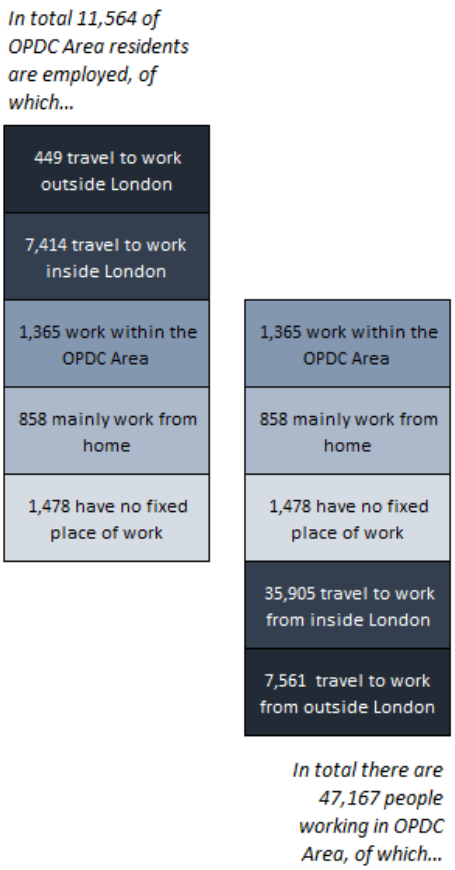
2. Employer skills demand

Context

2.1 Park Royal is one of the most important employment sites in west London. The large warehouses that dominated the estate in the 1960s have in many cases now been sub-divided into smaller units, and the GLA's 2014 Park Royal Atlas estimated that three-quarters of the firms there were micro-businesses, employing ten or fewer staff.

2.2 Nevertheless, the daily inflow of workers to the site is still considerable. The GLA's 2016 socio-economic baseline[6] indicates that the OPDC development area experiences a positive net flow of nearly 37,000 people – almost twice its resident population. Some of these workers travel long distances – one in six (16%) of those who commute in does so from outside London. Of the commuters coming from elsewhere in London, 44% are drawn from neighbouring districts of Brent, Ealing and Hammersmith and Fulham outside the OPDC development area. The majority of Park Royal residents themselves actually work elsewhere in London. Figure 2-1 provides a breakdown of the volume of in and out-commuters.

Figure 2-1: Breakdown of where in-commuters and out-commuters work

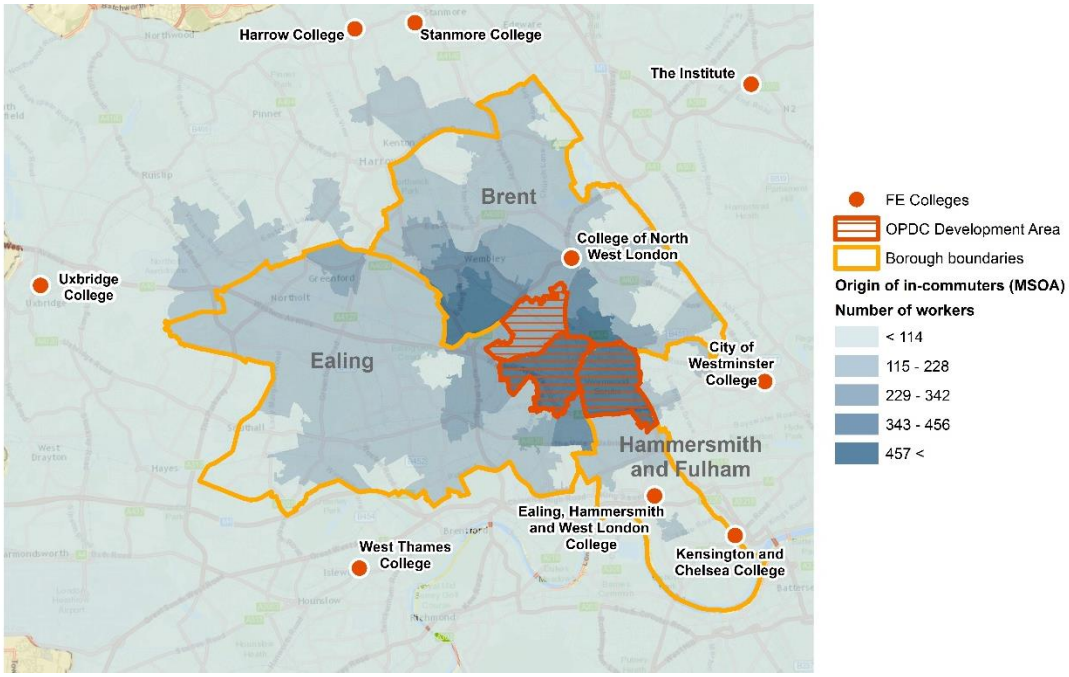


Source: 2011 Census, Origin Destination

[6] GLA Economics (2016) Socio-economic baseline – Old Oak and Park Royal

2.3 Those who commute into the OPDC development area come primarily from nearby parts of London, especially in Brent. Figure 2-2 shows where the area's workers live (measured at middle super output area (MSOA) level). The darker areas indicate higher numbers of workers; the lighter colours indicate lower ones.

Figure 2-2: Origin location (residence) of people who work within OPDC Development Area



Produced by SQW 2016. Licence 100030994
Source: 2011 Census, Origin Destination data

2.4 The secondary data analysis (see Annex B) indicates that the workforce on the estate is disproportionately likely to be working in elementary occupations or as process plant or machine operatives, compared with elsewhere in London. Workers are also marginally more likely to work in skilled trades than are Londoners in general.

2.5 This is reflected in the types of industry found in the area. Manufacturing and wholesale/ retail/ car repair firms represent the largest two employment categories and are much more common here than in London as a whole. On the other hand, professional, scientific and technical activities, as well as education, are much less common.

Survey evidence

2.6 The 'demographics' of the 178 firms surveyed for this research show similar characteristics to those described in the GLA's 2016 socio-economic baseline and 2014 atlas, suggesting that the results are likely to be broadly representative of the wider OPDC region (as defined in the 2016 socio-economic baseline). The low response rate to the survey (and interviews) is symptomatic of employers' general lack of interest in workforce skills, a finding in itself which is reflected in the survey results.

The survey respondents:

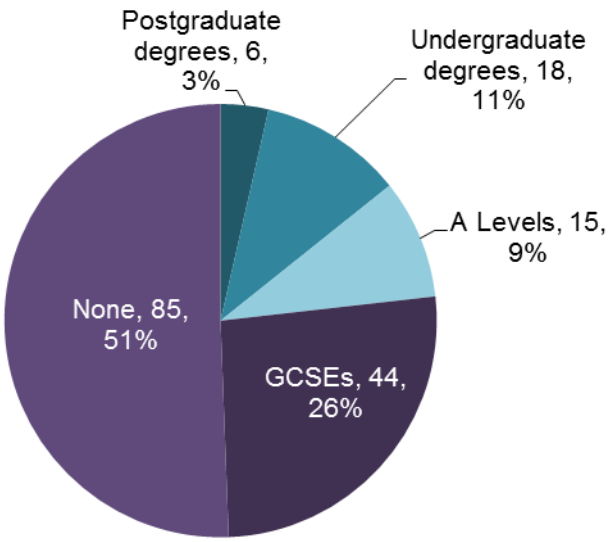
- 52% were micro-businesses (fewer than 10 employees), while 37% were classed as small firms with 10-49 employees.

- 43% were based in warehouses, while 26% were in small offices.
- For almost two-thirds (64%) their Park Royal base was their only operating site.
- A quarter had been on the estate for no more than five years, with a further 30% having been there for 5-10 years. A small group (5%) were long-term occupants, having been on Park Royal for more than 35 years.
- 27% came from the wholesale/retail/car repair category, with 18% being manufacturing firms. The third largest group – arts, leisure and recreation, with 11% of respondents – reflects in part the cluster of film and TV-related businesses on the estate.
- 60% of firms did not employ any people from "professional occupations".

Demand for formal qualifications

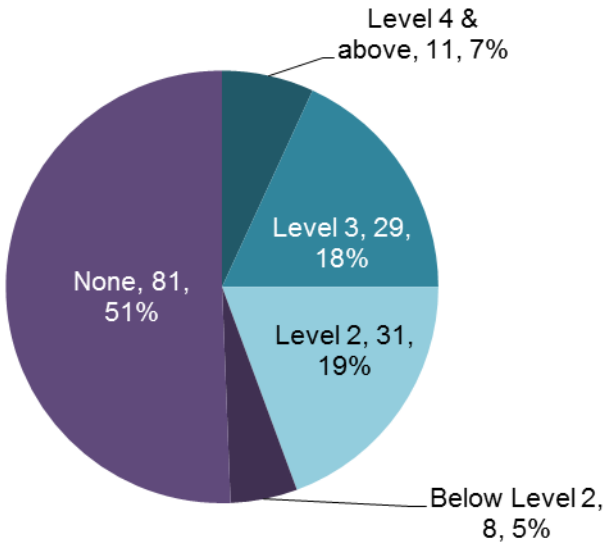
2.7 Park Royal employers expressed little demand for formal qualifications. Just over half (51%) of respondents said they did not require their employees to have any qualifications. Where employer demand did exist it was for low level qualifications: 26% of employers requiring academic qualifications wanted GCSEs, while amongst employers demanding vocational qualifications, 19% identified Level 2 and 18% identified Level 3. High-level qualifications, such as university degrees, were only required by a small minority of Park Royal employers.

Figure 2-3: Responses when asked 'Which type of academic qualifications do you expect your Park Royal employees to have?'



Source: Qa/SQW survey. Base = 168

Figure 2-4: Responses when asked 'Which type of vocational qualifications do you expect your Park Royal employees to have?'



Source: Qa/SQW survey. Base = 160

Demand for skills

2.8 Broadly, employers expressed demand for three core areas of competence in their workforce: basic skills (cited by 81% of all respondents), specialist job skills and knowledge (mentioned by 79%), and personal management skills (e.g. team working and time management – cited by 76%).

Skills shortages

2.9 Employers used a mix of approaches to recruit staff (and sometimes used more than one). Forty-two per cent had a formal company recruitment process, but 30% recruited informally through friends, and others by word of mouth. Almost a third (29%) used recruitment agencies.

2.10 A large minority said that inadequate skills among potential recruits had made it difficult to hire people. In the last 12 months, just over a third (38%) of all respondents indicated that skills had been a barrier to recruitment, despite the generally low level of qualifications requirement. These figures seem to be worse than those for the UK as a whole: according to the 2015 UKCES *Employer Skills Survey*, the proportion of vacancies that were hard-to-fill because of skill shortages was 23% at the UK level.[7]

2.11 Survey respondents identified skills shortages amongst potential recruits centred on a lack of specialist and/or job specific skills, with 74% (50) of those who said skills were a barrier, followed by basic skills and sales skills.

[7] UKCES (2016). *Employer Skills Survey 2015*, p. 12.

Table 2-1: Skills that respondent employers have had trouble finding amongst potential recruits

	Total responses	Proportion of all responses
Specialist (job-specific) skills or knowledge[8]	50	74%
Basic skills[9]	23	34%
Sales or dealing with customers	16	24%
Personal management at work	13	19%
Managing others	12	18%
Advanced literacy skills	12	18%
Advanced numeracy or analytic skills	7	10%

Base = 68 respondents that faced recruitment issues

2.12 This lack of job-specific skills appears to be a bigger problem on Park Royal than it does across UK employers more generally. Again according to the 2015 UKCES *Employer Skills Survey*, of those with hard-to-fill vacancies, 64% said that a lack of 'specialist skills or knowledge' was an issue. On the other hand, 'personal management' skills were less of an issue among Park Royal employers (13% faced recruitment issues in this area) than nationally, where 47% in the UKCES survey had trouble recruiting people with the 'ability to manage own time and prioritise tasks.'[10]

Skills gaps

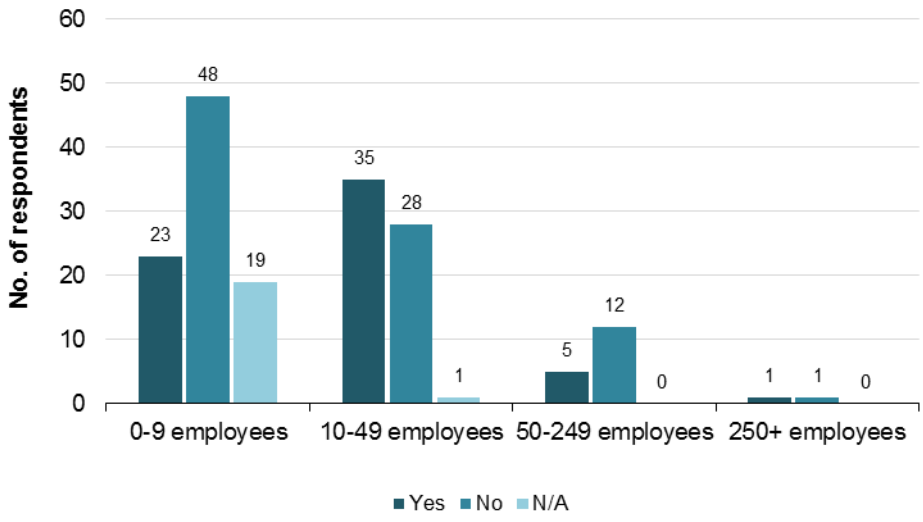
2.13 Most survey respondents were content with the skills levels within their current workforce. Some 72% of respondents indicated that they had no current skills gaps. Nevertheless, this is a little worse than that for the UK as a whole: the 2015 UKCES *Employer Skills Survey* found that 86% of employers felt they had a *"fully proficient workforce".*

Size of firms affected

2.14 The survey also revealed that small firms employing between 10 and 49 employees are much more likely to have had difficulties in recruiting appropriately skilled people over the last 12 months than were micro-businesses or medium/large firms. While noting that this result is based on a relatively small sample it is nonetheless intriguing. It may be that micro-firms are able to meet their (in any case more limited) recruitment needs through informal 'friends and family' networks, while larger firms (those with 50 or more employees) can draw on their better-known brands and specialist human resources staff to attract new people. Small firms may be caught in the middle – needing new staff on a regular basis but lacking the institutional resources to be able 'make their own labour market'.

[8] These are 'non-generic' skills which are necessary for one type of job but which would not be necessary for other types. They are often related to technical or professional qualifications – an accountant, for example, will be expected to have certain professional accreditations (achieved by passing exams) to be able to practice.
[9] Basic skills as a category includes a number of skill types: Knowledge of products and services offered; Knowledge of how the organisation works; Adapting to new equipment or materials; Computer literacy / basic IT skills; Basic numerical skills; Manual dexterity.
[10] Ibid. pp. 43-44.

Figure 2-5: Responses to 'Have you had any difficulties in recruiting people with any of these skill groups in the last 12 months?'

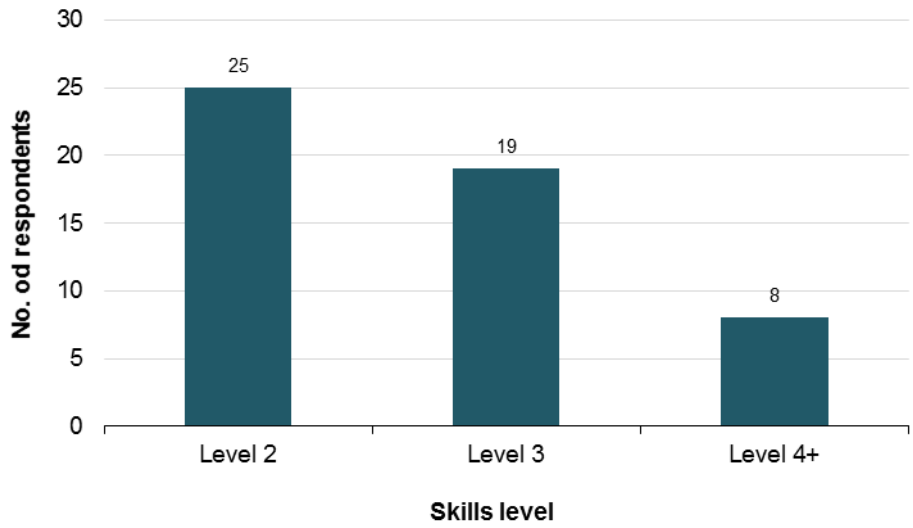


Source: Qa/SQW survey. Base = 173 respondents that provided relevant information

Demand for apprentices

2.15 There was little current demand for apprentices amongst survey respondents, with 85% indicating that they did not employ any apprentices. There was, however, greater willingness to consider hiring apprentices in the future with 34% of respondents stating that they planned to offer apprenticeships within the next five years. Of these, 25 said that they intend to offer apprentices at Level 2. Only eight said they would look to take on Level 4+ apprentices but this group included one employer that planned to recruit 45 apprentices at Level 4+ and another that planned to recruit 100.

Figure 2-6: Number of respondents wanting apprentices at each level



Base: 48 respondents who provided details on skills requirements for future apprentices

2.16 Respondents were also asked to state the Sector Subject Area in which they intend to offer future apprenticeships. Given the nature of many businesses in Park Royal, it is perhaps

unsurprising that 'engineering manufacturing technologies' attracted the most responses. 'Business, administration and law' and 'retail and commercial enterprise' were also popular.

Reflections from consultees

2.17 The issues determining the demand for skills and qualifications were explored in more depth in the interviews and consultations, and some of the points raised are considered below, in conjunction with survey findings, where relevant.

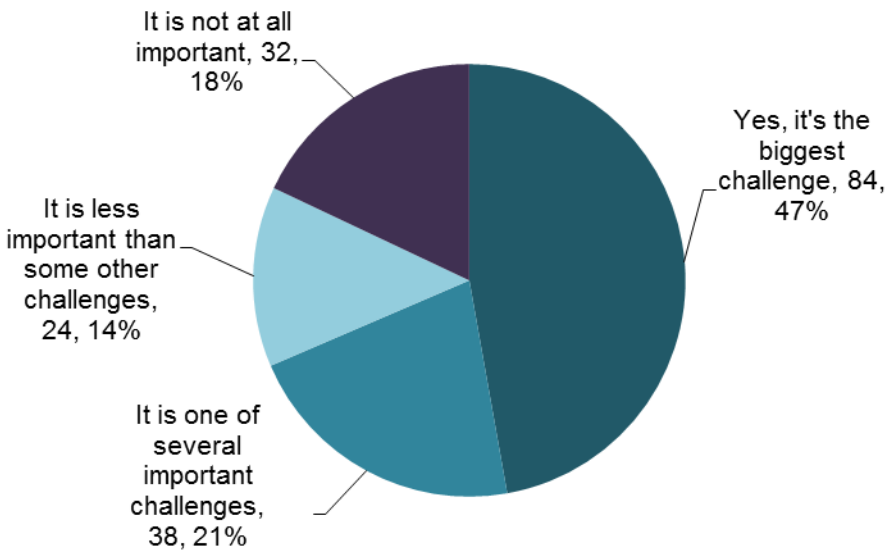
Skills demand

Recruitment difficulties

2.18 Interviewees tended to use a mix of approaches to recruitment, ranging from specialist recruitment consultants to JobCentrePlus. It was noted that consultants can be expensive, charging up to 20% of the annual salary of a successful recruit.

2.19 Although survey respondents were generally able to fill vacancies via these means, it was not always easy to do so. Skills issues were a contributory factor in this. As highlighted in Figure 2-7 below, over two-thirds (68%) of all respondents said that finding suitably skilled staff was either their biggest or one of their biggest recruitment challenges.

Figure 2-7: Responses to 'Is finding people with the right skills your biggest challenge when recruiting new staff?'



Source: Qa/SQW survey. Base = all 178 respondents

2.20 Nevertheless, evidence suggests that inadequate skills were less of a recruitment issue for Park Royal employers than employers elsewhere. The 2015 UKCES Employer Skills Survey found that *"overall, 10 per cent of all vacancies – 93,500 vacancies in total – were hard-to-fill exclusively for reasons not related to skills."*[11] As shown above in Figure 2-7, it appears that a much larger proportion of our survey sample regarded skills as a relatively unimportant issue in recruitment.

[11] Ibid. p. 49

Skills shortages

2.21 Two consultees commented that their highly skilled posts are relatively easy to fill, especially as people are willing to travel further in order to take on specialist positions. One mentioned that he has some specialist staff coming in from Brighton. He also said that many of his chemists came from abroad – he mentioned France and the former Soviet bloc as locations – but he did struggle to find more low-skilled staff.

2.22 Other interviewees also struggled to recruit people with low/ intermediate skills. Two who recruit drivers noted there was a national shortage of HGV and LGV drivers but this was exacerbated on Park Royal by strong local competition for such people, leading to considerable staff churn.

Skills gaps

2.23 Some interviewees provide internal training for their recruits. Sometimes this was to address skills gaps (one employer sometimes funds remedial maths courses) but in others it is to create the specialist job-specific knowledge the staff need, which external providers do not necessarily possess. One interviewee went so far as to say that "[external] course assessors tended not to be as skilled as those attending the sessions."

Wider labour market issues

Changes to working patterns

2.24 Some of the wider changes to the labour market are making future demand for workers harder to predict. One interviewee (from a large employer), noted that many of his staff stay in part because they are in a final salary pension scheme. This means there is a skilled but ageing cohort of workers that will need replacing over the next few years. However, the abolition of formal retirement ages means it is harder to plan for replacing staff, as there is no guarantee that they will want to stop when they reach 'normal' retirement ages.

Transport

2.25 There were a number of points made about more general aspects of Park Royal that, while not directly related to skills and training, nonetheless affect the prospects of firms looking to recruit people to work there.

2.26 The area is generally well-connected by public transport and many people commute into the site, but there are some nearby parts of London from which Park Royal is not particularly accessible – Hounslow was mentioned as one example. As a result, the consultees' staff tend to come from more easily accessible areas. Car parking is difficult on Park Royal, and the road network cannot really cope with the level of traffic: there are frequent gridlocks, which cause major problems for firms trying to move goods off the estate.

Public realm

2.27 Consultees did not rate public realm on the estate highly, with litter problems and a lack of suitable places to meet clients being mentioned. In some parts of the estate there were also concerns about crime and anti-social behaviour. Such factors may make Park Royal a less

attractive place to work and affect staff recruitment and retention. It was thought that the three-way split of responsibility between the councils contributed to this, as it meant there was a lack of co-ordination in addressing such problems (something the creation of the OPDC may help to remedy).

Implications

2.28 Park Royal has a distinctive economy, driven by manufacturing, wholesaling, processing and logistics. This is in part a legacy of its founding: originally on the periphery of built-up London, it has now been engulfed by it. The mix of firms in the area is still shaped by its relatively cheap land and the large size of units that are possible there, both of which are increasingly rare in London as a whole. (Though the average unit size is smaller than it was 50 years ago.) The Park Royal economy offers plentiful opportunities for low-skilled workers and those with few formal qualifications. Such people are (relatively) more common in the surrounding boroughs, especially Brent, than they are in London as a whole. It could be argued that a low-skills equilibrium exists, with employers expressing little demand for formal qualifications including apprenticeships, yet (as the next chapter shows) often struggling to recruit staff with the right mix of entry-level job-specific, basic and sales skills on a site that suffers from accessibility and attractiveness issues.

2.29 Park Royal's current labour market thus does not reflect the aspirations for the development of the estate or more generally for London, which is increasingly driven by professional services and technology firms, including the financial sector, which draw on highly skilled and qualified labour. The implications for Park Royal are complex. The Crossrail and HS2 projects are likely to lead to an inflation in land prices (as the area becomes more accessible) that goes beyond even the rises in land prices being seen more generally in London. This may put further pressure on the sorts of low-density, low productivity businesses which thrive there at the moment. If Park Royal wishes to move to a more intensive employment base (as OPDC's plans imply) then it may have to look to shift its business model towards attracting those businesses which are more typical of London's growth aspirations. That would bring into play other issues, such as the quality of the physical environment and the need for 'third spaces' – coffee shops, cafes, and co-working spaces – to allow people to interact more, as well as creating the need for a different skills mix.

2.30 This approach would have implications for the type of people employed on the estate. The data from the three boroughs suggest many skilled workers can be found in the locality (see Annex B), but there is a risk that pathways into employment for local young people without formal qualifications could be cut off by a shift to a more highly skilled workforce.

2.31 If Park Royal wishes instead to retain its existing mix of businesses it cannot stand still. It will need to tackle other issues, such as its congested road infrastructure. Even the pockets of highly skilled work currently on Park Royal, such as its cluster of film–related businesses, are not necessarily guaranteed to stay. The BBC's once-huge operations at White City that sustained the cluster have now largely been re-located to central London and Salford. Park Royal would also need to address some of the challenges around the supply of relatively low-skilled labour, which are discussed in the following chapter.

3. Training supply

Context

3.1 The secondary data analysis (Annex B) suggests that, in theory at least, the supply of skills available to Park Royal should be sufficient to meet most of its needs. Although its resident population is relatively small, the three boroughs that share Park Royal have a combined population of around 800,000 people, with qualifications that range across the spectrum from the highest skilled to those with no qualifications. Furthermore, Park Royal's transport links are such that significant numbers of workers from elsewhere in London and from outside the capital are able to travel to work there. Nevertheless, the interviews suggested that a sizeable minority had quite major problems in recruiting people, with low-skilled staff and apprentices being at least as hard to recruit as highly skilled staff.

3.2 Several further education (FE) colleges offer training provision including apprenticeships for residents in the London boroughs where many Park Royal workers live. Five London colleges registered around 28,000 residents from the London boroughs of Brent, Ealing and Hammersmith and Fulham in 2013/14. Ranked in order of the number of local residents attending in this year, these colleges were Ealing and Hammersmith College of West London, the College of North West London, Harrow College, the City Literary Institute, and Uxbridge College.

3.3 They are the local colleges where Park Royal workers are most likely to gain new skills and qualifications, and where employers may look to recruit or train staff including apprentices. In 2013/14 more than 1,100 apprentices started at these colleges. Uxbridge College was the largest provider with 480 apprentices, including 270 in engineering and manufacturing. The College of North West London was the second largest provider with 370 apprenticeships, including 110 in Information and communications technology. Results for the other colleges can be found in Annex B.

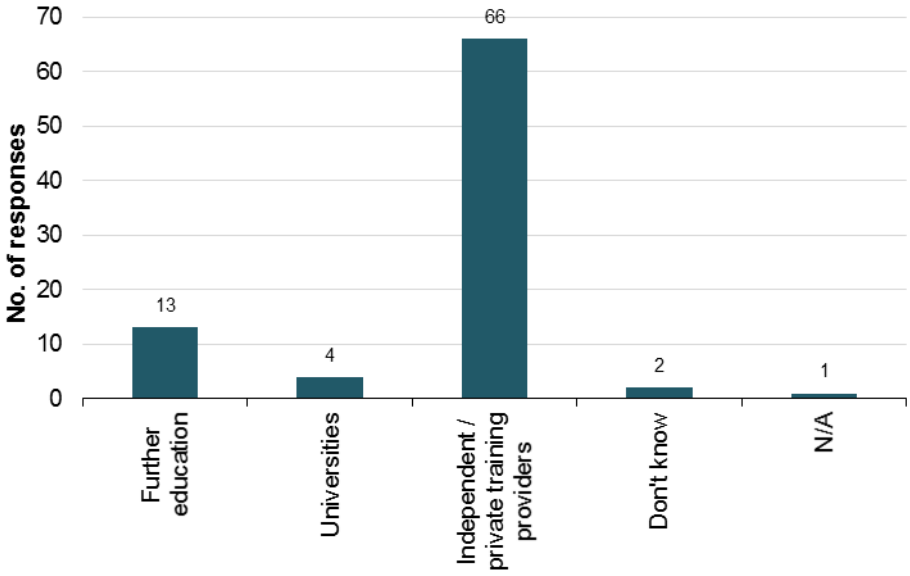
Survey evidence

Training provision

3.4 A relatively small proportion of Park Royal employers arrange external training. Of the 178 survey respondents, over half (55%) said they had not used an external training organisation in the last 12 months. This is a lower figure than that for the UK as a whole. According to the UKCES 2015 *Employer Skills Survey*, "two-thirds of employers (66%) had funded or arranged training or development for their staff over the previous 12 months."[12] Where Park Royal employers used external providers (as was the case with 77 respondents), 'independent/ private training providers' were much more likely to be chosen than FE colleges or universities, as shown in Figure 3-1.

[12] UK Commission for Employment and Skills (2016), *Employer Skills Survey 2015: UK results*

Figure 3-1: External providers used by survey respondents



Source: Qa/SQW survey. Base = 77 respondents that used external training providers

3.5 Respondents used a wide variety of independent training providers. The most popular organisation was Wallace School of Transport, which delivers HGV and LGV training. Located on Park Royal itself, this was used by four respondents. Other providers used by more than one respondent were St John's Ambulance (used by three) and the tools supplier, Snap On, used by two.

3.6 The training providers used by survey respondents came from a range of locations, as the examples highlighted in Table 3-1 show.

Table 3-1: Examples of external training providers used by respondents

Geographical level	Training organisations
Park Royal	• Wallace School of Transport • Chaboun Ltd
London-based	• Direct Photographic • London Chamber of Commerce • Hamilton Mercer • Kitchen Tonic Training Centre
Outside London	• Mentor FLT Training • JJ Medics • Highfield Publications • Audatex Ltd
Nationwide	• Retail Motor Industry • St John's Ambulance • Snap-On Tools • Learn Direct • British Safety Council • DVSA

Geographical level	Training organisations
	• Reed

Source: Qa/SQW survey. Please note this does not include all responses with some of the named providers being unclear

3.7 Of these providers, only three receive public funding[13] for their London-based operations: Reed, Learn Direct and Retail Motor Industry.

3.8 The level of satisfaction with such training was high: 83% of respondents were either satisfied or very satisfied with their external training provider. Few of them, though, looked to the providers for related forms of help: only 7% of employers had used them for other things, such as enterprise development, business planning or management coaching. Arguably, these are more relevant to the many microenterprises on the estate than award-bearing training.

3.9 The data suggests lack of engagement between respondents and the FE or university sectors. This is supported by responses elsewhere in the survey, with 85% of all respondents saying that they had not discussed their training needs with 'a local university, further education college or training provider in the last 12 months'. Nevertheless, there is a degree of interest amongst respondents for future engagement with just over half of all respondents (54%) stating a willingness to engage with them going forward.

Support for young people

3.10 One way to improve local skills supply is through early engagement with young people. Of all 178 respondents, 44% currently provide work experience and/or placements and internships to young people, with a higher proportion (54%), saying that they planned to offer such placements within the next five years.

3.11 Table 3-2 shows the extent of more informal forms of support offered to young people by respondent employers. Less than half (45%) offer any of the stated wider support but where it is offered, respondents are most likely to provide mentoring support or host site visits.

Table 3-2: Responses to 'Do you offer any of the following forms of support to young people to help them understand your business?'

Support	No. of responses	Proportion of all respondents
Host site visits (at site premises)	44	25%
Visit education institutions to discuss careers	27	15%
Provide mentoring support	43	24%
Conduct mock interviews	21	12%
Help design and/or set coursework	21	12%
Get involved in any enterprise competitions	18	10%
None	98	55%

[13] https://www.gov.uk/government/publications/sfa-funding-allocations-to-training-providers-2015-to-2016

Reflections from consultees

3.12 The interviews and consultations touched on a number of aspects of the supply of training and skills needs.

Apprenticeships

Young people becoming increasingly 'picky' about the jobs they want

3.13 The only consultee directly affected by the apprenticeship levy said it would cost his firm £50,000 a year, but the bigger issue for him was the lack of supply of appropriate people for apprenticeships. Other interviewees and consultees expressed frustration with their inability to find people (especially young people) to fill the apprenticeships they had on offer. This was thought to have become a problem in the last few years in particular.

3.14 One interviewee (from a local recruitment agency) noted that young people seem to be becoming increasingly 'picky' about the jobs they want to apply for. She said that the number of 18-24 year olds approaching her for apprenticeship vacancies has dwindled in recent years. The age group seems more interested in pursuing part-time work and want higher initial pay. She noted that young people seem to prefer an entry-level job without training (at National Minimum Wage £5.30 per hour for 18-20 year olds, and £6.70 for 21-24 year olds) than an apprenticeship paying £3.30 per hour, and they were failing to grasp that, unlike an apprenticeship, such jobs may offer no real career progression. She also struggled to find people wanting to work in food processing, for instance, as there was a strong preference for a basic warehouse job.

3.15 The consultee identified several barriers to work that affected young people locally. For instance, they might have criminal records or be single parents. She added that lots of young people don't really know what they want to do and might not do so until they reach their early 30s.

Reluctance of young people to take on physical work

3.16 Consultees said that this was a problem. One noted that he had recently taken on a couple of very bright people but they soon left because they were not enjoying the physical aspect of the role. There were also some more general attitude points, such as some young people not liking long hours.

3.17 One interviewee mentioned that where young people do want physical work, they tend prefer construction jobs. An employer suggested that this was because those jobs were higher profile and better paid initially but added that, again, these opportunities did not offer much in the way of career progression. However, an interviewee from the construction sector said that they too were finding it hard to recruit people at all levels. He attributed this in part to people being cautious about moving from their present job in the current economic climate, as well as to the rising costs of living in London.

Older people unsuited to filling apprentice positions

3.18 The same interviewee reported there are lots of people aged 25+ who are keen to start apprenticeships but they are being 'priced out' by younger people. Two employers said that in their view apprenticeships are only really suitable for young people. Older people bring experience and practices from other workplaces and are not so easy to 'mould', and many older people dislike being managed by people younger than them. The employers ideally would prefer to take on bright people who have A Levels but are not interested in going to university.

Employer engagement with schools and colleges

3.19 Consultees also reported a lack of success in efforts to engage with FE colleges and schools. Two consultees spoke at some length about the lack of awareness among school leavers and college students of the diverse job and career opportunities within their sectors. Both were critical of school careers advisors in this regard. Both had also tried engaging with local colleges but felt that, with the exception of Uxbridge, the colleges "didn't really want to know". Two interviewees spoke positively about Uxbridge College. One said that it has developed links with employers and introduced new courses in response to this: "Uxbridge are sympathetic to the needs of employers."

3.20 Another had also been in contact with Uxbridge College and was keen to build a relationship with them. He was recently looking to put some of his apprentices through an NVQ Level 3 qualification in chemical processing. He approached Uxbridge College about delivering this but the college felt unable to. Consequently, he has had to send his staff to Aylesbury for training. However, he said he could understand why the college was not providing such courses: ultimately, it has to put on courses that have the greatest demand and are most likely to be filled – they have to put "bums on seats". He added that most electrical training in colleges these days comes through construction courses. However, the skills and knowledge taught there is not really what his company needs.

3.21 Another added that his sector (film and TV –related) faced similar problems. When there was greater demand locally (connected with the BBC's Television Centre at White City) Westminster College had delivered specialist courses. However, with a decline in demand for these courses Westminster College had stopped offering them, and Creative Skillset (the sector skills council for the audio visual industry) had been unable to bridge the gap, despite attempts. He commented that although demand has declined at individual firms, there was still significant demand for apprentices (15/16 a year) in his industry across Park Royal.

3.22 One firm said it offered lots of work experience placements. Others were looking to engage more with schools and colleges in a bid to restart the flow of apprentices and workers. This might not always be straightforward – one firm noted that the nature of its work meant that health and safety was an issue that might prevent school groups visiting its site.

The college's view

3.23 The College of North West London was also consulted during the project. Its perspective helps illustrate some of the challenges colleges face responding to employers' skills needs.

3.24 The College supports quite a number of apprentices on the estate: it currently has 36 engineering apprentices at the McVities biscuit factory, at both Intermediate (level 2) and Advanced (level 3) Apprenticeships. In June 2016 it will launch an apprenticeship recruitment campaign called '100 in 100', to recruit 100 apprentices in 100 days for employers on the estate. The College also works in partnership with Brent Council and JobCentre Plus under the banner of Brent Works to provide a free apprenticeship and recruitment service for residents. The College therefore feels it has several points of engagement with employers on Park Royal.

3.25 The College is aware of the diversity of businesses and employment opportunities on the site. There are entry-level jobs in warehousing, forklift driving and shelf picking at places like Marks & Spencer and Ocado, for which the college provides candidates and training. Despite this, the College reports that it has found it generally quite difficult to engage with employers. It has had mixed results working with West London Business, and although it attends skills shows, micro/small businesses have been difficult to engage on skills issues. This is also true in more highly skilled fields. There is a small media hub in the area, with a mostly graduate workforce, but the College has had limited success introducing apprenticeships in this sector.

Implications

3.26 A large proportion of Park Royal workers live in Brent, Ealing and Hammersmith and Fulham, from where large numbers of learners are registered at five London FE colleges. This provides a potential network of publicly-funded training providers for meeting the skills needs of Park Royal employers seeking new recruits or addressing workforce skills gaps. Yet in the past 12 months fewer than half of survey respondents had arranged training (compared with two-thirds elsewhere in England), and few had engaged local providers in wider business support services. Those who do arrange workforce training prefer private training providers, with whom they are very satisfied, to FE colleges or universities, perhaps reflecting weak demand for staff to have or acquire formal qualifications. In line with national results, few Park Royal employers offer apprenticeships, though more intend to do so in the future.

3.27 Despite some employers requiring apprentices and technical professional staff, most do not appear to require highly skilled and qualified workers. They appear only to engage with independent external training providers to meet particular industry- and job-specific skills development needs. Independent training providers may be able to offer more responsive, flexible and informal provision for small numbers of trainees than the five colleges, whose apprenticeships are concentrated in just a few Sector Subject Areas.

3.28 Moreover, the large number of micro-businesses in the area may feel they have little need for the sort of training (or indeed apprenticeships) that colleges offer, while the larger firms (with over 50 employees) have better systems in place to make sure skills issues are addressed. This suggests the colleges should concentrate on building relationships with the 'small' firms (between 10 and 49 employees), especially in those sectors which have a tradition of hiring apprenticeships, such as manufacturing.

4. Conclusion

Summary of main findings

4.1 The majority of firms on Park Royal are micro-businesses (employing 0-9 people) attracted to the estate by its convenience, transport links and relatively cheap rents. Such firms have only limited skills and training needs, reflecting the small number of staff they employ, and have chosen to develop ad hoc solutions, such as the occasional use of external training providers, when challenges arise, rather than require or support their staff through formal qualifications. The recruitment difficulties they face are not exceptional by UK standards.

4.2 However, there are some slightly larger firms employing 10-49 people which are experiencing problems. For them it seems to be low and intermediate skills that are the issue rather than (as might have been expected) high-level skills. There are some reasons for thinking this may get worse in the years to come. These range from a rapidly rising minimum wage to the increasing buoyancy of the London jobs market, and even rising house prices making it harder for lower-skilled people to live in the boroughs around Park Royal.

4.3 There are also concerns about a lack of suitable people applying for apprenticeships, and low demand from young people for these and other employment opportunities offered by employers at the site. Given that more survey respondents were thinking about employing apprentices in the future than currently employ them, this too may become a more pressing issue in future years.

4.4 More widely, there is a case for arguing that having mostly micro-sized companies with limited skills needs in relatively low density units wastes the potential of Park Royal. There are a number of directions in which the estate could go. Its size means it is one of the few sites left close to central London that can still accommodate large manufacturing and logistics firms that serve the wider capital's needs. While there are a sizeable number of such firms already on the estate, encouraging more might make sense at a strategic, London-wide level. Alternatively, it might make sense to look to shift the estate's business mix towards the more high-skilled and professional jobs that increasingly dominate the London economy. Either way, there will be implications for the skills offer in the area, which may need to be strengthened.

Strengthening employer engagement

4.5 One of the five strategic objectives in the London Borough of Brent employment and skills strategy is to ensure local training supply reflects the demands of the labour market and provides a well-qualified labour pool. Delivering this objective at Park Royal will require extensive work building employer engagement. The modest response rate to the phone survey and subsequent follow-up events, together with some of the answers given to the survey, suggest that there is a lack of concern among many Park Royal firms about workforce skills. The majority seem able to find the people they need to conduct their business, and there is an established low skills equilibrium. Many of the things that affect the Park Royal labour market (such as the level of the minimum wage or the arrival of Crossrail) lie far beyond the control of local public bodies or firms.

Designing responsive training

4.6 The findings suggest there are inefficiencies in the labour market which could perhaps be addressed. Anecdotal evidence from the consultations (as well as the survey responses) indicated that those firms that were experiencing recruitment difficulties were looking to connect with colleges and schools but had little idea of the best way of going about it, and were falling back on pre-existing relationships with independent training providers of industry- and job-specific training. Meanwhile the colleges were struggling to engage small businesses with disparate technical skills development needs and difficulties attracting young people to entry-level and apprenticeship opportunities. This suggests there may be opportunities for colleges and/or external providers to discuss training needs with employers, perhaps through some kind of brokering service.

4.7 The survey results and the interviews suggested that it was often basic skills that potential recruits sometimes struggled with. Local FE colleges are able to offer support for prospective and extant employees who need to strengthen their English and maths, thereby improving their employability in the eyes of Park Royal employers. There may also be opportunities to address generic sales skills gaps identified by several employers, and also develop packages of small enterprise business support services for clusters of employers within the same industry sectors.

Annex A: Survey analysis

A.1 In March and April 2016, the study team carried out a telephone survey of businesses based at Park Royal. This sought to understand more about:

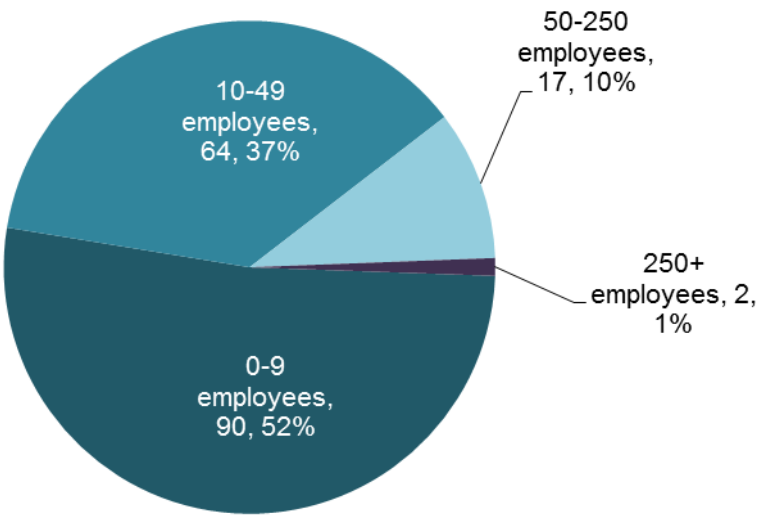
- the types of firm based at Park Royal (e.g. size, sector, age)
- the skills profile of existing employees
- what skills Park Royal employers typically look for when recruiting staff
- the extent to which local employers are facing skills shortages
- employer engagement with young people and/or apprentices

A.2 A total of 178 businesses responded to our survey. This annex outlines the main findings from the survey, focusing on the issues set out above.

Respondent profile

A.3 The overwhelming majority of respondent businesses were either micro-businesses (with 0-9 employees) or small businesses (with 10-49 employees). Of the 178 respondents, 59% (105) were micro-businesses while 26% (47) were small businesses. Only 11% of firms had more than 50 employees.

Figure A-1: Responses to 'How many people do you currently employ at Park Royal?'



Base = 173 respondents to question

A.4 Table A-1 shows that over half (55%) of the respondents had been based at Park Royal for a decade or less. Some firms however, have been based on the site for much longer with seven stating that they had been located on Park Royal for more than 35 years.

Table A-1: Responses to 'How many years has your company been located at Park Royal?'

Years at Park Royal	Total	% of responses
1-5	44	25%
6-10	54	30%
11-15	36	20%
16-20	16	9%
21-25	9	5%
26-30	7	5%
31-35	5	4%
36+	7	5%

Base = 178

A.5 Respondents were also asked to state which broad industry sector they belonged to. A wide variety of different sectors were covered but four categories in particular were cited more frequently than the others:

- 'Wholesale and retail trade; repair of motor vehicles and motorcycles' (48, 27% of respondents)
- Manufacturing (32, 18% of respondents)
- Arts, entertainment and recreation (19, 11% of respondents)
- Accommodation and food service activities (17, 10% of respondents)

A.6 Table A-2 below shows that Park Royal firms employ staff in a wide range of occupations. While almost all of them have managers, directors and senior officials, only 53% had anyone in administrative or secretarial occupations. Forty per cent of firms had at least one person classed in professional occupations, while 38% employed people in 'skilled trades'.

Table A-2: Respondents that indicated that they had staff in these occupational groups

Occupational group	No. of respondents stating they had staff fitting the occupational group	Proportion of all respondents
Managers, directors and senior officials	167	94%
Professional occupations	72	40%
Associate professional and technical occupations	21	12%
Administrative and secretarial occupations	95	53%
Skilled trades occupations	67	38%
Caring, leisure and other service occupations	10	6%
Sales and customer service occupations	59	33%

Occupational group	No. of respondents stating they had staff fitting the occupational group	Proportion of all respondents
Process, plant and machine operatives	44	25%
Elementary occupations	43	24%

Base: all 178 respondents

Profile of respondents' employees

Recruitment

A.7 The respondent businesses tend to draw on local labour forces. Over 40% of respondents (43%, 77) stated that the majority of their Park Royal employees live in Ealing, Brent, Hammersmith & Fulham, or "a mix of all three", with a further 16% (28) employing people primarily from other west London boroughs, such as Harrow and Hillingdon.

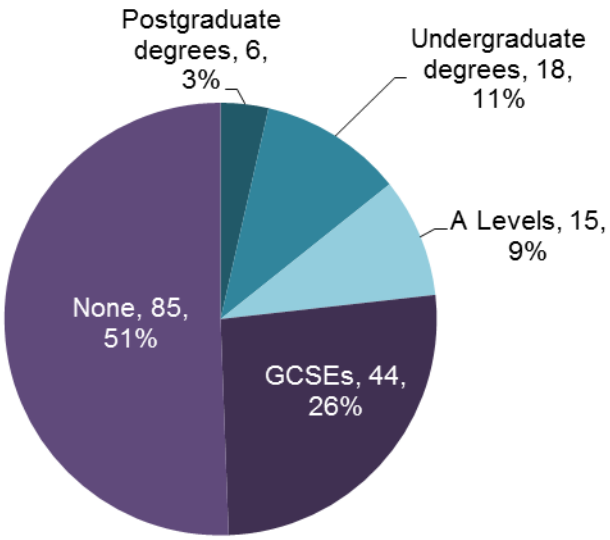
A.8 The respondents used a range of different recruitment avenues, both formal and informal. Seventy-five respondents (42%) said they used a 'formal company recruitment process' while another 51 respondents (29%) mentioned using a 'formal agency recruitment process.' Informal avenues were also important with 87 (49%) employing friends and family. Only ten (6%) said any of their current employees had been 'recruited as apprentices.'

Skills profile

A.9 As shown in Figure A-2 and Figure A-3 below, many respondents do not require their employees to have any formal skills. Of those that answered the relevant questions, 51% said that they did not require academic qualifications or 'vocational' qualifications.

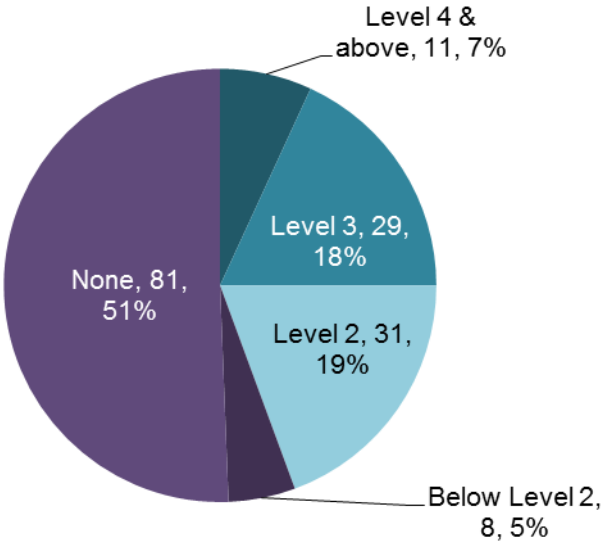
A.10 Where employers did want their workers to have skills it was generally at GCSE/Level 2: approximately a quarter (26%) of those wanting academic qualifications expected employees have GCSEs while 19% of those wanted 'vocational qualifications' requested Level 2 qualifications from employees (equivalent to GCSEs A* to C). There is relatively little demand for higher level skills such as undergraduate/postgraduate degrees or Level 4 qualifications.

Figure A-2: Responses when asked 'Which type of academic qualifications do you expect your Park Royal employees to have?'



Base = 168

Figure A-3: Responses when asked 'Which type of vocational qualifications do you expect your Park Royal employees to have?'



Base = 160

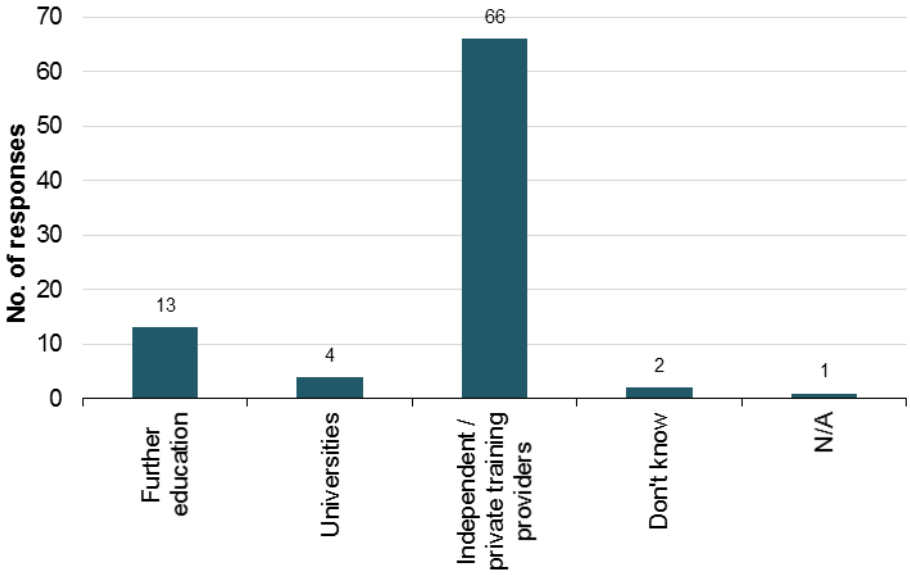
A.11 Respondents were also asked what qualifications they would expect employees to have in five years times. Responses here were similar to those outlined in the two charts above.

Training plans

A.12 The respondent group differed in its use of external providers. Of the 178 that commented on their future training plans, just over half (55%, 98 respondents), said that they had not used an external training organisation or college in the last 12 months. Figure A-4 provides further details of the types of training provider used by the 77 respondents who were using externals. 'Independent/private training providers' were the most frequently used external providers, cited by 86% of all users of external providers. A wider range of different providers were

named including Wallace School of Transport, Snap-On, and St John's Ambulance. The services such external providers delivered were split almost 50:50 between off-site training and on-site training.

Figure A-4: Responses to 'Which training providers did you use to train staff?'



Base = 77 respondents that used external training providers

A.13 Figure A-4 also suggests a certain lack of engagement between respondents and the FE/HE sector. This is supported by responses elsewhere in the survey with 85% of all respondents (152 of 178) saying that they had not discussed their training needs with 'a local university, further education college or training provider in the last 12 months'. Nevertheless, there is a degree of interest amongst respondents for future engagement with just over half of all respondents (96, 54%) stating a willingness to engage with them going forward.

Support for young people

A.14 Respondents were also asked about the support they provided more generally to young people. Of all 178 respondents, 44% (78) said that they currently provided work experience and/or placements and internships to young people with a higher proportion, 54% (96), saying that they planned to offer such placements within the next five years.

A.15 Employers were also asked about other less formal forms of support they offered to young people. Table A-3 shows that less than half (45%) offer any of the stated wider support but where it is offered, respondents are most likely to provide mentoring support or host site visits.

Table A-3: Responses to 'Do you offer any of the following forms of support to young people to help them understand your business?'

Support	No. of responses	Proportion of all respondents
Host site visits (at site premises)	44	25%

Support	No. of responses	Proportion of all respondents
Visit education institutions to discuss careers	27	15%
Provide mentoring support	43	24%
Conduct mock interviews	21	12%
Help design and/or set coursework	21	12%
Get involved in any enterprise competitions	18	10%
None	98	55%

Base: All 178 respondents

Skills requirements

A.16 Respondents were asked about their skills requirements both currently and in the future. As shown in Table A-4 below, there are five competencies in particular that are in demand from respondent employers. By and large these centre on basic skills, more general work skills, and job specialist skills. There seems to be more demand for these more 'basic' skills than for higher level ones.

Table A-4: Responses to 'Please identify the core competencies and skills your business requires…now?'

	Total responses	Proportion of all respondents
Basic skills (knowledge of products and serviced offered, knowledge of how the organisation works, adapting to new equipment or materials, computer literacy/basic IT skills, basic numerical skills, manual dexterity)	145	81%
Specialist (job-specific) skills or knowledge	140	79%
Personal management at work (ability to manage own time and prioritise tasks, managing own feelings/handling those of others, team working)	136	76%
Managing others (managing or motivating other staff, persuading or influencing others, setting objectives for others / planning resources, instructing, teaching or training people)	123	69%
Sales or dealing with customers (sales skills, making speeches or presentations, customer handling skills)	123	69%

	Total responses	Proportion of all respondents
Advanced literacy skills (reading/understanding instructions, reports etc., writing instructions, reports etc., communicating in a foreign language)	91	51%
Advanced numeracy or analytic skills (solving complex problems, complex numerical/statistical skills)	75	42%

Base = 178 respondents

A.17 The overall picture is similar for future skills needs with 'job specific skills or knowledge', 'basic skills', 'personal management' 'managing others', and 'sales or dealing with customers' again being the most sought after competencies within the next five years.

Skills shortages

A.18 Taken as a whole, the respondent group did not report serious difficulties in recruiting staff over the past year. Just over a third (38%, 68) said that they had faced recruitment issues, but half (51%, 90) saying that they had not faced such issues.[14]

A.19 As the table below shows, where there are skills gaps they are primarily within job specific skills and/or basic skills.

Table A-5: Responses to 'Have you had any difficulties in recruiting people with any of these skills groups in the last 12 months?'

	Total responses	Proportion of all responses
Specialist (job-specific) skills or knowledge	50	74%
Basic skills (knowledge of products and serviced offered, knowledge of how the organisation works, adapting to new equipment or materials, computer literacy/basic IT skills, basic numerical skills, manual dexterity)	23	34%
Sales or dealing with customers (sales skills, making speeches or presentations, customer handling skills)	16	24%
Personal management at work (ability to manage own time and prioritise tasks, managing own feelings/handling those of others, team working)	13	19%
Managing others (managing or motivating other staff, persuading or influencing	12	18%

[14] There were 20 respondents who said that an answer was no relevant as they had not recruited anyone in the last 12 months.

	Total responses	Proportion of all responses
others, setting objectives for others / planning resources, instructing, teaching or training people)		
Advanced literacy skills (reading/understanding instructions, reports etc., writing instructions, reports etc., communicating in a foreign language)	12	18%
Advanced numeracy or analytic skills (solving complex problems, complex numerical/statistical skills)	7	10%

Base = 68 respondents that faced recruitment issues

A.20 Although respondents generally have not faced major difficulties in filling vacancies, skills remain a major concern for some employers. For instance Table A-6 shows that small businesses (those with 10-49 employees) on Park Royal are more likely to say that they have skills recruitment issues than not. By contrast, majorities of both micro and medium sized businesses did not encounter difficulties.

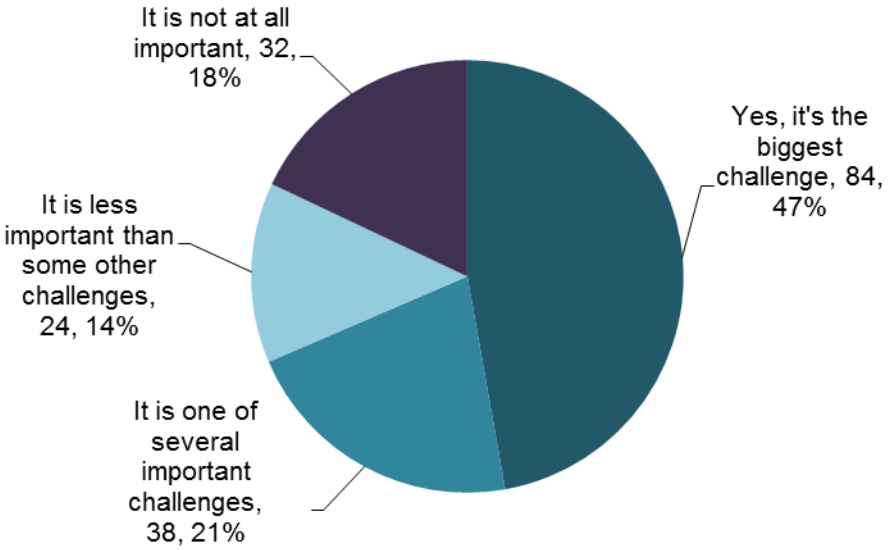
Table A-6: Responses to 'Have you had any difficulties in recruiting people with any of these skill groups in the last 12 months?'

Number of Park Royal based employees	Yes	No	N/A – have not recruited anyone in the last 12 months
0-9 employees	23	48	19
10-49 employees	35	28	1
50-249 employees	5	12	0
250+ employees	1	1	0

Source: 173 respondents that provided relevant information

A.21 However, even though firms may be able to fill vacancies, finding appropriately skilled staff is not always straightforward. As highlighted in Figure A-5 below, just under half of all respondents said finding suitably skilled staff was their 'biggest challenge' when recruiting (rather than, say, the attitude of potential staff) while just under a quarter said it was 'one of several important challenges.'

Figure A-5: Responses to 'Is finding people with the right skills your biggest challenge when recruiting new staff?'



Base = 178

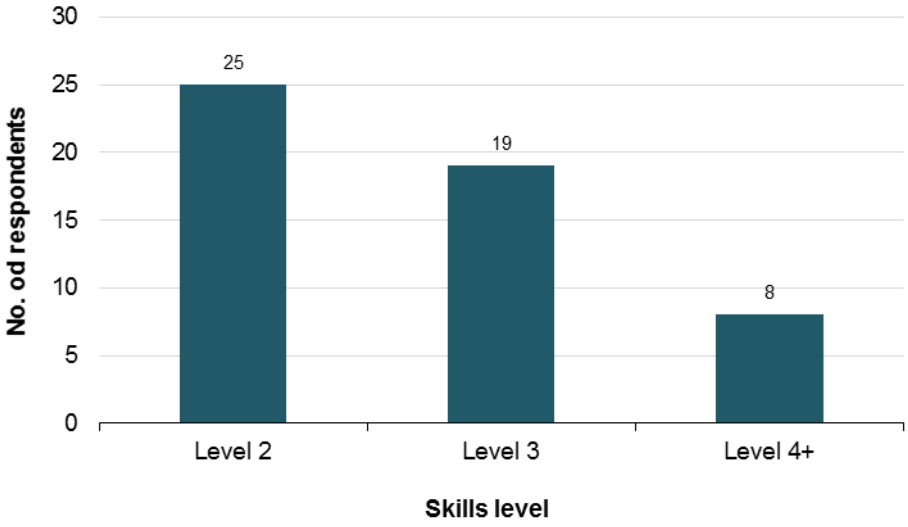
A.22 Overall, the respondents seemed to be content with the current skills levels within their Park Royal workforce. Of the 178 respondents, 72% (129) said that they did not have any current skills gaps within their workforce. Where respondents did have skills gaps (as was the case for 42 of them) the skills deficiencies were mainly in 'job specific skills' and 'basic skills,' mentioned by 23 and 13 respondents respectively.

Apprenticeships

A.23 The majority of firms (152, 85%) said they did not currently employ any apprentices. There was greater willingness however, to take on apprentices in the future with 61 respondents (34%) saying they planned to offer apprenticeships (or continue to offer them) within the next five years.

A.24 Very few respondents provided details on their current apprentices, making it difficult to assess the skills level and age of the Park Royal apprentices. They were happier to discuss the types of apprentice that they might want in the future (among those that do). Some 48 respondents provided details on the skills level they expected future apprentices to have. As shown below, greatest was greatest for intermediate level skills with 23 respondents (48% of this cohort) seeking Level 2 qualifications. Although there were only eight respondents that wanted higher level apprentices (Level 4+), two of these wanted a large volume of apprentices: one wanted 45 apprentices while another respondent wanted 100 Level 4+ apprentices.

Figure A-6: Number of respondents wanting apprentices at each level



Base: 48 respondents who provided details on skills requirements for future apprentices

A.25 Table A-7 below sets out the Sector Subject Area that respondents expected future apprenticeships to focus on. Given the nature of many businesses in Park Royal, it is perhaps unsurprising that 'engineering manufacturing technologies' attracted the most responses. 'Business, administration and law' and 'retail and commercial enterprise' were also popular answers.

Table A-7: Answers to 'In which subject area do you expect these apprenticeships to be in the future?'

Subject area	Total responses	Proportion of all answers to the question
Engineering and manufacturing technologies	22	36%
Business, administration and law	16	26%
Retail and commercial enterprise	11	18%
Construction, planning and the built environment	6	10%
ICT	6	10%
Don't know	5	8%
Arts, media and publishing	4	7%
Leisure, travel and tourism	3	5%
Education and training	1	2%
Science and mathematics	1	2%

Source: 61 respondents that plan to take on apprentices in the future

Summary

- Respondent businesses tended to be either micro or small businesses and were also most likely to have been based at Park Royal for 15 years or less.
- The majority of employers operate in the wholesale trade, manufacturing, arts and entertainment, and accommodation and food services sectors.
- Many respondents employed the majority of their workforce from the surrounding three boroughs, using a range of formal and informal recruitment processes.
- Many respondents do not require employers to have high levels of formal qualifications. Where qualifications are required, they are generally at GCSE or Level 2. Respondents appeared to need specialist job specific skills and 'basic skills' more than other types of skill.
- Around half of all respondents have recently used external training providers with independent or private providers being the most popular source.
- By and large, the respondent group did not report serious difficulties in recruiting staff over the past year. However, for some employers, finding people with the right skills remains a significant barrier to recruitment.
- The majority of respondents do not currently employ apprentices although there is a greater willingness to take them on in future.

Annex B: Secondary analysis

Introduction

B.1 Using secondary data sources, Annex B explores the skills and employment profile of Park Royal. In order to make the analysis more meaningful the site is analysed with reference to the wider geography of:

- Old Oak and Park Royal Development Corporation (OPDC) Development Area[15]
- OPDC Region[16]
- Three surrounding boroughs: the London Boroughs of Brent, Ealing and Hammersmith & Fulham
- London.

Information and data is drawn from the Office of National Statistics (ONS), The Park Royal Atlas (GLA, 2014), GLA Economics Baseline of Old Oak and Park Royal (2016), and statutory planning documents and skills strategies published by Boroughs of Brent, Ealing and Hammersmith & Fulham. The aim is to provide an insight into the labour market, employment challenges and skills profile of this part of West London.

OPDC Development Area

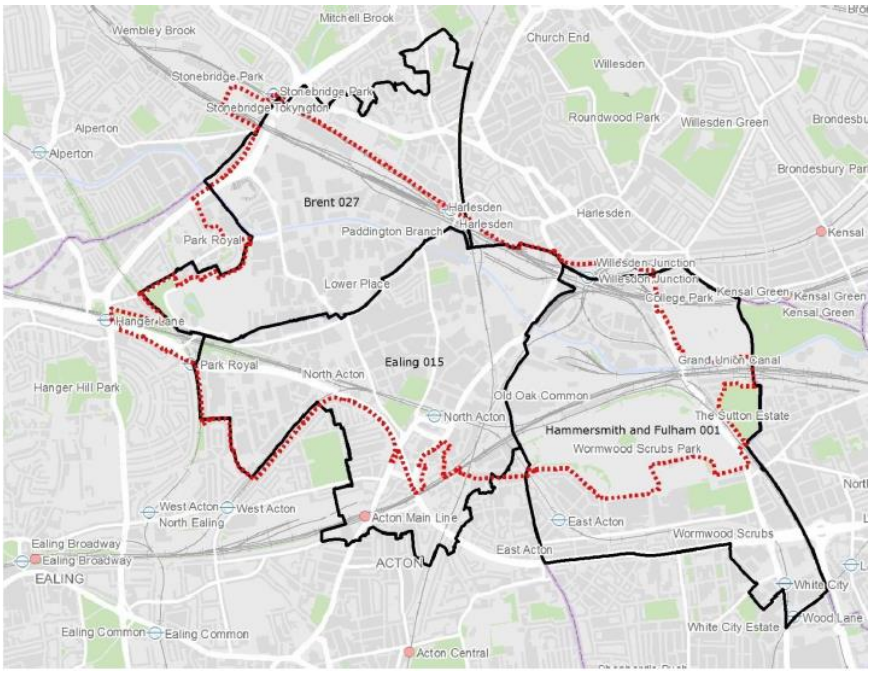
Resident population

Spatial and demographic context

B.2 Park Royal is located in the Old Oak and Park Royal Opportunity Area which is overseen by the OPDC. Due to the relatively small area of the site any analysis of employment and skills is more meaningful if the wider geography of the OPDC Development Zone is explored. In their publication of a socio-economic baseline of Old Oak and Park Royal,[17] GLA Economics have developed a proxy definition of the development zone using three middle super output areas (MSOAs) in order to undertake analysis of government datasets. The proxy "OPDC Development Area" consists of the MSOAs of Brent 027, Ealing 015 and Hammersmith and Fulham 001. The boundaries are shown in Figure B-1.

[15] *"OPDC Area":* the area that includes the statistical areas that cover the majority of the OPDC Development Zone. This area also includes some parts which lie outside the OPDC Development Boundary, with most of the households within these areas placed outside the OPDC Development Boundary. However, this is the most suitable area to analyse to measure changes that take place within the OPDC Development Zone into the future. Depending on the type of data that is being analysed, MSOAs or Wards, the OPDC Area is slightly different reflecting the different statistical area that's being used. The OPDC Area for MSOAs is defined in Map 2, and for Wards is defined in Map 3 (GLA, 2016)
[16] *"OPDC Region":* this is a wider area that surrounds the OPDC Development Zone and comprises 35 MSOAs or 25 Wards (including the three in the OPDC Area). This is the most suitable area to analyse to capture the broader impacts of development taking place within the OPDC Development Zone (GLA, 2016)
[17] GLA Economics (2016) Socio-economic baseline – Old Oak and Park Royal

Figure B-1: MSOA definition of the OPDC Development Area (black outline) compared to original OPDC Development Zone boundary (red dotted line)



Source: GLA Economics (2016)

B.3 According to the GLA Economics baseline, the resident population of the OPDC development area is relatively young and diverse. The latest estimates (2014) reported by the GLA show that of the 27,500 residents, younger people account for a higher share of the population, with those aged under 29 accounting for 5.3 percentage points more of the population compared with London as a whole.[18] Those aged between 30 to 59, on the other hand, make up 1.5 percentage points less of the population. In terms of ethnic profile, there is a lower proportion of white residents living in the development zone compared with London and a higher share of residents who identify as Black/African/Caribbean/Black British (28% of the population).[19]

Economic activity, occupation and qualification

B.4 Understanding the economic activity of residents is an important first stage in constructing the labour market profile of Park Royal. Data drawn from the GLA baseline[20] (Table 0-1) shows that residents are less likely to be economically active (67.8%) than in London as a whole (71.7%). Unemployment was also higher in the OPDC area (10.4%) compared with London (7.3%). Residents who were in employment were more likely to be employed full or part time, and less likely to be self-employed than across London.

[18] GLA Economics (2016) Socio-economic baseline – Old Oak and Park Royal (p.14)
[19] GLA Economics (2016) Socio-economic baseline – Old Oak and Park Royal (p.14)
[20] GLA Economics (2016) Socio-economic baseline – Old Oak and Park Royal (p.31)

Table 0-1: Economic Activity

	OPDC Area	London
All usual residents aged 16 to 74		
Economically active	67.8%	71.7%
Economically Inactive	32.2%	28.3%
Economically active residents		
In employment	82.5%	87.1%
Unemployed	10.4%	7.3%
Full-time student	7.1%	5.7%
Residents in employment		
Employee: Full-time	64.3%	63.9%
Employee: Part-time	18.7%	17.5%
Self-employed	17.0%	18.7%
Residents economically inactive		
Retired	20.9%	29.5%
Student (including full-time students)	29.3%	27.6%
Looking after home or family	18.5%	18.5%
Long-term sick or disabled	16.1%	13.1%
Other	15.3%	11.3%

Source: 2011 Census

B.5 The Old Oak and Park Royal baseline report further explores the nature of residents' jobs through occupation data. Data collected from the 2011 Census (Table 0-2) suggests that professional occupations are the most common for those who live in the OPDC area (19.7%). However, the share of professional occupations for this area is still lower than for London (22.5%). Elementary occupations are the second most common category in the OPDC area, accounting for 13.5 % of residents. This is noticeably higher than London (9.6%) where they are the fifth most common type of occupation.[21]

Table 0-2: Occupation by type

	OPDC Area	London
Managers, directors and senior officials	7.5%	11.6%
Professional occupations	19.7%	22.5%
Associate professional and technical occupations	13.1%	16.3%
Administrative and secretarial occupations	11.0%	11.7%
Skilled trades occupations	10.4%	8.3%
Caring, leisure and other service occupations	9.2%	7.9%
Sales and customer service occupations	9.5%	7.5%

[21] GLA Economics (2016) Socio-economic baseline – Old Oak and Park Royal (p.38)

	OPDC Area	London
Process plant and machine operatives	6.1%	4.7%
Elementary occupations	13.5%	9.6%

Source: 2011 Census

B.6 The data relating to qualification level (Table 0-3) reinforces the conclusions drawn from analysing occupation types. For residents of the OPDC area, the main difference in qualification levels when compared with London is the lower share of residents that have a degree level qualification (Level 4 or above). Overall, 31.1% of residents have such a qualification, compared with 37.7% at a London level. This was offset by a higher proportion of residents that have no qualifications (21.0%) compared with London (17.6%) or that have other qualifications[22] (14.4%, compared with 10.0%).[23]

Table 0-3: Qualification of working-age population

	OPDC Area	London
No qualification	21.0%	17.6%
Level 1	11.1%	10.7%
Level 2	11.1%	11.8%
Apprenticeship	1.6%	1.6%
Level 3	9.7%	10.5%
Level 4 and above	31.1%	37.7%
other	14.4%	10.0%

Source: 2011 Census

Working population

Economic activity, occupation and qualification

B.7 The GLA Economics socio-economic baseline considers residents in the OPDC area; this can be can be supplemented by an analysis of the workplace population[24] using the same MSOA level spatial definition. The workplace population (ages 16 to 74) for the OPDC area is 46,986 people which is almost twice the resident population. Overall, the profile of the working population is similar to the resident population, which can be in part explained by the localised nature of the OPDC area workforce. The spatial concentration is explored later in this section.

B.8 Table 0-4 presents occupation data from the 2011 Census for the workplace population. Professional occupations are the most common type of employment (21.8%); although the figures are lower than for London (22.8%) the difference is smaller than for the resident population. The proportion of people working as machine operatives and in elementary

[22] Includes vocational and work related qualifications, foreign qualifications where the level of the qualification is not known (ONS, 2016)
[23] GLA Economics (2016) Socio-economic baseline – Old Oak and Park Royal (p.39)
[24] The *workplace population* in the OPDC area is the population whose usual place of work is in OPDC area, including both individuals who live and work in the OPDC area and individuals who work in the OPDC area but commute from a home elsewhere within England or Wales (ONS, 2015)

positions are overrepresented compared with the London figures. This trend is similar to the resident population.

Table 0-4: Occupation by type (workplace population)

Occupation level	OPDC Area	London
Managers, directors and senior officials	12.2%	12.7%
Professional occupations	21.8%	22.8%
Associate professional and technical occupations	16.9%	17.3%
Administrative and secretarial occupations	9.5%	12.1%
Skilled trades occupations	8.4%	7.8%
Caring, leisure and other service occupations	3.2%	7.3%
Sales and customer service occupations	5.4%	6.8%
Process plant and machine operatives	11.0%	4.6%
Elementary occupations	11.6%	8.7%

Source: 2011 Census

B.9 Building on the occupation data, the qualification level of the working population provides an additional perspective on the local labour market (Table 0-5). Of the people who work in the OPDC development area, a greater share have no qualifications (9.1%) compared with London (7.4%). Although the proportion of people who have higher level qualifications (Level 4 and above) is lower than London, the difference is small.

Table 0-5: Qualification of working population (ages 16 to 74)

Qualification level	OPDC Area	London
No qualification	9.1%	7.4%
Level 1	10.0%	10.1%
Level 2	9.5%	11.5%
Apprenticeship	1.9%	1.7%
Level 3	9.5%	11.2%
Level 4 and above	46.8%	49.2%
Other	13.2%	8.8%

Source: 2011 Census

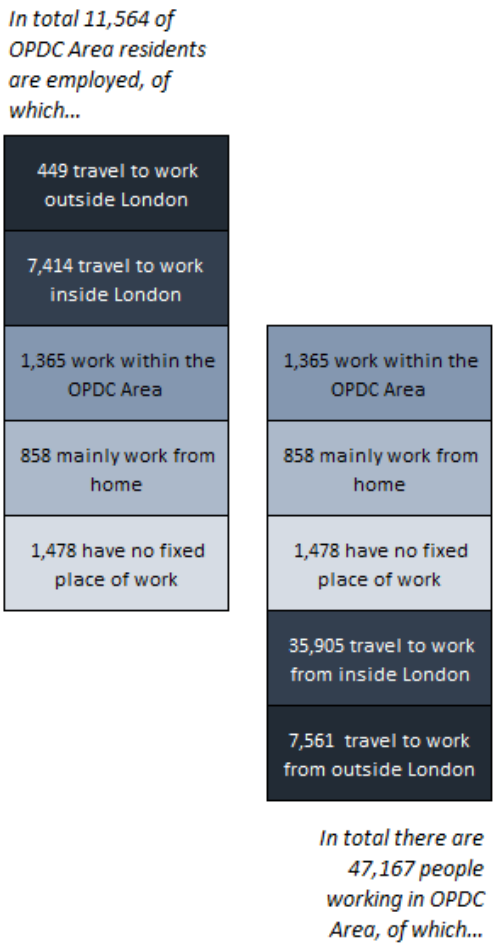
Commuting data

B.10 The analysis of the workplace population provides valuable data concerning the *flows* of workers in the OPDC development area. As identified in the GLA's socio-economic baseline[25] there is a high level of in-commuting into the Old Oak and Park Royal area because of the high concentration of businesses and lower resident population. Overall, the OPDC area experiences a positive net flow of nearly 37,000 people. Figure 0-1 provides a breakdown of the volume of in and out-commuters; it again reinforces the image of Park Royal and Old Oak being a significant employment hub for the local area and London. Nearly 76% of in-

[25] GLA Economics (2016) Socio-economic baseline – Old Oak and Park Royal (p.3)

commuters to the OPDC development area travel from inside London, while 64% of resident commute out to other parts of the city.

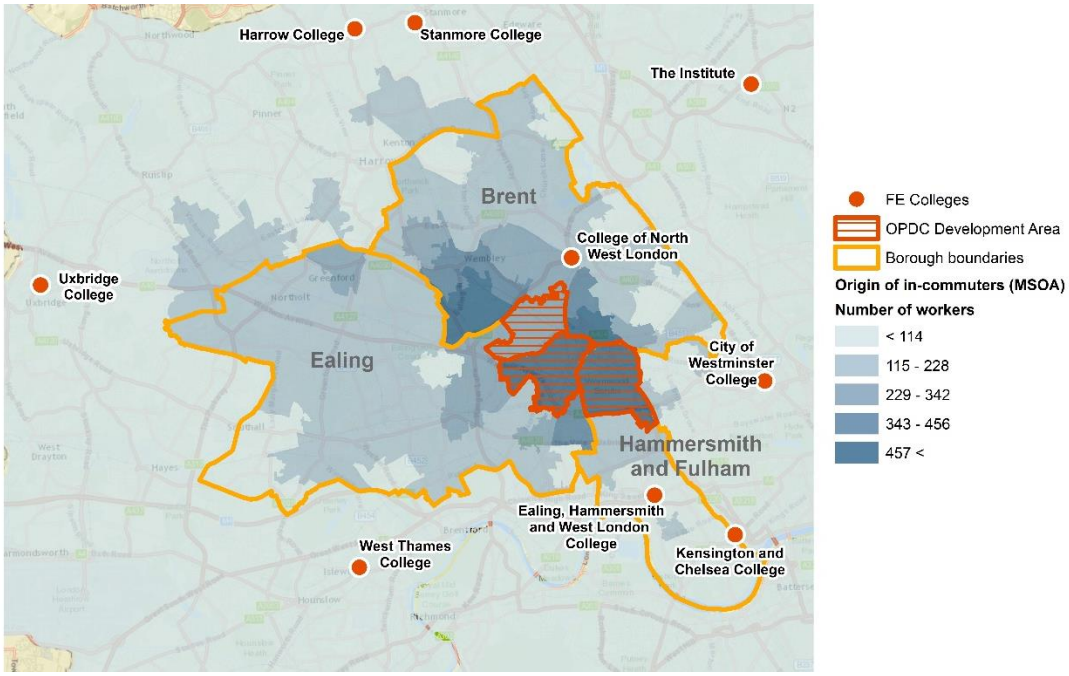
Figure 0-1: Breakdown of where in-commuters and out-commuters work (residents aged 16 and over in employment)



Source: 2011 Census, Origin Destination Data

B.11 The commuting into the OPDC development area has distinctive spatial characteristics; Figure 0-2 is a map of where workers live (MSOA level). The darker areas indicate higher numbers of workers while the lighter colours indicate lower. Although commuting to the OPDC area occurs from across London, the highest concentration of workers originates from neighbouring districts in Brent, Ealing and Hammersmith & Fulham.

Figure 0-2: Origin location (residence) of people who work within OPDC Development Area[26]



Produced by SQW 2016. Licence 100030994
Source: 2011 Census, Origin Destination data

Employment and jobs

B.12 So far this Annex has explored the occupation and qualification characteristics of the working population. The GLA Economics baseline of Old Oak and Park Royal provides data on the industries within which the OPDC area working population work. The breakdown of employment by industry is presented in Table 0-6, though some of the data has had to be suppressed due to confidentiality issues. It should be noted that the total number of employment jobs is higher than the working population as workers might have more than one job.

Table 0-6: Employment jobs by industry

	OPDC Area		London	
	Number of jobs	% total employment	Number of jobs	% total employment
Agriculture, forestry and fishing	..	..	1,200	0.0%
Mining and quarrying	..	..	3,600	0.1%
Manufacturing	6,800	13.0%	115,300	2.4%
Electricity, gas, steam and air conditioning supply	..	..	7,000	0.1%

[26] The map includes FE colleges to highlight which institutions might be the most significant in supporting the working population (learner resident data explored later in Table 0-10).

	OPDC Area		London	
	Number of jobs	**% total employment**	**Number of jobs**	**% total employment**
Water supply	..	..	17,200	0.4%
Construction	1,300	2.5%	150,900	3.1%
Wholesale and retail trade	12,900	24.7%	612,500	12.6%
Transportation and storage	..	..	229,700	4.7%
Accommodation and food service activities	1,400	2.7%	365,500	7.5%
Information and communication	6,100	11.7%	378,800	7.8%
Financial and insurance activities	..	..	358,100	7.4%
Real estate activities	..	..	117,300	2.4%
Professional, scientific and technical activities	3,300	6.3%	655,900	13.5%
Administrative and support service activities	..	..	494,500	10.2%
Public administration and defence	..	..	220,000	4.5%
Education	800	1.5%	386,400	8.0%
Human health and social work activities	5,100	9.8%	490,300	10.1%
Arts, entertainment and recreation	400	0.8%	131,500	2.7%
Other service activities	500	1.0%	117,600	2.4%
Total	**52,300**	**100%**	**4,853,600**	**100%**

... indicates data is disclosive and has been suppressed
Source: Business Register and Employment Survey (2014)

B.13 The map includes FE colleges to highlight which institutions might be the most significant in supporting the working population (learner resident data is explored later in Table 0-10). Wholesale and retail trade (24.7%) and manufacturing industries (13.0%) are the largest in terms of the number of jobs within the OPDC development area. The Park Royal Atlas survey of businesses in Park Royal found that many working within this sector were involved in the manufacturing and wholesale of food.[27] Within the development area over a third of land is

[27] GLA (2014) Park Royal Atlas

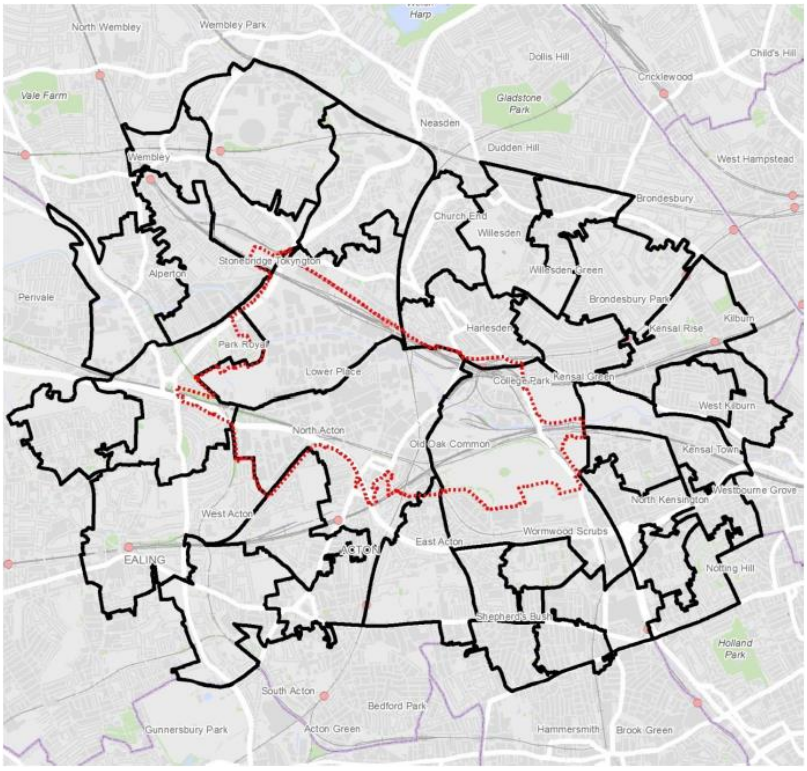
designated for manufacturing use,[28] so it is unsurprising that this is a significant industry for Old Oak and Park Royal.

OPDC Region

Spatial and demographic context

B.14 GLA Economics also applies a wider spatial definition to its analysis of Old Oak and Park Royal; the rationale behind the "OPDC Region" is that the benefits of development are unlikely to be restricted just to the development zone. Annex B uses this definition to emphasise that the local labour market and economy reach beyond the immediate surroundings of Park Royal and therefore the wider "pool" of residents are important for the analysis. The boundaries are shown in Figure B-1.

Figure 0-3: MSOAs identified in OPDC Region



Source: GLA Economics (2016)

Economic activity, occupation and qualification

B.15 The wider OPDC region has a population of 318,120 according to recent estimates.[29] The proportion of people between the ages of 30 and 59 accounts for 1.2 percentage points more of the population when compared with London, whilst people 60 years or older account for 1.0 percentage point less. Those under the age of 20 account for 0.2 of a percentage point less of the total population compared with the London average.

[28] GLA Economics (2016) Socioeconomic baseline – Old Oak and Park Royal (p.4)
[29] GLA Economics (2016) Socioeconomic baseline – Old Oak and Park Royal (p.14)

Table 0-7: Economic Activity

	OPDC Region	London
All usual residents aged 16 to 74		
Economically active	70.6%	71.7%
Economically Inactive	29.4%	28.3%
Economically active residents		
In employment	85.7%	87.1%
Unemployed	8.6%	7.3%
Full-time student	5.7%	5.7%
Residents in employment		
Employee: Full-time	63.2%	63.9%
Employee: Part-time	16.5%	17.5%
Self-employed	20.3%	18.7%
Residents economically inactive		
Retired	25.0%	29.5%
Student (including full-time students)	26.9%	27.6%
Looking after home or family	18.7%	18.5%
Long-term sick or disabled	16.1%	13.1%
Other	13.3%	11.3%

Source: 2011 Census

B.16 As in the OPDC development area, the GLA Economics report concludes that professional occupations are the most common among those who live in the OPDC region.[30] However, elementary occupations still make up a large proportion of the work force (11.8%) when compared with London (9.6%), as do sales, machine operative occupations (5.3% compared with 4.7% for London).

Table 0-8: Occupation by type (resident population)

	OPDC Region	London
Managers, directors and senior officials	10.9%	11.6%
Professional occupations	20.8%	22.5%
Associate professional and technical occupations	16.8%	16.3%
Administrative and secretarial occupations	9.9%	11.7%
Skilled trades occupations	8.7%	8.3%
Caring, leisure and other service occupations	8.0%	7.9%
Sales and customer service occupations	7.7%	7.5%
Process plant and machine operatives	5.3%	4.7%
Elementary occupations	11.8%	9.6%

[30] GLA Economics (2016) Socioeconomic baseline – Old Oak and Park Royal (p.38)

Source: 2011 Census

B.17 Encouragingly, the proportion of the population with no qualifications is no worse than London's. However, the share of people with higher level qualifications (Level 4 and above) is still lower than the average across the city (31.1% versus 37.7%).[31]

Table 0-9: Qualification of working-age resident population

	OPDC Region	London
No qualification	17.7%	17.6%
Level 1	9.4%	10.7%
Level 2	10.2%	11.8%
Apprenticeship	1.2%	1.6%
Level 3	9.7%	10.5%
Level 4 and above	37.5%	37.7%
other	14.3%	10.0%

Source: 2011 Census

Local skills supply into colleges / commuting for education

B.18 Another important component of the wider labour market are learners at local FE colleges, as they are essentially the "future supply" of the local work force. Drawing on SQW's previous report for the GLA,[32] the Individualised Learner Record (ILR) has been used to provide intelligence about the where residents travel to learn (Table 0-10). This is important for understanding the wider supply of learners and which colleges are strategically placed to help tackle skills issues with the boroughs of Brent, Ealing, and Hammersmith and Fulham.

Table 0-10: Colleges with the highest number of learners in living Brent, Ealing or Hammersmith & Fulham

Resident in Brent		Resident in Ealing		Resident in Hammersmith & Fulham	
College name	**No. of learners**	**College name**	**No. of learners**	**College name**	**No. of learners**
College of North West London	6,630	Ealing, Hammersmith and West London College	8,740	Ealing, Hammersmith and West London College	3,150
Harrow College	2,620	Uxbridge College	2,550	The City Literary Institute	1,340
City of Westminster College	1,910	The City Literary Institute	1,490	Kensington and Chelsea College	1,150
The City Literary Institute	1,510	West Thames College	1,130	Working Men's College Corporation	610
Stanmore College	1,190	Harrow College	1,090	South Thames College	440

[31] GLA Economic (2016) Socioeconomic baseline – Old Oak and Park Royal (p. 39)
[32] SQW (2015) London's further education colleges meeting the needs of London's economy. Link: http://www.sqw.co.uk/files/7014/5029/5459/16691_-_GLA_-_FE_skills_supply_-_SQW_Report.pdf

Source: Individualised Learner Record (2013/14)

B.19 The five colleges with the largest numbers of students resident in the three boroughs registered new apprentices in the following Sector Subject Areas in 2013/14.

Table 0-11: 2013/14 Apprenticeship starts by Subject Sector Area

Subject Sector Area	EHWLC	CNWL	Harrow	City Lit.	Uxbrid-ge	Totals
01 - Health, Public Services and Care	10		30	10	90	140
02 - Science and Mathematics						0
03 - Agriculture, Horticulture and Animal Care						0
04 - Engineering and Manufacturing Technologies	30	90			270	390
05 - Construction, Planning & the Built Environment	10	40				50
06 - Information and Communication Technology		110	50		10	170
07 - Retail and Commercial Enterprise	30		10		60	110
08 - Leisure, Travel and Tourism			30			30
09 - Arts, Media and Publishing						0
13 - Education and Training						0
15 - Business, Administration and Law	20	130	60		50	260
NA - Not Applicable/ Not Known						0
Totals	**220**	**370**	**180**	**10**	**480**	**1,160**

Source: Individualised Learner Record (2013/14)

B.20 The results show high levels of concentration in apprenticeship provision in particular colleges and Sector Subject Areas, particularly Uxbridge College and the College of North West London, and the Engineering and Manufacturing Technologies (especially for Uxbridge College) and Business, Administration and Law Subject Sector Areas.

Local boroughs

B.21 Park Royal is situated across three boroughs (the London Boroughs of Brent, Ealing, and Hammersmith and Fulham). In depth data analysis at this level has limited value for understanding the nature of the development area (though in some cases it is used to provide context). Instead, this section reviews relevant literature published by the boroughs such as statutory planning documents and employment and skills strategies. This will provide a perspective on the perceived challenges and opportunities for this part of West London.

London Borough of Brent

Borough profile

B.22 Park Royal's workforce comes from many London boroughs, and indeed from areas outside London. The largest share comes from the London Borough of Brent, which is home to 16% of the OPDC area's workforce (including those who live in the development zone); this is the greatest share of all local authorities.[33] Like many of the West London boroughs, Brent has a diverse population with both affluent and more deprived areas. The resident population is

[33] Census (2011) Origin Destination Data

relatively young with almost a quarter of its residents aged 19 years or under. The proportion of the population who are of working age (16 to 64 years old) is much the same as London's.[34]

B.23 In Brent employment and unemployment rates are similar to London and there is a lower proportion of residents in Brent with no qualifications. However, the number of people with higher level of qualifications (Level 4 and above) (45.1%) is also lower than London (49.9%). There is a greater share of elementary positions and administration and skilled trades in Brent than in London (eight percentage points higher) which is potentially explained by the larger share of employment jobs in wholesale and retail (20.6%).[35]

Opportunities and challenges

B.24 The opportunities and challenges relating to skills and employment in Brent are discussed in the borough's *Core Strategy*, published in 2010.[36] It was recognised that there has been a decline of the Borough's town centres since the 1970s and some of the larger firms, particularly those located nearer to Wembley, have left, leading to a surplus of office space. The industrial stock on the margins of Park Royal was described as "poor" and inadequately serviced despite the area being well connected. A general industrial shift from making products to moving them around (i.e. logistics) has led to an erosion of skills and employment density. In particular, a decline in the manufacturing sector, coupled with a poorer than average growth in service sector jobs, has meant that Brent's employment levels have stagnated over recent years.

B.25 At the time of the *Core Strategy's* publication it was found that, despite the borough's good GCSE attainment, Brent has a low skills profile for working-age residents. It still holds true that over one third of the working-age population falls into the 'skills poverty' category (below NVQ Level 2), with only a small share in the high-skills' category (NVQ Level 4 or above) relative to the national average. Brent recognises that there is a need to provide further education for the working-age residents to help provide an uplift to the economic base of the borough.

B.26 In March 2015 Brent published its *Employment, Skills and Enterprise Strategy (2015-20)* which reinforced messages from the *Core Strategy* (2010). This strategy was designed to articulate a response to the economic difficulties that the borough is facing. The main concerns expressed were that…

- Service and construction sectors are especially prominent in Brent, but employment in the higher value finance and IT sectors is at a level well below the London average.
- The proportion of the resident population with no qualifications has remained consistent at 8% between 2008 and 2013. However, more encouragingly, the proportion of the working age population with various levels of NVQ in Brent increased during the same period.

[34] ONS Population Estimates (2014)
[35] Annual Population Survey (Jan 2015 – Dec 2015)
[36] London Borough of Brent (July 2010) Core Strategy

- The consultation exercise as part of the *Employment, Skills and Enterprise Strategy* found that there is a lack of "employability skills" provision e.g. in basic English or financial numeracy.
- Successive mainstream interventions have made little impact on skills, employment and incomes in areas such as Harlesden, Stonebridge and South Kilburn. As well as these geographical concentrations, other groups and communities face particular barriers. For example, unemployment impacts some BAME groups, recent migrants and people with a disability or mental health issues disproportionately.

B.27 However, Brent sees potential opportunities for skills and employment growth going forward in its strategy…

- Brent has identified Park Royal as being key to the regeneration strategy of the whole borough. This means that there will be considerable opportunities for inward investment.
- The high proportion of small and medium sized enterprises represents a shift away from the historical manufacturing base which was dominated by a few large companies. Brent hypothesises that this should increase the resilience of the local labour market as manufacturing tends to be hit first in recessions.
- Brent is a highly entrepreneurial borough with significantly higher than average business start-up levels (although the business failure rate is also quite high).
- Brent residents are increasingly able to compete successfully in the labour market, with only about a quarter of all Jobseeker's Allowance (JSA) claimants in Brent being unemployed for more than 12 months. This is similar to London and national averages.
- Similarly, there is huge employment growth potential in areas immediately adjoining the Borough, most significantly at Brent Cross Cricklewood and Old Oak Common. This strategy aims to maximise the amount of new investment into these areas and at the same time provide support for Brent's established businesses and new entrepreneurs to exploit the new markets associated with this growth.

London Borough of Ealing

Borough profile

B.28 Park Royal is also located within the London Borough of Ealing. A similar proportion of OPDC development area workers live in Ealing (15% of the OPDC area workforce) as in Brent.[37] Overall Ealing is the third largest London borough in terms of population and is one of the most ethnically diverse communities in the country. Ealing has a strong and dynamic economy and is the largest commercial borough in West London with over 11,000 businesses and the third largest rate of VAT registrations in London.[38] In line with the London figures around half

[37] Census (2011) Origin Destination Data
[38] London Borough of Ealing (2012) Core Strategy

of the population have high level qualifications (level 4 and above), but there are slightly higher instances of residents in Ealing having no qualifications or low level qualifications. As in Brent, residents are more likely to be employed in elementary occupations (six percentage points higher than London).[39]

Opportunities and challenges

B.29 Ealing has also developed an *Employment and Skills Strategy (2014-18).* The document sets out how the council aims to assist residents in overcoming barriers to employment and "improve their live and so fulfil their potential in work".[40]

B.30 Within the strategy Ealing outlines the skills and employment challenges facing the borough…

- There are concerns that Ealing is not recovering from the 2008 recession quickly enough. While employment is rising again, in some places the benefits of economic growth are not being enjoyed by everyone, and wage increases have failed to keep up with the cost of living.
- Northfield, Southfield and Walpole were the wards with the highest percentage of their resident populations in employment (73.9%, 73.4% and 72.9% respectively); while Norwood Green, Southall Broadway and Southall Green were at the other end of the spectrum (54.4%, 55.3% and 56.5% respectively).
- Employment opportunities remain a real concern for Ealing residents. In the 2012 Residents' Survey, a "lack of jobs" was one of the top four concerns across the borough, with 17% of young people expressing concern about it.

However, the message of the strategy is that there are some potential opportunities for improving skills and employment. The same opportunities are highlighted in borough's *Core Strategy (2012).* The high level goal is to support any resident who is disadvantaged by a skills or employment barrier, from young people leaving school to adults needing to improve their job prospects.

London Borough of Hammersmith and Fulham

Borough profile

B.31 Workers from the Borough of Hammersmith and Fulham account for 6% of the OPDC area's workforce, a figure that is similar to other boroughs such as Harrow and Hillingdon.[41] The overall picture of economic activity is fairly positive; the employment rate is slightly higher and the unemployment rate slightly lower than for London as a whole. Residents are more likely to have higher level qualifications (Level 4 and above) when compared with the rest of the city, and are less likely to have no qualifications. The proportion of residents working in manager, director and professional occupations is 14 percentage points higher than London, and the proportion in elementary occupations is six percentage points lower.[42]

[39] Annual Population Survey (Jan 2015 – Dec 2015)
[40] London Borough of Ealing (2014) Employment and Skills Strategy 2014-18
[41] Census (2011) Origin destination data
[42] Annual Population Survey (Jan 2015 – Dec 2015)

Challenges and opportunities

B.32 Hammersmith and Fulham has not published an employment and skills strategy equivalent to those in the other two boroughs. However, its *Core Strategy* (2011) outlines some important considerations about the local labour market.

B.33 The potential challenges by the borough council have been identified…

- Many of the sites that were previously designated for employment uses are no longer appropriate for the location of Hammersmith and Fulham's new employment activities, particularly offices and creative activities. The areas that are most appropriate for growth are those areas with high levels of public transport accessibility.

B.34 Potential opportunities have also been identified for furthering the local employment and skills agenda…

- Hammersmith and Fulham has developed as a centre for a range of creative and media industries, due partly to the presence of the BBC in the White City area but also to good transport links. There is the potential to further develop these activities.
- The industrial and warehousing area in the Park Royal Opportunity Area in the north of the borough will remain for the time being as a focus for industrial type uses, including sites for the management of waste.

London

B.35 It is also important to contextualise the local labour profile in the context of London more broadly. This section explores employment and skills in the capital, potential challenges perceived by employers (*UKCES Employer Skills Survey* data), the LEP and GLA's vision for the future and growth of London's skills base (*e.g. Jobs and Growth Plan for London,* 2013) and how changes in the labour market are being forecast (*UKCES Working Futures* data). By exploring the data for London as a whole it is possible to make some wider assertions about current and future trends in the economy and potential consequences for Park Royal.

London baseline

Labour market

B.36 GLA Economics has recently published the *Draft Economic Evidence Base* (2016) which explores detailed economic characteristics of the city. According to the report, currently, the percentage of London residents who are in work is at record levels, with the latest estimate showing 72.4% in employment. The figures are nearly six percentage points higher than the lows recorded in 2011 and 2012. Similar trends were recorded for unemployment which, at 6.4%, was historically low. This can be observed in the claimant count which was down 23,300 from a year earlier and is at its the lowest since the late 1970s.[43]

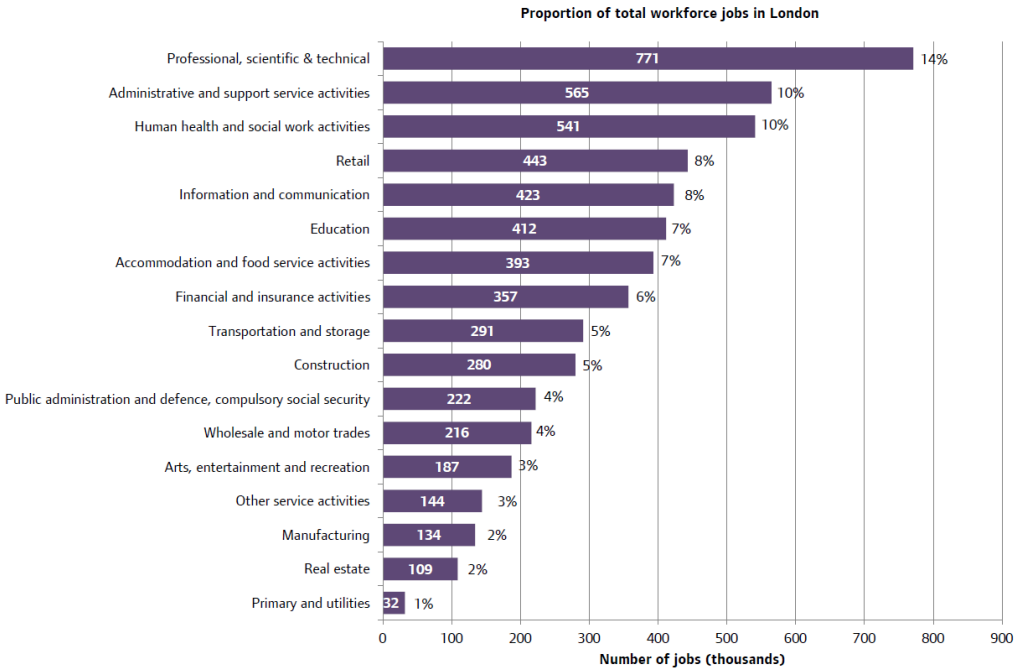
[43] GLA Economics (2016) Draft economic evidence base

B.37 Despite the improvement in London's labour market, the employment rate remains below, and the unemployment rate above, that for the UK. Nevertheless, these gaps have narrowed in recent years. GLA Economics suggests the employment gap between London and the UK could be attributed to London's unique characteristics, such as its more ethnically diverse and younger population, its share of full-time and part-time jobs and the higher living costs that raise the opportunity cost of working. The report concluded that if you adjusted for these characteristics, London's employment rate would be higher than the UK's.[44]

Employment

B.38 GLA Economics provides some important baseline data on London's significant sectors (Figure 0-4). The importance of professional, scientific and technical activities has increased significantly since 1996; in 2014 there were around 771,000 jobs in the sector accounting for 14% of all jobs in London, compared with around 10% in 1996. Other significant industries, in terms of number of jobs, in London in 2014 included the Administrative and support service activities sector with around 565,000 jobs in 2014 (10%), and the Human health and social work sector, providing around 541,000 jobs. In addition, the retail sector provided around 443,000 jobs.

Figure 0-4: Jobs in London in 2014 by sector and proportion of the London total



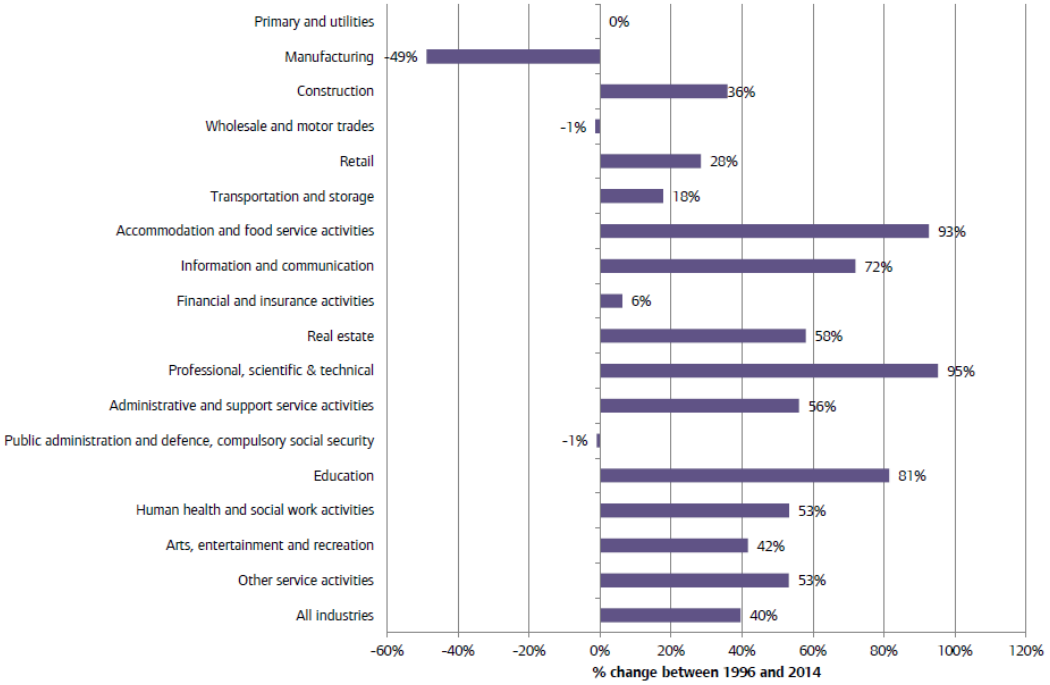
Source: GLA Economics (2016) Draft economic evidence base

B.39 According to GLA Economics, globalisation has been one of the key driving forces behind structural changes in the London economy.[45] The changing profile of London's economy is illustrated in Figure 0-5. Overall the number of jobs in Manufacturing has fallen from around 476,000 in 1984 to around 134,000 in 2014. Between 1996 and 2014, the total number of jobs in London increased by 40% (equivalent to around 1.58 million jobs). The rise in the number

[44] GLA Economics (2016) Draft economic evidence base
[45] GLA Economics (2016) Draft economic evidence base (p.4)

of professional services jobs, and jobs in administrative services were the largest contributors to the total job increases over the period.

Figure 0-5: Changes in jobs in London by sector between 1996 and 2014



Source: GLA Economics (2016) Draft economic evidence base

Challenges facing employers

B.40 GLA Economics has explored the challenges facing employers in London's current labour market. According to the London Business Survey, 70% of businesses in London rate the capital highly as a place to do business in terms of the availability of skilled staff, and only 5% rate the capital poorly on this measure. There is some variation in perceptions by size of company with larger firms more positive than small ones; 32% of SMEs (0 to 249 employees) rate London as either adequate or poor in terms of the availability of skills compared to 11% of large firms.[46]

B.41 Despite these generally positive perceptions of London's labour market, there is still evidence of skills shortages, particularly in middle and high skill level occupations.[47] *UKCES Employer Skills Survey* provides a detailed picture of vacancies, skills gaps and investment in training. According to the 2013 data release[48], there are just over 135,000 vacancies in London, of which 36,076 can be defined as "hard to fill" (Table 0-12).

Table 0-12: Summary of vacancies reported by London employers (Base: All employment n=4,230,787)

Information about vacancies	Number	% of employers
Number of vacancies	135,381	3%
Number of hard to fill vacancies	36,076	1%

[46] GLA Economics (2016) Draft economic evidence base (p.173)
[47] GLA Economics (2016) Draft economic evidence base (p.173)
[48] Data at Local Enterprise Partnership level for 2015 is currently unavailable; UKCES have withdrawn the data while a correction is applied to some of the findings. It will be rereleased on 16th May 2016.

Information about vacancies	Number	% of employers
Number of skills shortage vacancies	29,929	1%
Number of staff with skills gaps	219,651	5%

Source: Employer Skills Survey (2013)

B.42 In London the average number of vacancies per establishment is 2.9. Of the employers with vacancies, 7% answered that they have at least one vacancy which is hard to fill. It should be noted that hard to fill vacancies can be caused by non-skills related reasons or specific issues related to the job role of the organisation recruiting. The top ten reasons for their occurrence are summarised below in Table 0-13.[49]

Table 0-13: Main reasons for hard to fill vacancies (Base: All hard to fill vacancies, n=36,076)

Reason	Number	% employers with hard to fill vacancies
Low number of applicants with the required skills	16,064	45%
Lack of work experience the company demands	10,612	29%
Lack of qualifications the company demands	8,139	23%
Low number of applicants with the required attitude, motivation or personality	6,748	19%
Not enough people interested in doing this type of job	5,585	15%
Poor terms and conditions (e.g. pay) offered for post	4,544	13%
Other	4,306	12%
Low number of applicants generally	3,592	10%
Job entails shift work/unsociable hours	2,951	8%
Too much competition from other employers	2,390	7%

Source: Employer Skills Survey (2013)

B.43 As this table shows one of the main causes of hard to fill vacancies are a low number of applicants with the required skills (45%). This is followed closely by a lack of work experience (29%) and lack of qualifications (23%). These are all issues with the quality of applicants. The *UKCES Employer Skills Survey* categorises answers into three reasons for hard to fill vacancies: quality of applicants (71%), quantity of applicants (22%) and contextual factors (28%).

B.44 "Skills shortage vacancies" is another category of employment vacancy. This occurs when businesses cannot find recruits with the skills required. On a national level UKCES has found that skill shortage vacancies nearly doubled between 2009 and 2013, increasing from 63,100 to 124,800.[50] This was defined by UKCES as the "internal skills challenge"[51] for the UK. For London, the proportion of establishments (a smaller unit than an organisation) with skills shortage vacancies is currently 4%; this is the same as the national figure.

[49] Data at Local Enterprise Partnership level for 2015 is currently unavailable; UKCES have withdrawn the data while a correction is applied to some of the findings. It will be rereleased on 16th May 2016.
[50] UKCES (2013) Employer Skills Survey: UK Results
[51] UKCES (2013) https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/306439/ukcess13-internal-skills-challenge.pdf

B.45 In Table 0-14 "Skills gap" refers to the proportion of employees not being fully proficient i.e. staff employed with gaps in their ability to do the job (this can often be due to employees being new or still in training). A skills gap is currently reported by 14% of employers. A summary of the employers' experience of vacancies in 2013 is shown in Table 0-14.

Table 0-14: Skills shortages and gaps in London (2013) (Base: all establishments n=248,679)

	Number	% of all employers
Skills shortage vacancies (SSVs) only	9,318	4%
Skill gaps only	34,129	14%
SSVs AND Skill gaps	4,685	2%
SSVs OR Skill gaps	48,132	19%
Neither SSVs nor Skills gaps	200,547	81%

Source: UKCES Employer Skills Survey

Looking forward

Policy aspirations

B.46 Employment and skills is an important policy area for both the GLA and the London Enterprise Panel (the London LEP): creating a city with "fundamental strengths in research, talent, creativity and finance should make it an unparalleled location for commercial innovation".[52] This is supported more locally in West London through the West London Alliance's jobs and skills programmes such as *Working People Working Places* and the *Skills Escalator*.[53]

B.47 The most recent major documents which reflect London's vision for employment and skills are *London 2036: An agenda for jobs and grow*th (2013) and *Jobs and Growth Plan for London* (2013). The critical messages can be summarised as follows:

- Ensure Londoners have the STEM skills firms need, particularly though science and technology apprenticeships (alongside aims to increase the number of apprenticeships in general).
- Improve the competitiveness of London by increasing the numbers of people gaining economically valuable higher-level skills (Levels 3/4+), and closing the Level 3/4 qualifications gap between growth (Olympic Host) boroughs and the London average.
- Develop Londoners' skills to meet the needs of new and existing industries, including technical talent (identified by London's tech entrepreneurs as the single biggest barrier to growth).
- Develop employability skills, particularly for adults, and ensure that London residents are equipped to compete for jobs.
- Ensure the supply of skills is sufficient in sectors that play an important role in enabling growth. This includes working with the construction sector to ensure a lack

[52] LEP (2013) London 2036: an agenda for jobs and growth
[53] http://westlondonalliance.org/wla/wlanew.nsf/pages/WLA-291

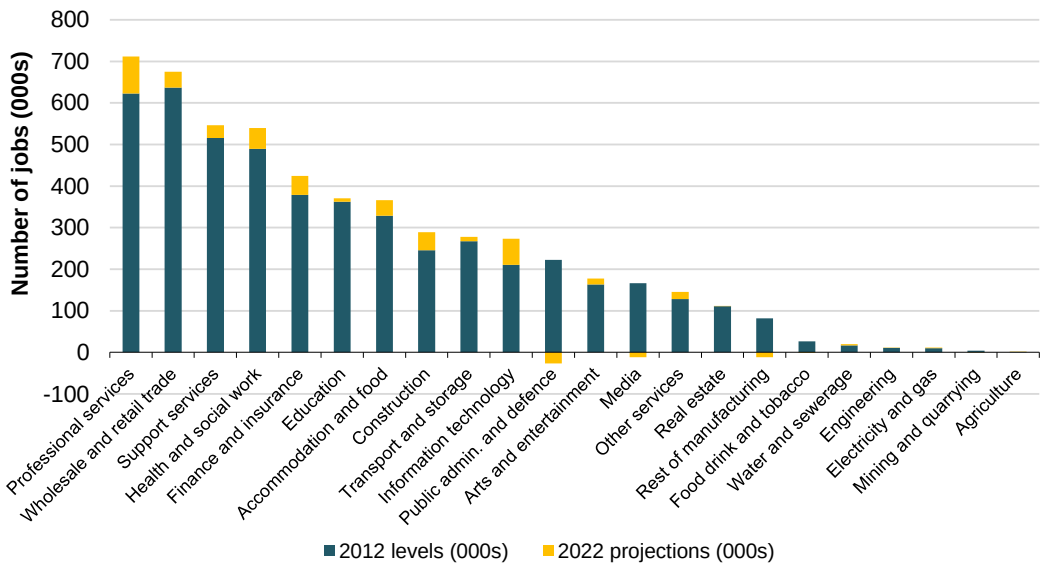
of construction skills does not become a barrier to house-building, and ensuring the supply of skills to meet London's growing transport requirements.

Forecasts

B.48 Understanding whether London's future population is likely to meet these aims can be partly understood through employment forecasts. UKCES Working Futures data currently provides the most robust projections of London's labour market. The data uses 2012 base levels to predict job growth or decline until 2022. These projections are highly detailed and provide a picture of employment prospects by industry,54 occupation, qualification level, gender and employment.

B.49 Overall from 2012 to 2022 UKCES data projects 8% total job growth in London, with a mean average of 6% growth per sector. The total growth is the equivalent of 401,000 net additional jobs by 2022. However, the total requirement for jobs between 2012 and 2022 will be 2.4 million: two million, or 83% of the jobs, will be due to replacement demand – the total number of workers who need to be replaced in any given industry due to staff 'churn'.

Figure 0-6: Number of jobs in 2012 (base level) and in 2022 (projection)



Source: UKCES Working Futures

B.50 UKCES's research suggests that professional services are likely to grow the most until 2022, in absolute terms, contributing 22% to overall growth during this ten-year period. Information and Technology closely follows in terms of the largest amount of absolute job growth, although its contribution to the overall job market is still significantly less due to a lower starting base. Information and Technology overall is projected to grow by 30% by 2022, with its total share of jobs being 5%.

[54] UKCES use different industry categories to the *Business Register and Employment Survey* (BRES); in the UKCES Working Futures data uses 22 categories of industry activity while BRES uses 21.

B.51 However, London's future is not all about high growth sectors. For instance, while Wholesale and Retail Trade is set to experience relatively modest growth of 6%, it will still have the second largest share of jobs in the 2022 labour market overall (13%).

Summary

- The characteristics of the resident population within the OPDC development area and region are slightly disadvantageous compared with London as a whole. The share of the population with higher level qualifications tends to be lower and the share with no qualifications tends to be higher than the London averages.
- The occupation and qualification characteristics of the OPDC development area workplace population are similar in nature to the resident population; high instances of elementary and machine operative roles compared with London, and a greater proportion of the population with lower level skills (level 1 and 2).
- Commuting patterns to the OPDC development area are localised; people who work in the development area tend to live in surrounding boroughs. The highest number of workers comes from Brent (16% of the development area workforce).
- FE colleges play an important role in securing the future labour force for the area. Ealing, Hammersmith and West London College has the greatest number of learners who live in either Brent, Ealing and Hammersmith & Fulham, followed by the College of North West London. In 2013/14, Uxbridge College provided the largest number of apprentices including many in engineering and manufacturing.
- Among the three surrounding boroughs, concerns mainly centre on increasing "employability skills", creating more work opportunities and reducing the proportion of the local population without any qualifications.
- Analysis by GLA Economics has found that London's largest sectors (by number of employment jobs) are: professional, scientific & technical; administrative and support service activities; human health and social work activities; and retail.
- Within London, the most common types of skills shortages relate to technical, practical or job-specific skills. Reasons for hard to fill vacancies mentioned by employers include low number of applicants with the required skills and a lack of the work experience the company demands.
- Projected employment figures indicate that professional services are the most likely to grow over the next ten years. IT follows closely in terms of absolute jobs growth, but its overall contribution to the city's economy still remains relatively small.