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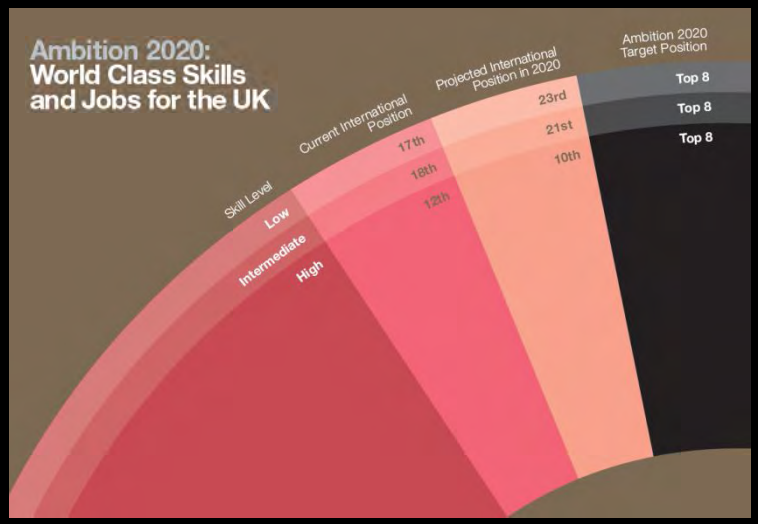
Ambition 2020: World Class Skills and Jobs: Empowering the labour market



Productivity and employment in OECD: Where are we now? Where should we be?

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SETTING A WORLD CLASS AMBITION:

SUSTAINABLE ECONOMIC COMPETITIVENESS & SOCIAL COHESION

2020 Goal: World Class Productivity Levels - in top 8 OECD countries

2020 Goal: World Class Employment Levels - in top 8 OECD countries

2020 Goal: World Class Skill Levels - in top 8 OECD countries

Productivity: GDP per hour worked (US$ at current prices), 2007

Source: UKCES, Ambition 2020: World Class Skills and Jobs for the UK, 2009, pp 21-22

UK Productivity:
… a sectoral challenge

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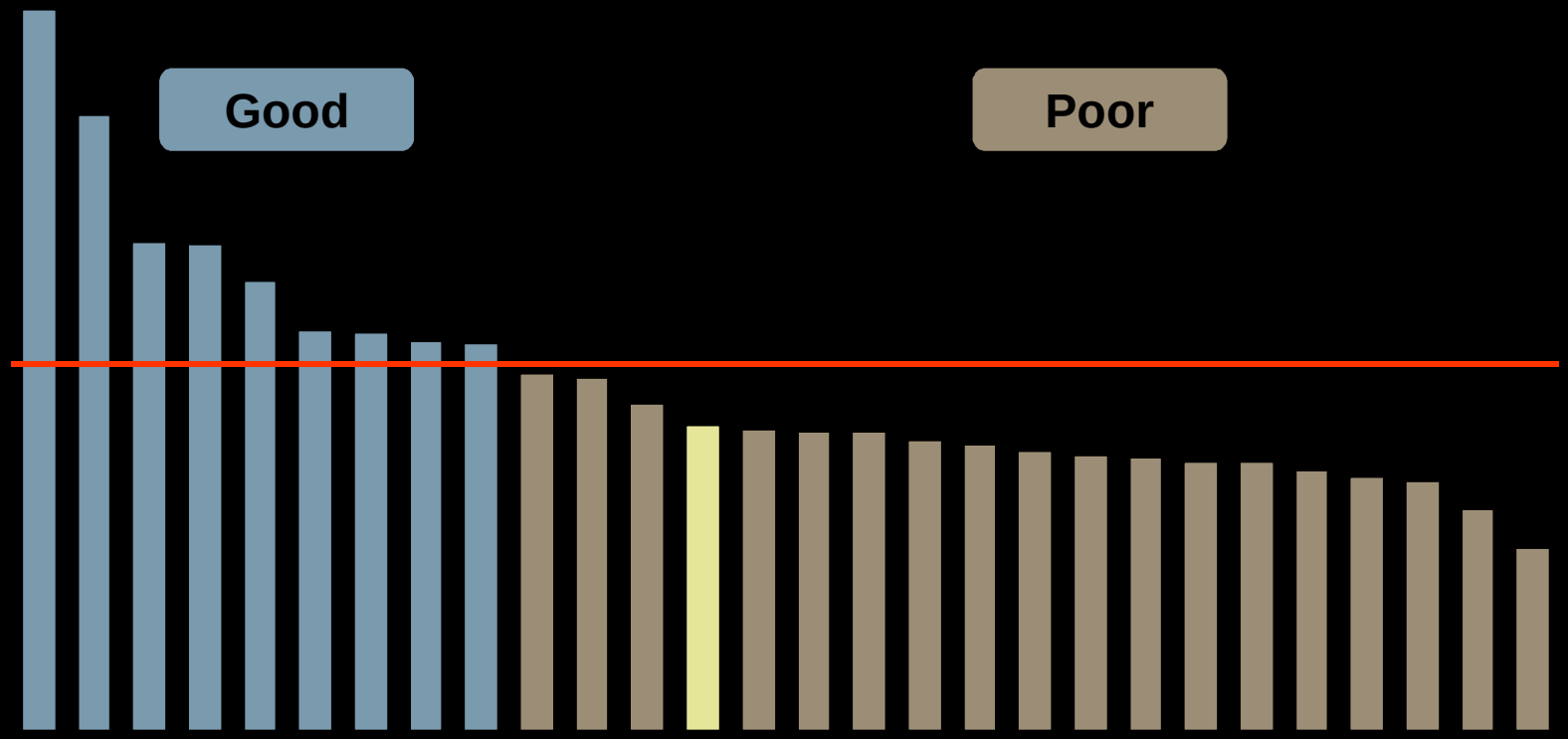

… with skills variations across sectors

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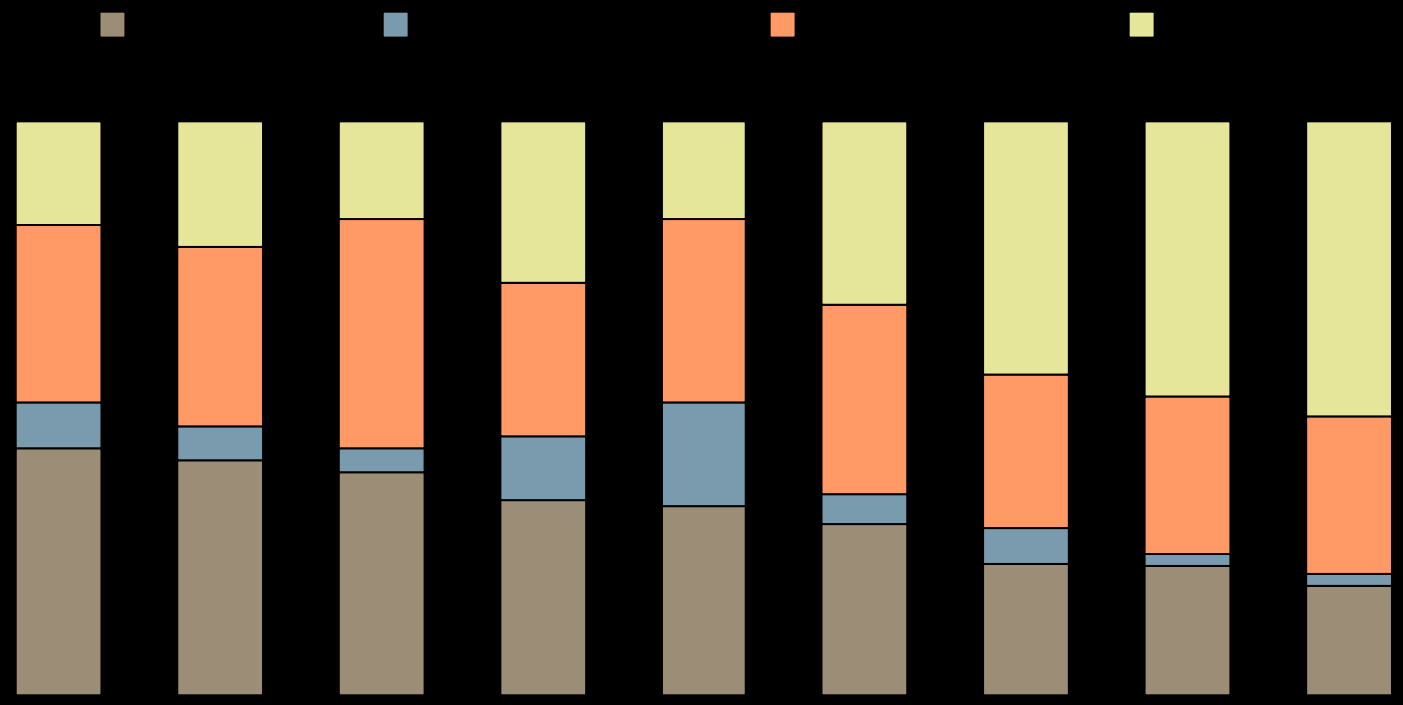

Source: Labour Force Survey, Q4, 2007

Productivity and employment: A spatial challenge too ...

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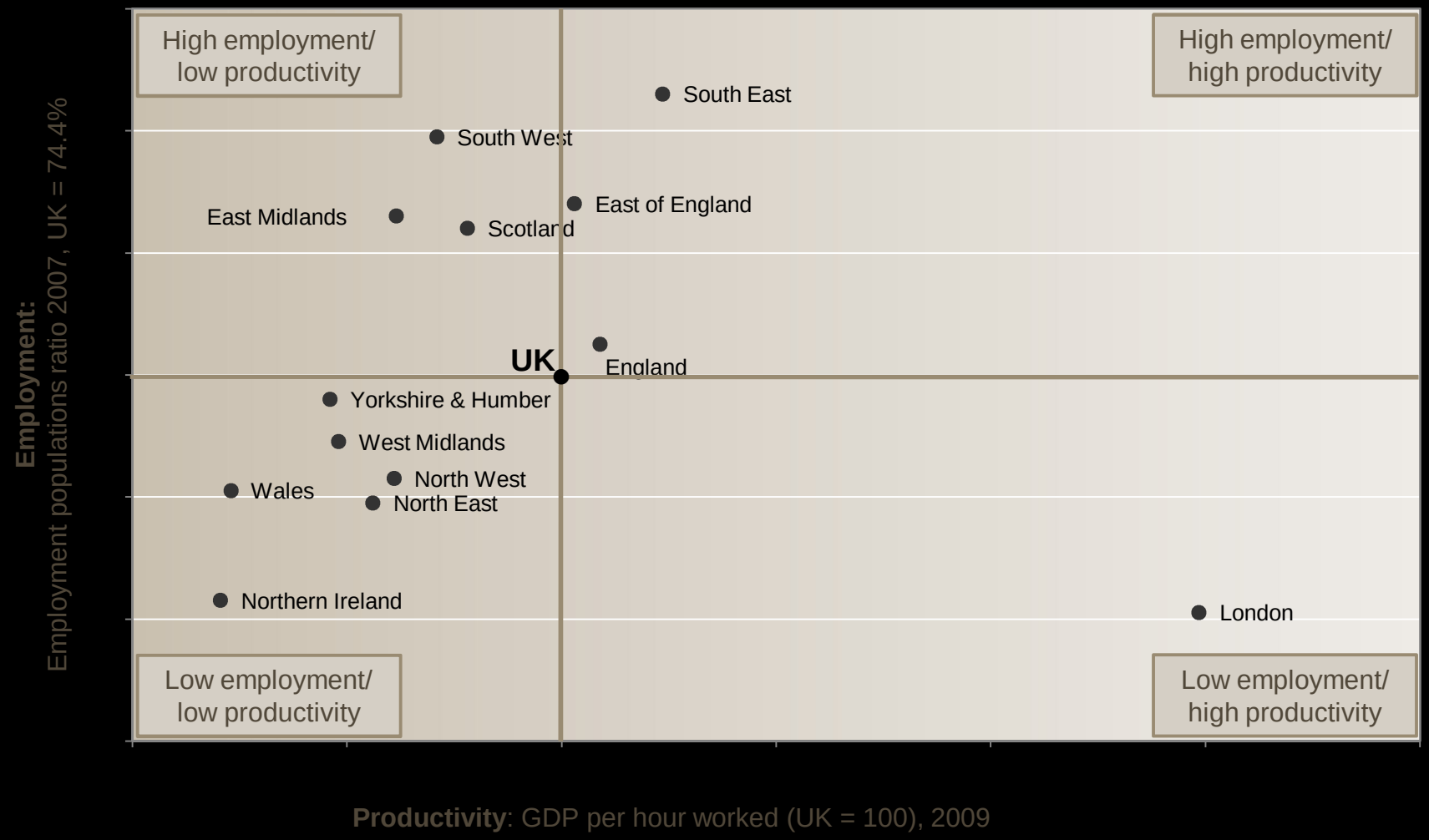

Source: UKCES, Ambition 2020: World Class Skills and Jobs for the UK, 2009, pp 21-22

… with skills varying across nations/regions

Working age population

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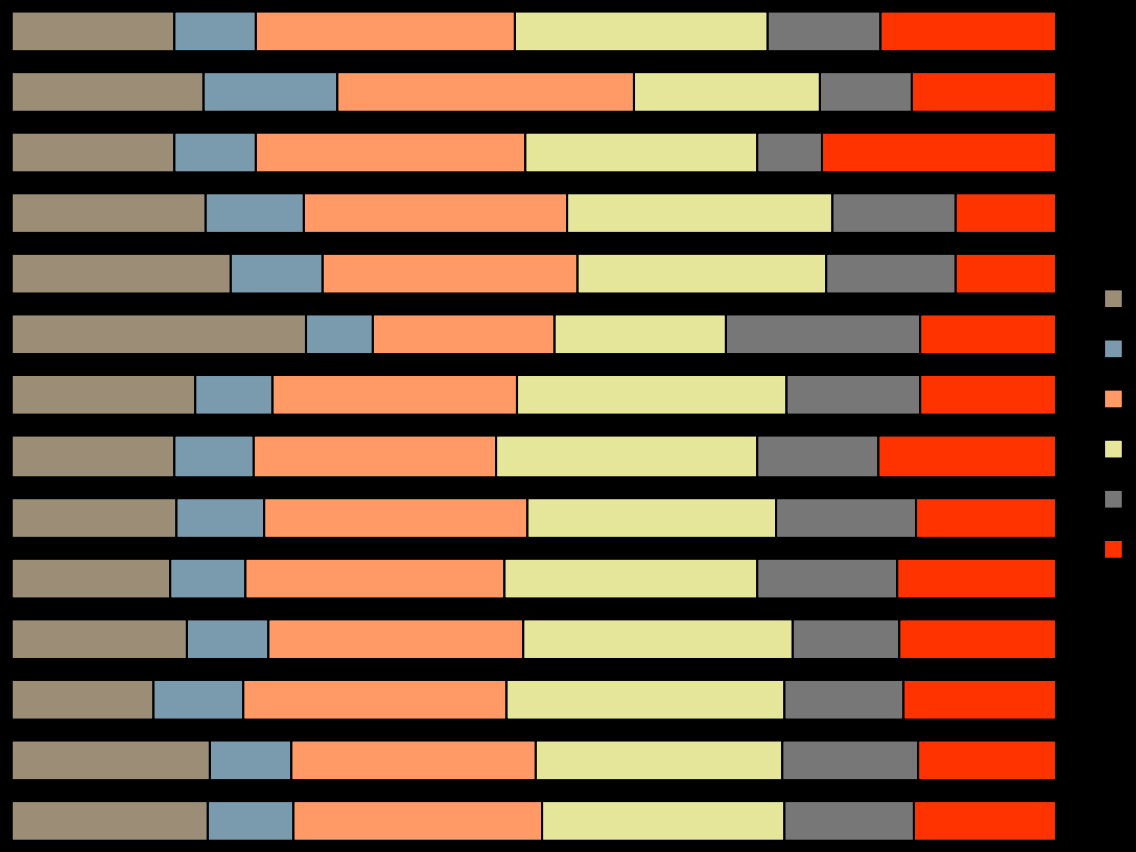

Source: ONS Regional Snapshot, 2007

UK national/regional skills gaps:
Those in employment

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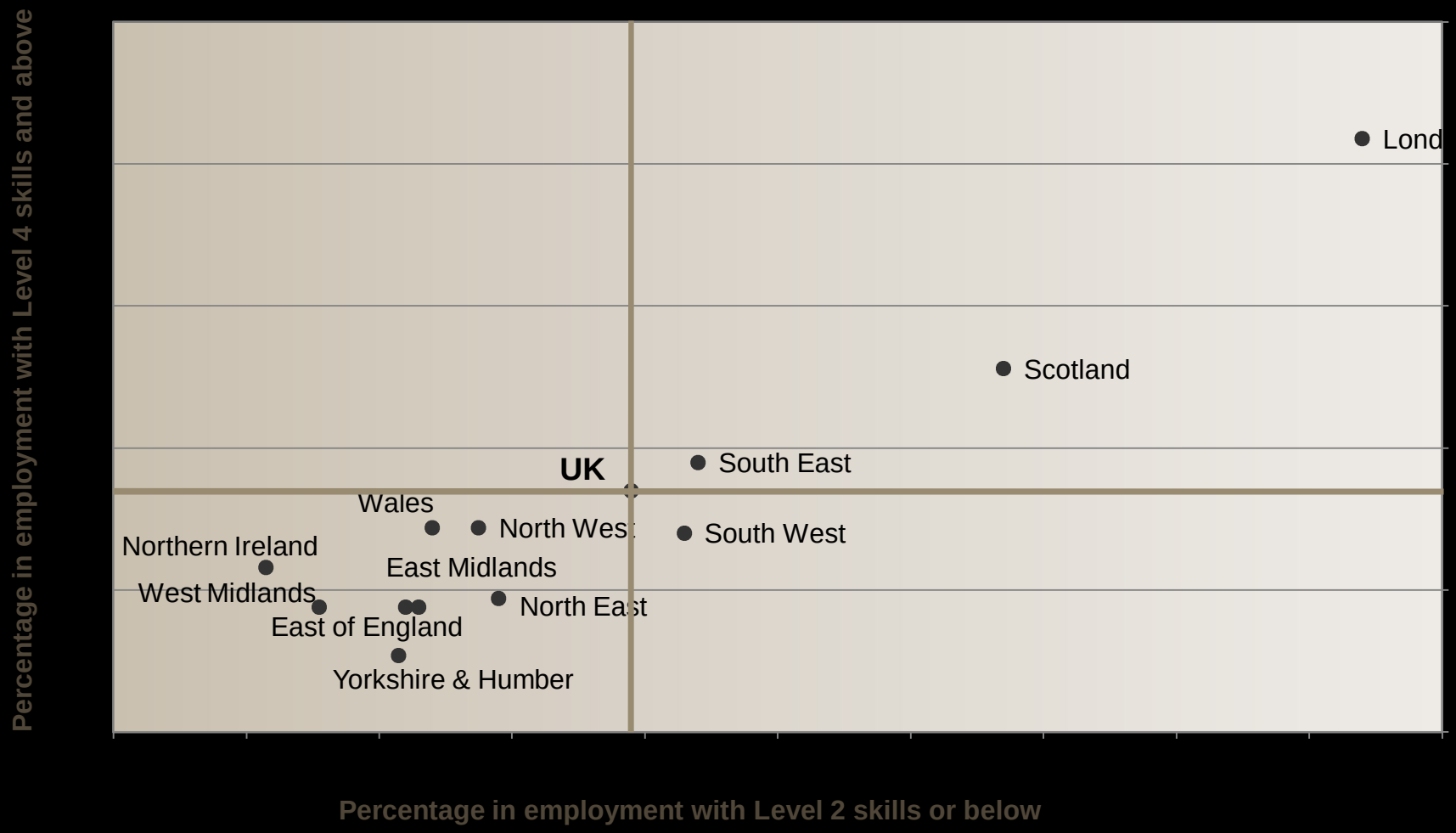

Source: UKCES, Ambition 2020: World Class Skills and Jobs for the UK, 2009, Chart 2.1 – ONS Population Survey, Jan-Dec 2007

What's happened through recession?:

1. Where has the impact been felt most?

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Source: http://static.guim.co.uk/interactivesaved/2009/9/16/1253096811401/2683/UK_unemploy_claim_sequence.swf

What's happened through recession?:
2. Who's lost their job?

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Flows into unemployment	'In-flows': April 2008-09	
	Numbers	% of total
Managers and Senior Officials	193,985	5%
Professional Occupations	133,980	4%
Associate Professional and Technical	251,165	7%
Administrative and Secretarial	439,810	12%
Skilled Trades	500,615	13%
Personal Service	187,630	5%
Sales and Customer Service	598,725	16%
Process, Plant and Machine Operatives	427,845	11%
Elementary Occupations	1,039,050	28%
Total	**3,772,805**	

Source: NOMIS, and Oxford Economics, May 2009

The link between skills and employment

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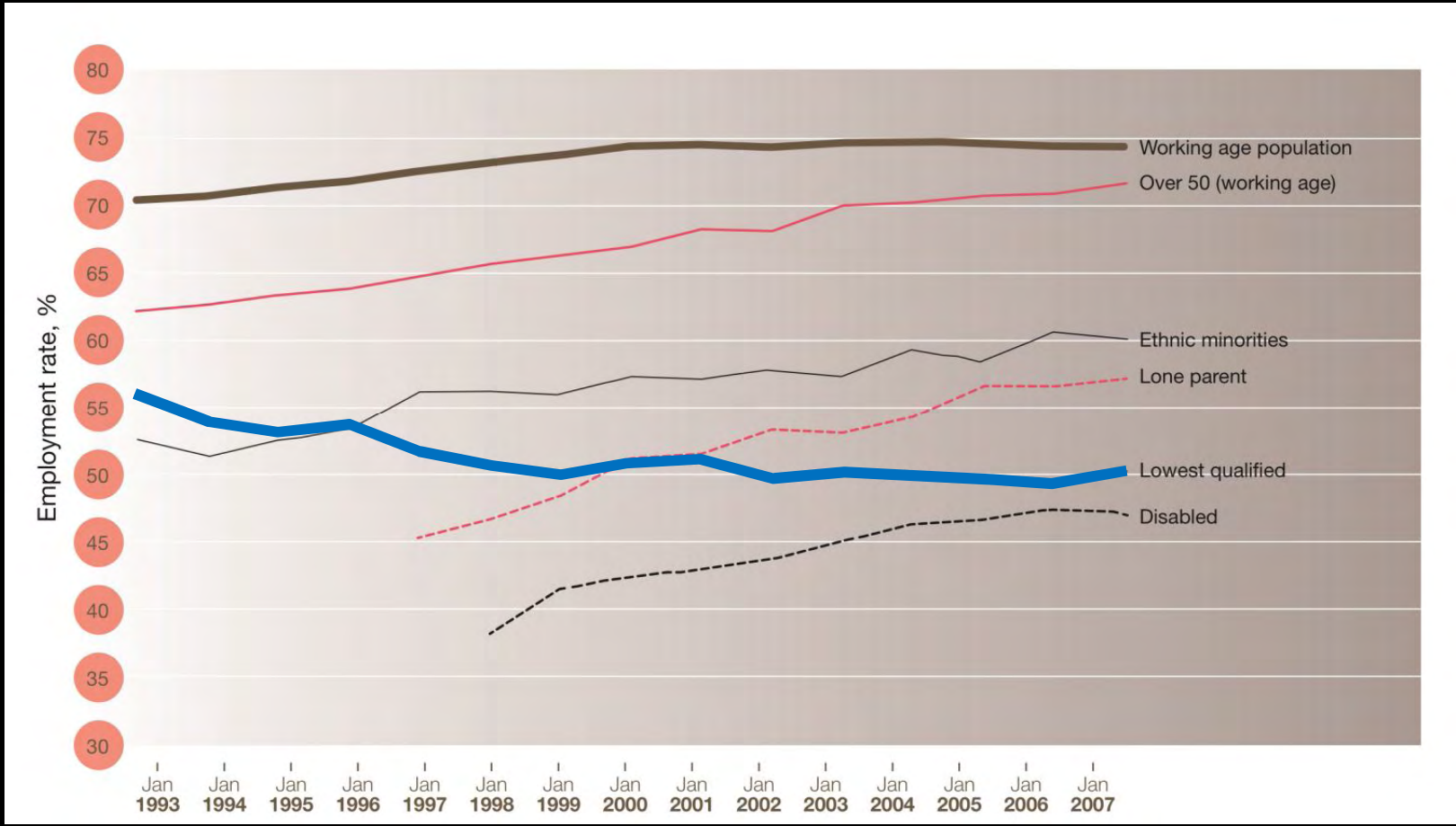

Source: UKCES, Ambition 2020: World Class Skills and Jobs for the UK, 2009, Chart 1.5, p 29 – DWP using Labour Force Survey

The UK Qualifications Profile 1997-2007: Good progress over last decade!

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	1997		2007		1997-2007 Change	
	%	Nos ('000s)	%	Nos ('000s)	%	Nos ('000s)
Level 5						
Level 4						
Level 3						
Level 2						
Below Level 2						
No Qualifications						

Source: Labour Force Survey, 2008 – Note: Working age population 19 – 59/64

But the competition is global:
Improvements are too slow …

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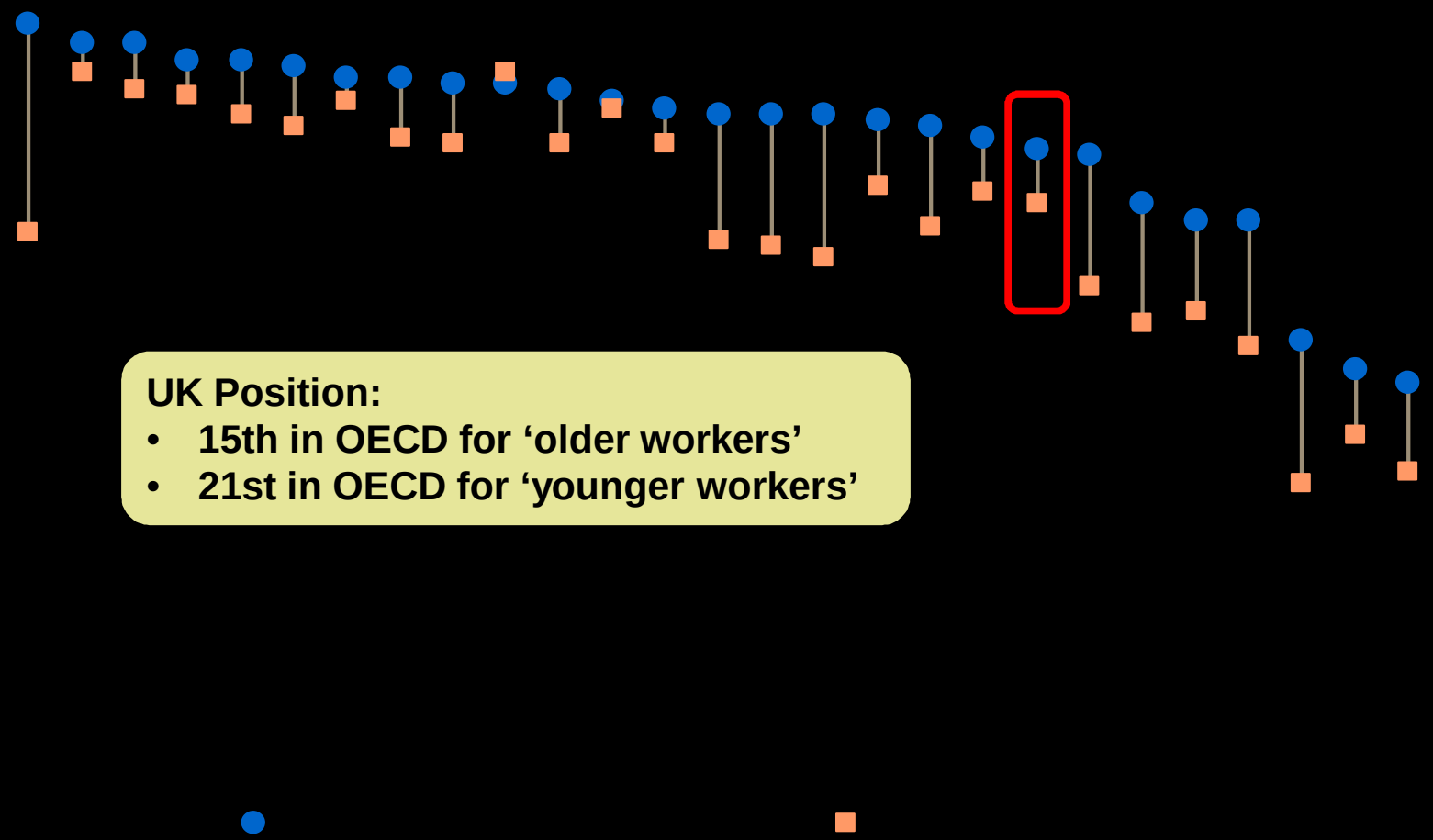

UK Position:

- **15th in OECD for 'older workers'**
- **21st in OECD for 'younger workers'**

Source: OECD, Education at a Glance 2008, Table A1.2a

UK Current Progress to 2020 Ambitions

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Skill Level	2007 Actual	2020 Ambition	Projected Outcome	Size of gap
High level skills	31%	40%	41%	+1%
Intermediate level skills	**20%**	**28%**	**17%**	**-11%**
Lower secondary	20%	22%	19%	-3%
Primary (<12)	**17%**	**6%**	**16%**	**-10%**
No qualifications	12%	4%	7%	-3%
Basic Literacy	85%	95%	95%	0%
Basic Numeracy	**79%**	**95%**	**89%**	**-6%**

Source: Ambition 2020, Tables 4.2 & 4.3, p 58-59

Progress towards 2020 Ambitions

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2020 Ambition	Actual 2007	Forecast 2020
Top 8	17	23
Top 8	18	21
Top 8	12	10

UK employment change 2007-2017: Major growth in high level skills

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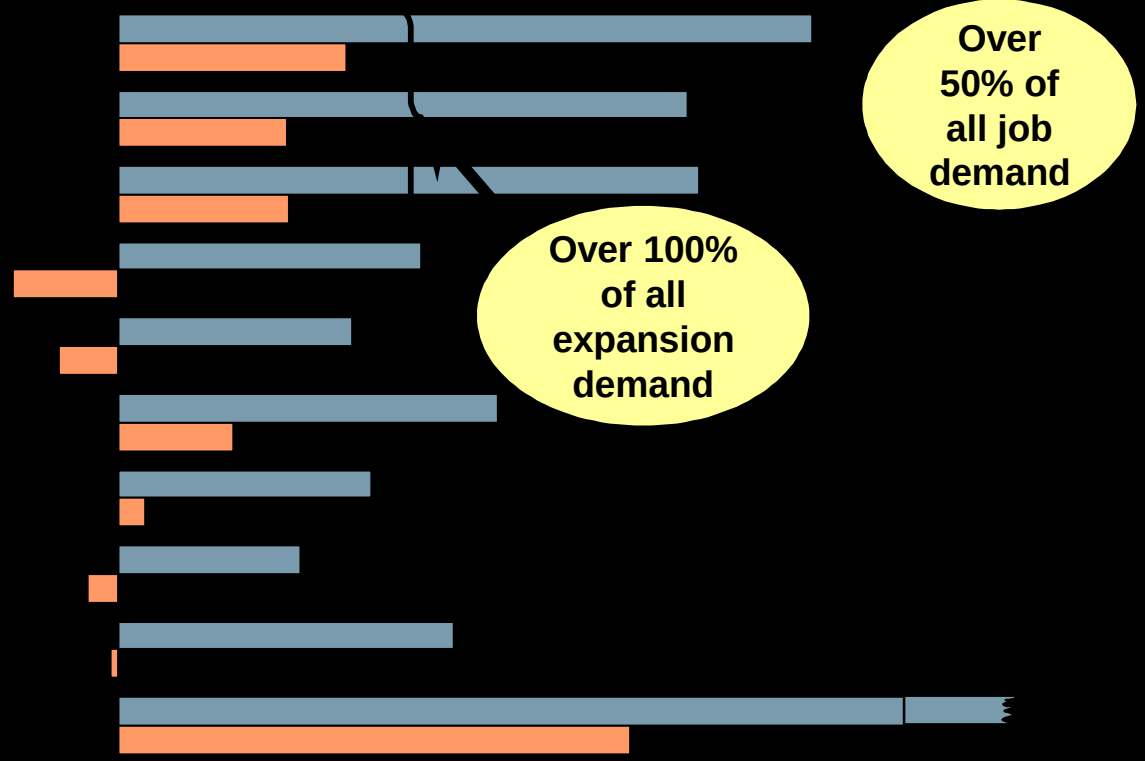

Source: UKCES, Working Futures 2007-17, January 2009

Low UK skills shortages and skills gaps:

Over-skilled or under-employed?

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Skills Shortages and Skills Gaps in the UK	
	UK
Skills shortages	
%age of establishments	5%
Number of skills shortage vacancies	154,000
Skills shortage vacancies as %age of employment	0.6%
Skills gaps	
%age of establishments	15%
Skills gaps as percentage of employment	6%

Over-skilled or under-employed?	
	UK
Over-qualified	**39.0%**
Comprising:	
real over-qualification	16.8%
formal over-qualification	22.2%
Over-skilled	**32.7%**
Under-qualified	**13.8%**
Qualification matched	**47.2%**
Amongst which:	
matched but over-skilled	12.3%

Source: Drawn from National Employer Skills Surveys, England, 2007; Skills in Scotland, 2006; NI Skills Monitoring Survey, 2005; Future Skills Wales 2005; adapted from Tables 7.2, 7.3 & 7.6 in Ambition 2020, pp 105-108

UK employer training practices

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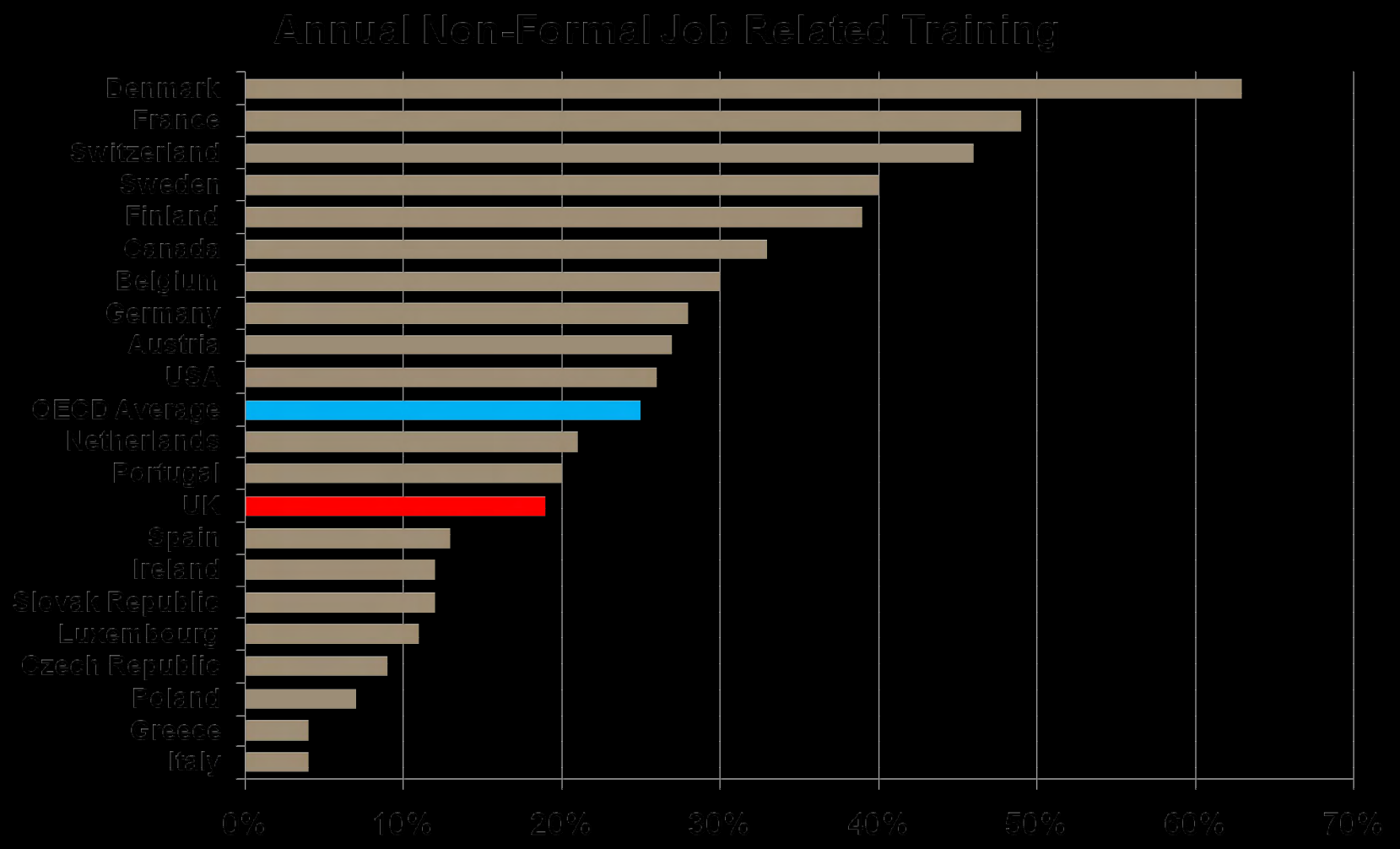

Source: Ambition 2020, Table 5.1, p 67 - OECD, Education at a Glance 2008, Data relates to 2003

Slow progress to a high skill economy:
Change in skilled jobs between 1998 and 2006

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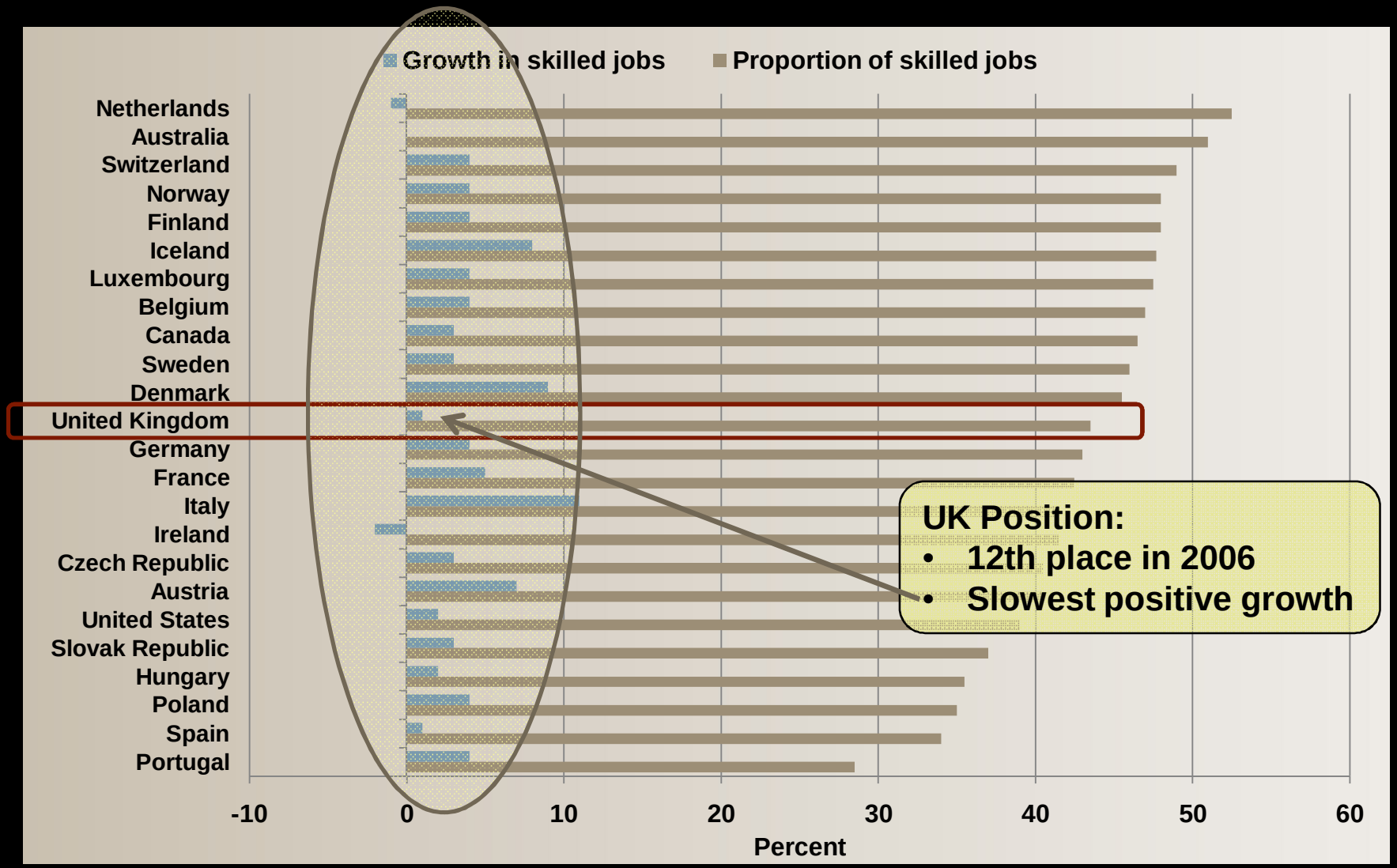

Source: Ambition 2020, Charts 7.1 & 7.2, pp 115-116 - OECD, Education at a Glance 2008, Table A1.3a and Table 1.6

UK- low levels of leader/manager training

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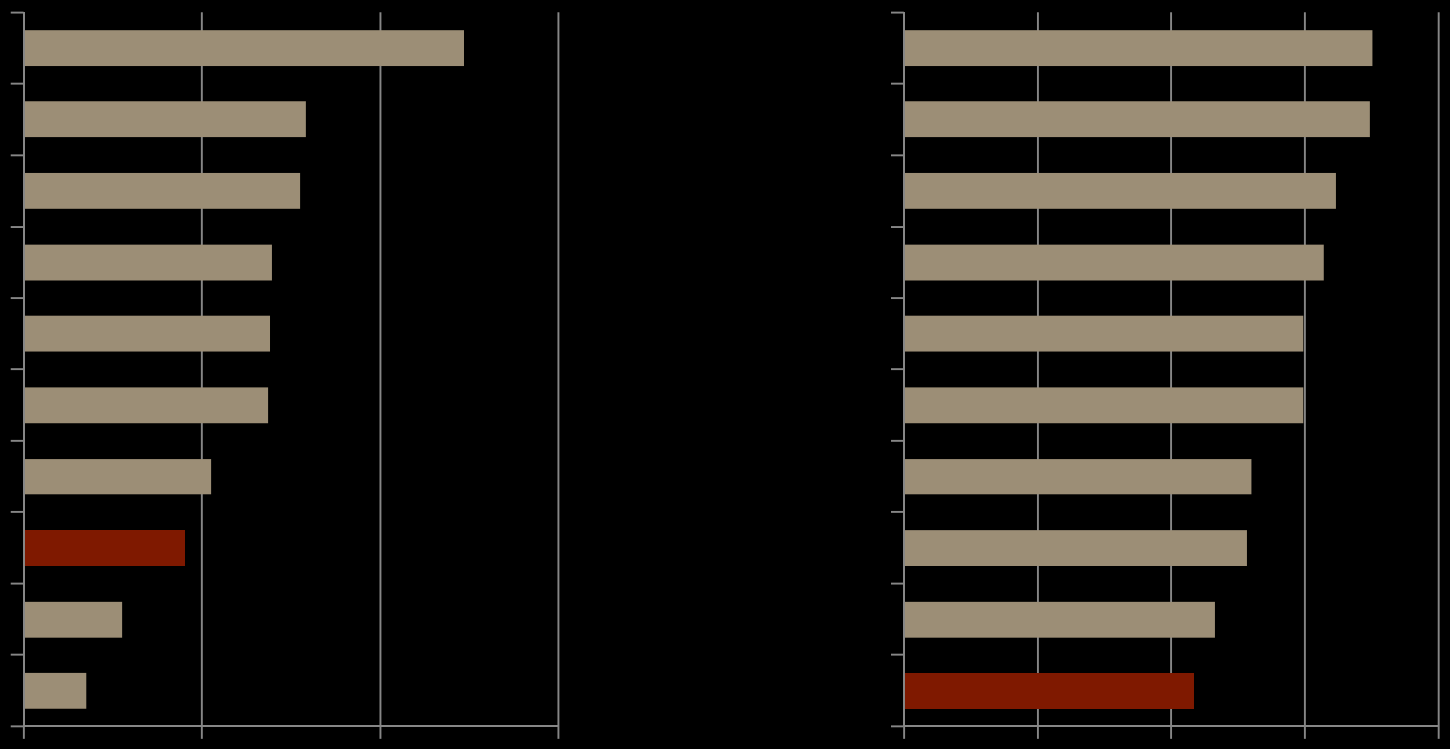

Source: Ambition 2020, Chart 8.3, p 133 – Bloom, N, Management Practice and Productivity: Why They Matter, 2007

A framework for skills and jobs

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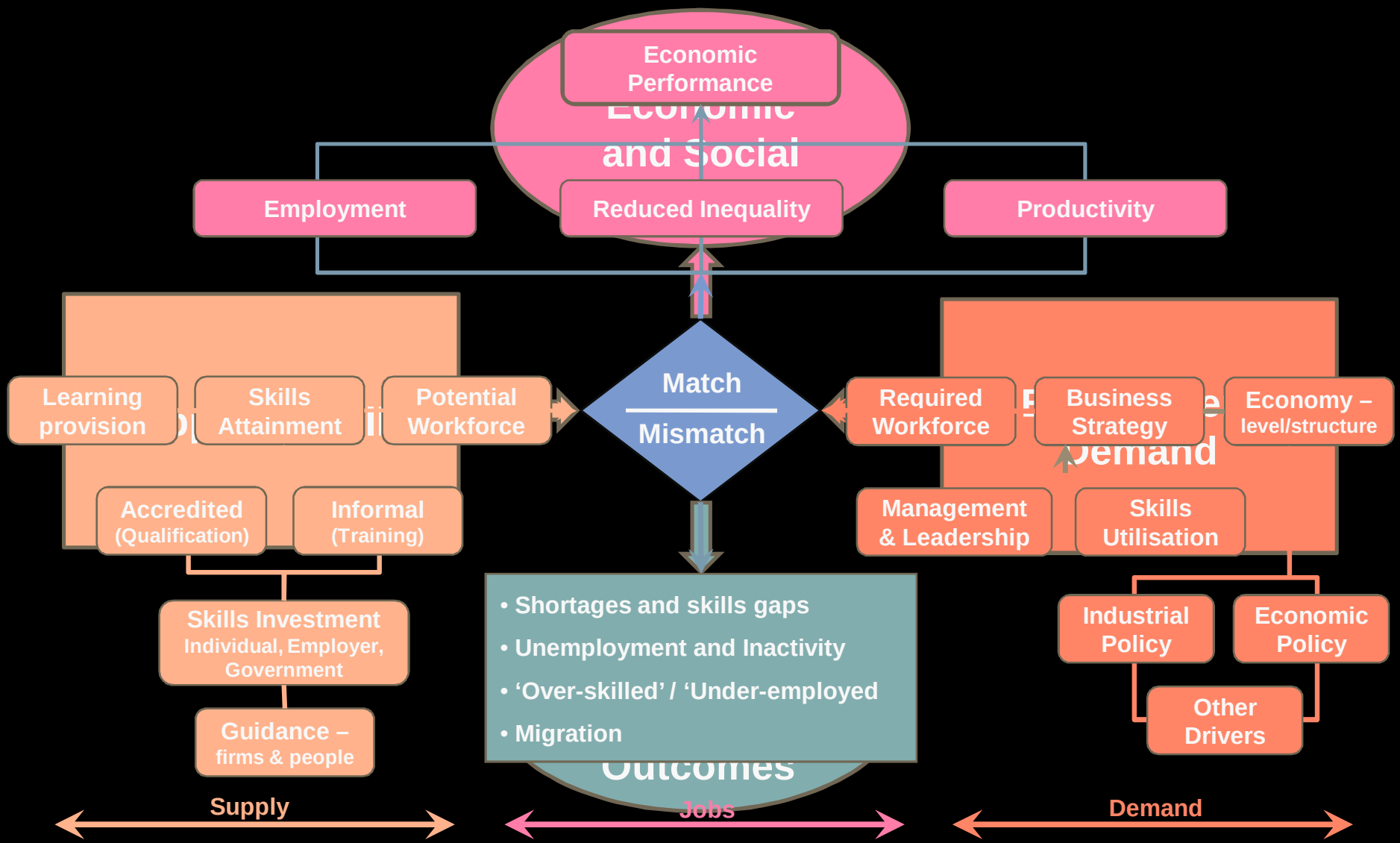

Five priorities for world class skills & jobs

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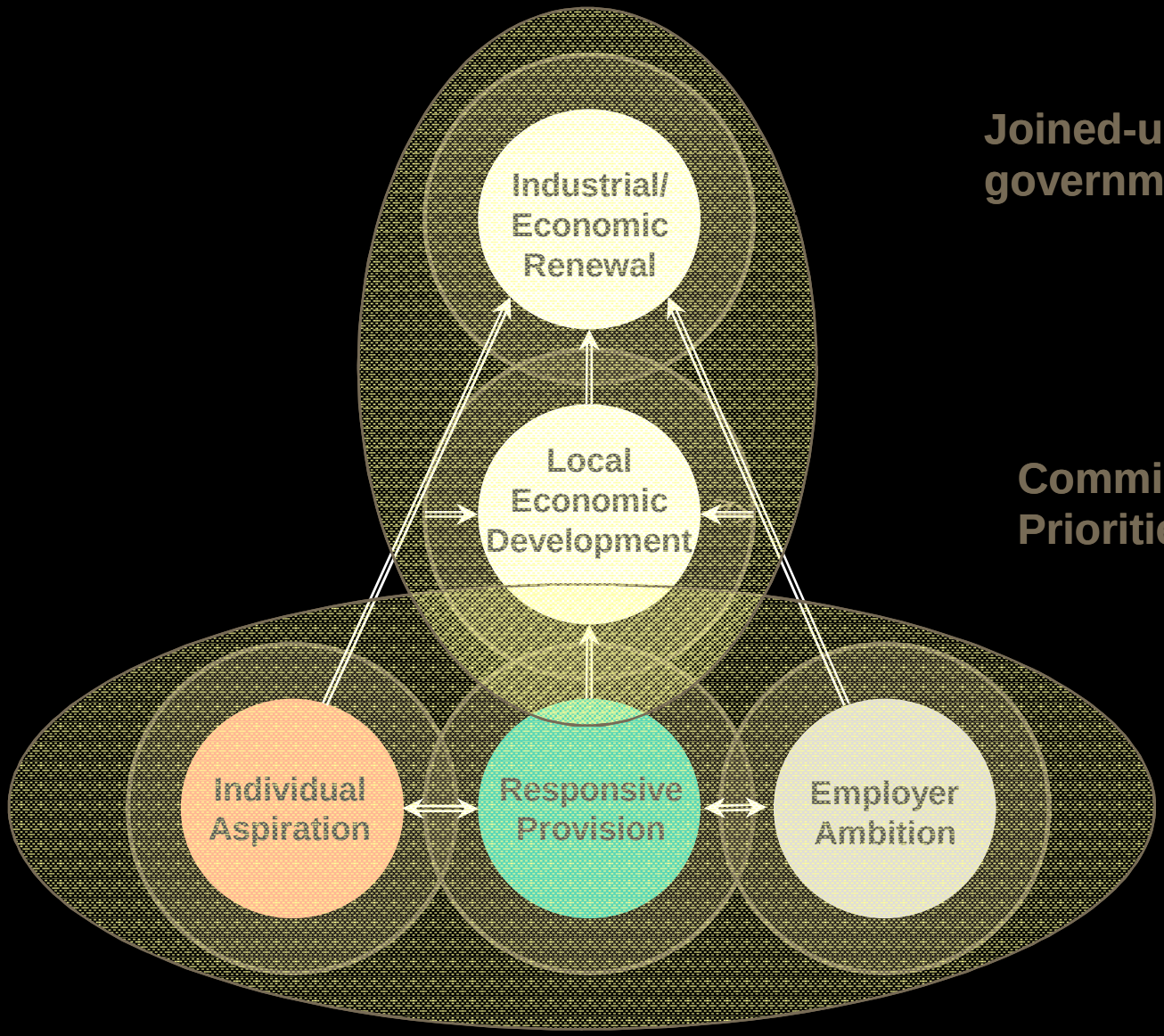

Joined-up government action

Commission Priorities 2009-14

Five priorities for World Class skills and jobs

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create a clear and integrated strategy for economic transformation and renewal

2 To **support effective economic development in cities and local communities**, built upon economic and labour market strengths and opportunities, and maximising the skills of the local working age population.

develop more strategic, agile and demand-led skills and employment provision

transform individual aspiration and skills into a World Class workforce

build employer ambition and capacity to be World Class

Building a ‘labour market led’ system:
Devolving authority and trust

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