



Association  
of Colleges

Promoting. Representing. Supporting.



UK COMMISSION FOR  
EMPLOYMENT AND SKILLS

# Using Labour Market Intelligence in a College Context

A guide for leaders of further education colleges

March 2015



# Contents

<b>Foreword</b> .....	<b>3</b>
<b>The current economic landscape and challenges faced</b> .....	<b>4</b>
○ Labour market demand .....	4
○ Changes in government strategy.....	5
○ Timeline of policy, programme and funding changes affecting skills supply.....	7
<b>The role of an FE college</b> .....	<b>8</b>
○ Anchors for economic development and skills .....	8
○ The role of college leaders .....	9
<b>LMI resources</b> .....	<b>11</b>
○ National and sectoral LMI .....	11
○ Informing careers advice .....	14
○ Analytical web based tools .....	15
<b>Strategic analysis</b> .....	<b>16</b>
○ Key questions .....	17
• Demand for skills and labour.....	17
• Supply of skills and labour .....	17
• Curriculum planning .....	17
○ Civic leadership .....	18
<b>Summary</b> .....	<b>19</b>

# Foreword

The Association of Colleges (AoC) and the UK Commission for Employment and Skills (UKCES) have produced this guide to help further education (FE) colleges maximise the use of Labour Market Intelligence (LMI).

It provides a broad perspective of national and local LMI across industry sectors and is intended to support college leaders with curriculum planning.

This guide will help college leaders determine the extent to which their college is equipping individuals to meet the needs of the labour market they serve. Of course, those colleges that have regional, national or global reach will serve more than one labour market.

FE colleges play a vital role in developing the knowledge and skills of young people and adults, helping them to become socially and economically active individuals. Using LMI to develop the curriculum can empower and help a college to position itself as a trusted and expert provider of skills.

If colleges are to continue to fulfil a vital skills development role, they need to ensure that their efforts are relevant to the needs of the labour market. By doing so, employers can be confident that they are recruiting high quality new staff. Employers will also be able to rely on the educational expertise of the college to 'upskill' the existing workforce in order to remain competitive.

Employers' skills and capacity needs are rarely absolute or well defined in the medium to long term. Colleges should, however, demonstrate awareness of immediate and future trends in the demand for skills so that they can evolve their supply of services.

Many colleges already engage with economic development in their local area so that they can shape their curriculum and align it with the demands of the labour market. LMI is an important tool in developing this understanding.

The improved alignment of education and training provision with the labour market can help to avoid the risk of an oversupply of skills that has the potential to create unemployment and an underutilisation of skills. In contrast, an excess demand for specific skills, which is not met by the supply, will create vacancies that are hard to fill due to a skills shortage.

An understanding of the future demand trends can assist in the planning of the supply of skills for the benefit of colleges, employers, individuals and ultimately the economic prosperity of the UK.

# The current economic landscape and challenges faced

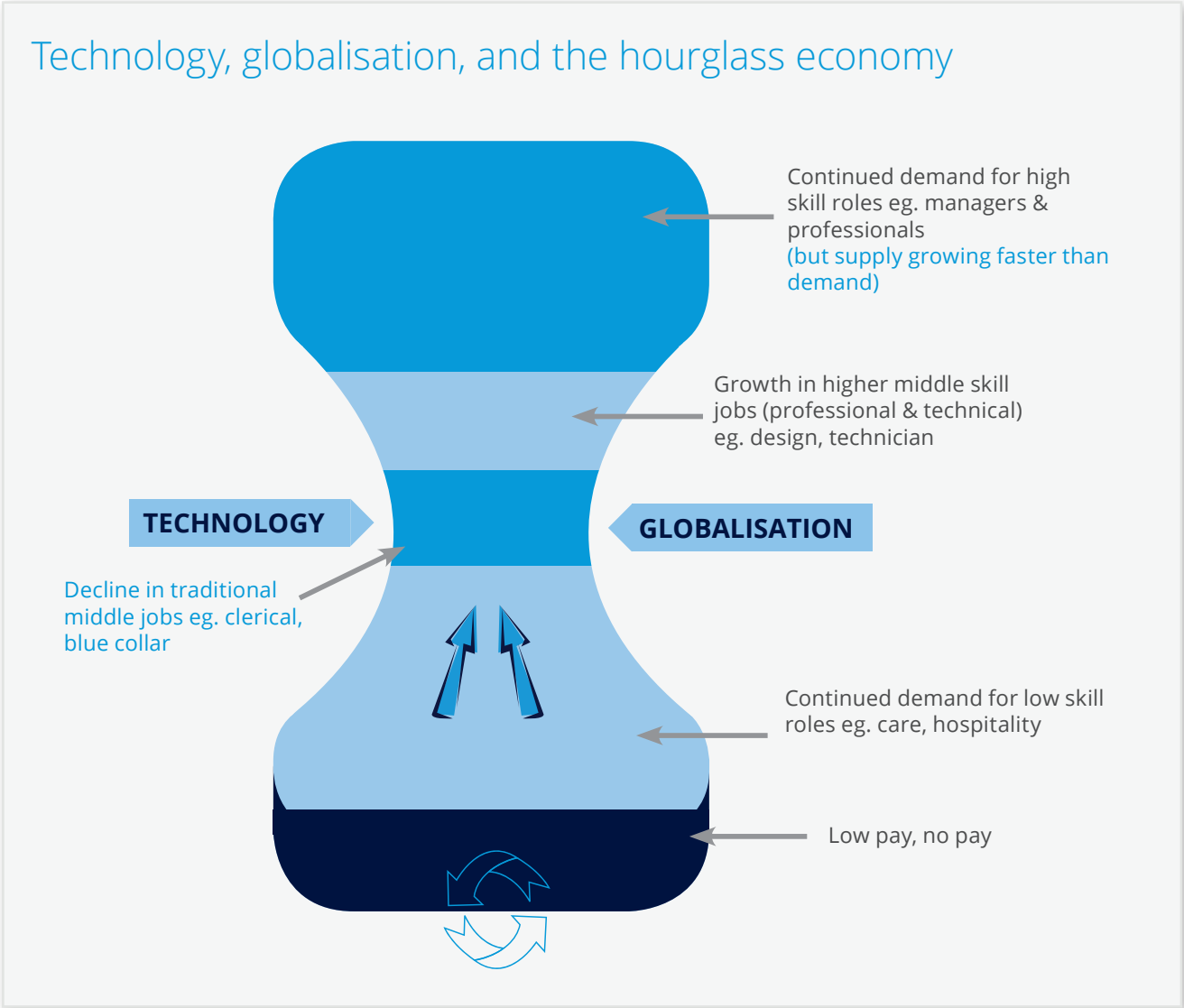
## Labour market demand

The labour market, and the skills and experience required, is changing.

A recent study by the UKCES [Climbing the ladder: skills for sustainable recovery](#), shows that there is a trend towards growth in higher skilled jobs along with an increase in some lower skilled and lower paid jobs. Growth in lower skilled jobs is predominantly in health and social care. However, the trend is taking place alongside a decline in intermediate level jobs, which traditionally make up the middle range of jobs in the skills hierarchy.

As a result we are increasingly moving towards an hourglass shaped economy (see Figure 1).

Figure 1



The growth in higher and lower skilled jobs has resulted in a decline of middle tier jobs that traditionally provide 'career pathways with opportunities for decent pay and progression'.

As a result there is concern that the job market is being split into a two tier system: the first in which the low skilled are stuck in low paid jobs with little prospect of progression; and the second, which offers highly skilled and qualified individuals (and those with sought after technical skills) opportunities to move into higher skilled and better paid jobs (which also offer better prospects for promotion and career progression).

The UKCES report [Growth through People: a statement on skills in the UK](#) follows on from Climbing The Ladder. It was published in February 2015 and is supported by the Confederation of British Industry (CBI) and the Trades Union Congress (TUC).

The report reflects on the skills and employment issues facing the UK and sets out five key priorities in order to resolve deep rooted contributing issues.

## Changes in government strategy

Recent changes in government strategy have tended towards greater levels of devolution, with increased local autonomy over budget and spending decisions.

These shifts towards devolution and localism provide significant opportunities for colleges to position themselves as central to the supply of an employable and skilled workforce

Devolution to Greater Manchester (Devo Manc) is passing more than £0.5 billion of skills budget and decision-making to the directly elected mayor and team.

## **Devolution**

Devolution moves ownership of decision-making away from central control in Whitehall to the cities and local communities in order for them to identify their priorities and determine allocation of investment.

Work led by the Core Cities<sup>1</sup> group suggests that their ten constituent cities – Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester<sup>2</sup>, Newcastle, Nottingham, Sheffield – deliver 28% of the combined economic output of England, Wales and Scotland.

Whilst large cities are important economically, the contributions from smaller cities, towns and the growing 'virtual' workforce should not be overlooked.

The role of Local Enterprise Partnerships (LEPs) is an important part of devolution and localism as they [LEPs] take an important role in strategic planning and funding of sub regional infrastructure, enterprise zones and skills and employment.

## **Localism**

The government passed the Localism Act in 2011, giving local authorities greater power over business rates, the opportunity to elect mayors and radically simplifying the planning system.

A Local Growth Fund of £12 billion has also been established to ensure that Growth Deals provide benefits to the regions around the cities.

City Deals were agreed with each of the eight largest cities outside London; in October 2012, a second tranche of smaller cities were invited to negotiate their own City Deal.

Realising opportunity from City Deals and Local Growth Funds and enabling learners to transition from further education to the labour market are areas where further education colleges can take a prominent leadership and delivery role.

## **Policy changes**

There have been a number of policy, programme and funding changes in the last decade. Many of these changes have been made to stimulate the supply of skills to meet economic demand – an illustrative timeline of is on the following page.

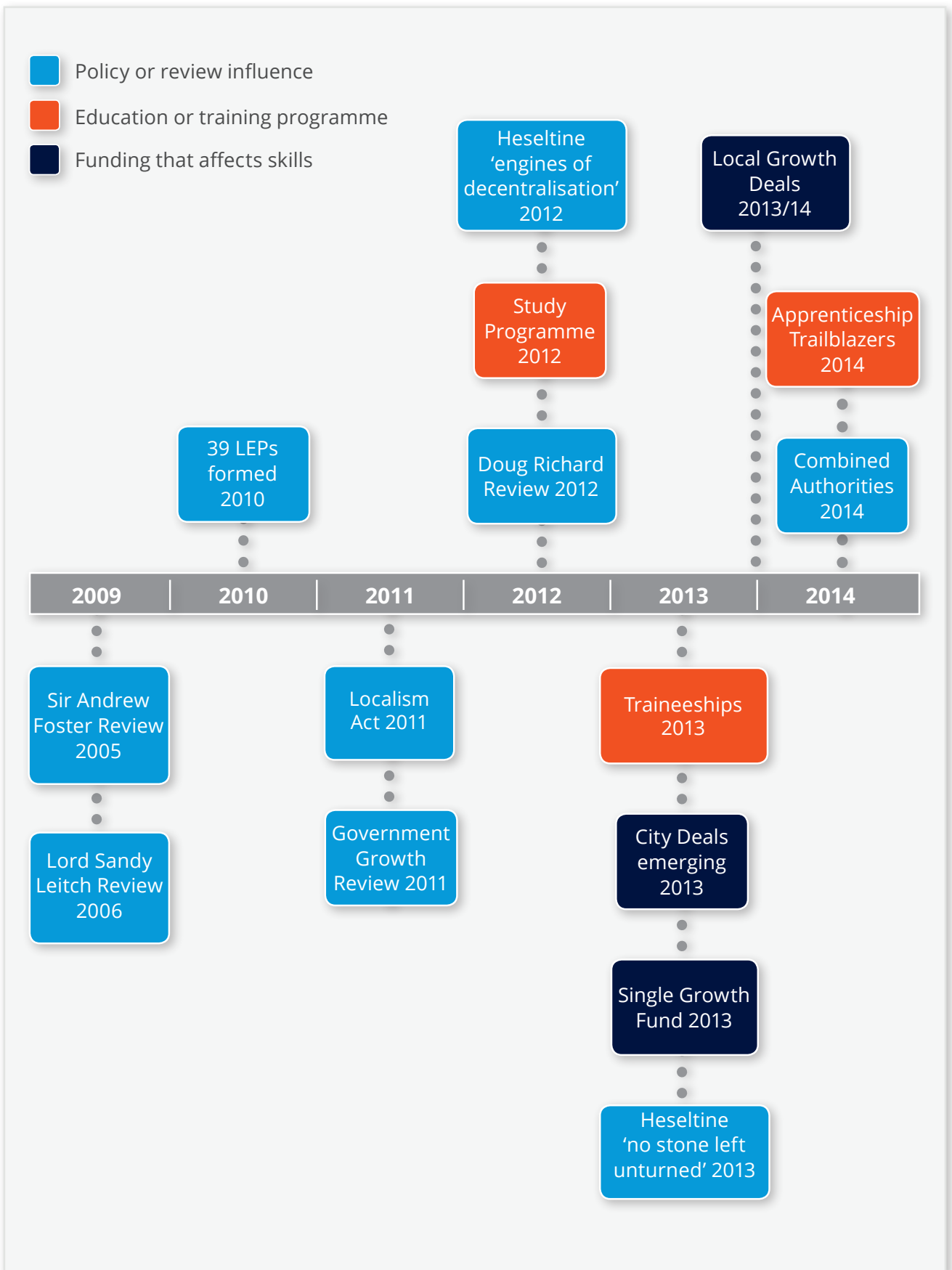
In this context of change, colleges have a significant opportunity to influence long-term economic growth within the communities they serve. In order to achieve this, it is vital they understand what labour market demand looks like and evolve their supply of skills to meet demand.

---

1 Core Cities is a unique and united local authority voice to promote the role of our cities in driving economic growth and the case for city devolution.

2 Manchester and Sheffield now have greater powers over transport, housing, business support and skills.

# Timeline of policy, programme and funding changes affecting skills supply



# The role of an FE college

## Anchors for economic development and skills

### Q. What role does further education play in a changing landscape of job requirements, skills needs, devolution and localism?

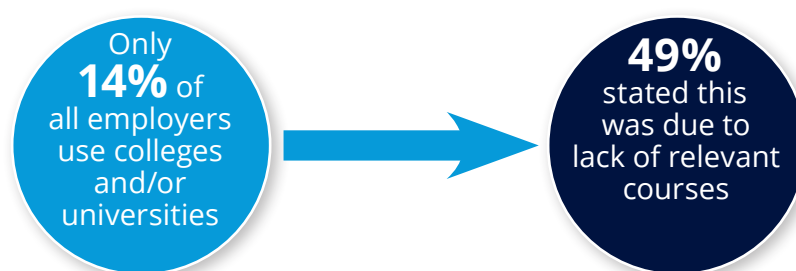
LMI provides colleges with intelligence so that they can play a critical role in providing leadership and enabling the workforce of tomorrow. The skills and employment landscape is evolving rapidly and the influence of technology and globalisation on jobs put skills at the top of the list in order to maximise the opportunities provided through devolution and localism.

The role of further education in this sphere is not new; it is informed by a series of iterative policies. For example, in 2005 by Sir Andrew Foster stated:

*"...[a college] must be absolutely clear about its primary purpose: to improve employability and skills in its local area contributing to economic growth and social inclusion."*

Many colleges already recognise their important role in providing the labour market with skilled and capable individuals.

Through the Ofsted inspection process, a college will be assessed on how well the leadership and management team successfully plan, establish and manage the curriculum and learning programmes to meet the needs and interests of learners, employers and the local and national community.



Research reinforces the employers' perception that their needs are not always met by educational organisations. The UKCES Employer Perspectives Survey cites that only 14% of all employers use external colleges and/or universities to support their workforce development needs.

Around half (49%) of those who don't use further education to support workforce development stated this was because of a lack of relevant courses.

However, many employers also stated that they are open to recruiting or providing opportunities for young people. In fact 62% of those who had recruited in the last 12 months had recruited a young person.





A quarter of all employers had offered a placement to school, college or university students. A further quarter said they would look to employ an apprentice in the next two to three years. In the context of an increased breadth of apprenticeships through apprenticeship trailblazers and ‘new standards’, there is a positive opportunity for colleges to expand their current delivery of just 25% of all apprenticeship provision.

Colleges have to make choices when it comes to prioritising limited resources in order to provide appropriate, relevant and high quality provision. College leaders will want to consider the groups and profiles of the learners they serve to ensure provision is relevant and supports progression to employment or higher education.

For younger adults aged 16 to 18-years-old, this could mean the development of study programmes that provide breadth of learning, sector relevance and clear progression; broader national LMI and sector influences will be useful to consider. For adult learners, it may mean that provision is aligned to local skills shortages and the priorities identified by the LEP – college leaders may wish to use LMI of vacancies in shaping their adult curriculum.

## The role of college leaders

### **Q.** What action could college leaders take?

Analyse LMI, look at trends, ask questions of the curriculum, staff, learners, employers and LEPs; assure themselves that their organisation is providing relevant and appropriate learning to meet the needs of the labour market.

A college’s strategic plan is likely to reference its organisational contribution to economic development and employment. Whilst this is good, it’s not enough for college leaders to just make the statement. They need to assure themselves that their institution is delivering provision that is relevant to the current and future demand for skills in the labour market. They should understand the current market, the learners they are working with, and those they could be working with.

Robust, reliable and easily accessible LMI is available to governors and senior leaders. This includes data on:

- Population.
- Economic growth.
- Educational attainment.
- Employer’s skills needs.
- Employment patterns.

When setting the direction of travel and priorities for a college, its college leaders need to have access to evidence based intelligence in order to ask the right questions of those involved in defining and delivering the core curriculum.

The types of LMI that college leaders could use include:

- **Official population statistics**, in order to understand the population demographic and the potential impact on future learner numbers, the market and the learners they are currently working with. Sources include the Office for National Statistics (ONS).
- **Participation in learning data**, in order to understand what historical learner participation has looked like, where the college is strong, where it is underutilised and what achievement looks like. Sources include Individualised Learner Records (ILR) returns and some of the analytical tools referenced in this guide.
- **Employer survey data**, in order to understand economic profile (sectors, scale), the job market and vacancies. Sources include UKCES national surveys and local employer focus group activity.
- **Predictive models**, in order to provide future projections of economic and occupational growth. Sources include UKCES' Working Futures model.

LMI can help colleges to understand economic demand and skills needs. In addition, college leaders may want to combine their review of data and LMI with expert opinion from local influencers such as their LEP, Chamber of Commerce, local authority and business leaders

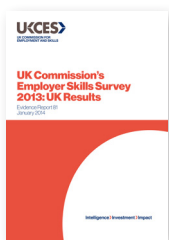
# LMI resources

## National and sectoral LMI

Much of the most relevant LMI is available online through UKCES' research and publications. This provides easy access to the latest economic trends, labour market demands and current supply of skills at a national, regional and sub-regional level.

The UKCES is an authoritative source of LMI; they publish a wide range of survey data, research and insights that is relevant to further education.

The three main core sources offered by UKCES are:



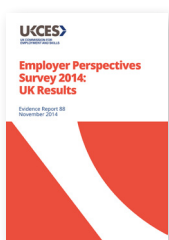
### [Employer Skills Survey](#)

Provides college leaders with a comprehensive picture of employers' skills needs and training investment. It is of interest as it includes data on vacancies and skills shortages, employee skills gaps and the recruitment of education leavers and young people. The survey captures the views of more than 90,000 employers across the UK and provides robust findings at both LEP and local authority level.



### [Working Futures 2012-2022](#)

Provides the latest employment projections for the period from 2012 to 2022. It is a comprehensive quantitative assessment of UK labour market prospects, and sets out future demand for skills as measured by occupation and qualification. It also provides a detailed analysis of prospects by industry and LEP area.



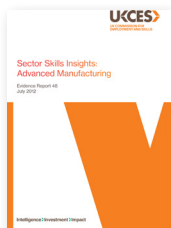
### [Employer Perspectives Survey](#)

Provides the findings of 18,000 employers. The survey gives a UK-wide picture of how employers are meeting their skills and recruitment needs, looking both at their engagement with skills and employment services and their broader approaches to people development.

Topics specifically relevant to colleges include:

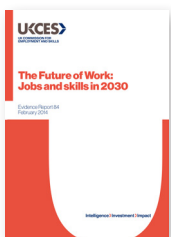
- Collaboration with schools, colleges and universities.
- Approaches to recruitment (older and younger workers).
- Awareness and use of skills support services and initiatives.
- Training and engagement with external training providers.
- Use of vocational qualifications and apprenticeships.
- Use of work placements
- The recruitment of young people.

In addition to the three core intelligence sources provided by UKCES, the following resources may be of interest to governors and senior leaders. They provide insight and intelligence relevant to further education, but which are based on the UKCES core LMI and broader understanding of the skills and employment context.



### [Sector Skills Insights](#)

Provides sector-specific analysis of skills and performance issues and the benefits that can be gained from overcoming them. Of interest when looking at sector specific curriculum planning.



### [The Future of Work: Jobs and Skills in 2030](#)

Provides an analysis of the future of work, looking at the trends that will shape UK jobs and skills, together with possible disruptions to these trends. It sets out four different future scenarios, drawing out implications of changes for seven sectors. Of interest as it also identifies how employers and individuals can prepare for tomorrow's world of work.



### [Growth Through People](#)

Provides UKCES suggestions and priorities to address economic and skills challenges. Of interest as local colleges could apply many of the priorities without waiting for changes in national policy.



### [Careers of the Future](#)

Provides details of 100 key jobs for the future (based on factors including current demand, likely future growth and earning potential). Careers of the Future also includes a range of useful links to allow the reader to explore particular careers in depth, including information on pay and career opportunities, entry routes, progression and personal development.

The report includes a spotlight on 12 key roles across a range of sectors, giving:

- An outline of the job.
- What the work entails.
- Key statistics that may be helpful when making career decisions.
- Details on various entry routes in to the job.

Of interest in delivery of careers advice to young people, it provides inspiration on a range of careers, emphasising the value of good intelligence in making significant career decisions.

The information available through the UKCES' LMI and research publications helps decision-makers to understand the skills challenges faced by employers now and in the future.

The resources also examine the challenges within the context of the industrial strategy sectors and how they might be addressed, for example:

- Employer attitudes towards the recruitment of young people and how to address negative or ambivalent attitudes.
- The awareness and use of specific government recognised schemes and services, such as apprenticeships.
- Comparison of skills shortages and skills gaps within the UK nations, between localities or sectors.

The UKCES sources of LMI provide a forward looking view of structural changes in the labour market, including how different occupational groups compare in terms of likely job prospects, the likely labour requirements of key industry sectors and expected sources of employment growth, locally and nationally. The series of information provided enables colleges to accurately track trends over time.

The intelligence sources also provide a robust benchmark that colleges can use to compare other regions and geographies. Colleges can use this intelligence in discussion with other partners – for instance to track change in the local labour market and the way in which this compares with other localities or regional position.

## Regional and local LMI

LEPs play an increasingly important role in identifying future skills demands to meet local economic growth ambitions. As well as having central roles in securing devolved budgets in relation to City Deals, Local Growth Fund and Enterprise Zones, LEPs also play a vital role in bidding for and managing EU Structural and Investment Funds (EUSIF) strategy. All of these significant funding activities require partners to contribute to skills development, job creation and economic growth.

The three core sources of LMI from UKCES provide findings down to LEP level or below; there is also local-level LMI available from a number of other sources, including:

### [LEP Network Portal](#)

Provides college leaders with a single website to access all 39 LEPs. Of interest as LEPs provide local economic intelligence, publish a Strategic Economic Plan and play an increasingly greater role in determining skills needs for their geographic footprint.

### [LEPs EU Activity](#)

Provides access to details of specific EU funds and bidding activity, including EUSIF. Of interest as the strategies associated with delivering any such bids are likely to have people and skills dimensions.

## Informing careers advice

Many of the resources identified in this guide focus on the demands of the labour market from an enterprise and economic growth perspective.

In addition, colleges will also want to ensure that they are able to use LMI to improve the quality of careers advice offered to individuals.

The following tools are useful to college leaders in order to probe existing practices and provide a reference point from which careers advice can be provided.



### [Further Education \(students\) - average earnings](#)

Provides highly experimental datasets showing immediate post-study earnings and employment outcomes for learners completing further education in the 2009/10 academic year.



### [Working Futures 2012-2022](#)

Provides the latest employment projections for the period from 2012 to 2022. See page 81 for details



### [Careers of the Future](#)

Provides a full list of 100 jobs highlighted as Careers of the Future. See page 32 for details.

### [Plotr Careers Advice](#)

Provides college leaders with an online interaction resource, which could be cascaded to learners and teachers in order to enhance career choices. Of interest as it has a visually strong and easy to navigate interface and has several 'worlds' that are sponsored by leading brands.

### [National Careers Service](#)

Provides college leaders with access to the national information and advice services for careers. Of interest as this web portal can benefit learners as well as those in learner support and information roles within the college.

## Analytical web based tools

Whilst business and data analysts within colleges will conduct detailed work regarding learner participation and curriculum offer at course level, college leaders need access to intelligence that they can use as part of their governance process.

This guide refers to a small number of tools that would be of use to those in oversight roles within colleges. The tools provide information in both data and tabular view, as well as through visual representation and interactive maps, allowing ease of use for analytical inquiry.

### [FE Data Dashboard](#)

Provides college leaders with access to an easy to navigate Further Education Data Hub. Of interest as the Hub aggregates some of the most important and useful data about the further education sector into a single website; the Hub includes a range of interactive charts and maps as well as links to other information resources from Ofsted, the Skills Funding Agency, UKCES, DfE, BIS and ONS.

### [LMI for All](#)

Provides access to authoritative data from sources including the ONS and the UKCES, which can be used to populate website and analytical tools. Of interest as the data is freely available via an Application Programming Interface for use in websites and applications.

### [LEP Labour Market Profile Tool](#)

Provides web access to ONS data sets, analysis tools and interrogative maps by LEP area. Of interest as the data available provides sub regional intelligence of:

- Resident population.
- Employment and unemployment.
- Economic inactivity.
- Employment by occupation.
- Qualifications.
- Out-of-work benefits.
- Jobs (total jobs and employee jobs)
- Businesses.

LEP areas can also be 'compared', providing college leaders with a reference point of either surrounding areas or those with similar characteristics.

# Strategic analysis

College leaders will want to know:

- The national and sectoral view for economic priorities, growth and changes to the labour market.
- The interpretation of this at a regional, sub regional and local level, including a skills dimension to meet changes to economic priorities and the local and national labour market.
- The current and future planned curriculum within their college.

All of these factors are important to consider in order that the college understands the labour market and can positively affect the supply of skills.

Senior leaders should consider using high-level data analysis tools to provide a broad picture of skills demand and current skills supply, ensuring their teams responsible for planning have triangulated this evidence with curriculum expertise and local influences, which may not be shown in the data.

Governors might also use high-level data analytical tools to assure themselves that the college is sufficiently responsive to local labour market needs.

In order to maximise the contribution that their college offer can make, college leaders may want to use sub regional and local economic growth and inward investment vehicles (such as City Deals and Local Growth Fund) to access and connect with employers as part of getting to know their views on skills shortages, recruitment and upskilling needs.

The knowledge that college leaders glean from using strategic LMI and from talking to local business leaders, LEPs and local authorities will enable them to ask the right questions of the team responsible for developing the curriculum.

This following section illustrates a series of key questions that could be used by college leaders as part of using LMI in the curriculum planning process.



## Key questions

### Demand for skills and labour

- 1 What is our geographical footprint?**
  - Are we a local college?
  - Are we a sub-regional college?
  - Are we an exporter of skills to a city?
- 2 What is the economic profile in our catchment area?**
  - What skills is LMI telling us our labour market needs?
  - Is there labour demand for skills currently not supplied by the college?
  - What does the skills supply look like from our competitors' point of view?
- 3 Does this LMI correlate with what sub regional and local business influencers are telling us?**
  - How do non-vocational programmes (A Levels) contribute to meeting the skills demand?
  - Do our networks and contacts support the views presented by LMI for jobs and skills needs?

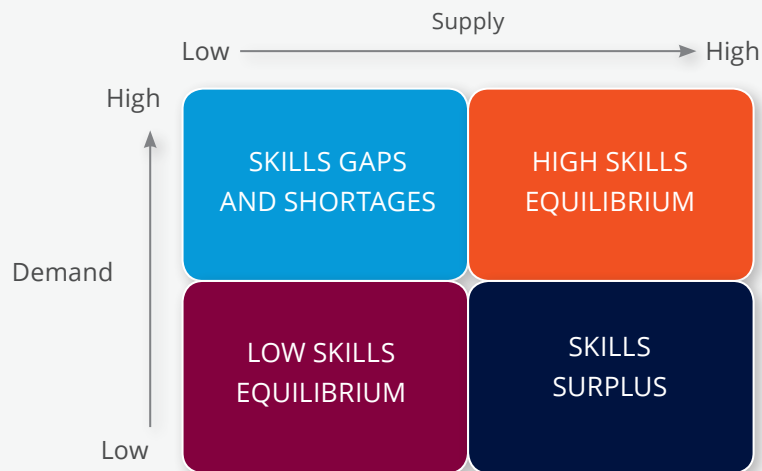
### Supply of skills and labour

- 4 Is the supply of learners growing, declining or neutral?**
  - How do we know?
  - What has our participation of learners been over the past five years?
  - What are our strengths: courses of high achievement, high participation and high progression?
  - Are we planning sufficient capacity to meet the supply of learners available?
- 5 What are our competitors doing?**
  - What has the participation of learners of our competitors been over the past five years?
  - What are their strengths: courses of high achievement, high participation and high progression?
- 6 Considering participation and population.**
  - Is there unmet demand?
  - Is there an oversupply of learning provision?

### Curriculum planning

- 7 Is your labour market in a low or high skills equilibrium?**
  - Does your current curriculum deliver skills that align to the labour market position?
  - Are there actions you can take to fulfil the demand for higher level skills?
- 8 Does our planned curriculum offer correlate with the economic profile of the labour market we serve?**
  - If not, why?
  - Are there commercially viable growth opportunities for us?
    - Where is the evidence?

**Figure 1. Moving from a low to high-skilled equilibrium (adapted from Green et al, 2003)**



Source: Froy et al. 2009

## Civic leadership

In addition to gathering intelligence and constructively challenging and supporting college curriculum planning to be responsive to the needs of the labour market, college leaders can take positive action to inform and promote the college offer.

College leaders may want to consider:

- Leveraging relationships with larger employers to meet the needs of small and medium-sized enterprises (SMEs) in their supply chain. Larger employers are more likely to have a strategic view of their sector and their business, while SMEs are likely to focus on the 'here and now' immediacy of skills gaps, recruitment, cash flow and managing growth.
- Collaborative curriculum planning with other further education providers in the area to deliver a jointly planned curriculum and avoid duplication of provision, play to individual college strengths and specialisms.
- Developing 'local clusters' of further education providers in order to improve marketing and sales activity and communication with employers. Promoting a uniform marketing message and single point of engagement for employers.

# Summary

Identifying and using LMI to inform the curriculum offer is a powerful way for colleges to build credibility with the employers in the labour market(s) they serve.

Governors and senior leaders play a critical role in providing strategic oversight to their college. By using some of the tools identified in this guide and through scheduling a series of short 'pulse points' during the planning process, they will be able to add value to the planning process to ensure their college is well placed to provide learners with the skills they need for their future.

## **For further information about this guide please contact:**

### **David Corke**

Director of Education and Skills Policy  
Association of Colleges  
Tel: 020 7034 9900  
Email: david\_corke@aoc.co.uk

### **Alex Thornton**

Senior Research Manager  
UK Commission for Employment and Skills  
Tel: 0207 227 7800  
Email: alex.thornton@ukces.org.uk



Association  
of Colleges

Promoting. Representing. Supporting.



UK COMMISSION FOR  
EMPLOYMENT AND SKILLS

**Association of Colleges**

2-5 Stedham Place

London WC1A 1HU

Tel: 020 7034 9900

Email: [policy@aoc.co.uk](mailto:policy@aoc.co.uk)

[www.aoc.co.uk](http://www.aoc.co.uk)

 [AoC\\_info](#)  [Association-of-Colleges](#)

**UKCES**

Renaissance House, Adwick Park,

Wath Upon Dearne

Rotherham S63 5NB

Tel: 01709 774 800

[www.gov.uk/ukces](http://www.gov.uk/ukces)

 [@ukces](#)