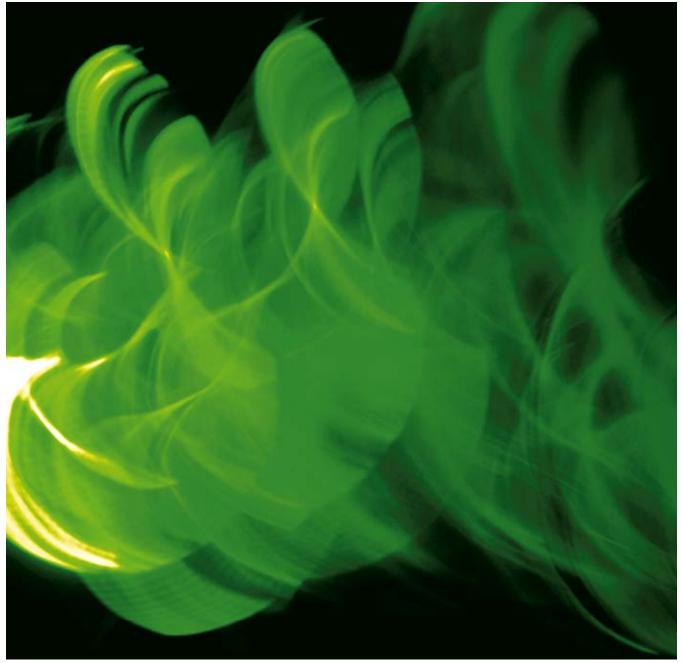
Labour Market Information Toolkit

Apprenticeship Expansion



World Class Skills Programme Developing Responsive Provision





This document is intended to provide an overview of Labour Market Information to support workshops as part of the World Class Skills programme.

It is intended to be used as a resource for providers to support strategy development and market analysis discussions as part of the workshops.

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Introduction

KPMG has been engaged by the Learning and Skills Improvement Service (LSIS) to assist in the delivery of a major support programme for the Further Education (FE) system to ensure that the Government's agenda outlined in "World Class Skills – Implementing the Leitch Review of Skills in England" can be realised. The programme "World Class Skills – developing responsive provision" has involved key sector bodies such as the Association of Colleges and the Association of Learning Providers in the delivery of the project and these bodies are seen to be an integral part of the KPMG team.

World Class Skills – Implementing the Leitch Review of Skills in England sets out the practical reforms that will be introduced in England to spark off a 'skills revolution' and close the skills gap at all levels, right across the nation, by 2020. What all of the reforms have in common is the introduction of a demand led system that puts the customer – in this case, adult learners and employers - first. It is called the 'demand-led' approach.

Why is Labour Market Information important in this agenda?

For the purpose of this toolkit the term Labour Market Information (LMI) has been broadly defined to include any information relating to employment, learning, skills and the wider economy that may be useful to providers planning their employer responsive provision offer.

The focus of the programme is to work with providers and other stakeholders to support them in becoming more responsive to the needs of employers, increasing the capacity of the FE system to provide high quality, flexible training and support that meets the needs of employers. Raising the skill levels of employers and their employees will contribute to raising UK productivity and competitiveness in a global economy.

The extent and pace of the transformation that is required is considerable. This is clearly highlighted by the change in funding on Train to Gain which sees that budget increase substantially from £390 million to £1 billion by 2009/10 and plans to double of the number of Apprenticeships. Implementing the accelerated pace of improvement will require providers of employer responsive provision to be effective in the use of LMI to develop their ability to understand and respond to the needs of employers in a way that can contribute to UK productivity and competitiveness.

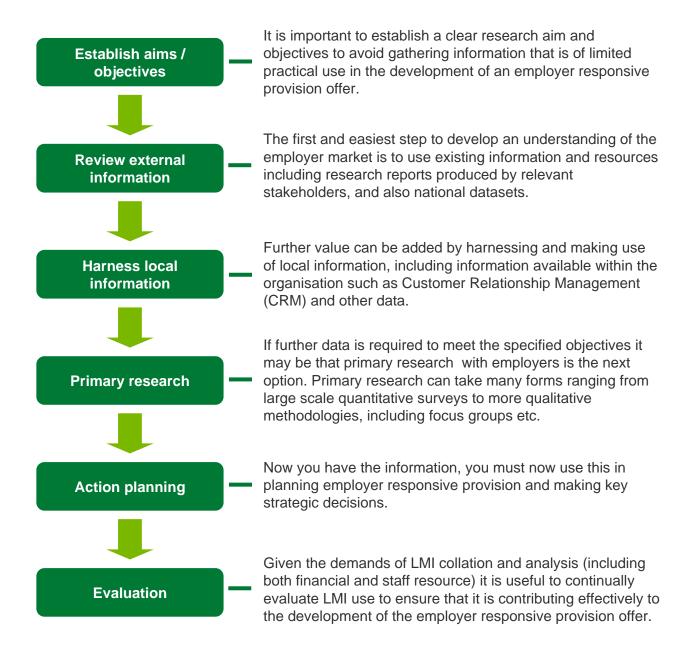
About this toolkit

This toolkit has been designed as a companion to the workshop Apprenticeship Expansion and also to support the delivery of consultancy. It is intended that this toolkit can be used as a practical, high level guide to assist providers in effectively using LMI to develop their Apprenticeship provision offer.

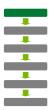
Evidence-based Approach

The approach adopted by an education provider to understand the potential market for employer responsive provision will vary based upon a number of factors, including: available financial and staff resource, staff knowledge and skills, institution type and sector of interest. For this reason we have outlined below a broad 'evidence based' approach to developing employer responsive provision that is flexible and may be used by a range of providers.

This toolkit has been designed specifically for employer responsive provision. The approach forms the basis for the remaining structure of this toolkit.



Establishing Aims and Objectives



The collation and analysis of LMI can be expensive, both financially and also in terms of the staff resource required. It is essential that clear research aims and objectives are established at the outset of any research regarding employer responsive provision to ensure that:

- Any LMI collated is useful to the overall purpose of the research;
- Less time is spent trawling information resources or collecting data that is of limited practical use;
- The researcher avoids information overload;
- The research remains 'need driven' as opposed to being driven by what information is available.

The Aim

In the context of this toolkit the research aim is the primary question in relation to employer responsive provision that the education provider is required to address through LMI research. A clear research aim and overall purpose for the research is beneficial in terms of achieving a successful outcome.

With reference to employer responsive provision a number of research aims could be used depending upon the purpose of the research. For example a research aim could relate to the development of an existing provision offer or investigating the potential to invest in new employer responsive markets. Examples of relevant research aims are presented below:

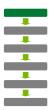
- To grow the employer responsive provision offer in existing markets
- To identify new employment sectors to develop the employer responsive provision offer

The Objectives

Following the establishment of a research aim the next stage is to define the objectives, specifying what it is that you need to know. Clarity in terms of defining what it is you need to know will help to ensure that your strategy for collating research is need driven. It is important to ensure that the research is not driven solely by the supply of information that is currently available.

In relation to the above specified aim 'To identify new employment sectors to develop the employer responsive provision offer' example objectives could include:

- What sectors of employment are dominant in the area served by the provider?
- What are the skills gaps and skills shortages faced by local employers by sector?
- What is the recent growth and projected employment growth in each sector?
- What are the key local regeneration or economic developments locally and how might these impact demand?



When the research objectives have been established the next stage would be to specify the information required to meet these objectives. For example if we take the example objective 'What are the skills gaps and skills shortages faced by local employers' then the following information may be useful:

- Number of employers and employees by sector
- Number of employers and employees with skills gaps by sector
- Number of employers and employees with skills shortages by sector

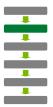
Information Collection

Once it is established what information is required the next stage is to establish a methodology for information collation. The evidence based approach that we have specified assumes that the education provider would initially draw upon existing information and research and then plug any existing gaps in information through harnessing local information (including information contained within the organisation) and if required carrying out primary research through surveys or gathering qualitative research e.g. focus groups.

The evidence based approach has been set out in this way to ensure that education providers first make use of information and resources that are quick, free and easy to access and that subsequent stages of the methodology do not needlessly collate and duplicate information that already exists. It is however intended to be flexible depending upon an education provider's requirements. For example it may be that an education provider has extensive systems in place for harnessing local information (including well developed Customer Relationship Management systems) which provide well evidenced local knowledge of skills issues and mean that reviewing this information is the first stage in terms of assessing how to develop an employer responsive offer, followed by a review of existing information.

At this early stage of the research it is worth considering the wider overall approach to the research project. Consideration of how this information will be used to develop the employer responsive provision offer is important to ensure that what is collected meets the needs of the organisation. Later on in this toolkit we have provided a section 'Planning the Employer Responsive Offer'. It may be useful at this early stage to review the areas that need to be considered when making any changes to the curriculum offer to ensure that the collated LMI can be used to evidence these areas.

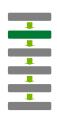
It is also important to consider the intended audience for this research and their potential requirements. For example if the information is intended stimulate discussion amongst a Senior Management Team then a summary of the broad picture across all sectors may be appropriate. If the information is to be used to inform detailed curriculum planning including budgeting and target setting then more detailed analysis may be required.



There is a plethora of national research and data tools available that may be used by education providers to better understand employer demand. This should be the first stage for providers looking to develop their understanding of employer demand given that it is the least expensive option, both in terms of time and also financial resource. A summary of some of the key national information sources is presented below.

Resource	Description	Source
SSDA Sector Skills Almanac	Brings together comprehensive robust and comparable labour market information and presents it by theme and sector.	Available from http://www.ukces.org.uk/
The eLMI Tool	An online GIS resource to support the development of your understanding of the configuration of local employment	Available from http://lmi.excellencewcs.org. uk/
National Employer Skills Survey (2007)	A national report with regional analysis looking at a range of employer related skills and training issues Available from http://research.lsc.g C+Research/publish ness2007.htm	
Various Guides for IAG Practitioners	A range of perspectives and guidance about how IAG Practitioners can make use of LMI http://www.advic resources.co.uk/ uidance-research	
Working Futures Report	Working Futures 2007-2017 consists of three volumes which together represent the most detailed and comprehensive set of employment projections ever published for the UK	Available from http://www.ukces.org.uk/Def ault.aspx?page=4685
Monthly Economic & Labour Market Review	Economic & Labour Market Review (ELMR) draws together expert research and analysis to build an up-to-date, comprehensive and unique statistical picture of the UK economy and labour market	
Sector Skills Councils	Each Sector Skills Council has carried out significant market research to understand the skills needs within their sectors. Much of this is available down to a regional level. A link to all SSC's can be found at the link shown here	Available from http://www.ukces.org.uk/Def ault.aspx?page=16
UK Commission for Employment and Skills LMI Portal	The UK Commission work with partners already involved in collecting Labour Market Intelligence (LMI) to pool existing sources into a common framework and to ensure the highest possible standards are continuously observed.	Available from http://www.ukces.org.uk/Def ault.aspx?page=4641

National Information Sources



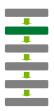
National Datasets

Resource	Description	Source
Annual Business Inquiry	An employer survey of the number of jobs / workplaces that can be broken down by gender, full/part time and detailed industry (4 digit SIC). Available for areas smaller than local authorities. The data is restricted and requires a licence to access. Available dates 1998 to 2007.	
VAT Registrations and Stocks	VAT registrations and de-registrations are the best official guide to business start ups and closures. They are an indicator of the levels of entrepreneurship and health of the business population. Available at local authority level and above. Available dates 1994 – 2007.	Available from http://www.nomisweb.co.uk
Annual Population Survey	A resident based labour market survey encompassing economic activity, employment and qualifications data. Data can be broken down where possible by industry and occupation. Data is available at local authority level and above. Available dates Dec 2004 to Jun 2008.	Available from http://www.nomisweb.co.uk
National Employer Skills Survey Report (2007)	Data analysis tool on skills issues covering areas such as recruitment, skills gaps, recruitment of young people, training, workforce development and training expenditure. Available at local level. Available dates 2003, 2004, 2005, 2007.	Available from http://researchtools.lsc.gov. uk/ness/home/home.asp
National Statistics	Primary resource for information on all Government data relating to the economy and employment.	Available from http://www.statistics.gov.uk/ instantfigures.asp



Apprenticeships

Resource	Description	Source
Sectors with Prospects for Expanding Apprenticeships (2009)	LSC funded research into opportunities for Apprenticeship expansion.	Available from http://research.lsc.gov.uk/L SC+Research/published/sk ills-in-england
Research into increasing Apprenticeships in the Public Sector (2008)	LSC funded research investigating opportunities to engage the Public Sector in Apprenticeship delivery	Available from http://readingroom.lsc.gov. uk/lsc/National/291930 - Research into Increasing Appren in the Pub Sec. pdf
The Net Benefit to Employer Investment in Apprenticeship Training	Research detailing the net benefits of Apprenticeship delivery	Available from http://www.employersforap prentices.gov.uk/docs/rese arch/Research_1_521.pdf



Evaluating External Information Sources

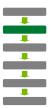
The data and information listed within this section will provide a quick, valuable and free resource for education providers wishing to develop their understanding of employer demand. The information can be used for a number of purposes. These include:

- Developing a broad understanding of the labour market including any projected changes;
- To understand potential new markets and opportunities for employer responsive provision;
- Understanding risks to existing markets;
- Understanding LSC priority areas for funding;
- Providing the skills to support local economic developments and regeneration initiatives;
- To support bid writing e.g. ESF bids.

If a provider is relying on existing secondary research or data it is important that they acknowledge any potential limitations in terms of meeting their specified aims and objectives.

Whilst employer related LMI may never be totally accurate, providers need to be as fully informed as possible to ensure decisions are based upon a robust analysis of the market. When reviewing secondary research or data sources some areas education providers could review to inform its usefulness are:

- The date of the research It is important to ensure that the evidence used for planning purposes is as up to date as possible. This is particularly important given the current levels of uncertainty within the national and global economy
- Local relevance Does the evidence relate to the employment market served by the provider. This needs to be considered when reviewing national information but may also be relevant within regions which may be diverse in terms of the needs of employers.
- Is the information reliable is the methodology robust. For example if a survey has been used what is the sample size and associated margins of error – can it the results be relied upon?
- Is the information valid is it valid in terms of the purpose of your research the data may have been collated for a purpose which does not match your need.
- Is the information updated useful if you are intending on developing systems for understanding the local employer market.
- Does the information meet specified aims and objectives does it give you what is required to evidence the specified aims and objectives?



Most national sources of employer related information such as those listed under national data sources (e.g. the Annual Business Inquiry) are relatively accurate and are regularly collected through national surveys. However even these have some limitations. For example the Annual Business Inquiry only relates to employers that make VAT returns (i.e. turnover is above the VAT threshold) and may therefore underestimate the number of small businesses. It is important that any information and data limitations are researched and understood. Most information sources (e.g. NOMIS which hosts the Annual Business Inquiry) will provide details of any limitations of listed data sources.

It is important here to reference employment forecasts which are generally less reliable than other employer related information. Employment forecasts are based upon a set of assumptions which are valid at the time of the research (e.g. sector trends, inflation, interest rates) therefore any changes in such assumptions are likely to impact future projections. In addition the further such forecasts project ahead, the less reliable they become. For this reason employment forecasts should be supplemented and validated with other evidence such as local economic and regeneration developments.

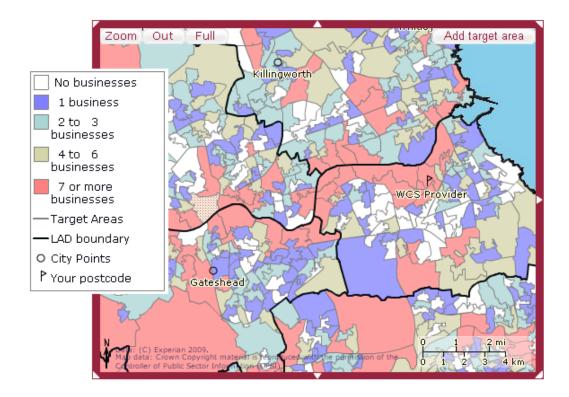
Harnessing Local Information



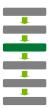
Within this section we have considered some of the ways in which education providers could improve the effectiveness of existing LMI research by supplementing this with further local information. By local information we mean information that a provider has access to or that already exists within the organisation but needs to be collated effectively to inform the development of employer responsive provision. LMI is more effective for informing the planning process if the top down strategic use of LMI can be combined with local LMI, including LMI that is owned by staff across the organisation.

Local Data Analysis

A potential barrier for education providers to the development of employer responsive provision is a lack of knowledge regarding local employment information. We have provided an example below of how education providers could use existing employer data to better understand the local employer market. The example presented below makes use of the eLMI Tool (see page 7) to show the number of establishments within the Business Services sector that surround WCS Provider (an example training provider). This methodology may be useful for an education provider seeking to understand its own market to inform realistic target setting for employer engagement etc.



Source: Active Solutions



In addition to carrying out further local data analysis, harnessing the information from provider contact with employers and their networks and professional associations would provide valuable LMI and greater insight into the needs of local employers. A challenge for providers is to implement a systematic 'whole college' approach to understanding employer needs that assigns responsibility for collecting information, provides a means of collating and analysing information and ensures that the resulting intelligence is used to inform strategic planning.

Customer Relationship Management (CRM)

Key to the development of a systematic approach for understanding employer needs would be the development of an effective Customer Relationship Management (CRM) System. Whilst it is not within the scope of this toolkit to provide detailed information regarding CRM (this forms part of a separate area of support) it is important to consider its role in relation to LMI and understanding the local employer market

CRM Definitions

CRM is ultimately about capturing every process that impacts upon a customer's view of your business

Database of actual customers plus those that you want to do business with

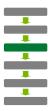
Holds valuable information about our contacts and the organisations they work for – setting us apart from competitors and helping us gain competitive advantage

For greater organisational use of LMI there is a need for information to be held in a format that may be accessed by all interested parties to inform strategic planning. Clear allocation of roles for collecting information would reduce duplication of effort and the development of an effective system would maximise the benefits of any information obtained



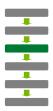
Below is a list of some of the key areas of information that are already part of a providers operation that may be incorporated on to a CRM system to aid the development of an understanding of LMI and employer demand. Note that this is a starting point for discussion and there may be other areas of operation that are not included here. Some other areas of provider operation such as employer curriculum advisory panels have, for the purpose of this toolkit, been listed under the primary research section.

Area of Operation	Description
Employer dialogue (including site visits, open days etc)	Record details of all employer site visits. Particularly important given that it may be more than one member of staff visits an employer.
Brokerage Referrals	Any referrals from brokers relating to employer training needs.
Employer Needs Analysis	Data related to any training needs analysis that has been conducted.
College Enquiries	Details of enquiries for college provision provide useful evidence relating to employer demand, including latent untapped demand.
Engagement with Employer Forums and Trade Associations	Details of any meetings held with organisations such as the Chamber of Commerce
Press Coverage	Local / industry press can include useful information on company growth and other developments.
Employer Satisfaction and Business Impact Research	The outcomes of any employer satisfaction research or work reviewing business impact of training
Business Development / Marketing	The outcomes of any business development work including both existing and potential customers



With reference to some of the types of LMI that may be useful to the development of employer responsive provision, we have presented below a list of LMI providers may wish to consider collating and recording as part of existing or new CRM systems that will help to inform the future planning and development of education provision.

LMI	Description
Industry / Sector	Type of work including Standard Industrial Classification (SIC) code
Staff Details	Number of employees, occupational breakdown, qualifications profile, full / part time split, hours of work
Skills Shortages	Issues relating to recruitment of skilled staff
Skills Gaps	Issues relating to skills proficiency of existing workforce
Workforce Development	Staff training (internal / external training and on / off the job training), Apprenticeships
Trading / Recruitment position	Recent and planned trading position and recruitment plans
Legislation / regulation developments	Impact on skills and training needs
Participation in training	Participation in employer responsive provision including Apprenticeships

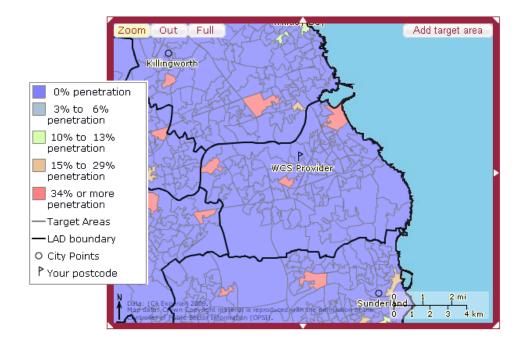


Combining Local Data and College Information

This document has stated that LMI is more effective for informing the planning process if the top down strategic use of LMI can be combined with local LMI, including LMI that is owned by staff across the organisation. One example of how college information may be combined with local data is presented below.

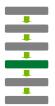
The extract has been taken from the eLMI tool and shows the business services employers engaged by WCS Training as a percentage of all business service employers. This has been created by viewing the employers engaged (numerator) as a percentage of all employers (denominator) giving you a penetration rate.

Whilst we have used GIS mapping this is not necessarily required and similar analysis could be carried out in tabular form by comparing the number of employers engaged with the number of establishments in the local area. When combined with further CRM data relating to skills needs and shortages this could provide a useful tool in terms of setting realistic targets for employer responsive provision.



Source: Active Solutions

Primary Research



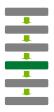
If an education provider can not meet its LMI needs through existing sources or through harnessing local information then there may be a need to carry out some form of primary research to assist in the development of the employer responsive provision offer.

Conducting primary research has a number of potential advantages one being that it offers real competitive advantage given that the information collected would be unique to the organisation. It is important to note however that primary research requires financial resource as well as time and effort, therefore it is essential to ensure that the information cannot be sourced elsewhere and that the value of the outputs outweigh the resource implications of carrying out the research.

The scope of this toolkit is to provide a practical guide practical guide to assist providers in effectively using LMI to develop their employer responsive provision offer. Its purpose is not to include detailed information relating to research methodologies. Nevertheless, it is important to have some understanding of the different approaches to primary data collation which can be broadly split into qualitative and quantitative research methods.

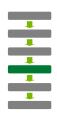
The decision of whether to choose quantitative or a qualitative research methodology would depend on the nature of the aims and objectives, the type of information needed and available resources (including time, money, and human resource).

Summary	Quantitative	Qualitative
Examples	Postal Questionnaire, Electronic Questionnaire.	Focus Groups, In depth Interviews
Data	Reliable, population based and generalisable	Rich, detailed and valid
Research Questions	'How many', 'Cause and Effect'	'What', 'Why'
Data collection	Standardised Questionnaires	Transcripts of Observations (written or recorded)
Data Format	Structured, Measurable	Subjective, Interpretive
Sample	Large sample calculated for reliable, generalisable data	Sample size not such a concern
Researcher	Value free and unbiased	Facts are value laden and biased
Approach	Deductive – tests theory	Inductive – develops theory
Analysis	Statistical analysis techniques	Categorise and report identified themes or patterns



In reality utilising a combination of LMI sources will involve both quantitative and qualitative research methods and data. We have listed below a summary of some of the research methodologies commonly used as part of LMI research.

Methodology	Description	Data Collection	Areas for Consideration
Postal / Electronic Questionnaire	Postal / Electronic Questionnaires are used when information is required from a large sample of employers at minimal cost e.g. employer satisfaction questionnaire.	Postal / Electronic Questionnaires are usually employed when a researcher wishes to collect structured information from closed questions that can be statistically analysed. Typically questionnaires need to be relatively short and this methodology often has a poor response rate	Response rate – inducements may improve response rate percentage. Sample size and structure – required to ensure data is statistically robust and meets the needs of the research. Questionnaire design – pilot the research tool to ensure questions can be understood and measure what they are intended to measure.
Telephone Interview	Telephone interviews can also be used for large samples of employers though this is at a greater cost than postal / electronic questionnaires e.g. National Employer Skills Survey	Telephone interviews can be used to collect structured data but also less structured more open ended data since the researcher has the ability to enter into discussion with the participant. Typically the maximum time is 15 – 20 minutes per interview. The methodology has a better response rate than postal / electronic questionnaires.	Contact the participant before the interview to let them know about the research and arrange a relevant time to carry out the interview. Sample size and structure – required to ensure data is statistically robust and meets the needs of the research. Questionnaire design – pilot the research tool to ensure questions can be understood and measure what they are intended to measure.
Face to Face Interview	Face to face interviews tend to be used for smaller samples and to collect more open and explorative information relating to skills needs e.g. Employer site visits	Face to face interviews are generally used to collect open explorative data that is less structured. Face to face interviews can typically last around 1 hour	A list of 'semi structured' discussion points rather than a structured questionnaire to guide discussion Send this to the participant prior to the interview so they may be as prepared as possible



Methodology	Description	Data Collection	Areas for Consideration
Focus Groups	A focus group is a focused discussion where a moderator leads a group of participants, usually ranging from 5 to 12 people, through a set of questions on a particular topic.	Data collated from focus groups is qualitative in nature and is often used in the early stages of product planning and requirements gathering to obtain feedback about e.g. employer responsive provision.	The Moderator – a skilled moderator is essential for gathering useable information and dealing with issues such as ensuring everyone is heard and that 'dominant voices' don't skew results. Vulnerable to random events like traffic jams – therefore need to plan at a relevant time of the day.
Curriculum Advisory Panels	Curriculum Advisory Panels vary between institutions but invariably involve local employer participation to inform course design and curriculum development	Curriculum Advisory Panels are often similar to focus groups with the number of employers typically below 15 to enable informed discussion around curriculum development	Are the messages conveyed by employers relevant to all curriculum areas and if so is this information entered on to a CRM system

Planning Employer Responsive Provision



Now that the LMI required to provide evidence against specified aims and objectives has been sourced and analysed the information must then be used to plan and develop the employer responsive provision offer. This may involve making key strategic decisions such as the potential expansion of the existing provision offer, a reduction or withdrawal of provision in some areas or potentially entering a new employer market of provision.

We have listed below a number of areas for consideration that may be useful in terms of how LMI may be used to plan the employer responsive provision offer. If these areas have been considered at the beginning of the research then LMI should be available to ensure the planning of employer responsive provision is evidence based.

Area	Summary
Reasons	Based on LMI what are the reasons for any developments to employer responsive provision curriculum delivery.
Options	What are the potential options for change. It is important to consider all options and always include 'do nothing' as an option.
High Level Requirements	What are the high level requirements to implement the employer responsive provision offer.
Benefits	What are the tangible and intangible benefits for the options for change
Risks	It is important to consider the risks of any potential changes to the employer responsive provision offer and how these may be mitigate
Costs	The costs associated with any proposals related to the employer responsive curriculum offer.
Timescales	The proposed timescale for any changes to the employer responsive provision offer
Recommendation	Based on consideration of all of the factors above – a recommendation regarding any potential changes to the employer responsive curriculum

Evaluation



The collection and analysis of LMI can require both financial and staff resource. It is important for education providers to ensure that they evaluate systems for LMI collation and use to ensure that it is contributing effectively to the development of the employer responsive provision offer. Reviews of training provision should determine whether any LMI used for planning aided the outcomes and if this information could be further utilised in the development of employer responsive provision.

The QIA research 'Using Labour Market Information (LMI) to understand market needs' reviewed the sources and applications of information about labour market needs and skills priorities and how these could be used to create more employer responsive provision. Quality indicators were designed to assess how LMI was being used both at a strategic and programme level within an organisation. It may be useful for education providers to review LMI use in light of these quality indicators to ensure that it continues to be useful in developing employer responsive provision.

Quality Indicators

LMI Informs Strategic Planning

Strategic Planning combines different types of LMI

All sources of LMI are exploited

Sectoral LMI is used to determine education and training provision

LMI features significantly at course/programme level

LMI is used to enable potential learners and business clients to make informed decisions about their education and training choice

LMI aids the meeting of wider business objectives

Primary research is used to determine local provision and aid quality improvement.

The effectiveness of LMI is evaluated

Effective operations/resources are available for the collection, storage and utilisation of LMI

Source: Using Labour Market Information (LMI) to understand market needs