

# Skills and the West Midlands Economy

## A Black Country Perspective

# Skills issues for employers & Individuals



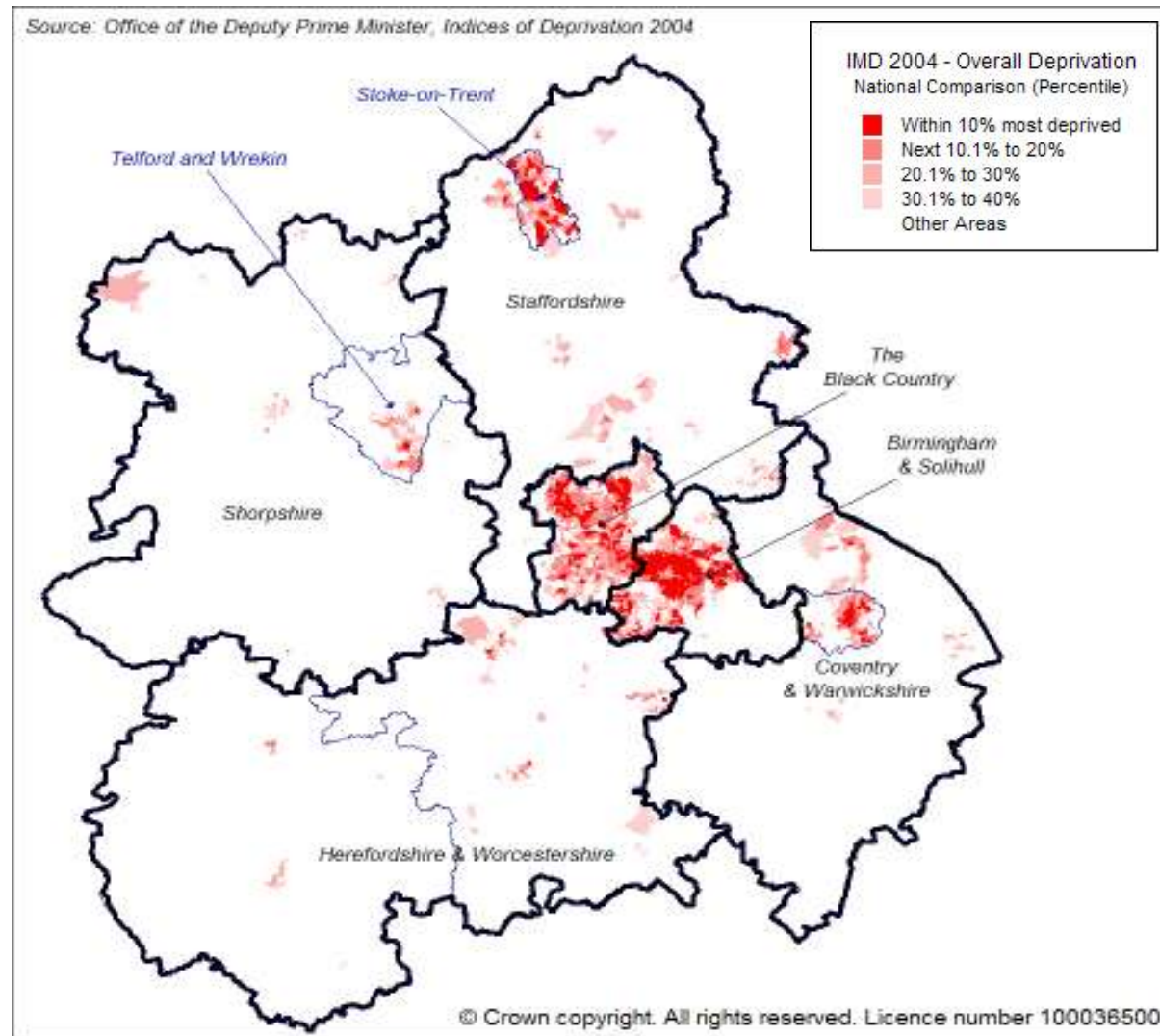
- Area Profile
- Economic Performance
- Skill gaps and deficiencies
- Recruitment problems and skill shortages
- Training and workforce development
- The benefits of investing in skills
- Regional & sub-regional qualification attainment
- Participation in employment
- Changing regional demography

# Local area profile for the Black Country

## Economic status of working age populations

Area	In employment	ILO unemployed	Inactive	Total working age population
Birmingham	64%	6%	29%	594,990
Solihull	77%	4%	19%	119,043
Coventry	71%	5%	24%	186,790
Warwickshire	79%	3%	18%	316,230
Herefordshire	78%	4%	19%	103,431
Worcestershire	79%	2%	19%	328,994
Shropshire	80%	3%	17%	165,748
Telford and Wrekin	78%	3%	19%	102,025
Staffordshire	77%	3%	20%	494,102
Stoke-on-Trent	70%	4%	26%	146,290
<b>Dudley</b>	<b>78%</b>	<b>2%</b>	<b>20%</b>	<b>183,948</b>
<b>Sandwell</b>	<b>66%</b>	<b>5%</b>	<b>28%</b>	<b>167,833</b>
<b>Walsall</b>	<b>70%</b>	<b>5%</b>	<b>25%</b>	<b>147,347</b>
<b>Wolverhampton</b>	<b>69%</b>	<b>4%</b>	<b>27%</b>	<b>138,585</b>
<b>West Midlands</b>	<b>73%</b>	<b>4%</b>	<b>23%</b>	<b>3,195,356</b>

# Indices of Multiple Deprivation 2004: Concentrations of Deprivation

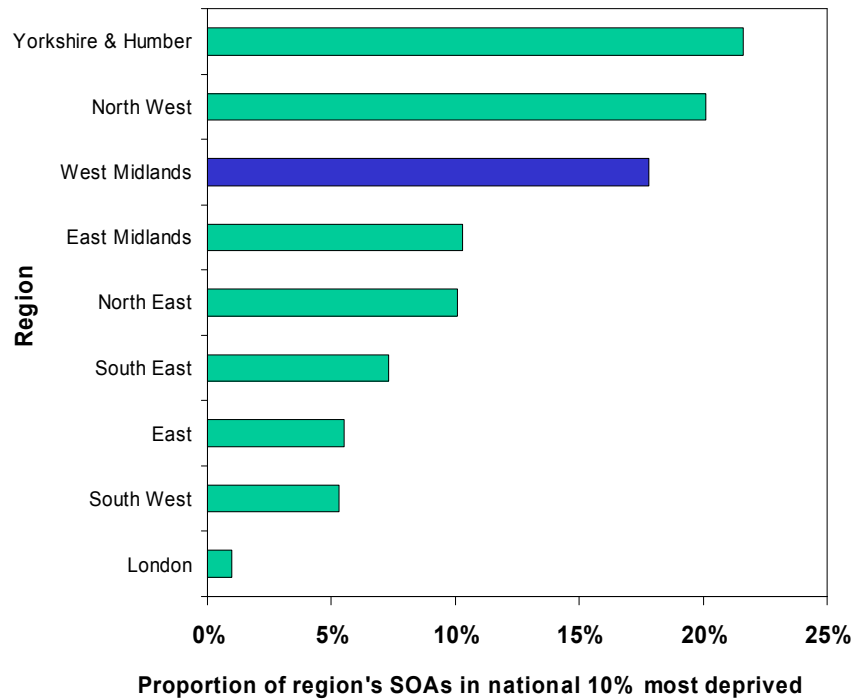


# The Region and the Black Country have high levels of education-related deprivation



## The Region has the third highest number of SOAs in the most deprived 10% in England

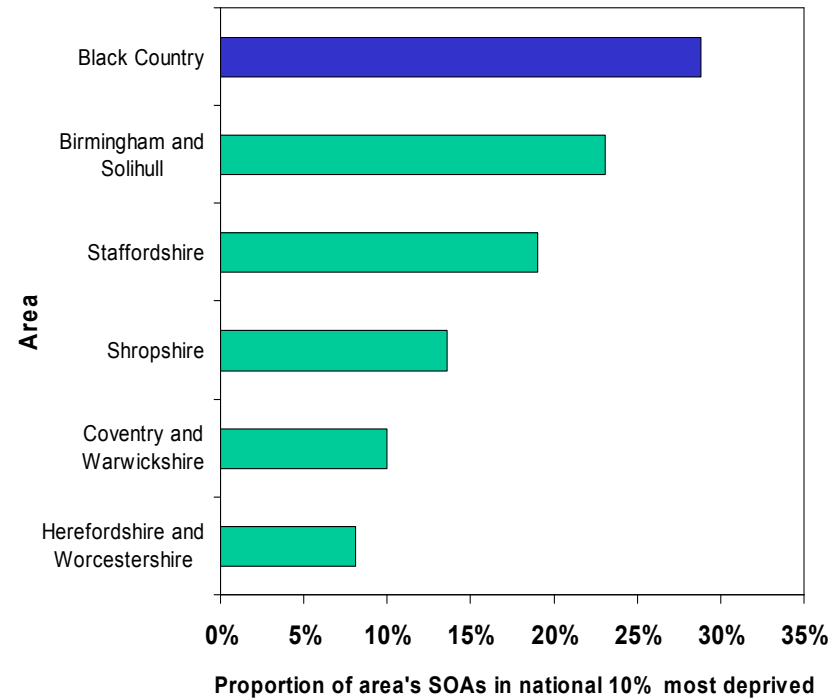
Share of national 10% most deprived



Source: IMD 2004

## 28% of the Black Country's SOAs in national 10% most deprived

Proportion of sub-regional SOAs in national most deprived 10%



Source: IMD 2004

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# The sub-regional economy is dominated by expanding service sectors

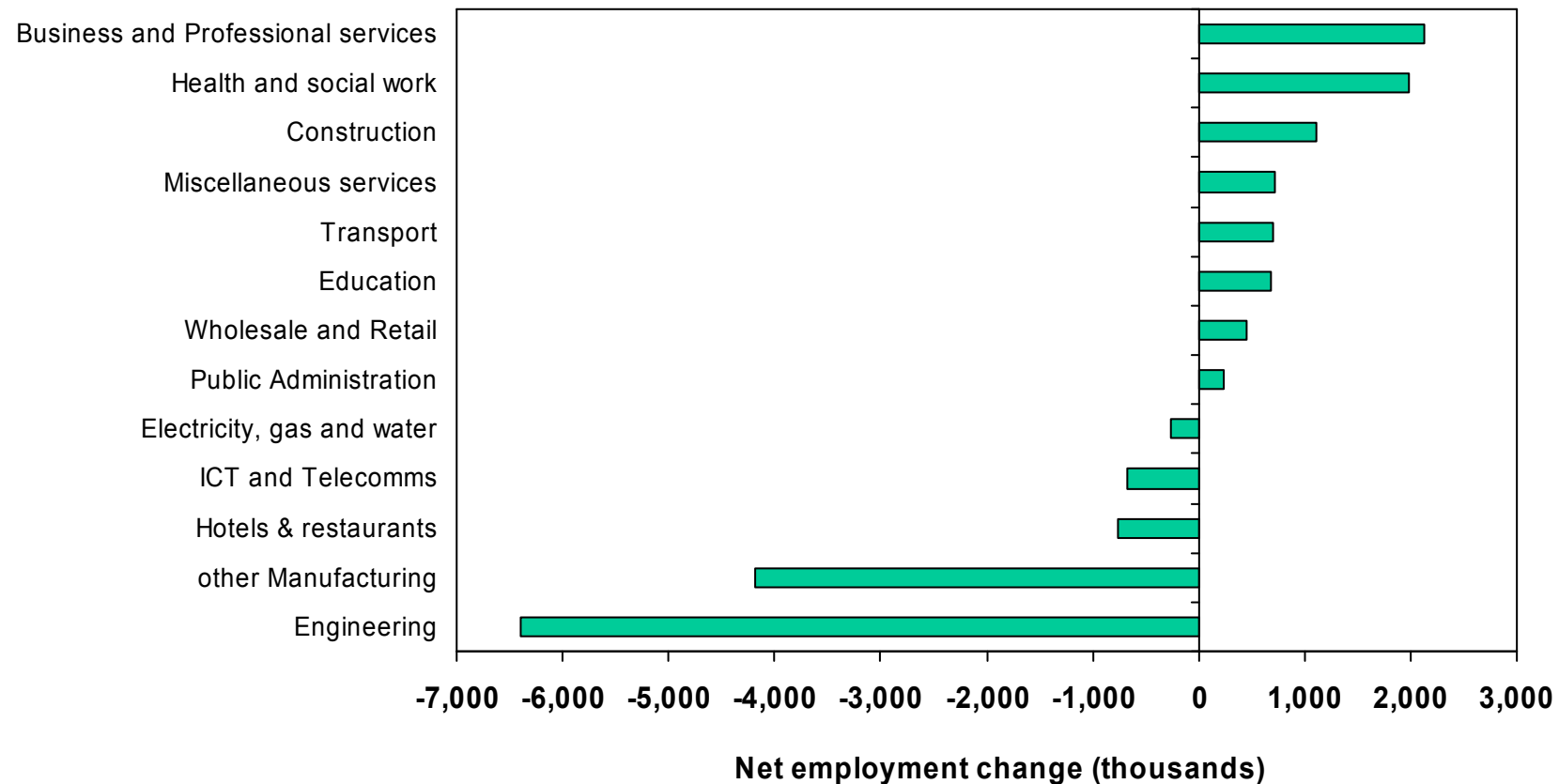


Title	West Midlands			Dudley			Sandwell			Walsall			Wolverhampton		
	1999	2003	2004	1999	2003	2004	1999	2003	2004	1999	2003	2004	1999	2003	2004
<b>Agriculture etc..</b>	1%	1%	1%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Engineering</b>	13%	10%	9%	14%	10%	9%	18%	13%	11%	22%	17%	15%	16%	12%	9%
<b>other Manufacturing</b>	10%	8%	7%	11%	8%	8%	16%	13%	12%	11%	9%	8%	11%	8%	8%
<b>Electricity, gas and water</b>	1%	1%	1%	1%	1%	0%	1%	2%	2%	0%	1%	0%	1%	0%	1%
<b>Construction</b>	4%	4%	4%	6%	6%	7%	4%	4%	4%	4%	5%	5%	5%	6%	6%
<b>Wholesale and Retail</b>	15%	16%	16%	19%	19%	20%	16%	17%	18%	15%	16%	17%	16%	17%	17%
<b>Hotels &amp; restaurants</b>	6%	6%	6%	6%	5%	5%	4%	4%	4%	5%	4%	4%	5%	5%	5%
<b>Transport</b>	7%	7%	7%	5%	6%	6%	9%	9%	9%	7%	8%	8%	7%	7%	7%
<b>Business and Professional Services</b>	14%	15%	16%	13%	15%	15%	8%	10%	11%	11%	14%	16%	12%	13%	14%
<b>ICT and Telecomms</b>	2%	2%	2%	2%	2%	2%	1%	1%	1%	1%	1%	2%	1%	1%	1%
<b>Public Administration</b>	4%	5%	5%	4%	5%	5%	4%	5%	4%	4%	3%	3%	4%	9%	10%
<b>Education</b>	8%	10%	10%	8%	8%	9%	7%	9%	9%	7%	8%	7%	10%	7%	7%
<b>Health and social work</b>	10%	11%	11%	9%	10%	11%	8%	10%	11%	8%	10%	11%	10%	12%	12%
<b>Miscellaneous services</b>	4%	5%	5%	4%	5%	5%	4%	4%	4%	5%	5%	5%	3%	3%	3%

# In Dudley growth has been led by business & professional services and health & social work



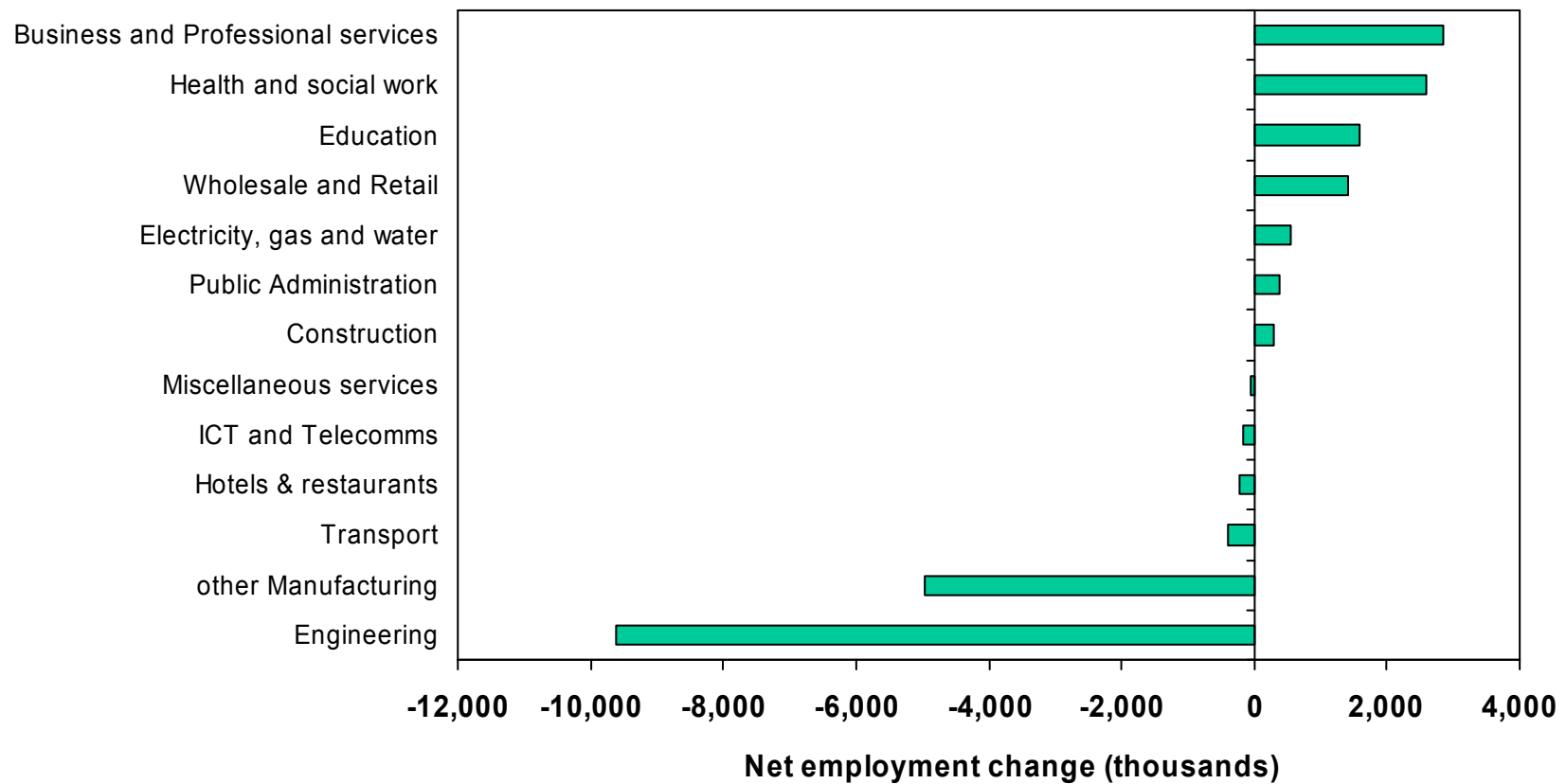
## Net employment change in Dudley by sector: 1999-2004



# In Sandwell there has been a shift from engineering to services since 1999



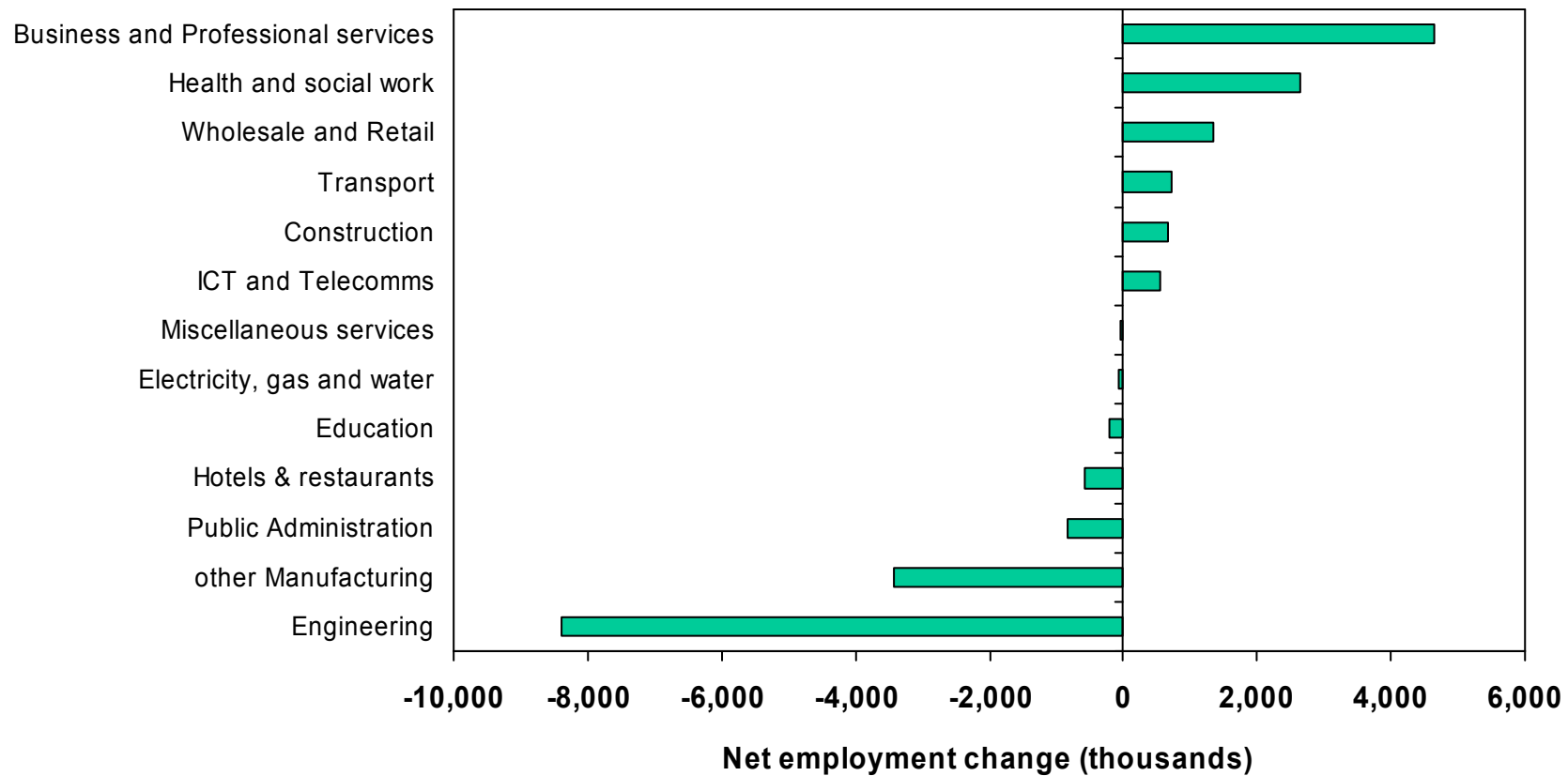
## Net employment change in Sandwell by sector: 1999-2004



# In Walsall growth has been led by business & professional services and health & social work



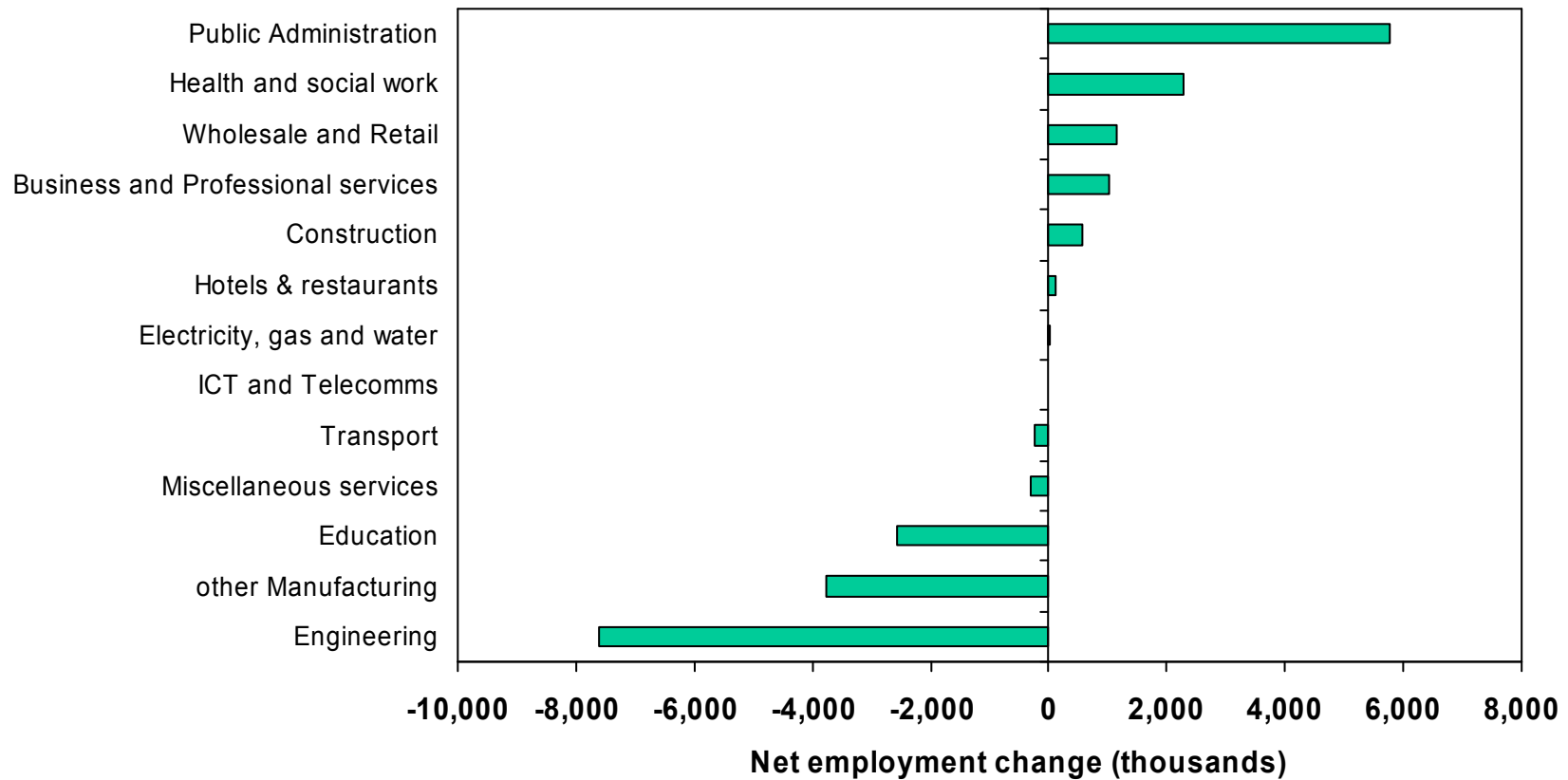
## Net employment change in Walsall by sector: 1999-2004



# In Wolverhampton growth has been led by public administration and health & social work



## Net employment change in Wolverhampton by sector: 1999-2004

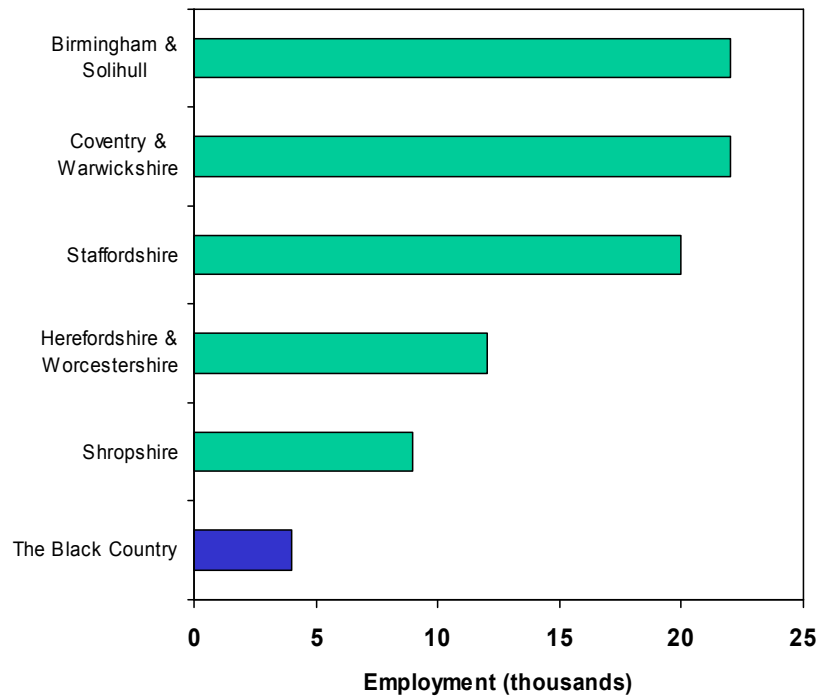


# Prospects for employment growth by sub-region



## The Black Country is less likely to be a focus for new job creation

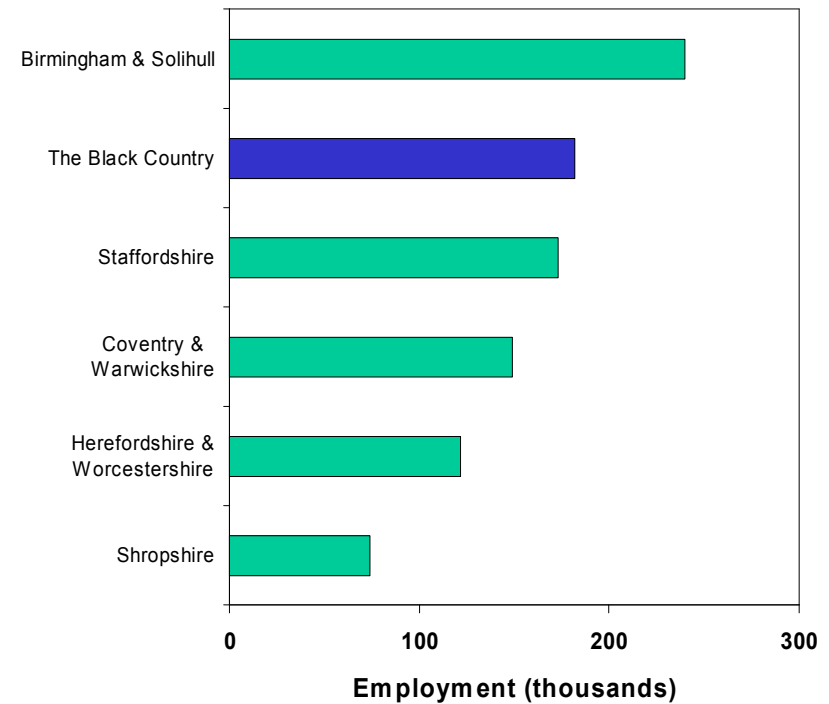
Projections of regional employment change  
2004-2014: net new jobs



Source: Working Futures II

## But is more prominent for 'replacement demand'

Projections of regional employment change  
2004-2014: replacement demand



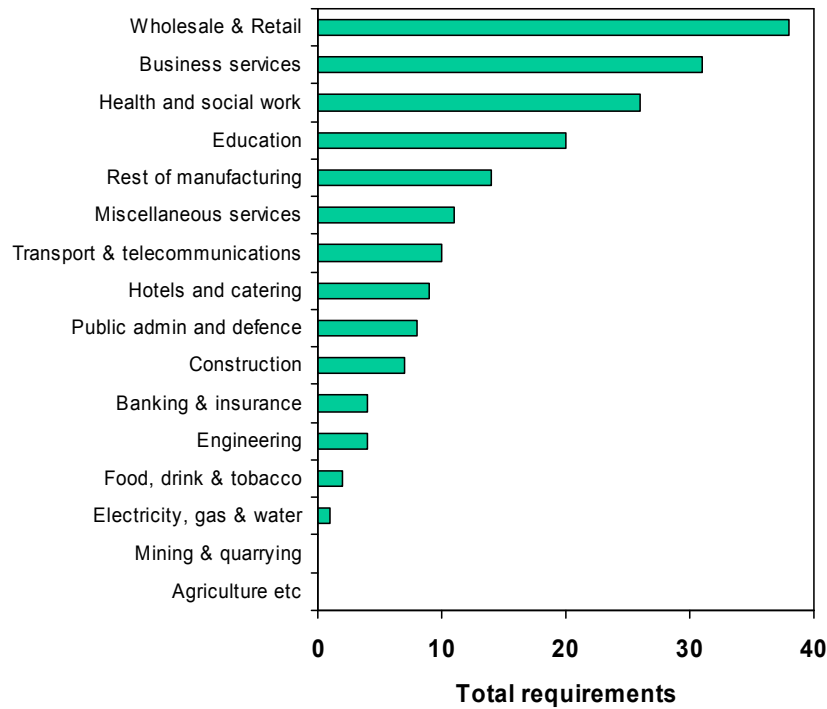
Source: Working Futures II

# Forecast employment growth by sector and occupation – Black Country



## Growth will be led by wholesale & retail and business & professional services

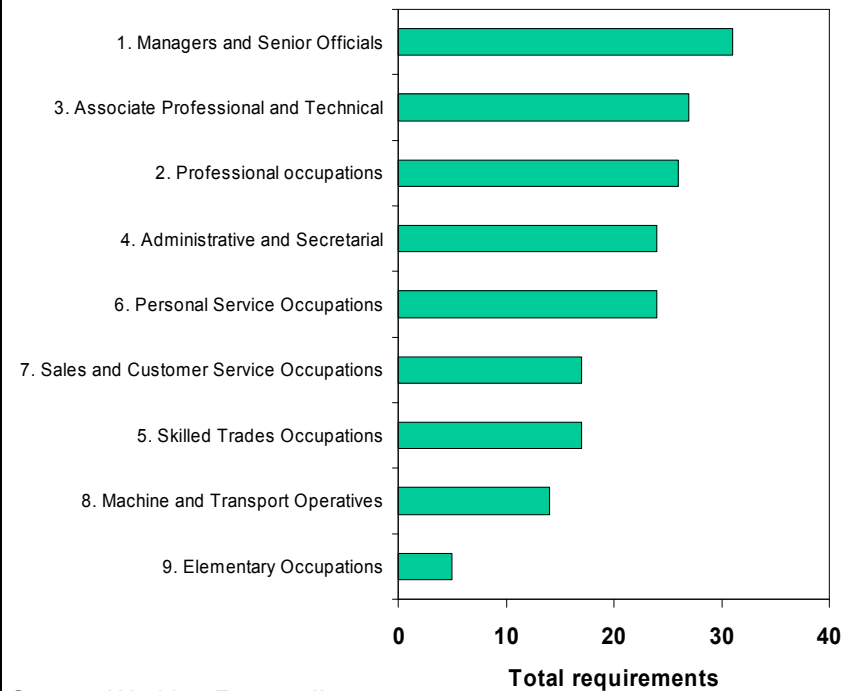
Projections of employment by sector 2004-2014: Black Country



Source: Working Futures II

## And by higher level occupations

Projections of employment by occupation 2004-2014: Black Country

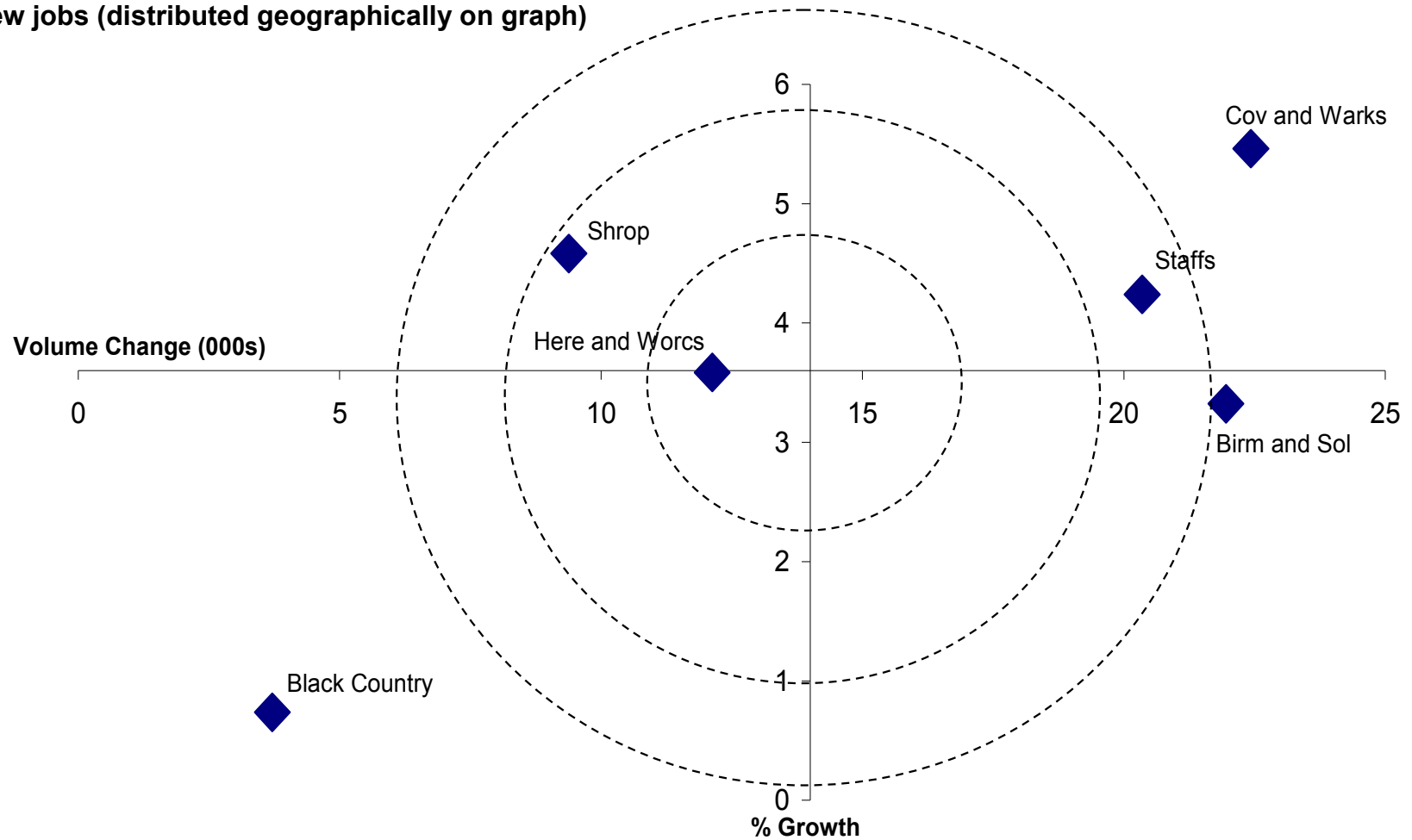


Source: Working Futures II

# Employment Projections 2004-2014



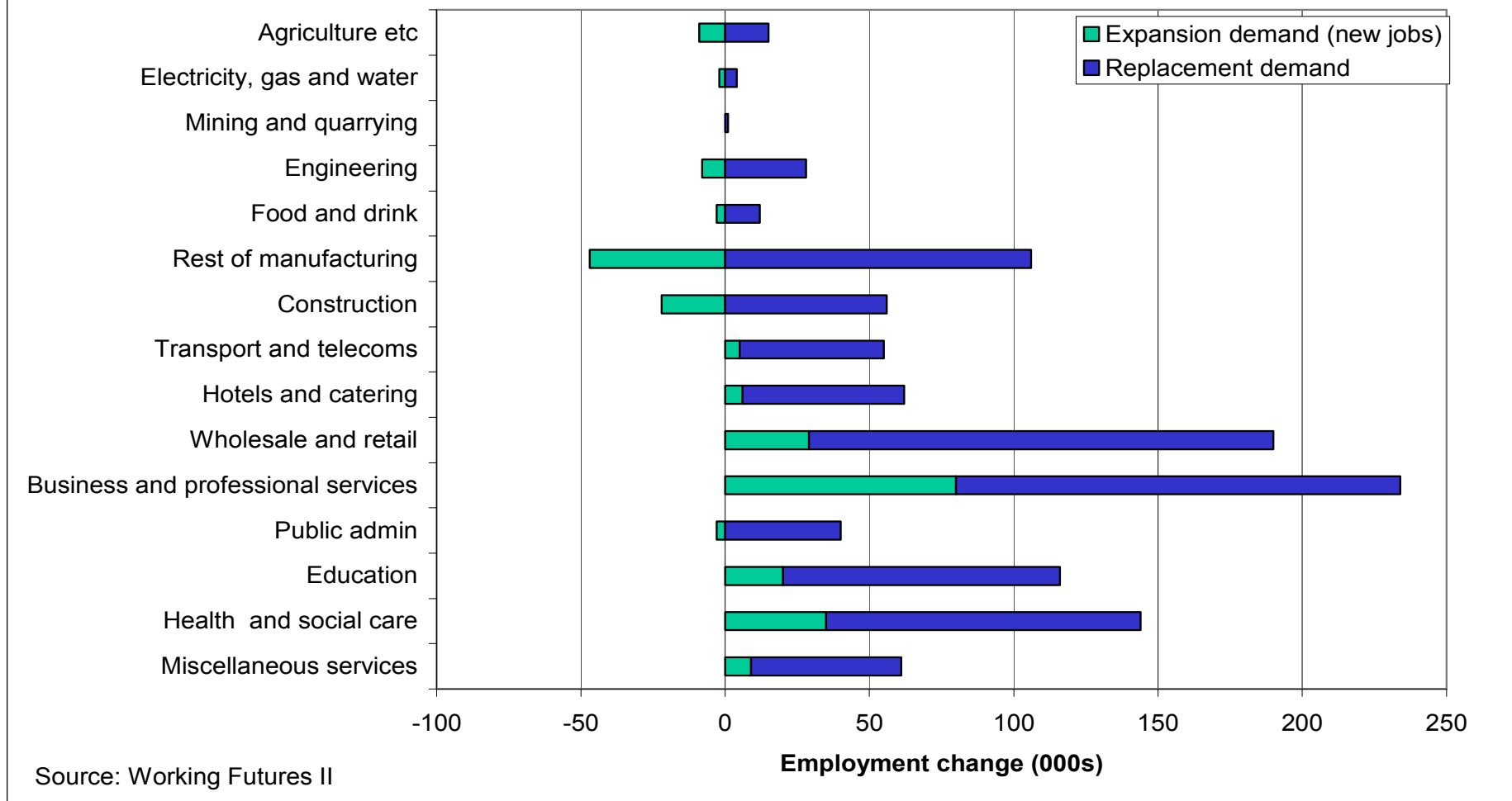
- 940,000 replacement jobs across the region
- 90,000 new jobs (distributed geographically on graph)



# Forecast employment requirements by sector



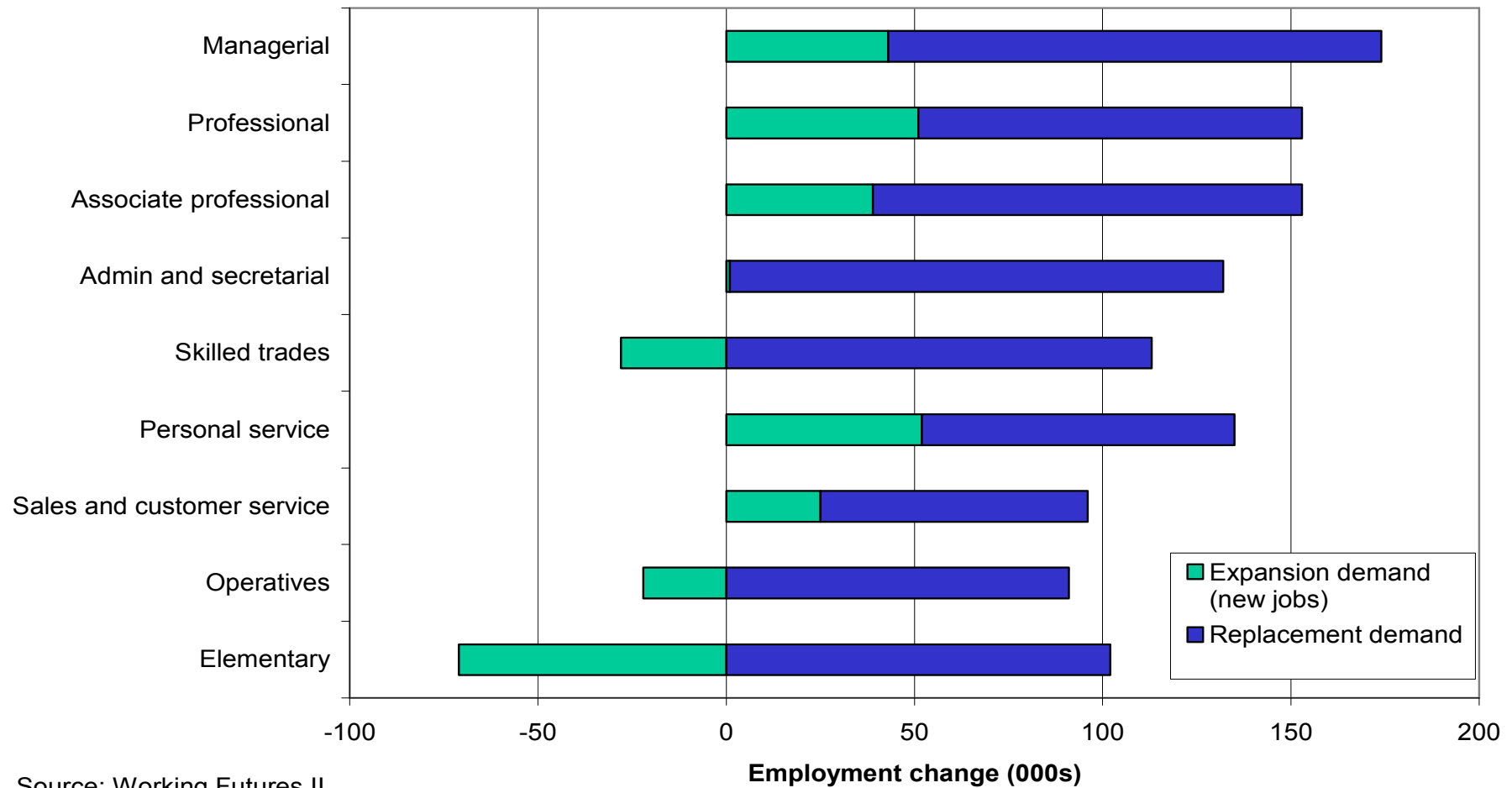
Projections for regional employment change 2004-2014



# Forecast employment requirements by occupation



Projections for regional employment change 2004-2014



Source: Working Futures II

# Skills issues for employers & Individuals



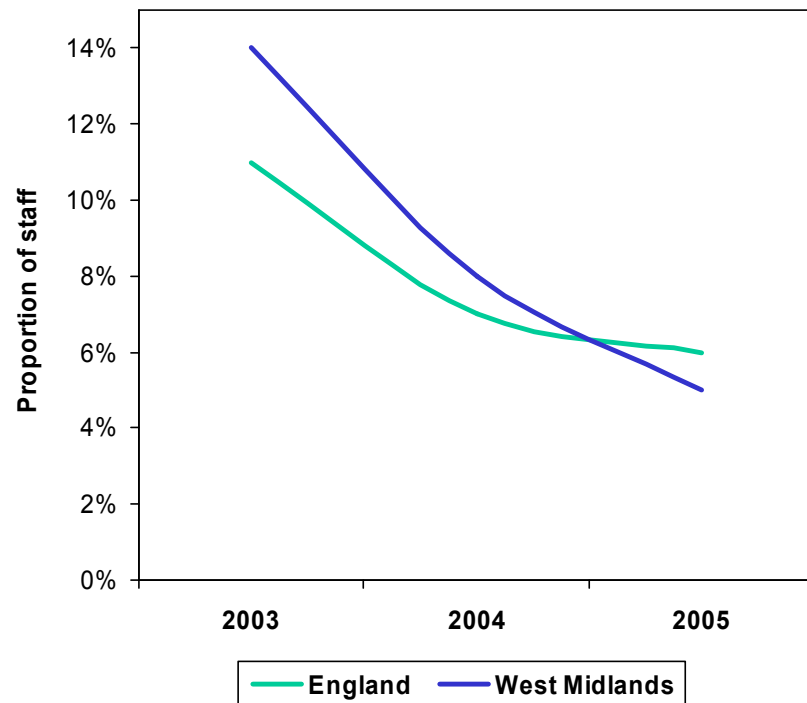
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# Skill gaps have fallen markedly in the Region



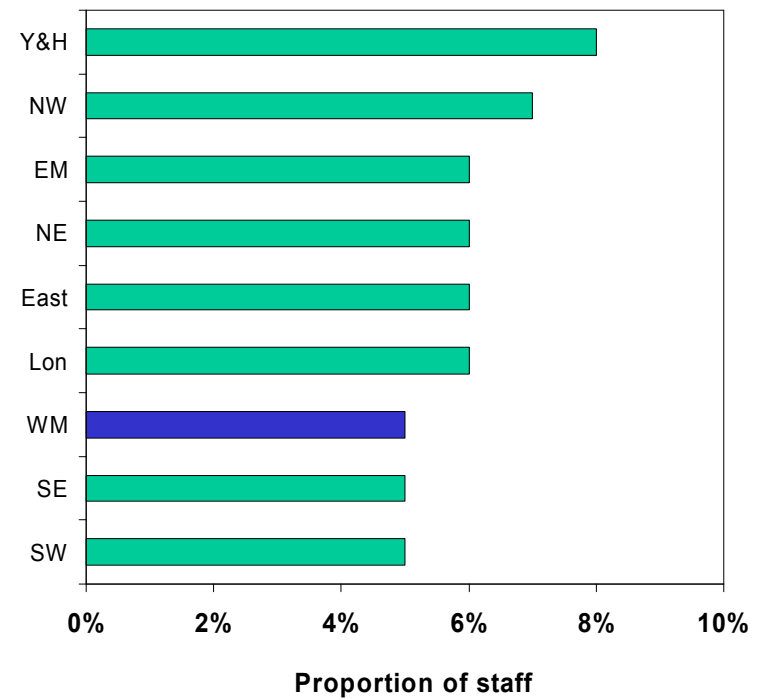
The proportion of staff with skill gaps is now below the national average

Proportion of staff with skill gaps



The region has the third lowest proportion of staff with skill gaps in the country

Proportion of staff with skill gaps by Region 2005

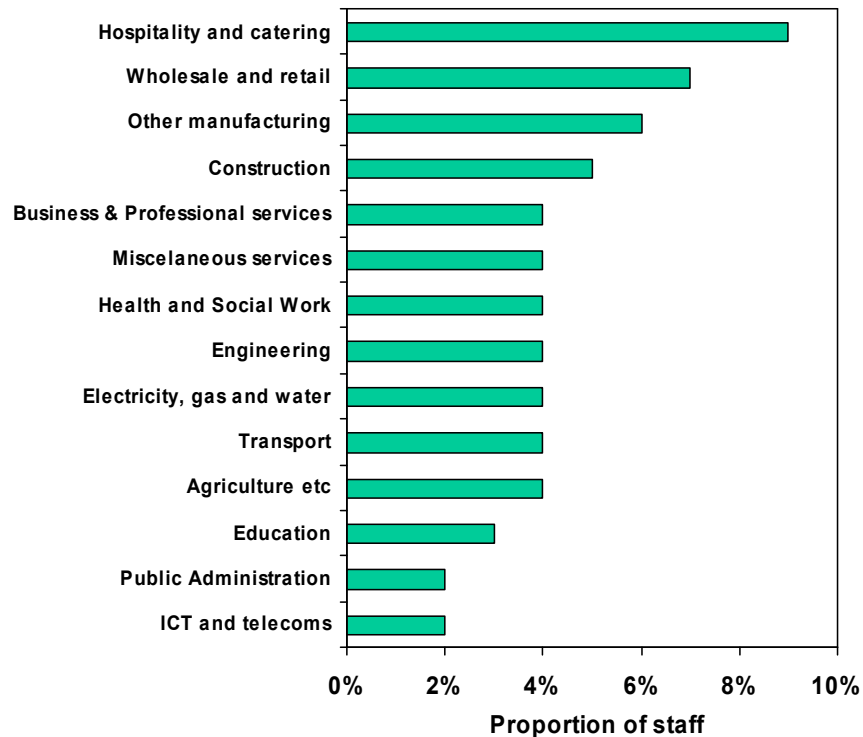


# Problems with skill gaps are concentrated in particular sectors and occupations



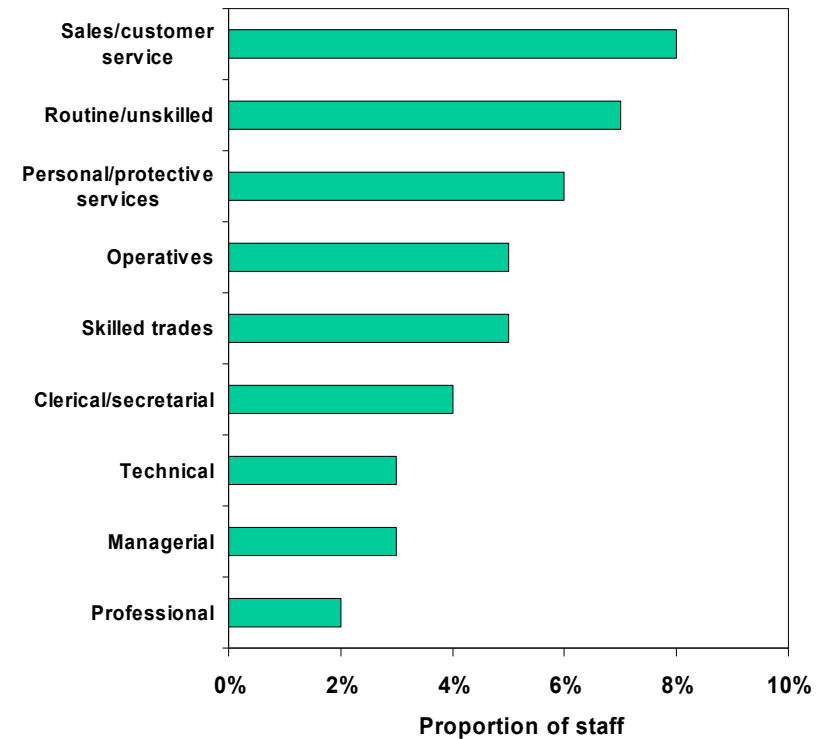
## Skill gaps are more common in hospitality, catering, wholesale and retail

Proportion of staff with skill gaps by sector:  
West Midlands 2005



## Sales and customer service staff are most likely to have skill deficiencies

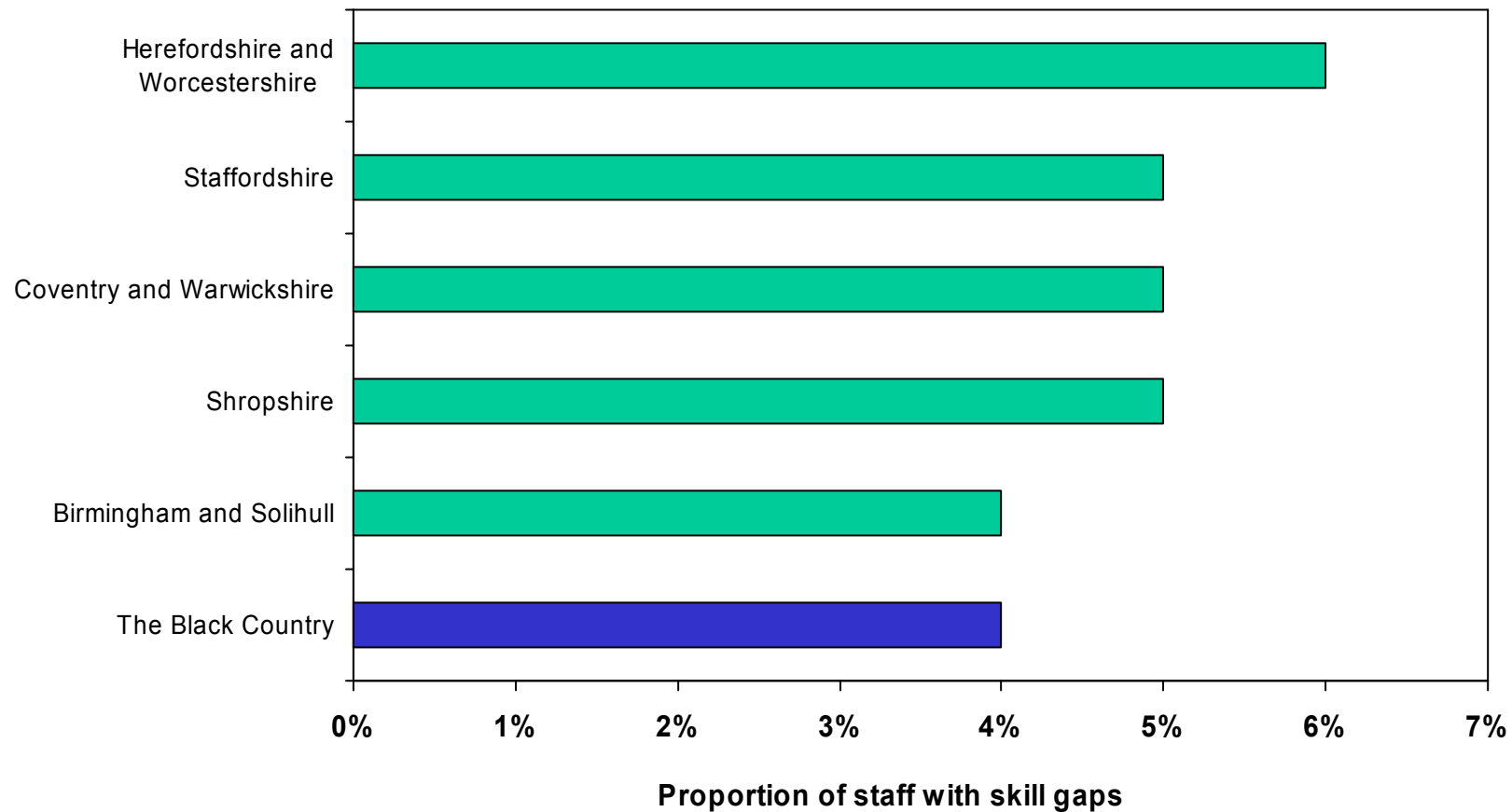
Proportion of staff with skill gaps by occupation:  
West Midlands 2005



# Skill gaps are less prevalent than in other parts of the Region



Proportion of staff with skill gaps



# Skills issues for employers & Individuals

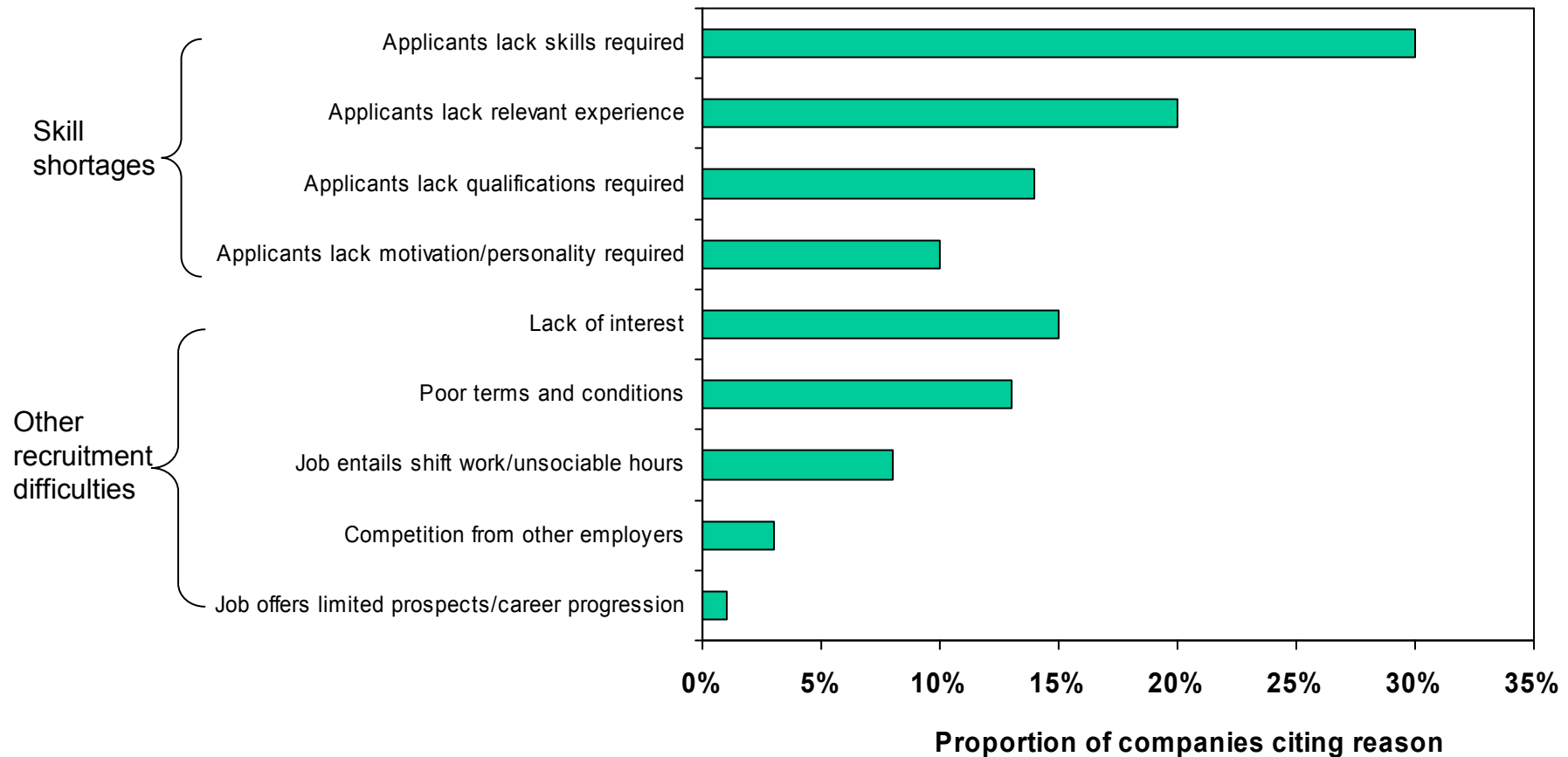


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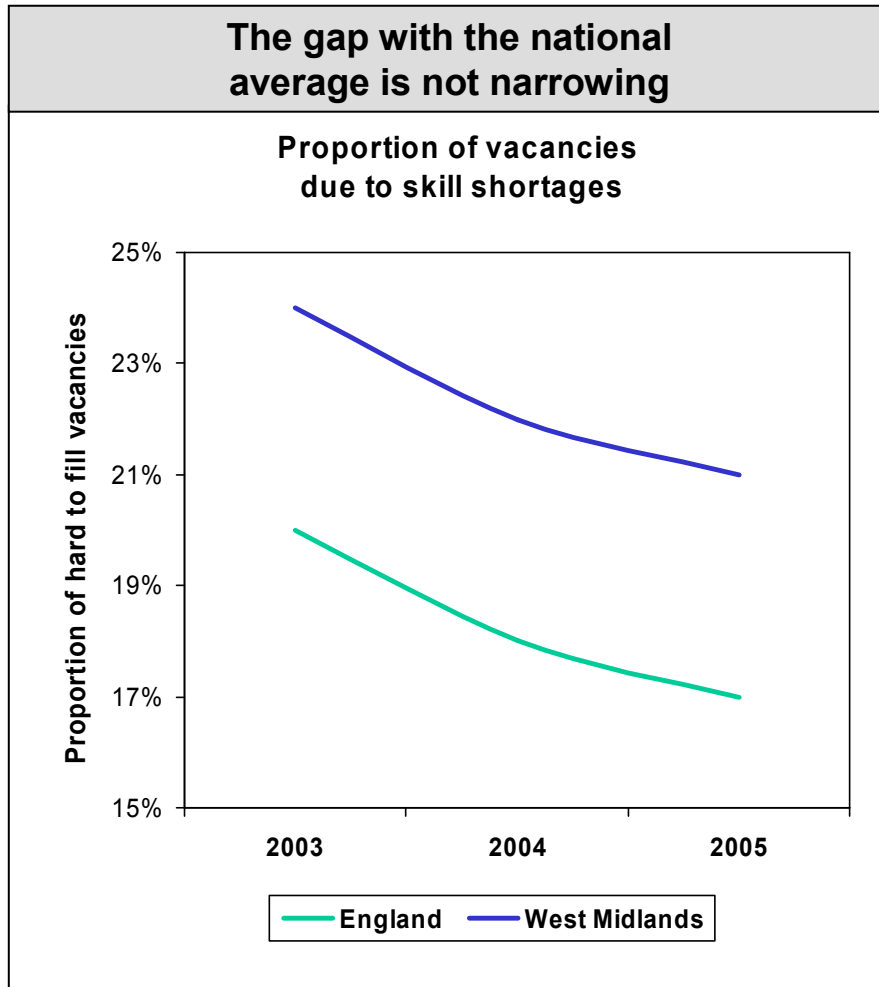
# Skill shortages are the most common cause of recruitment difficulties in the Region



## Reasons cited by companies with recruitment difficulties



# The Region has the worst skill shortage problems in the country

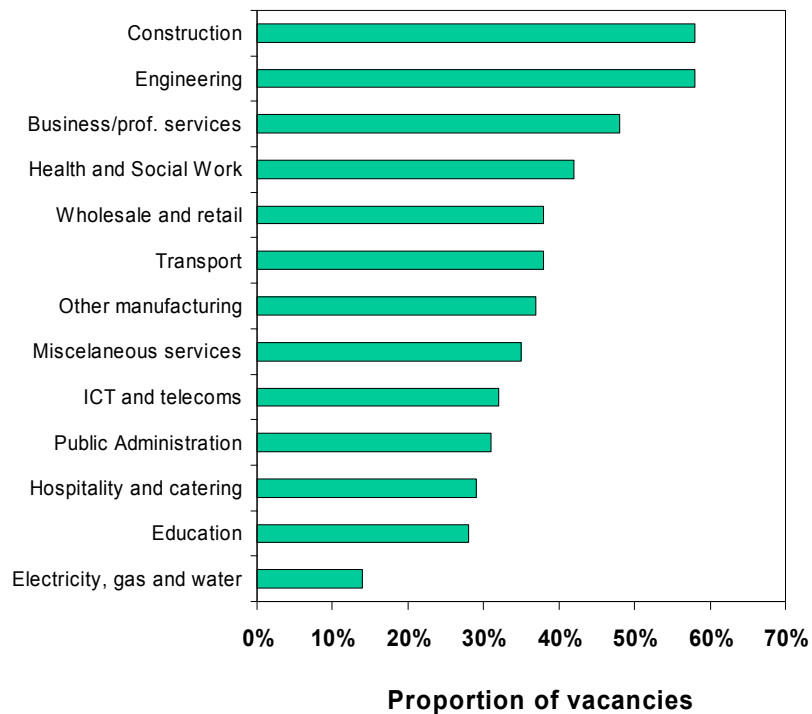


# Acute recruitment problems in engineering, construction and business services



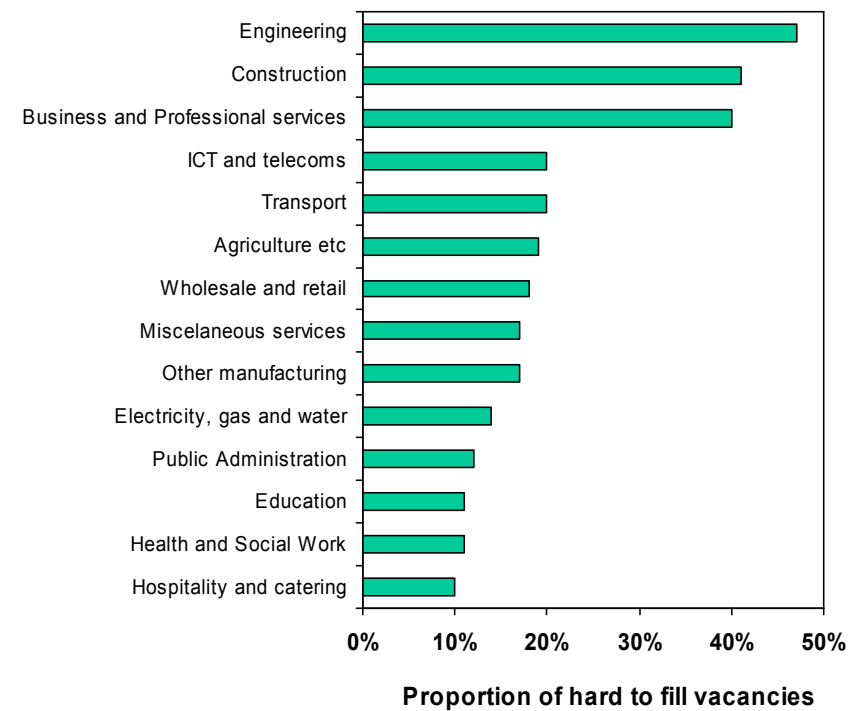
## In terms of hard to fill vacancies

Proportion of vacancies that are hard to fill:  
West Midlands 2005



## And in terms of skill shortages

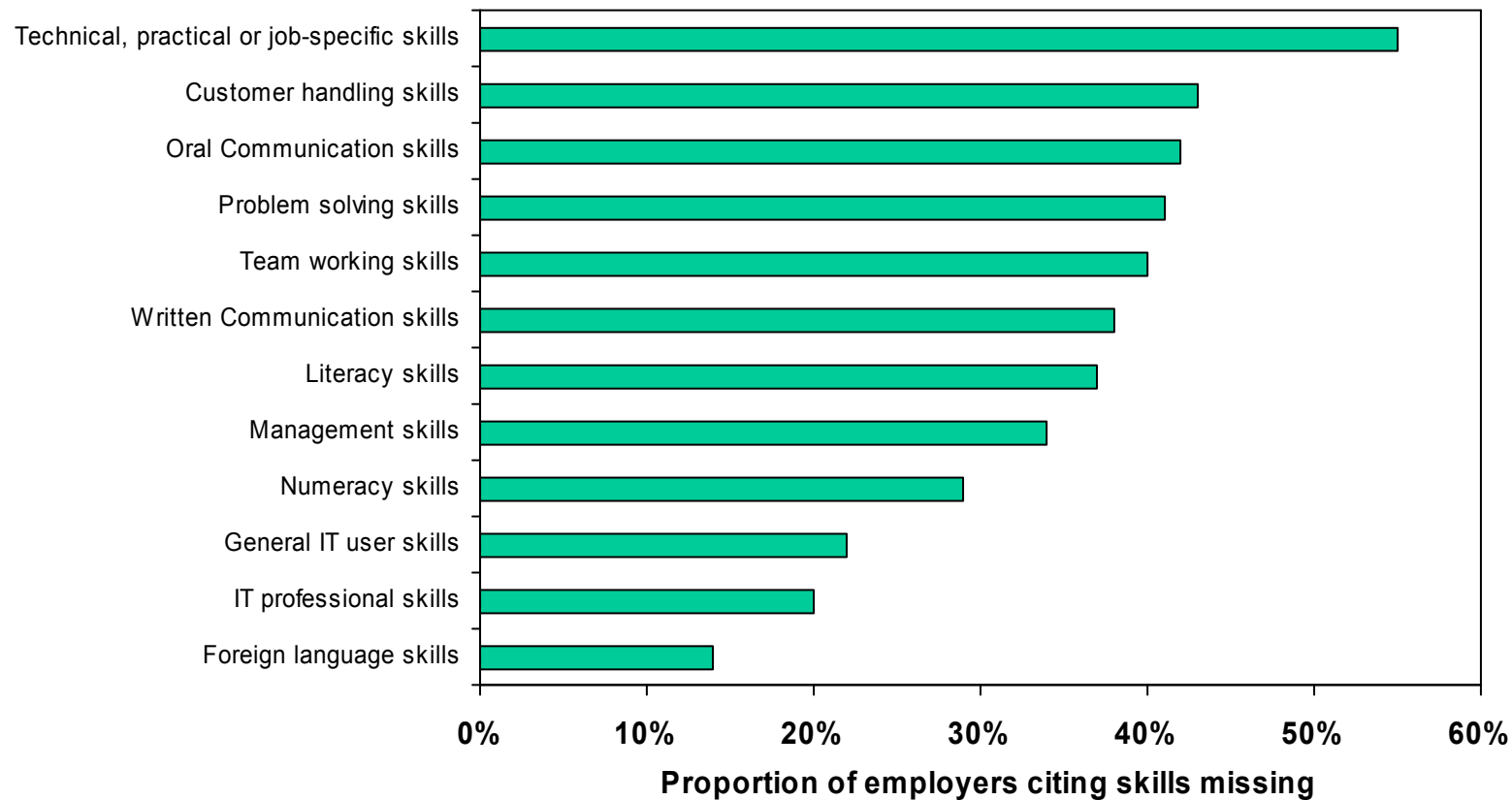
Proportion of vacancies due to skill shortages:  
West Midlands 2005



# Job applicants are most likely to lack technical and practical skills



## Proportion of employers with hard to fill vacancies citing particular skills missing in applicants: West Midlands 2005

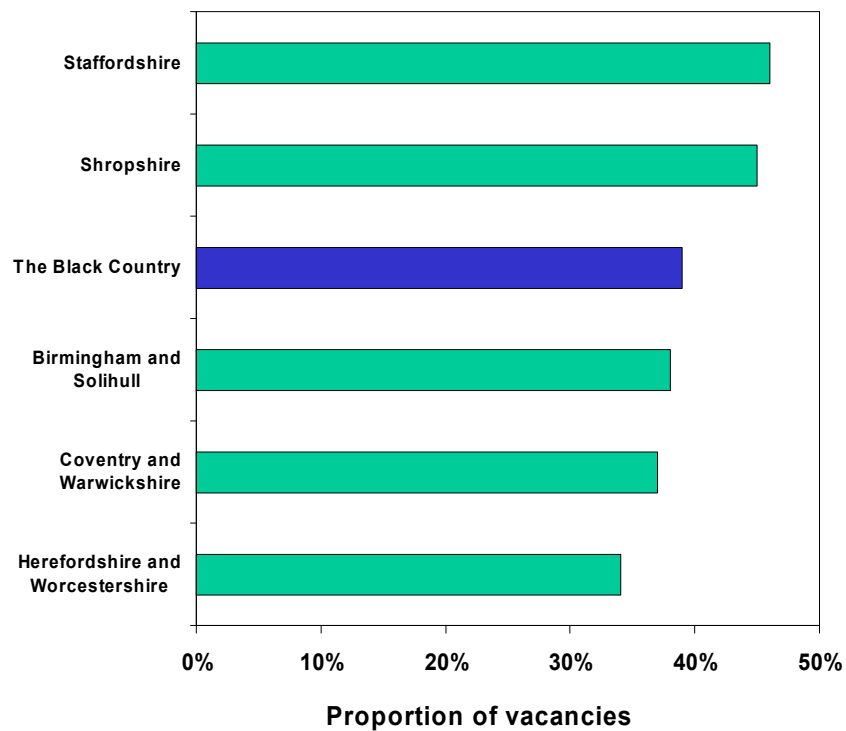


# Recruitment problems and skill shortages by sub-region



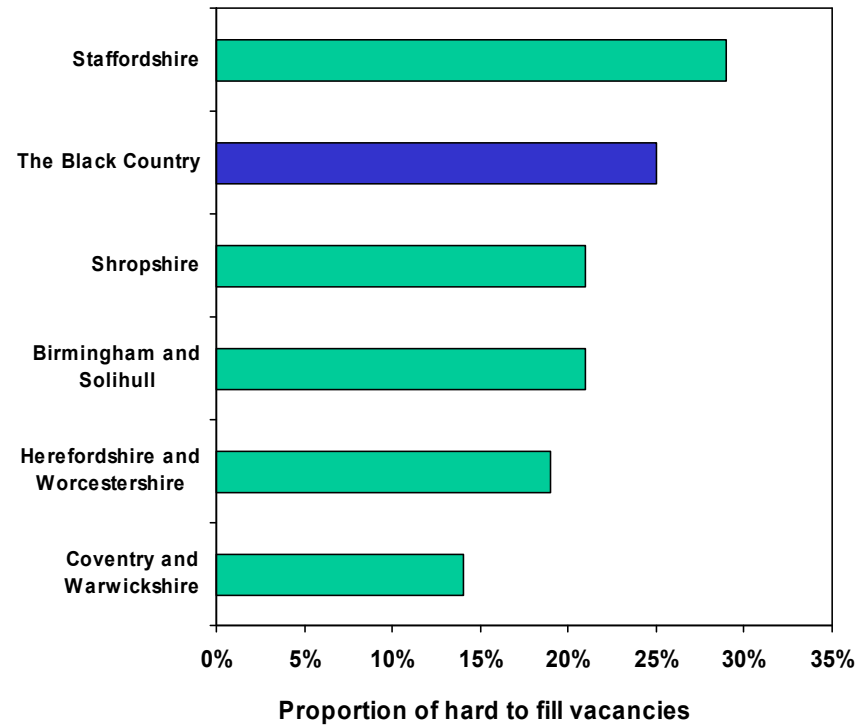
## Recruitment problems are particularly acute in the Black Country

Proportion of vacancies that are hard to fill: sub-regions 2005

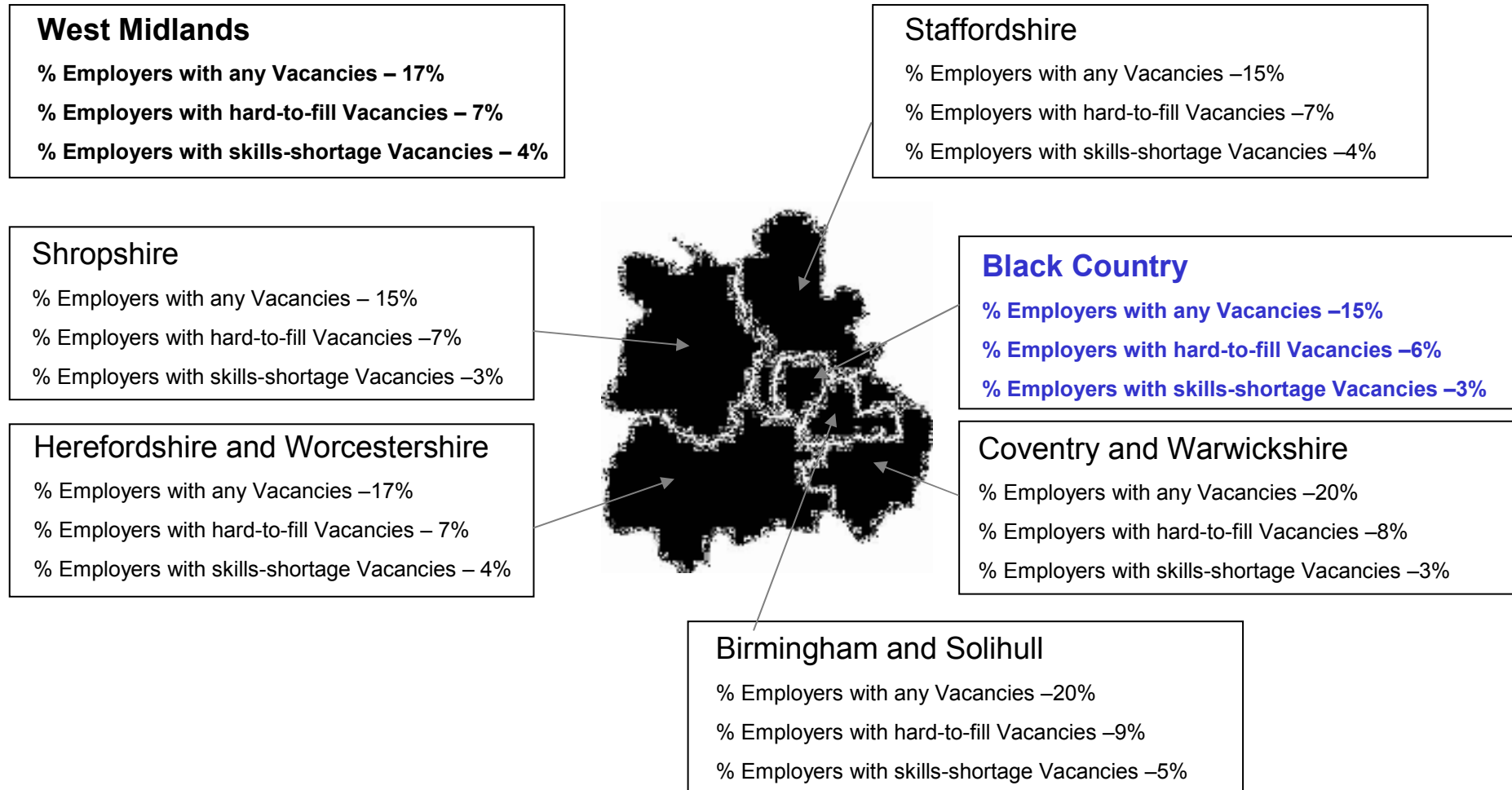


## Skill shortages are a particular problem in the Black Country

Proportion of vacancies due to skill shortages: West Midlands 2005



# Vacancies, hard-to-fill vacancies and unprompted skills-shortage vacancies



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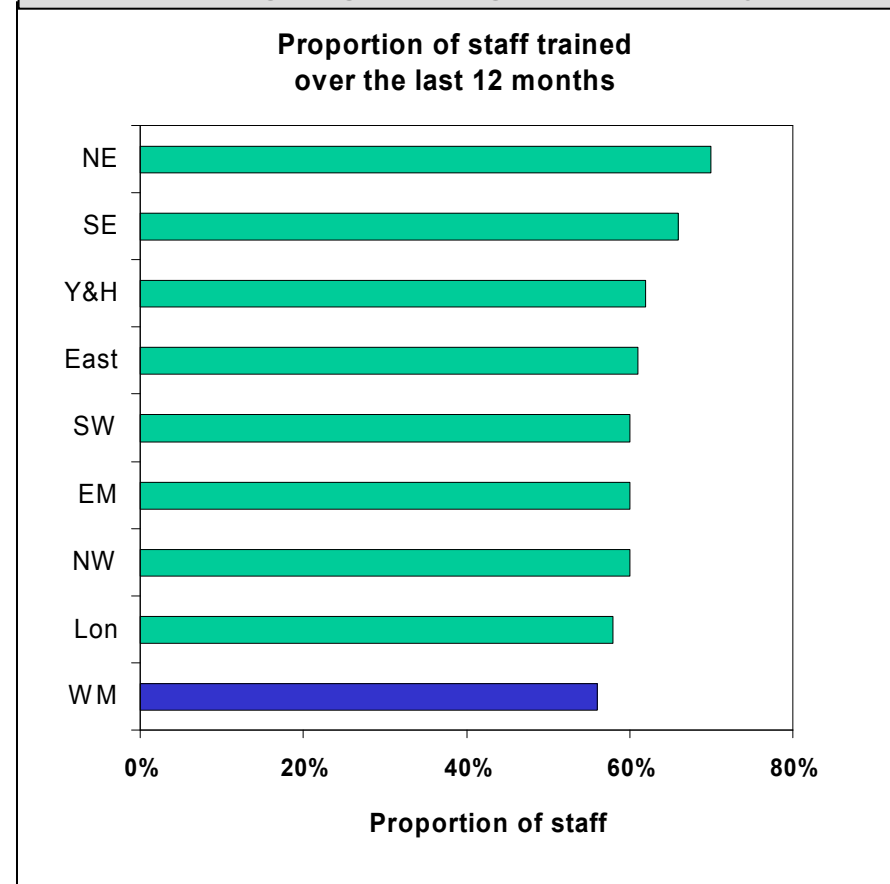
# The proportion of companies investing in training is low relative to other regions



The proportion of staff trained in the last 12 months has fallen since 2004



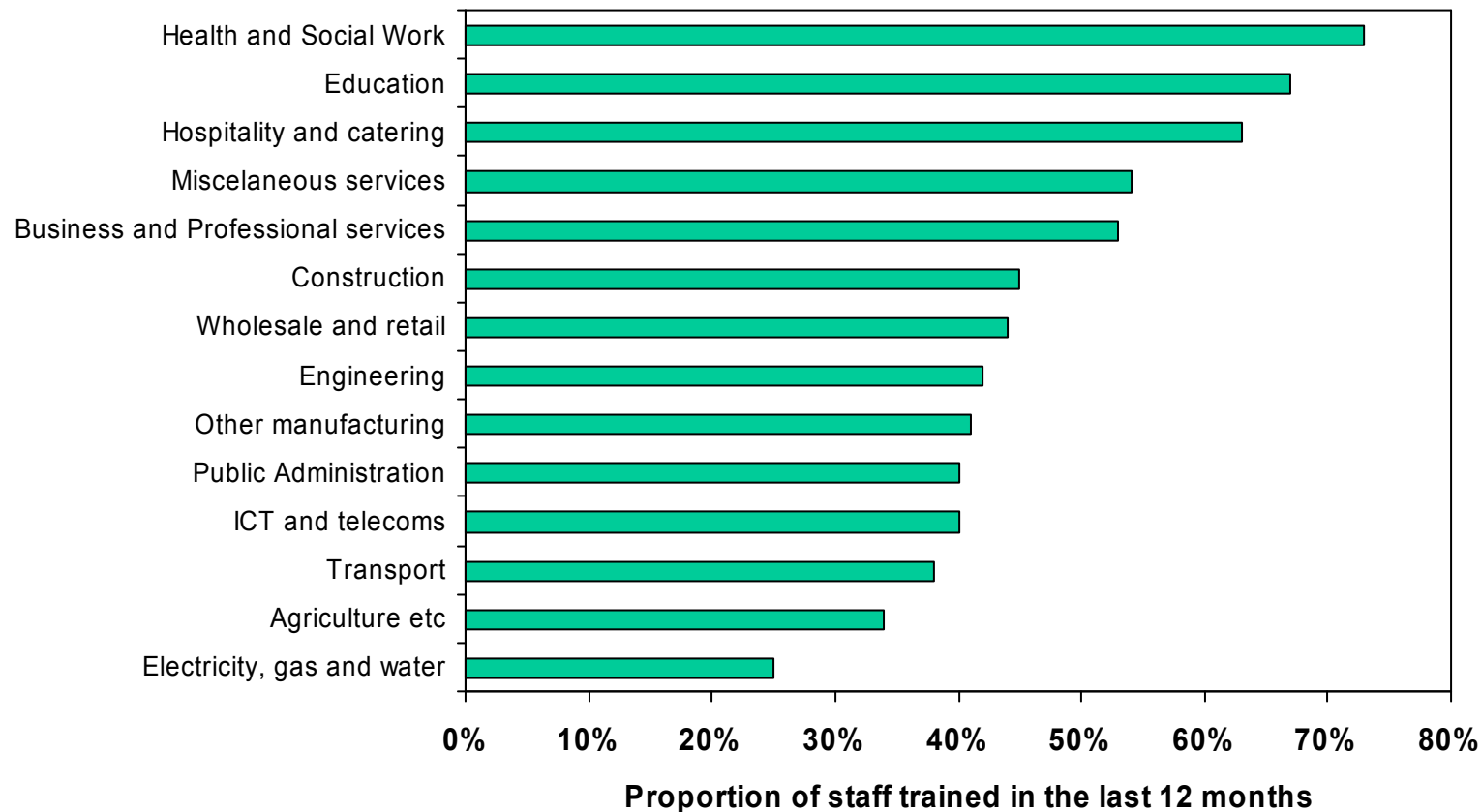
The region has the lowest proportion of staff undergoing training in the country



# Staff in transport, agriculture and utilities are least likely to receive training or up-skilling



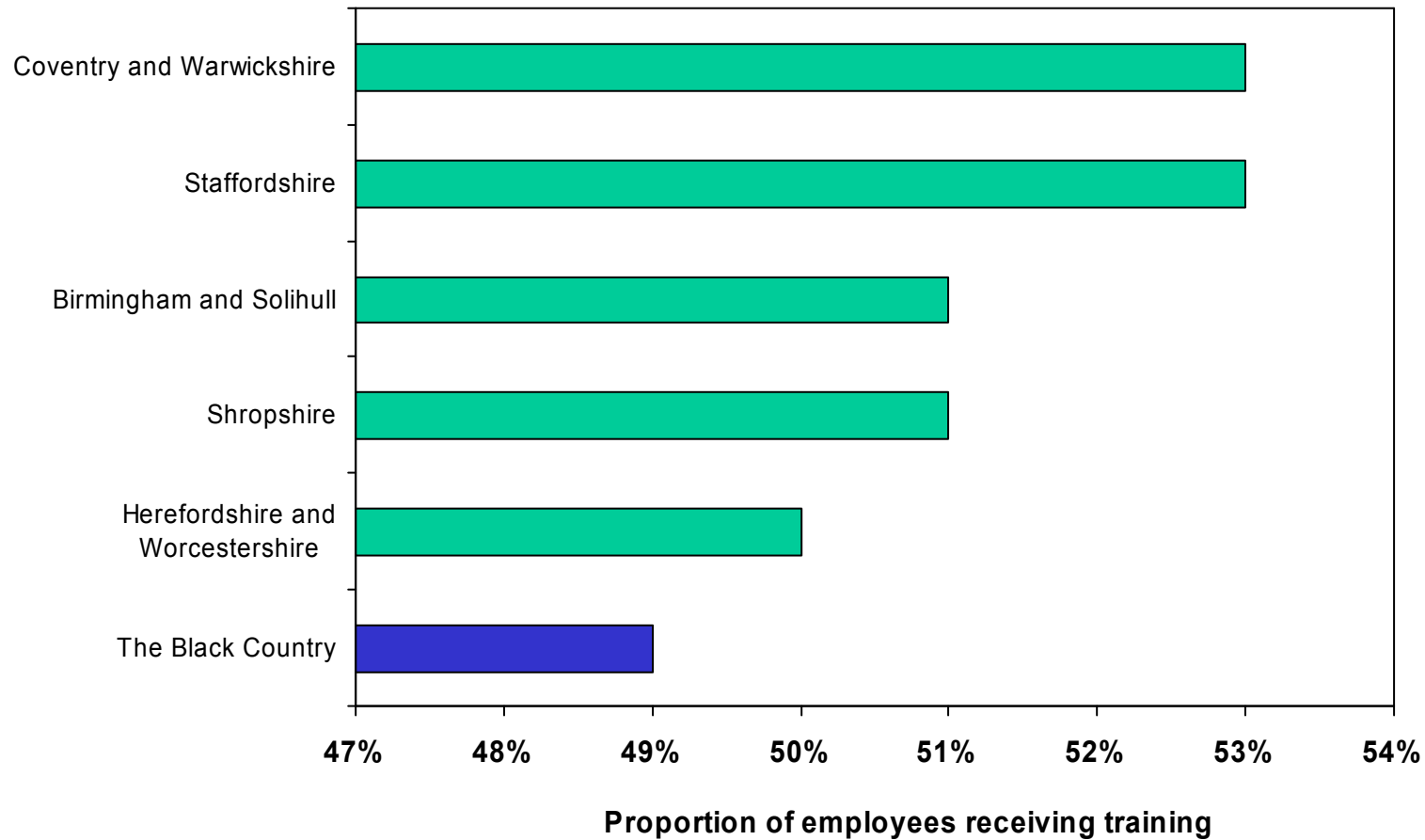
Proportion of staff trained in the last 12 months by sector:  
West Midlands 2005



# The proportion of staff trained in the Black Country is low relative to other sub-regions



Proportion of staff trained in the last 12 months by sub-region



# Total training costs and training cost components

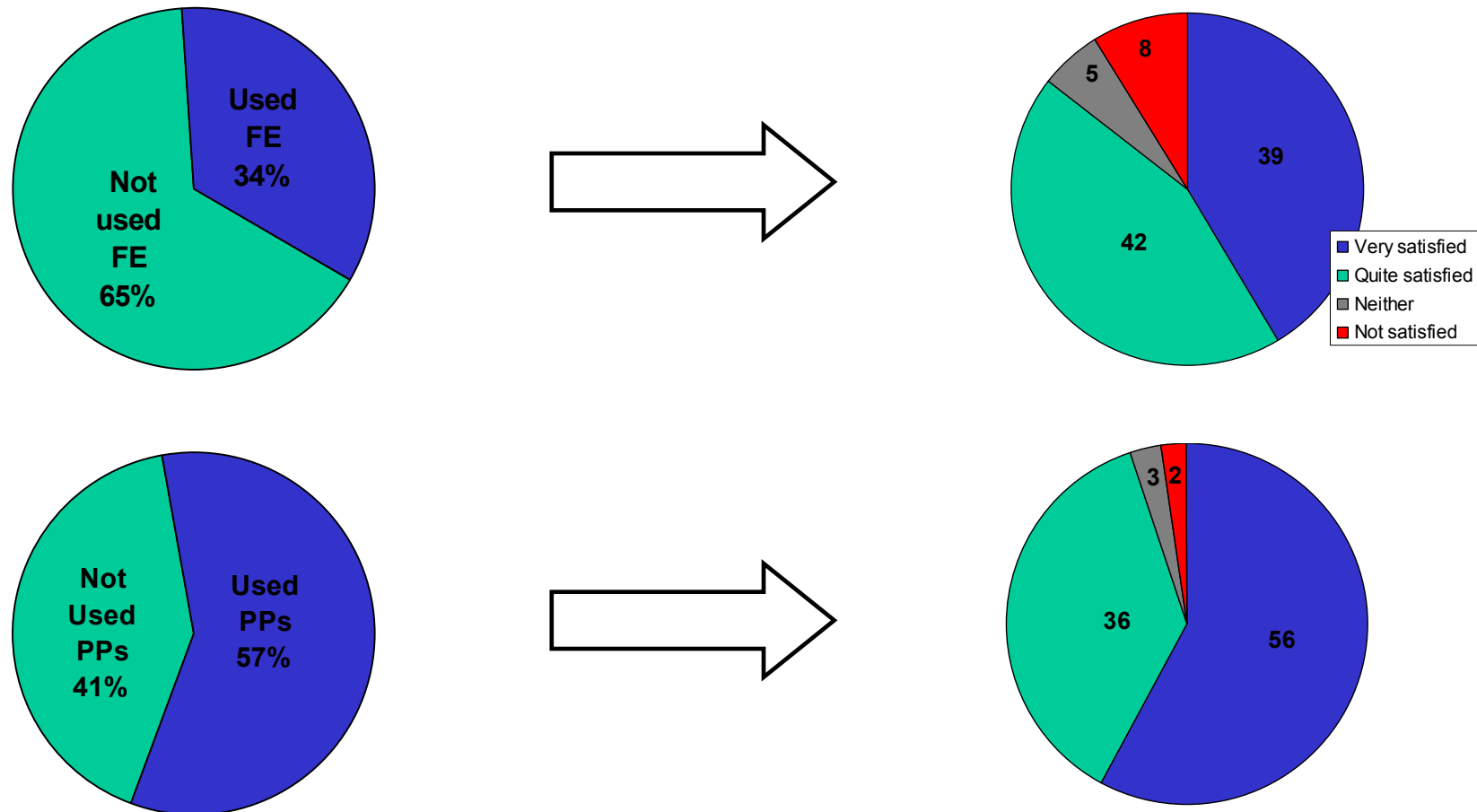


	WM £	WM %	England £	England %
<b>Total</b>	<b>£2.8bn</b>	<b>100%</b>	<b>£33.3bn</b>	<b>100%</b>
	Overall cost	%	Overall cost	%
<b>Off-the-job training (Total)</b>	<b>£1.472bn</b>	<b>54%</b>	<b>£16.8bn</b>	<b>50%</b>
Trainee labour costs	£595m	21%	£5961m	18%
Fees to external providers	£201m	7%	£2362m	7%
On-site training centre	£195m	7%	£2287m	7%
Off-site training centre (in same company)	£35m	1%	£381m	1%
Training management	£433m	15%	£5100m	15%
Non-training centre equipment and materials	£39m	1%	£446m	1%
Travel and subsistence	£27m	1%	£337m	1%
Levies minus grants	£9m	-	£67m	-
<b>On-the-job training (Total)</b>	<b>£1.3bn</b>	<b>46%</b>	<b>£16.5bn</b>	<b>50%</b>
Trainee labour costs	£774m	27%	£9998m	30%
Trainers' labour costs	£539m	19%	£6526m	20%

Total equates to £1,224 per employee

## Use of FE & Private Provision (WMs)

34% of employers who train have used FE Colleges, whilst just over half (57%) have used private training providers.  
Overall levels of satisfaction were higher for private providers



# Skills issues for employers & Individuals

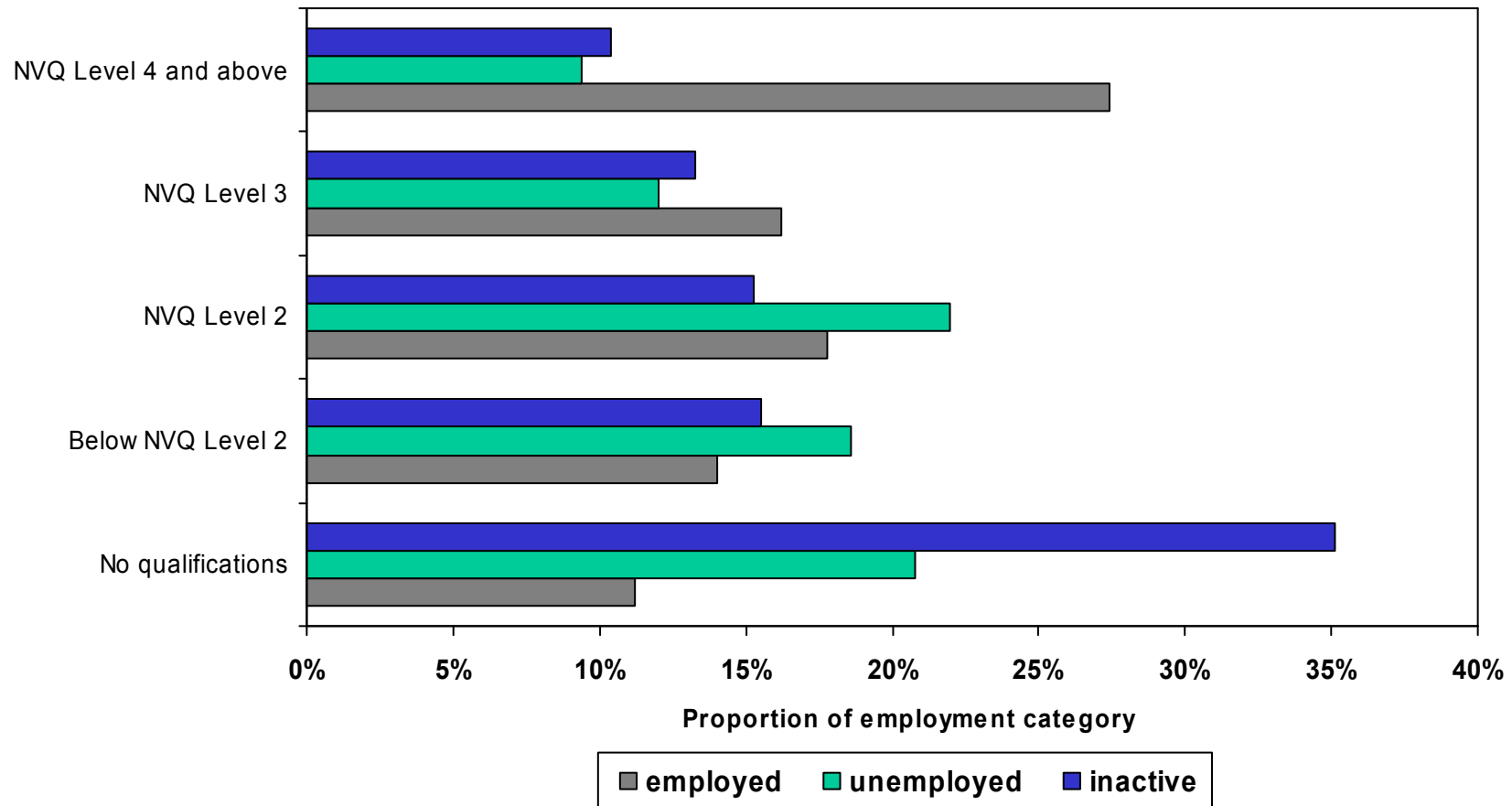


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# Qualification attainment leads to increased employment prospects



Proportion of each economic group with each qualification level, West Midlands



# Skills issues for employers & Individuals

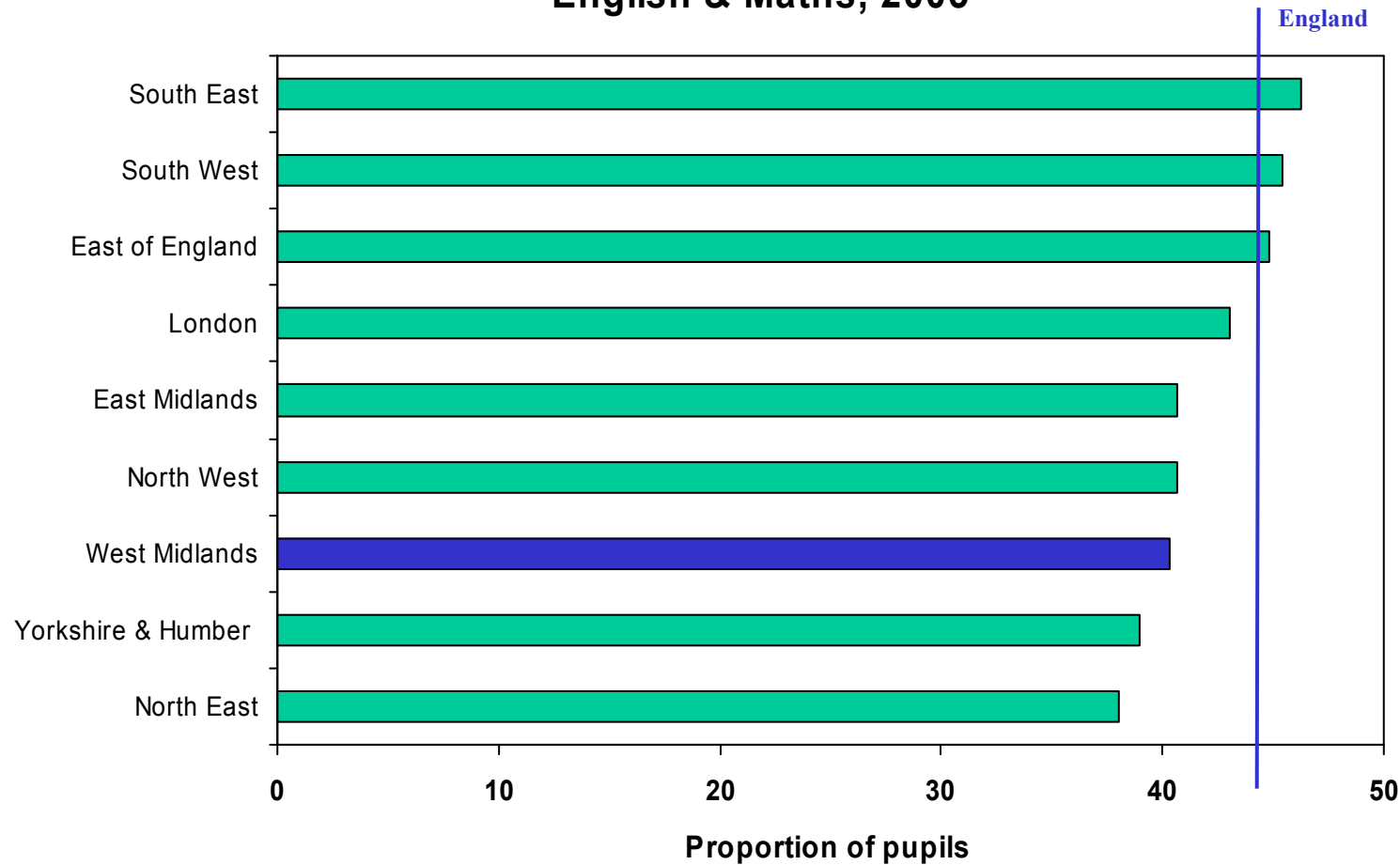


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# Regional achievement at GCSE level is the third lowest in England



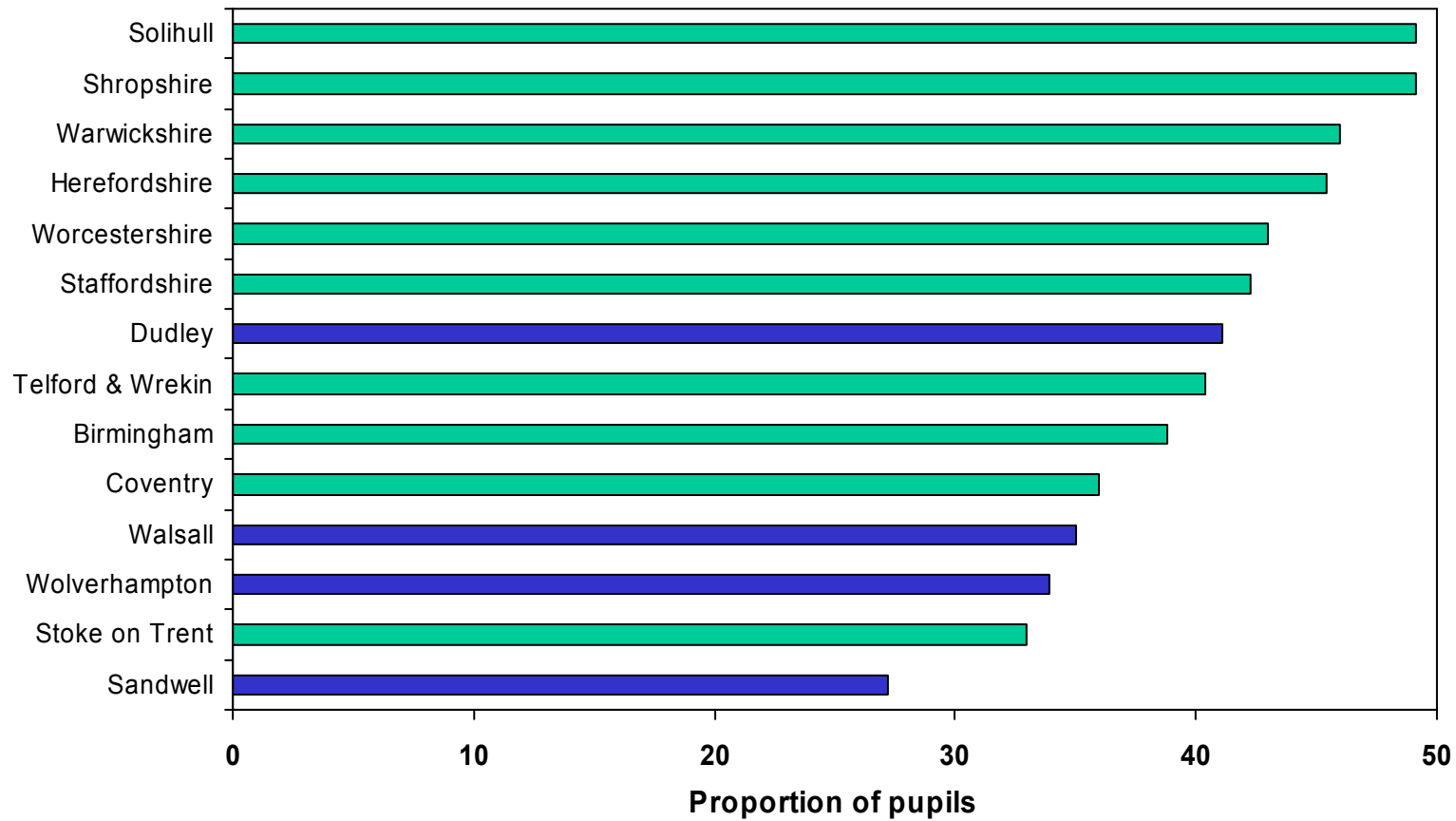
Proportion of pupils achieving 5 or more A\*-C grades including English & Maths, 2005



# The Black Country has a relatively low GCSE attainment



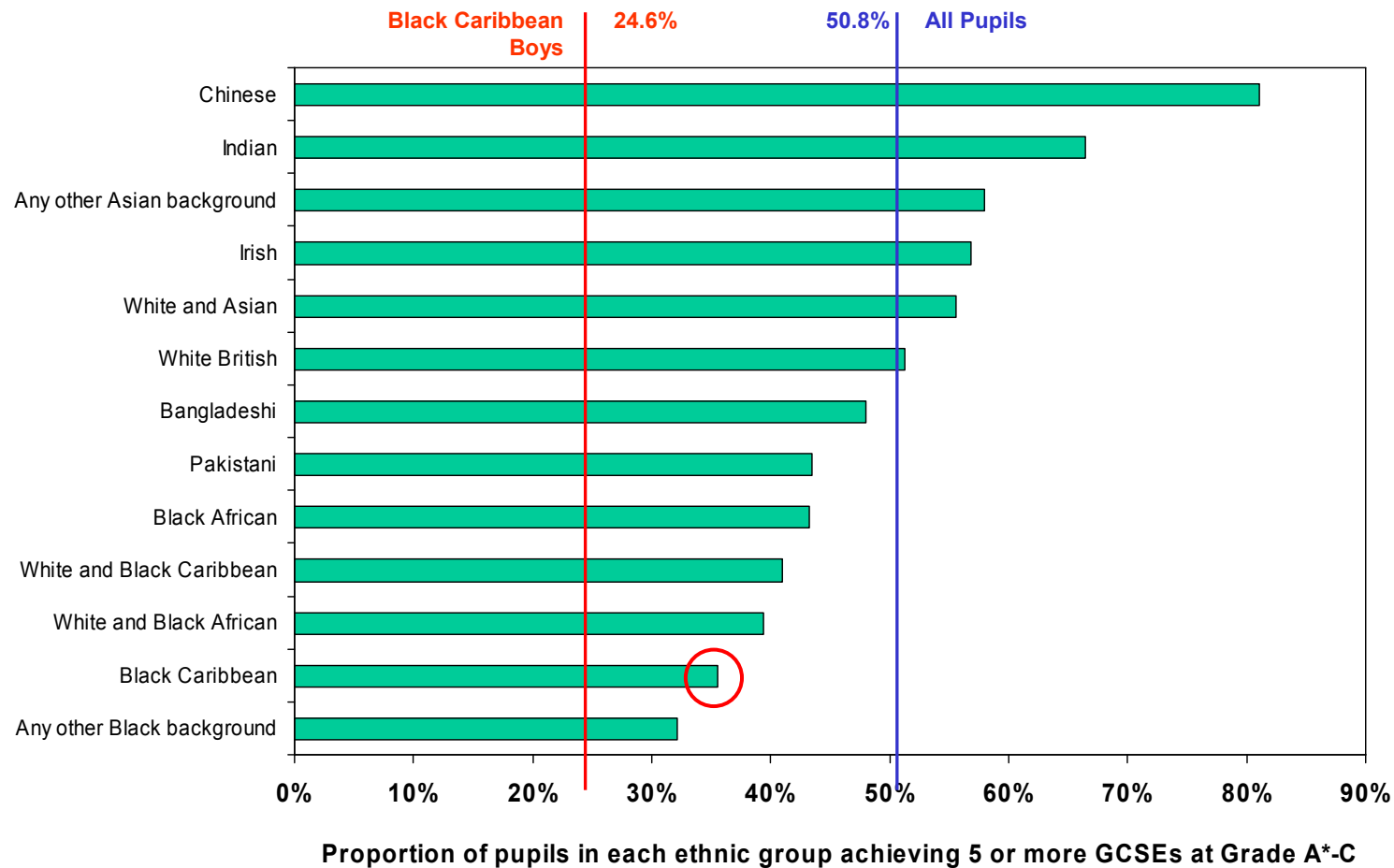
## Proportion of pupils achieving 5 or more A\*-C GCSE grades including English & Maths



# Ethnicity has a major impact on success at school



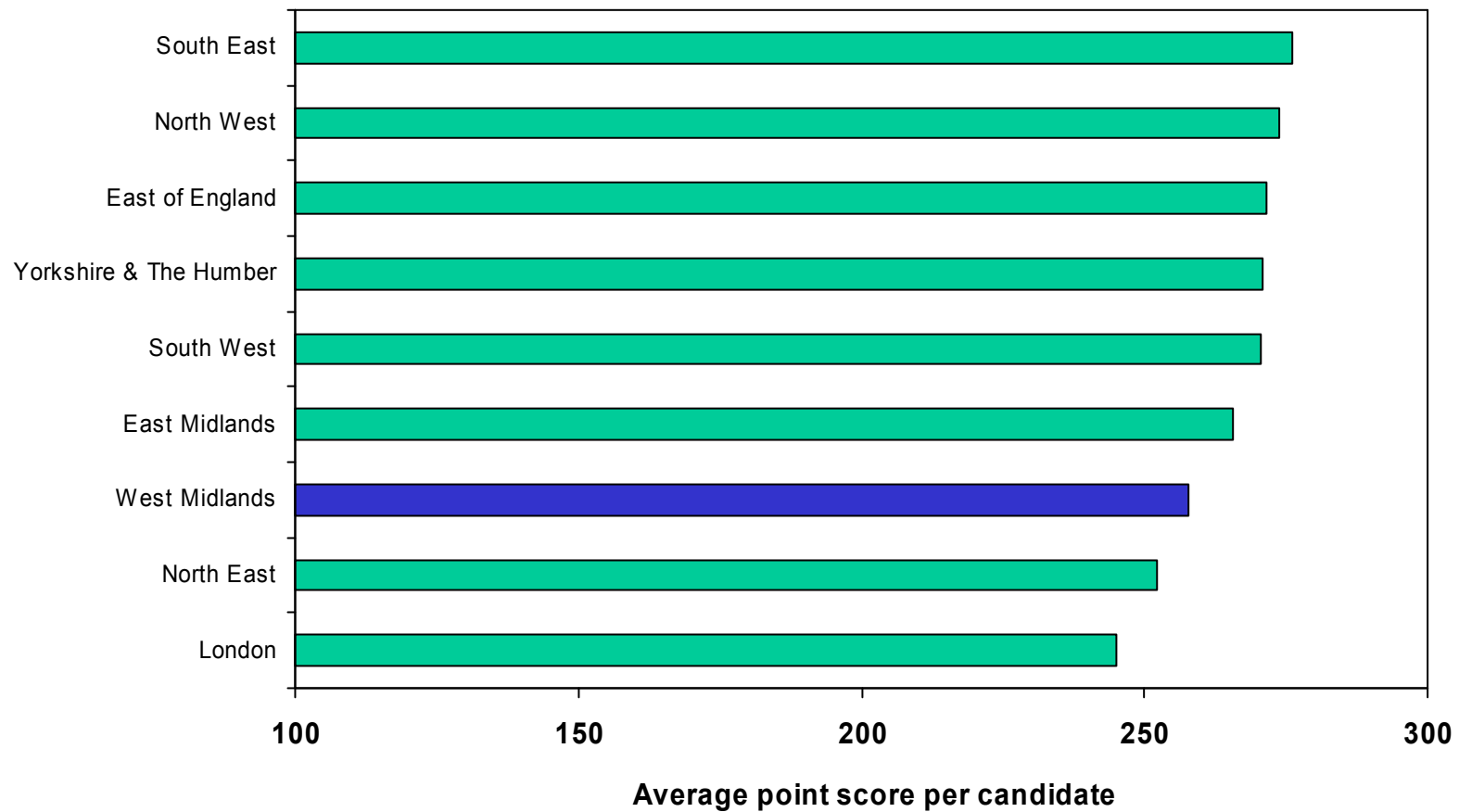
## GCSE achievement of 15 year olds in the Region by ethnicity, 2004



# The Region's A-Level performance is the third lowest in the country



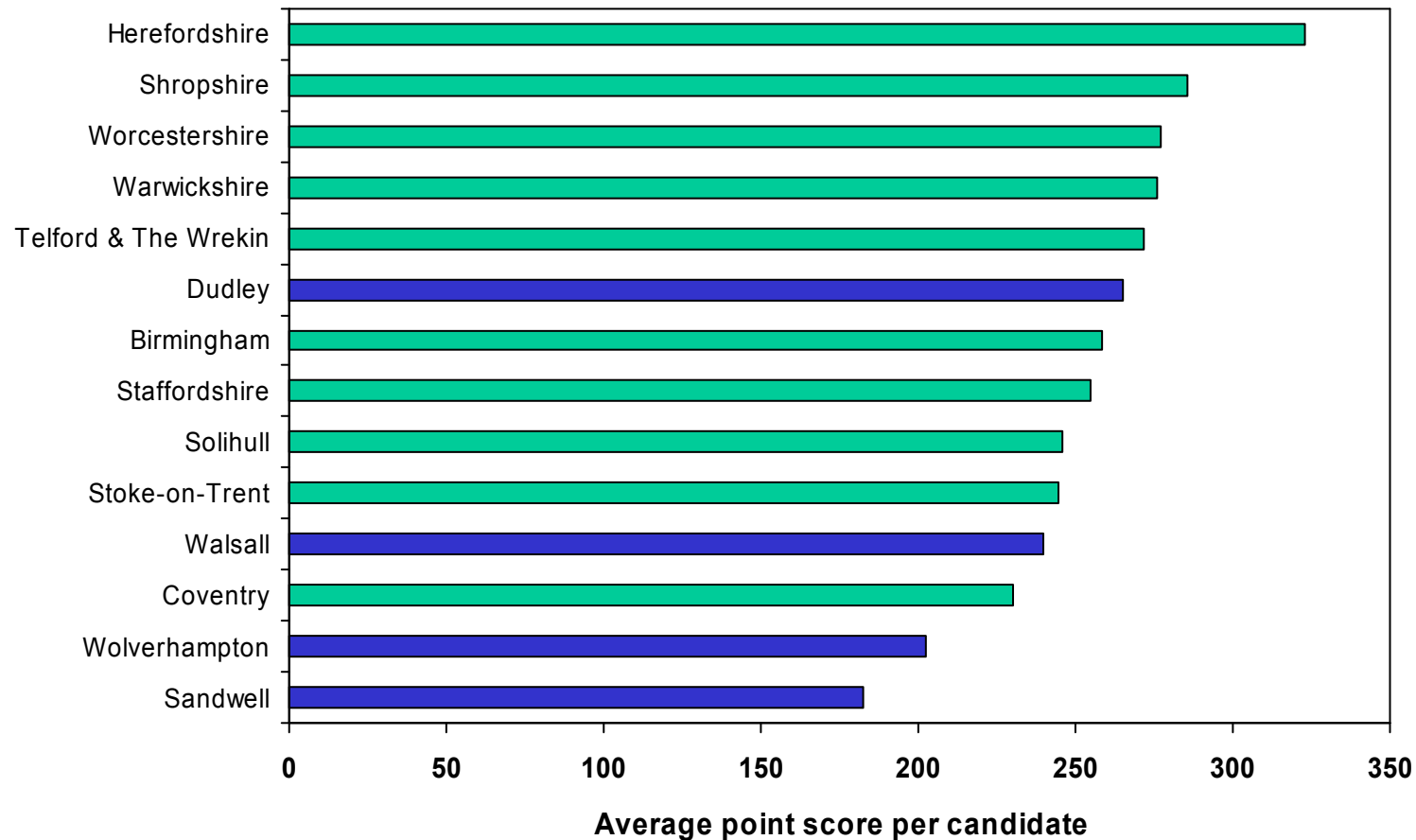
Average A-Level points score per candidate 2004/05



# Sandwell & Wolverhampton have lower A-Level achievement rates in comparison to Walsall & Dudley



Average A-Level points score per candidate 2004/05



# Black country areas have low rates of qualification at all levels



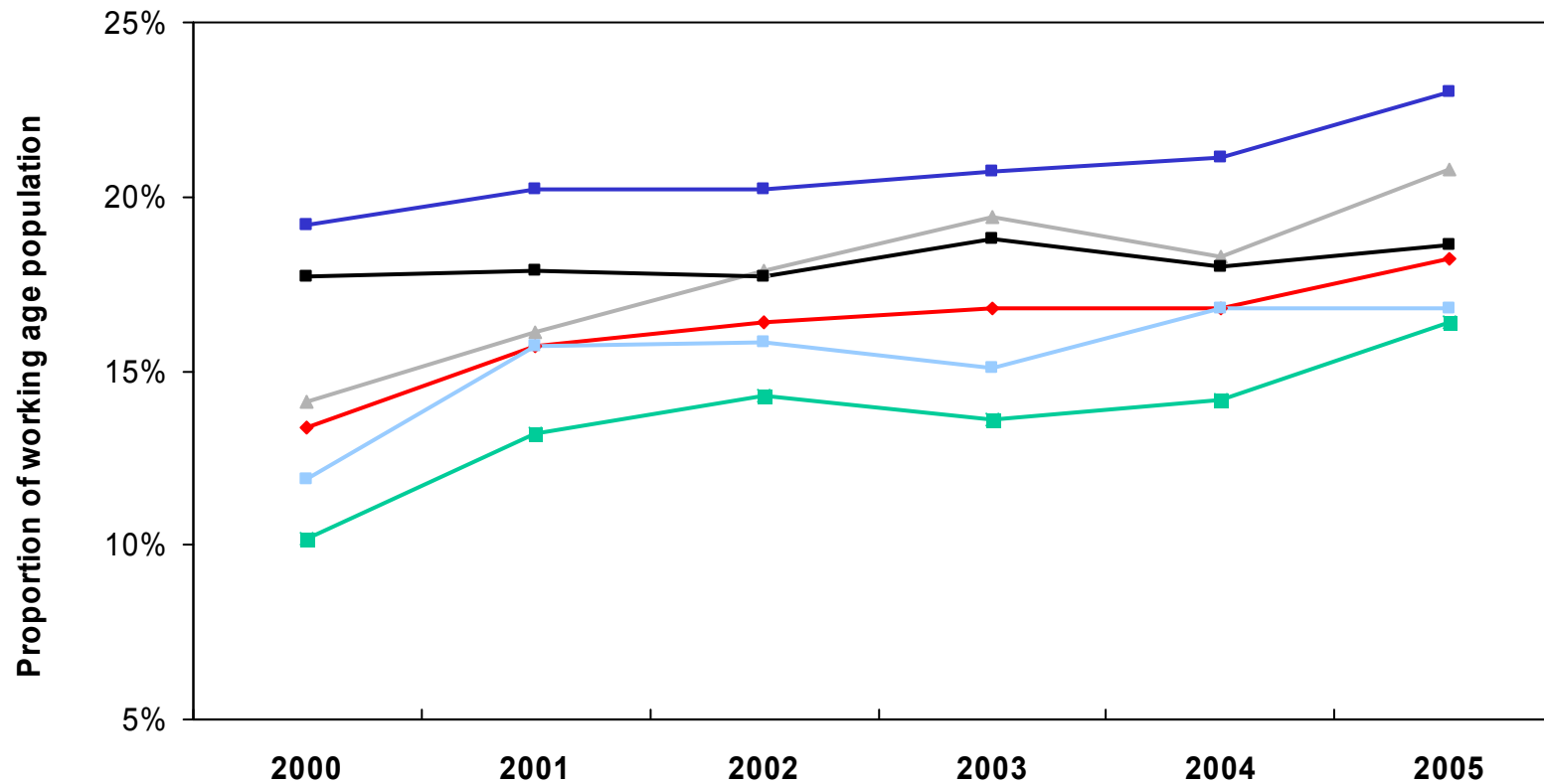
## Workforce qualification levels

(%)	Level 4+	Level 3+	Level 2+	Level 1+	No Quals
Birmingham and Solihull	29	47	67	87	11
Coventry and Warwickshire	30	49	67	84	10
Herefordshire and Worcestershire	29	48	66	83	12
Shropshire	27	47	67	86	11
Staffordshire	23	43	66	88	13
<b>The Black Country</b>	<b>22</b>	<b>40</b>	<b>61</b>	<b>80</b>	<b>16</b>
<b>West Midlands</b>	<b>26</b>	<b>45</b>	<b>66</b>	<b>85</b>	<b>12</b>
Region Rank (out of 9)	7	9	9	9	9
<b>England</b>	<b>30</b>	<b>49</b>	<b>70</b>	<b>89</b>	<b>10</b>

# High level attainment is increasing more slowly in parts of the Black Country



### Proportion of working age population with 4+



—♦— The Black Country    —▲— Dudley    —■— Sandwell    —■— Walsall    —■— Wolverhampton    —■— West Midlands

## Proportion of those studying who have reached the level 3 threshold by the age of 19 by area

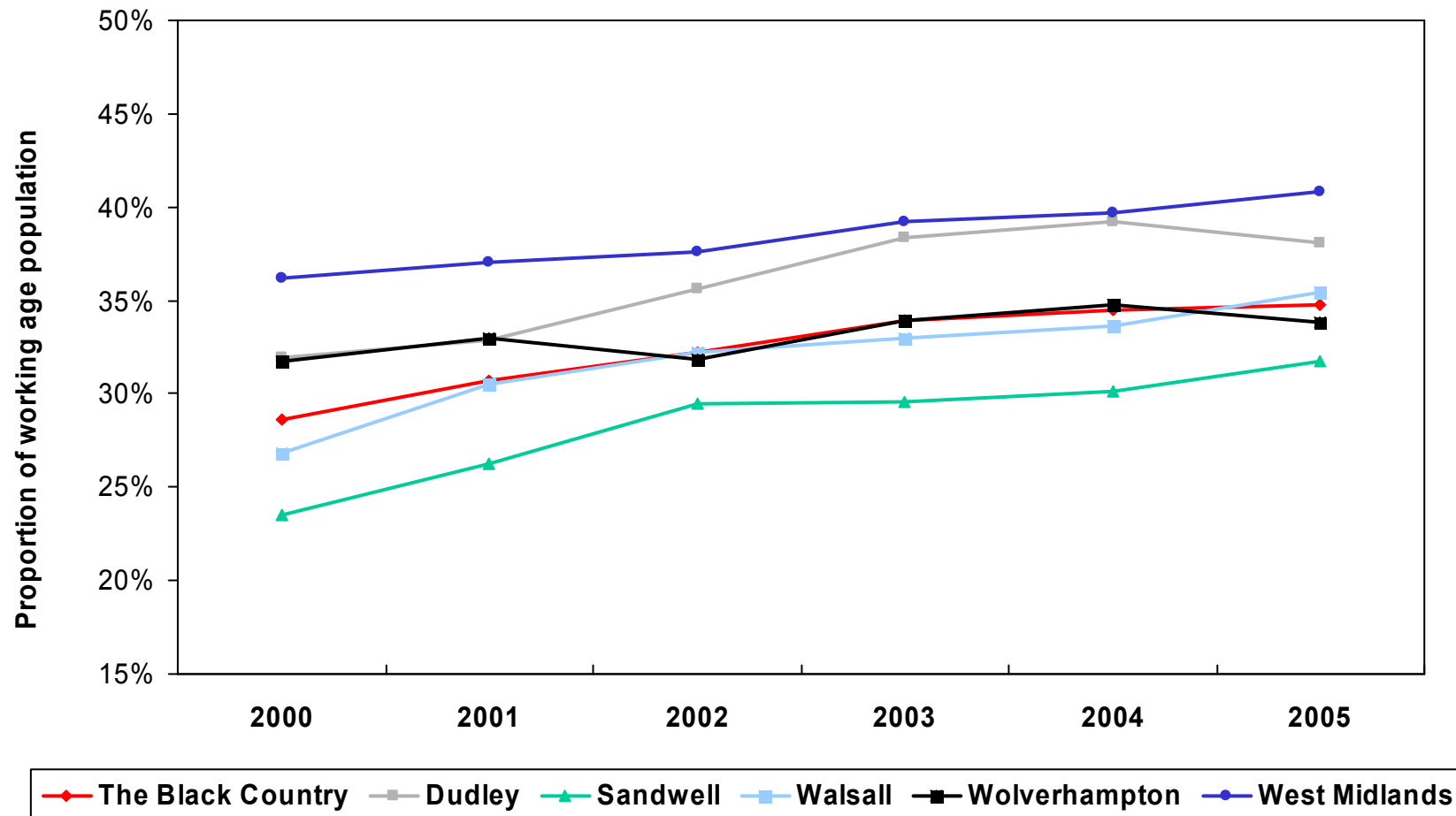


Area	2004	2005	Change
Shropshire	44.1%	47.9%	3.9%
Staffordshire	36.6%	40.6%	4.0%
<b>The Black Country</b>	<b>33.5%</b>	<b>37.3%</b>	<b>3.7%</b>
Birmingham and Solihull	39.1%	41.7%	2.6%
Herefordshire and Worcestershire	45.9%	49.9%	4.1%
Coventry and Warwickshire	46.0%	49.9%	3.9%
<b>West Midlands</b>	<b>39.8%</b>	<b>43.4%</b>	<b>3.6%</b>
<b>England</b>	<b>42.4%</b>	<b>45.9%</b>	<b>3.5%</b>

# The proportion with qualifications to at least level 3 is increasing slowly



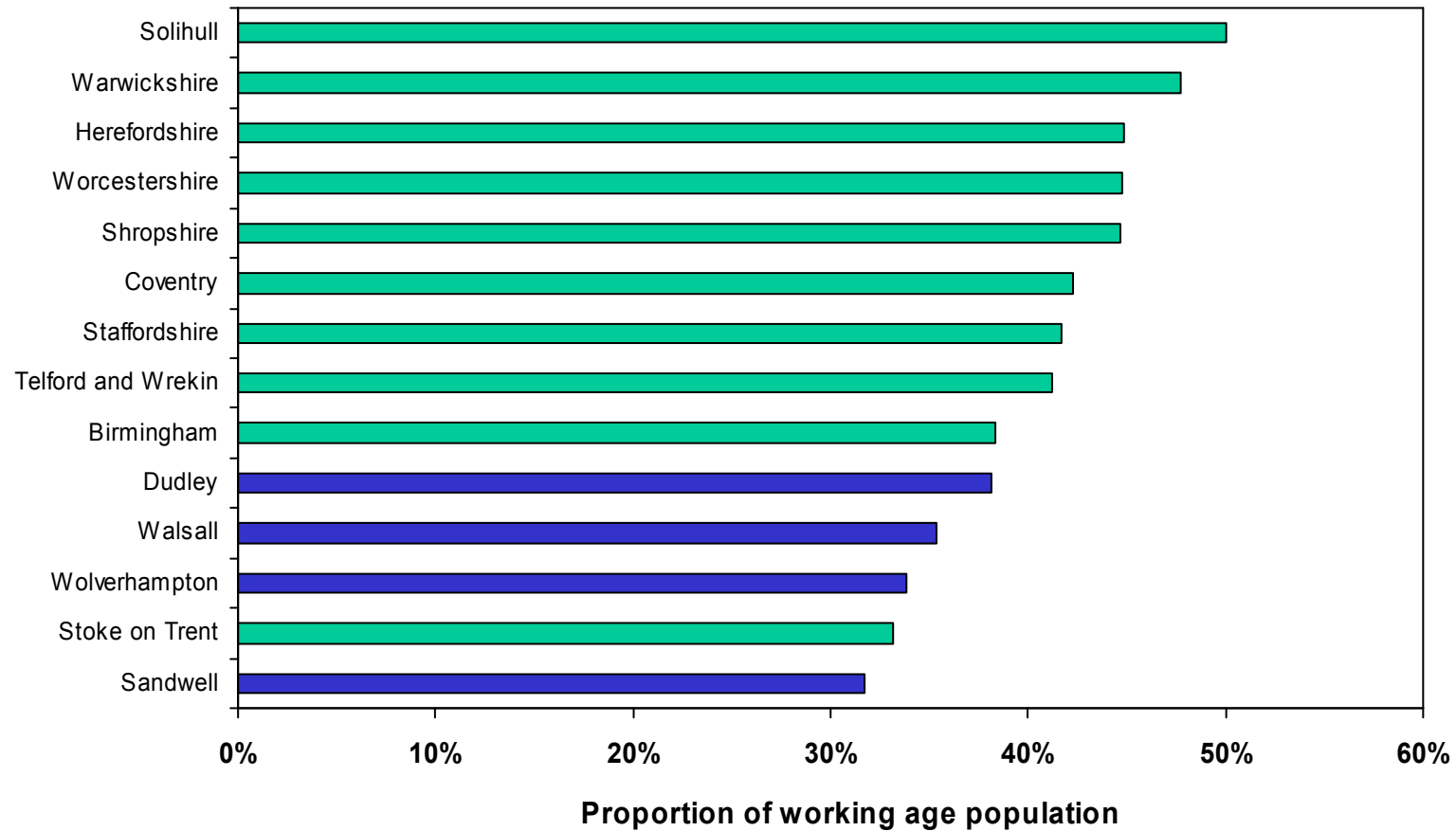
## Proportion of working age population with 3+



# The Black Country has low proportions of the populations with Level 3+ qualifications



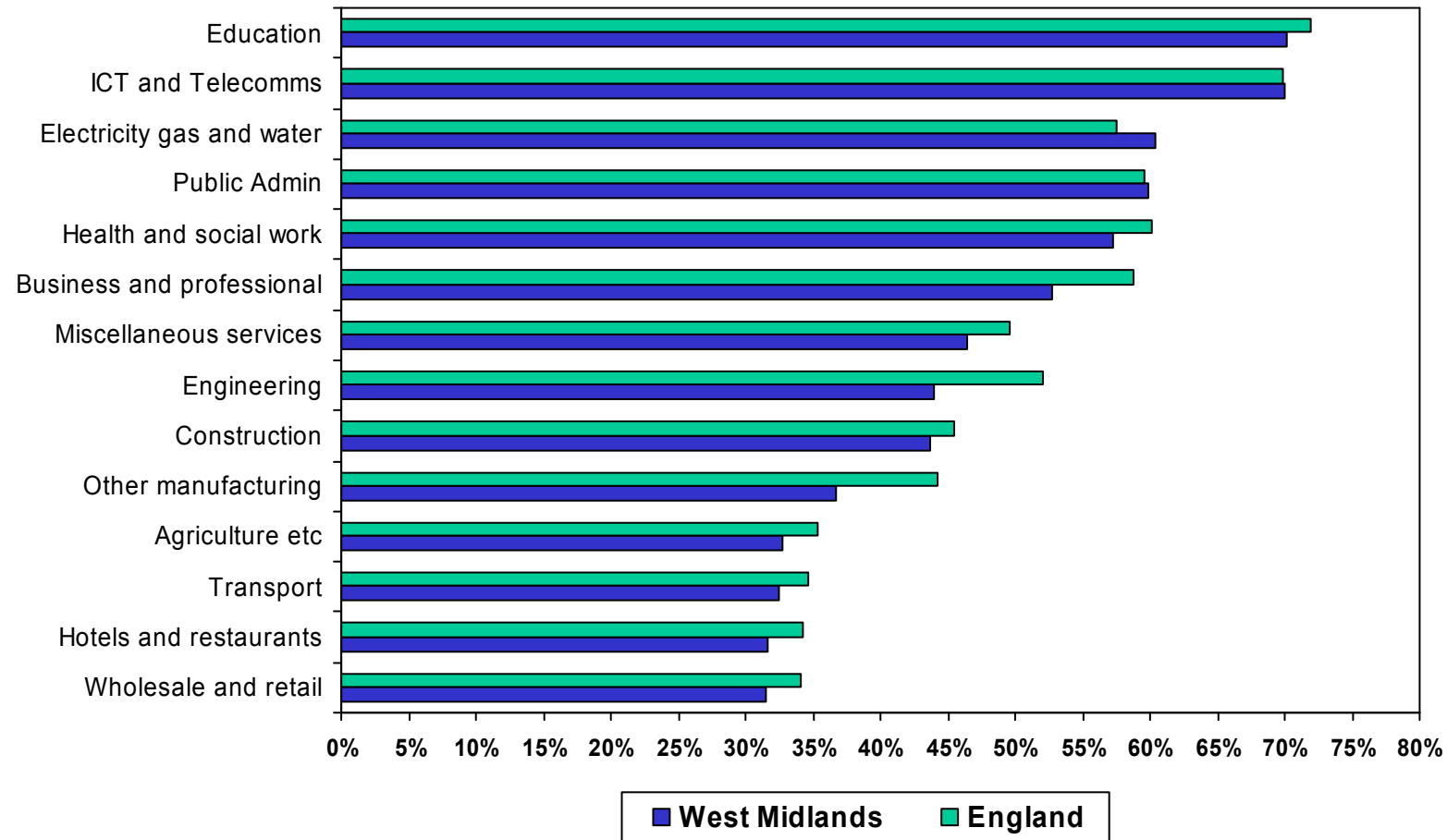
## Proportion of working age population with Level 3+ qualifications



# In most industries the Region has below average attainment of Level 3+ qualifications



## Proportion of workforce with Level 3+ qualifications



## Proportion of those studying who have reached the level 2 threshold by the age of 19 by area

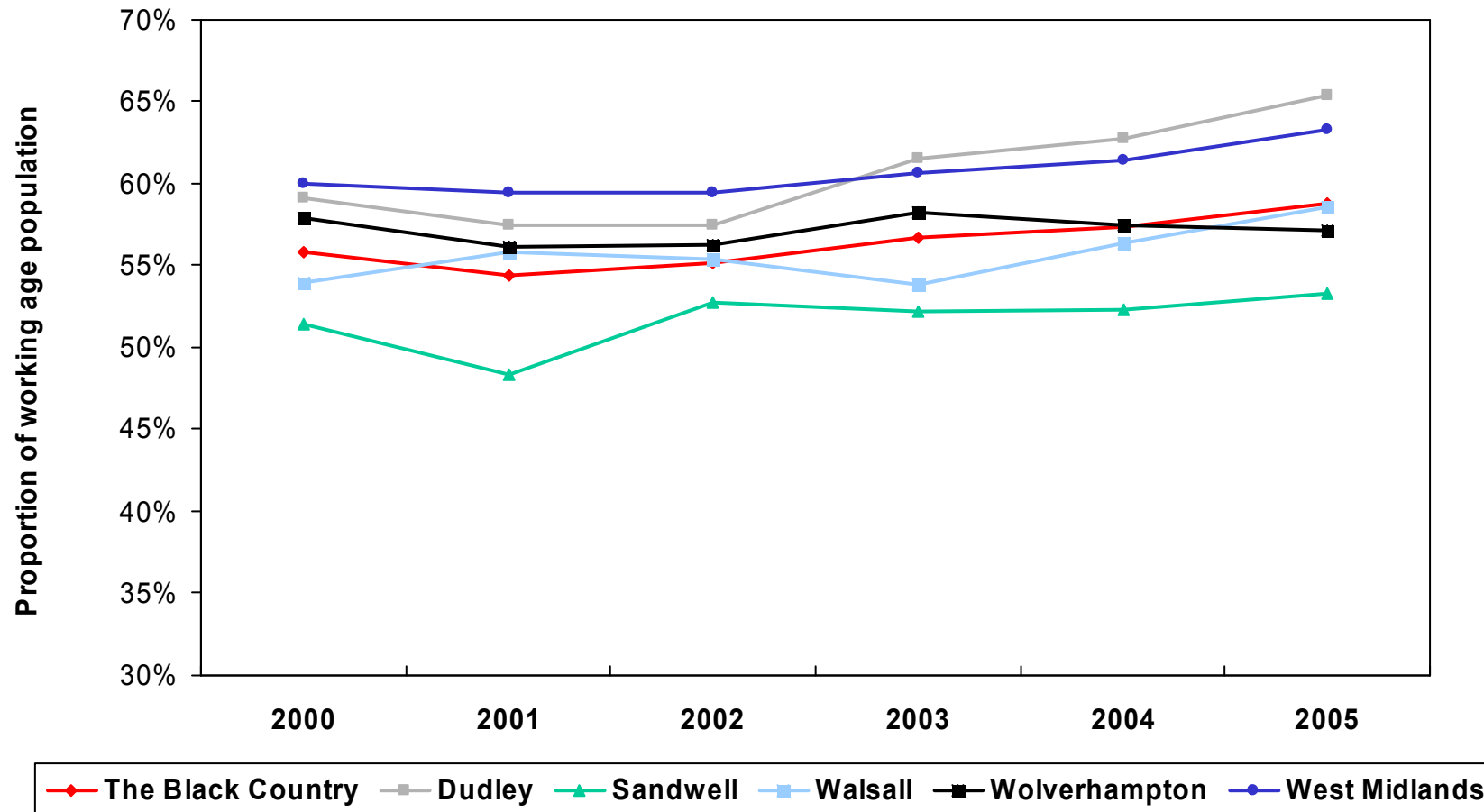


Area	2004	2005	Change
Shropshire	69.1%	73.2%	4.0%
Staffordshire	62.6%	66.8%	4.2%
<b>The Black Country</b>	<b>59.8%</b>	<b>63.5%</b>	<b>3.7%</b>
Birmingham and Solihull	61.8%	64.7%	2.9%
Herefordshire and Worcestershire	69.1%	73.0%	3.9%
Coventry and Warwickshire	68.5%	72.5%	4.1%
<b>West Midlands</b>	<b>64.1%</b>	<b>67.8%</b>	<b>3.7%</b>
<b>England</b>	<b>66.8%</b>	<b>69.8%</b>	<b>3.0%</b>

# The proportion with at least Level 2 qualifications remains steady



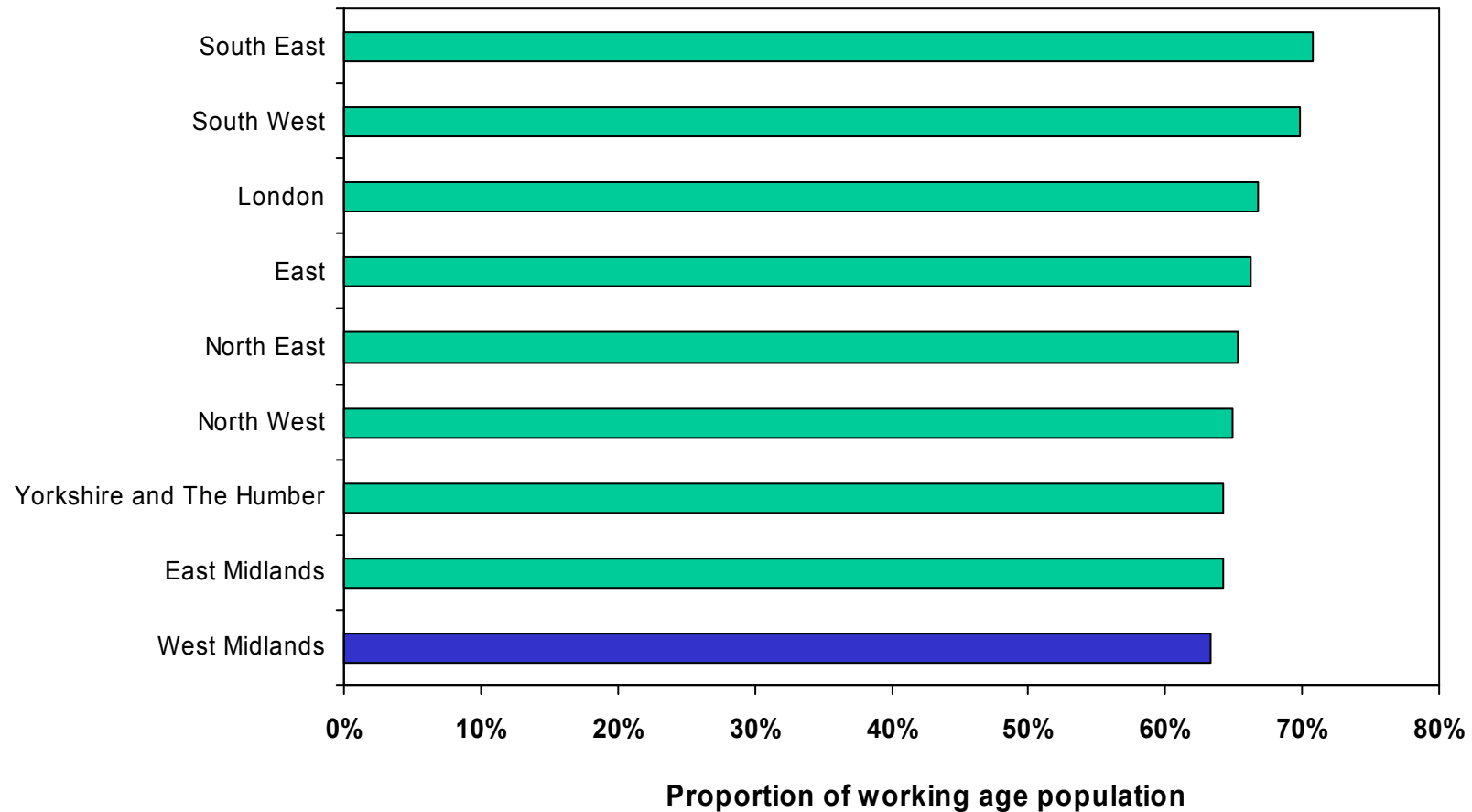
## Proportion of working age population with 2+



# The Region has the lowest rate of attainment at Level 2+



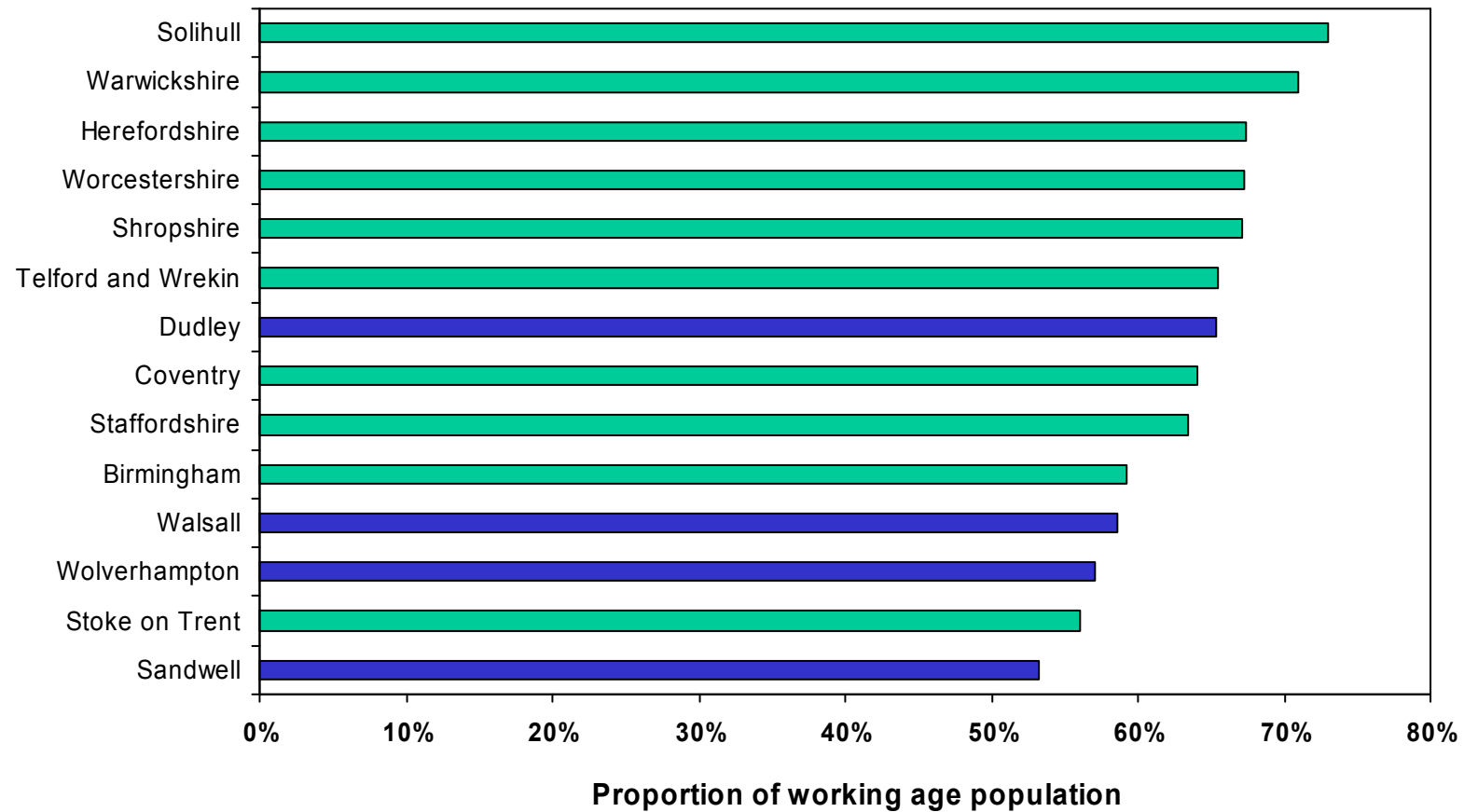
## Proportion of working age population with Level 2+ qualifications



# Sandwell, Wolverhampton & Walsall have low proportions of people qualified to Level 2+



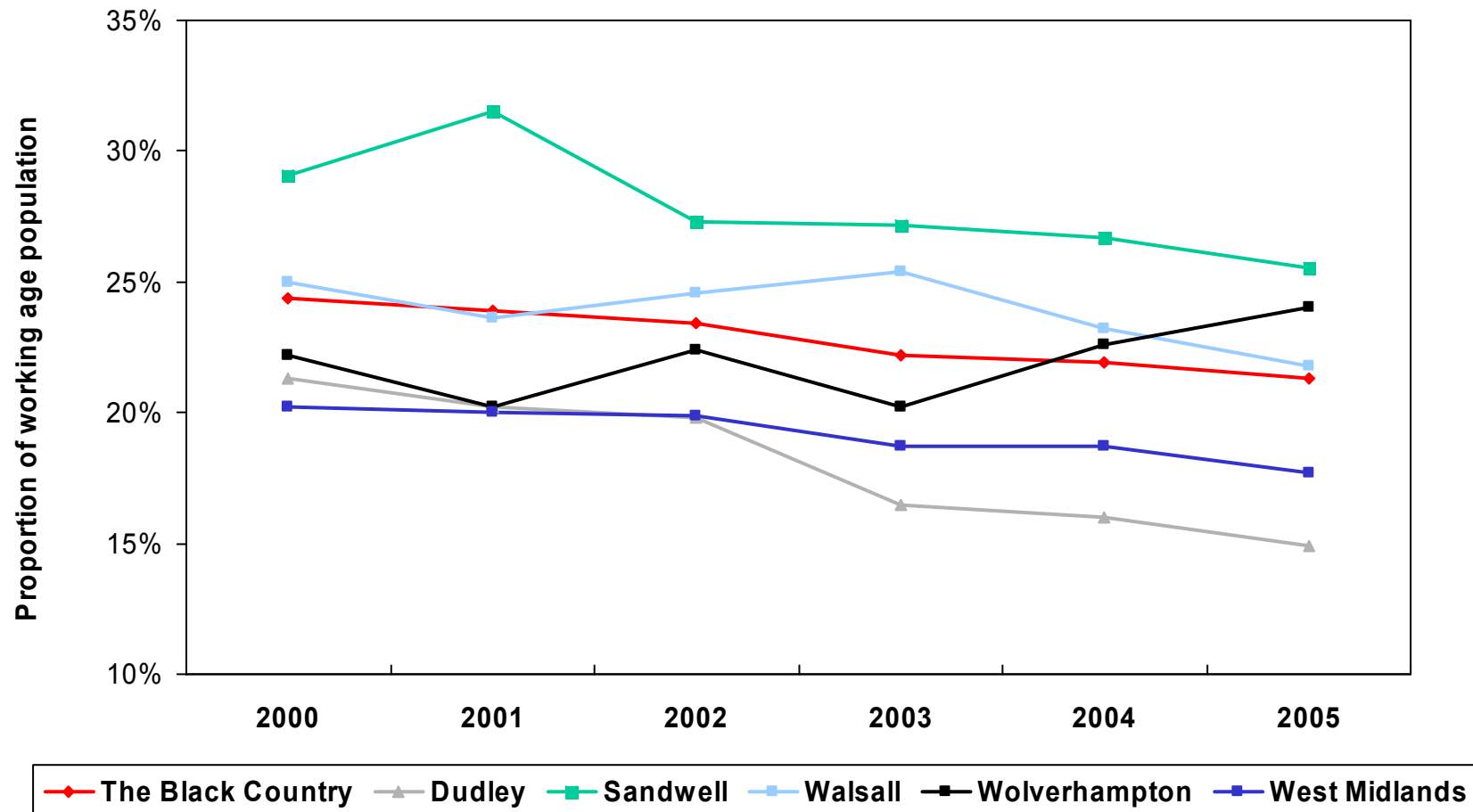
## Proportion of working age population with Level 2+ qualifications



# The proportion with no qualifications is decreasing but increasing in Wolverhampton



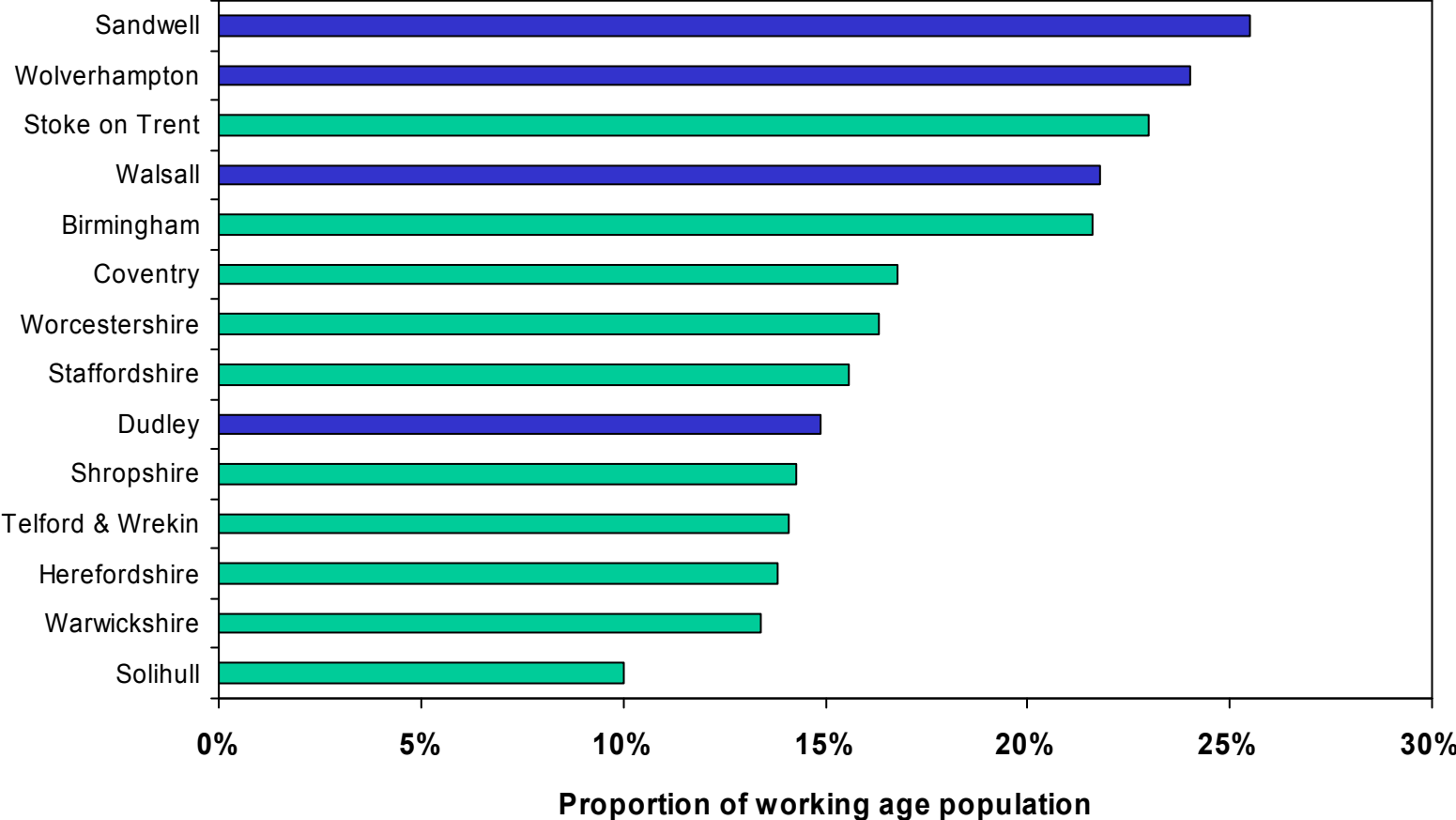
Proportion of working age population with no qualifications



# Sandwell, Wolverhampton & Walsall have high levels of people with no qualifications



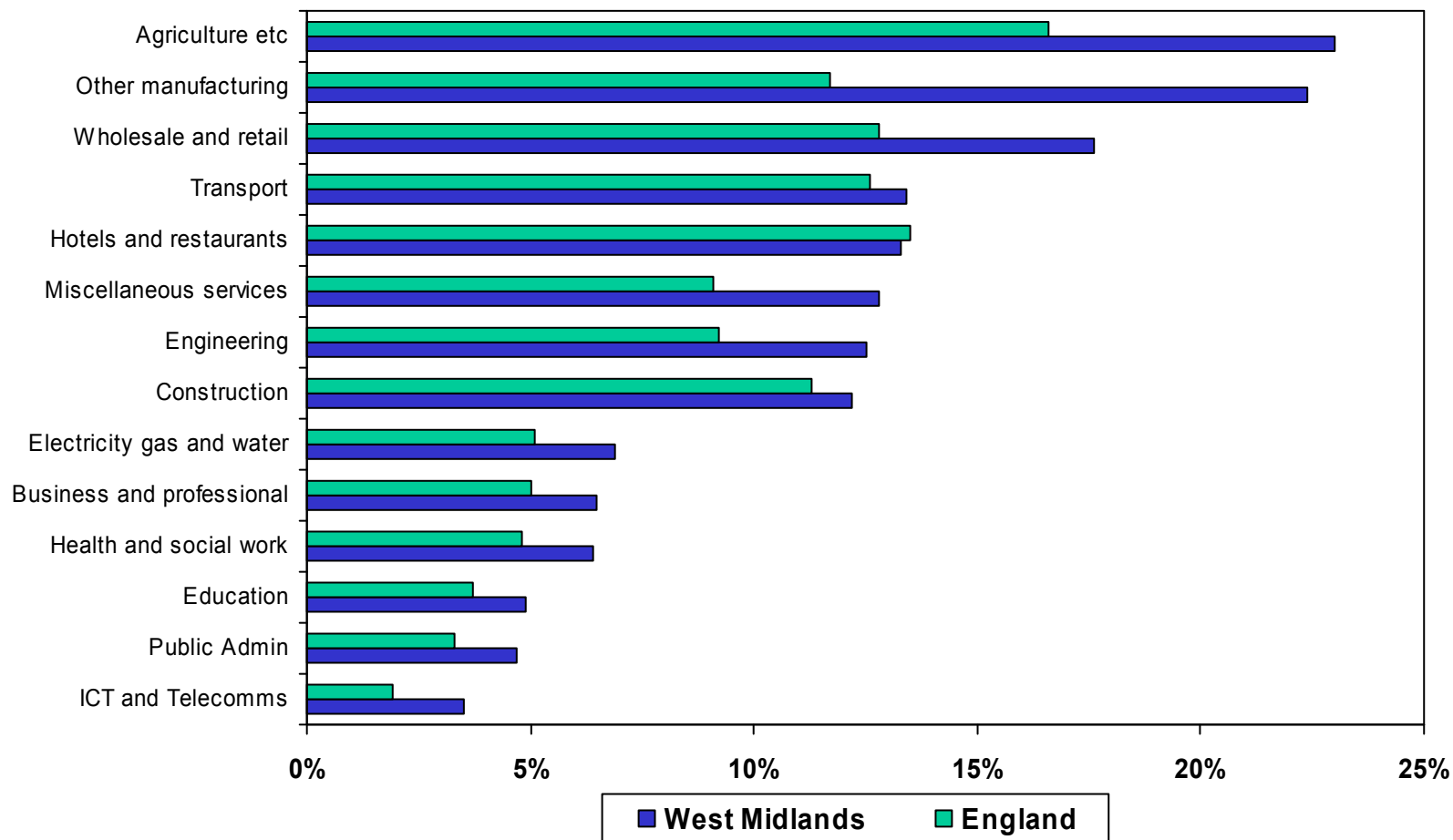
Proportion of working age population with no qualifications



# In most industries the Region's workforce is far more likely to hold no qualifications



## Proportion of workforce with no qualifications



# Age and ethnicity are key factors in qualification attainment

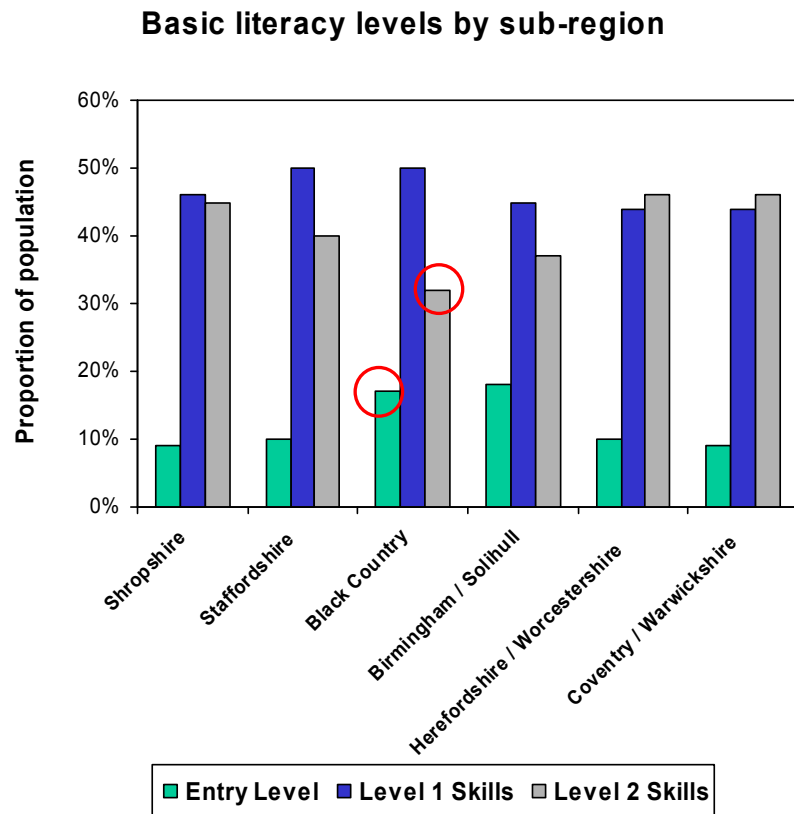


- **Older people** are less likely to hold qualifications – over 20% of over 50s hold no formal qualifications
- 38% of people from the Pakistani and Bangladeshi **ethnic groups** hold no formal qualifications, compared to 16% of the White British population
- Only 12 % of Pakistani/Bangladeshi people have qualifications at Level 4+, compared with 23% of White British. High level qualification rates are also below average in the Black Caribbean community

# The Black Country has low Basic Skills levels compared with the rest of the Region

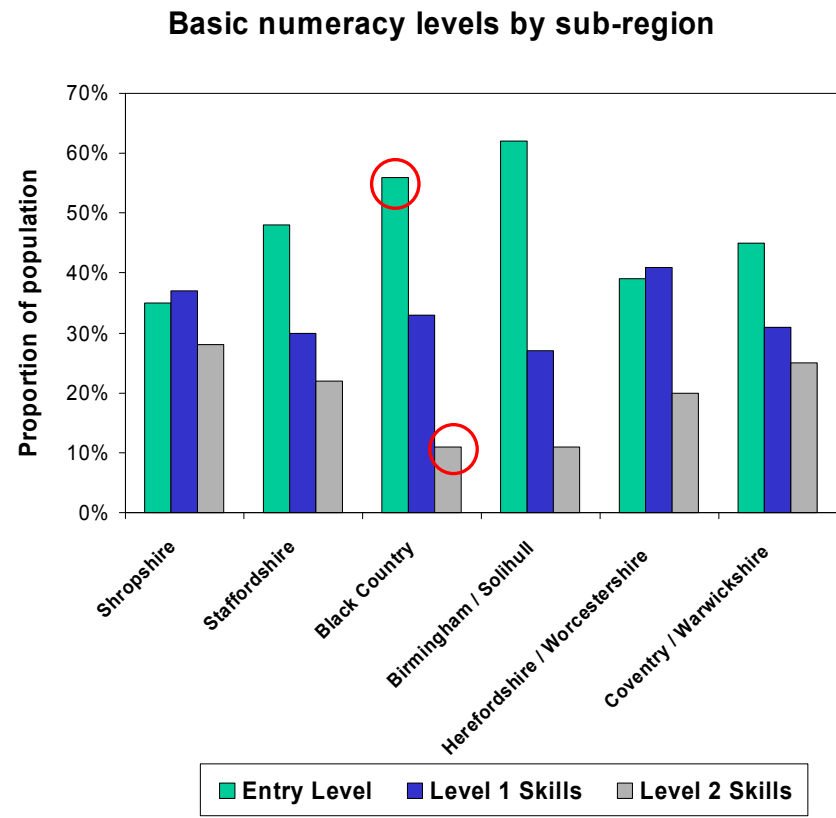


**Black Country has lowest level 2 literacy skills coupled with high rates of entry level skills**



Source: DfES Skills for Life 2003

**Numeracy also a problem with higher rates of low level skills and low rates of level 2 skills**



Source: DfES Skills for Life 2003

# Skills issues for employers & Individuals



- Area Profile
- Economic Performance
- Skill gaps and deficiencies
- Recruitment problems and skill shortages
- Training and workforce development
- The benefits of investing in skills
- Regional & sub-regional qualification attainment
- Participation in employment
- Changing regional demography

# Destinations of 16 year old school leavers (2005)



	Number	% In Learning	% in FTE	% NEET
Birmingham and Solihull*	-	-	-	-
<b>Black Country</b>	<b>15,042</b>	<b>81.7%</b>	<b>72.0%</b>	<b>13.9%</b>
Coventry and Warwickshire	10,704	92.1%	77.7%	7.4%
Herefordshire and Worcestershire	8,412	85.7%	77.2%	8.4%
Shropshire	5,782	86.0%	74.2%	9.3%
Staffordshire	13,671	88.2%	73.3%	9.4%
<b>England</b>	<b>60,3361</b>	<b>86.0%</b>	<b>75.5%</b>	<b>11.4%</b>
<b>West Midlands</b>	<b>53,611</b>	<b>86.5%</b>	<b>74.5%</b>	<b>10.2%</b>

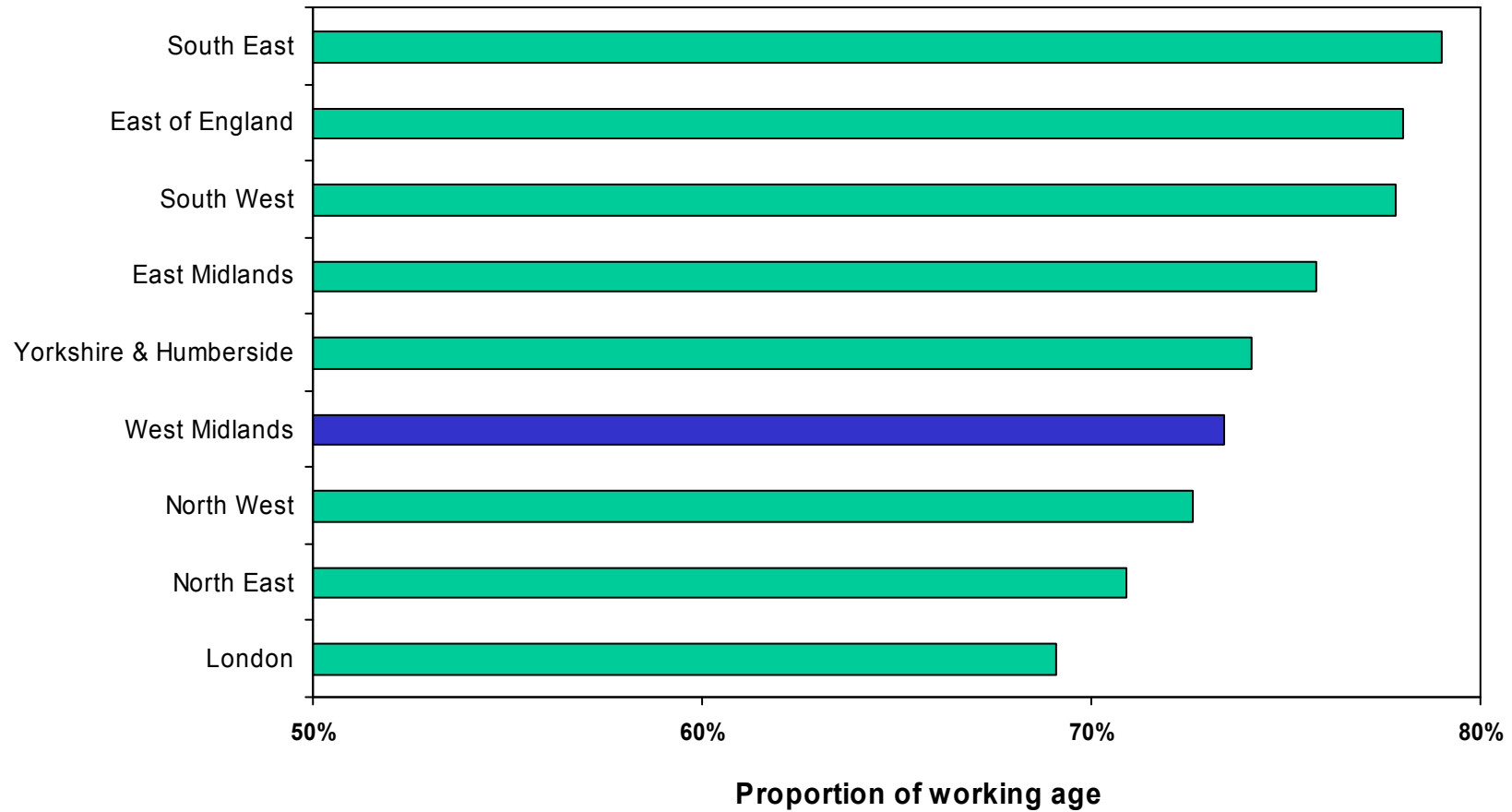
\*Birmingham and Solihull Data not available at this time

Figures include individuals who gave no response and those who had moved out of contact

# The Region has the fourth lowest rate of employment



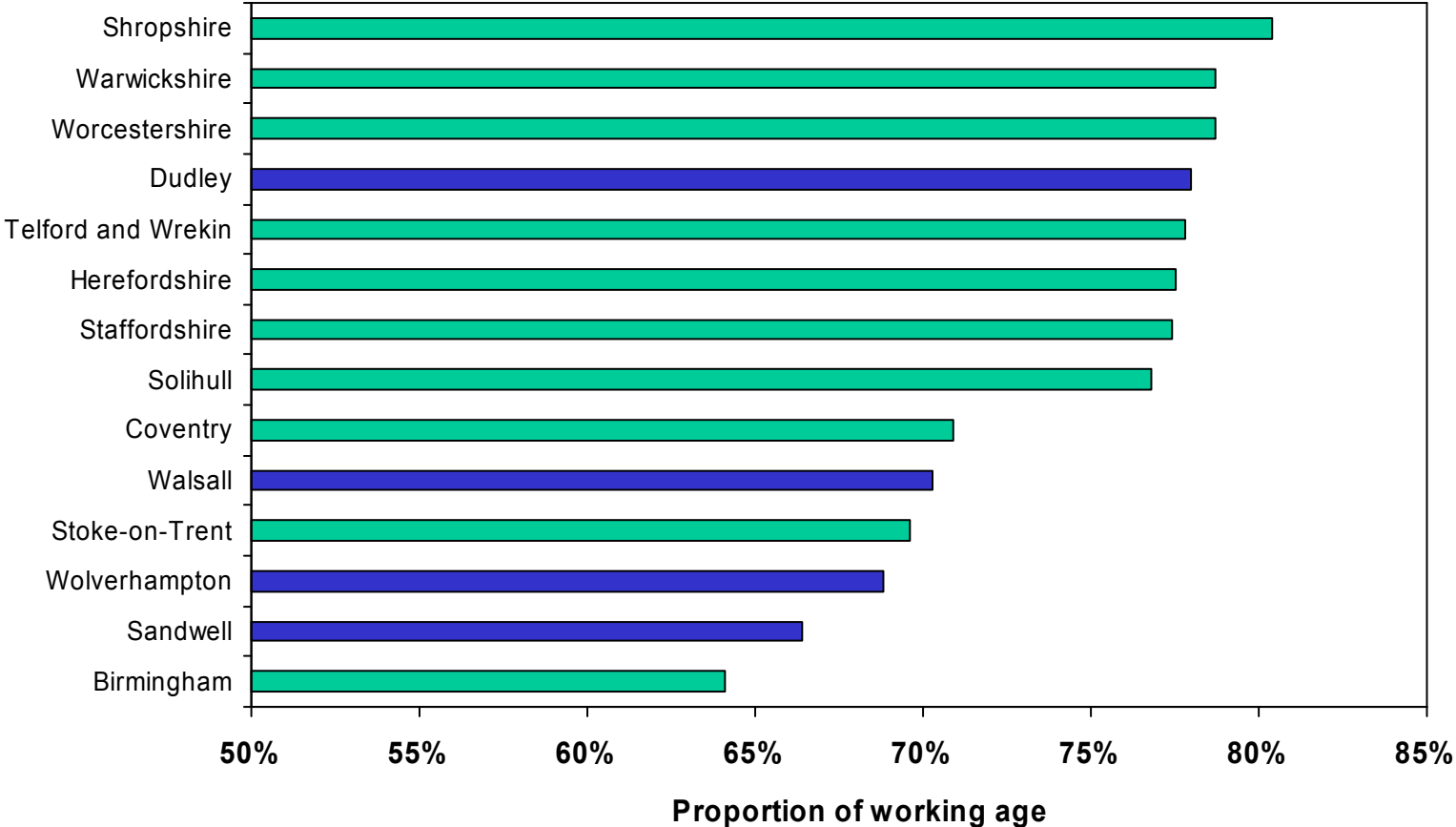
## Employment rate of working age population



# Sandwell, Wolverhampton & Walsall have lower rates of employment compared to Dudley



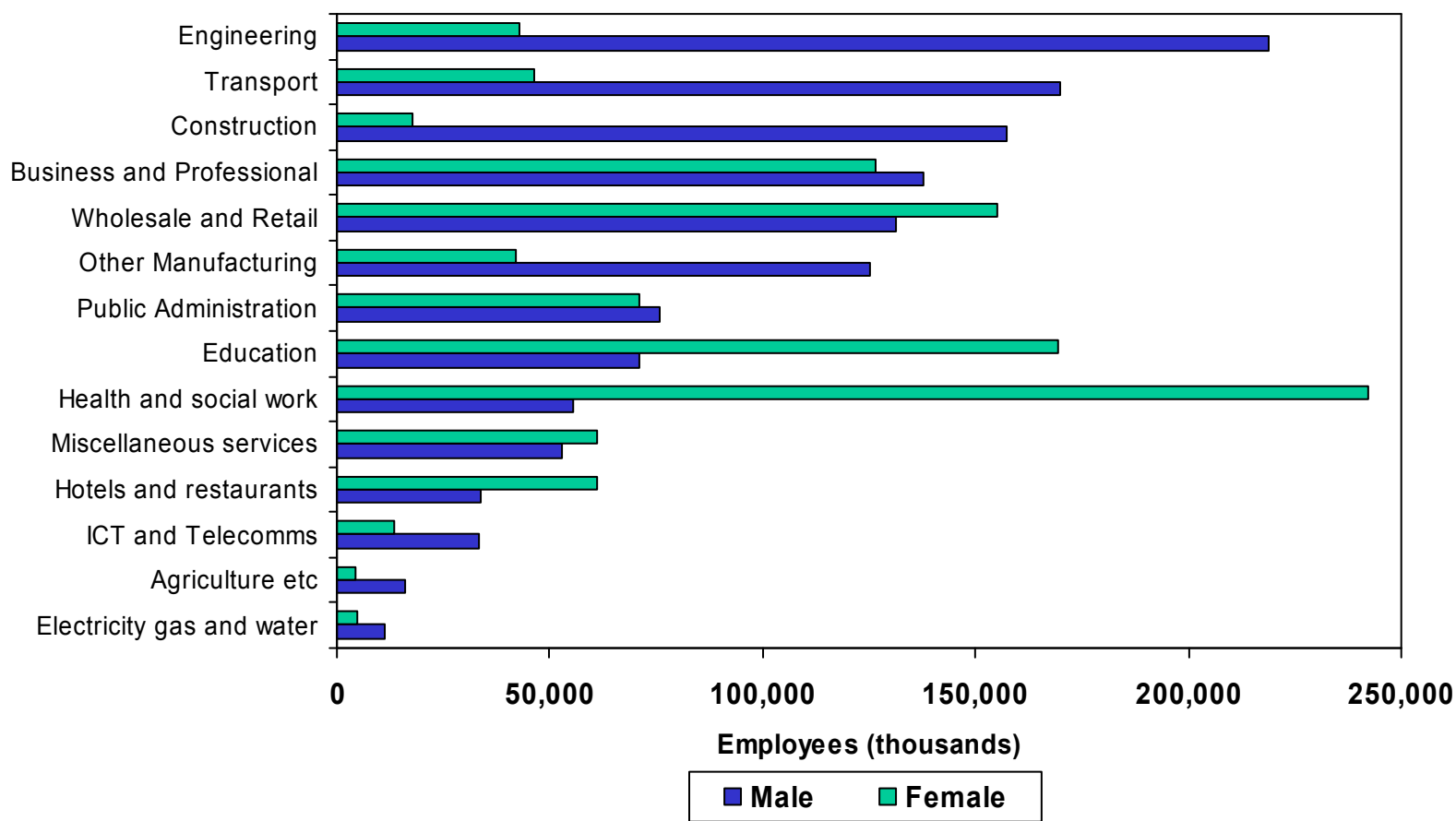
### Employment rate in West Midlands sub-regions



# Several industries still have a gender imbalance in their workforce



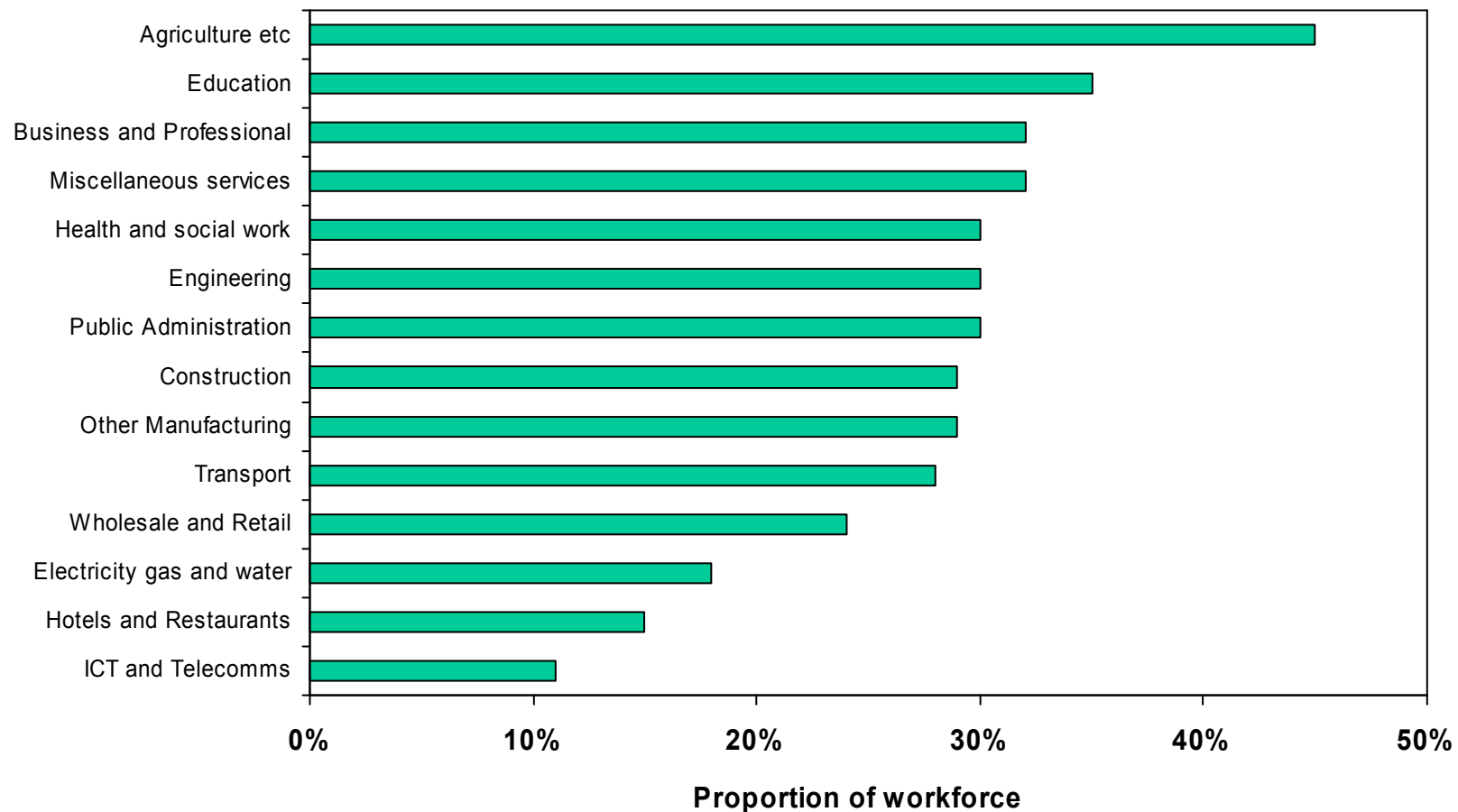
Regional employment of working age people by gender, West Midlands



# Older workers are poorly represented in growth sectors such as retail, hotels, and ICT



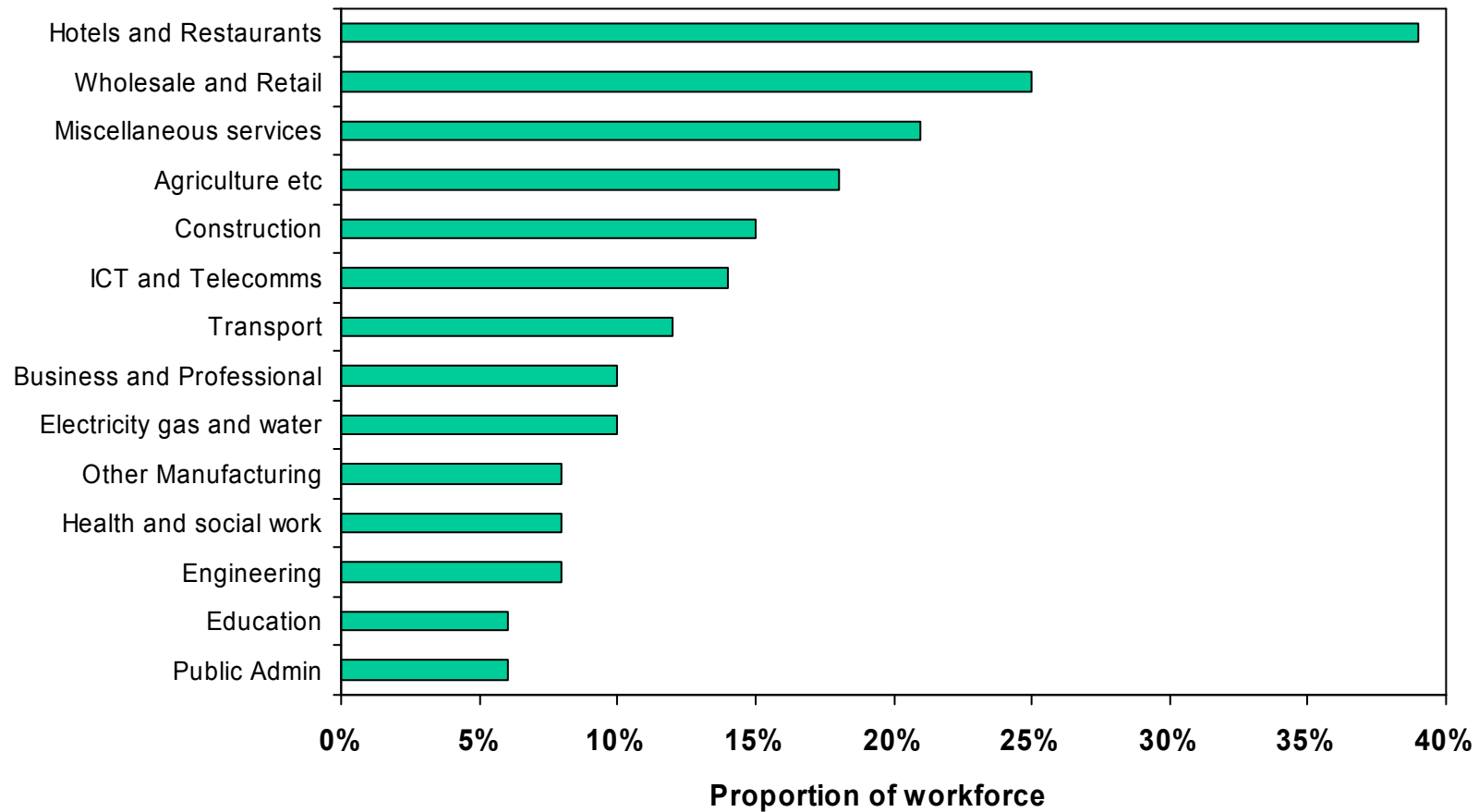
## Proportion of sector workforce that is aged 50 to retirement



# Young people are disproportionately employed in the Hotels and Retail industries



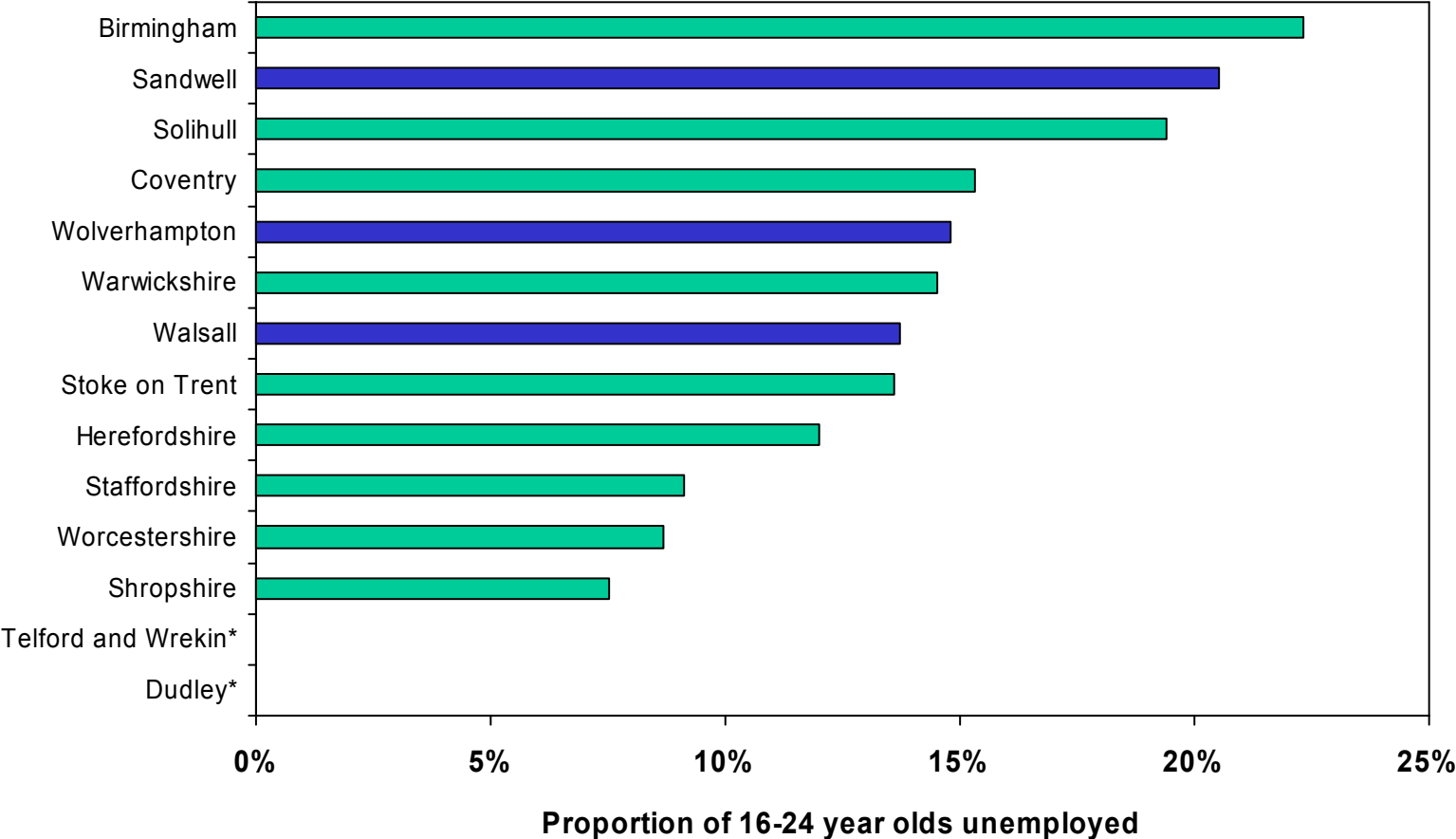
Proportion of workforce aged 16-24



# Urban areas, like parts of the Black Country have high rates of youth unemployment



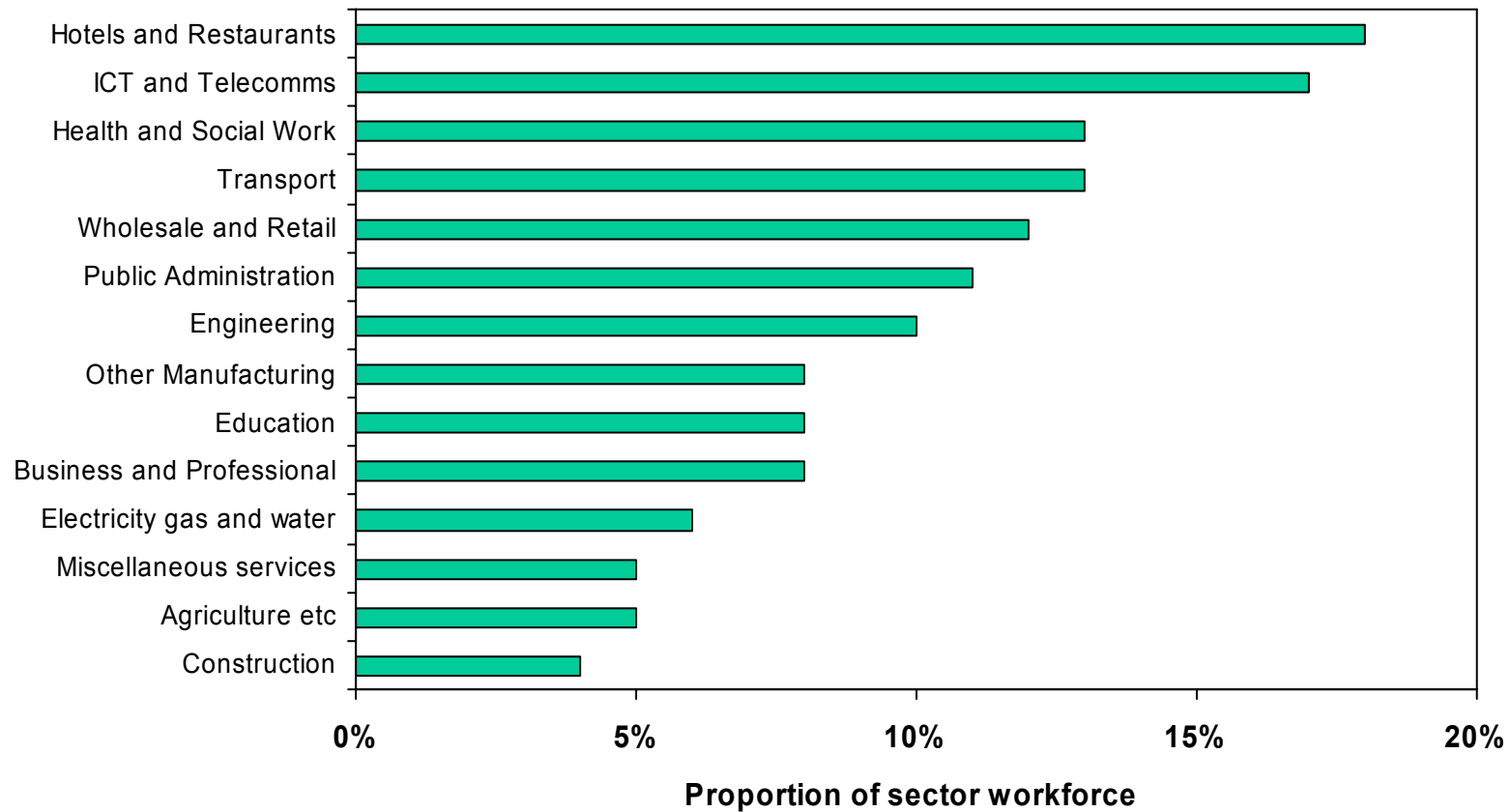
Unemployment rate of 16-24 year olds by sub-region



# Employment of non-white groups concentrated within certain industries



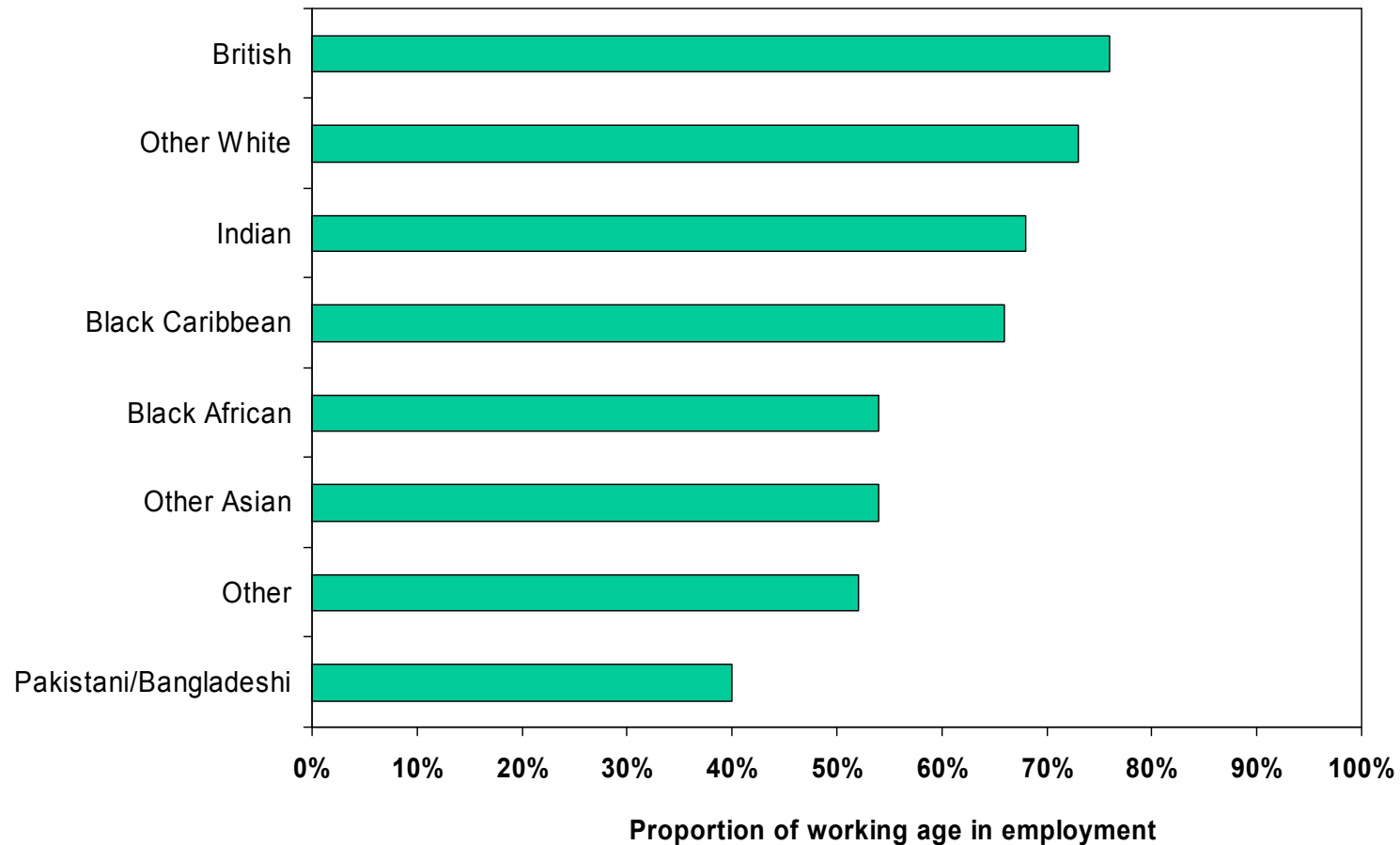
Proportion of sector workforce that is non-white



# Employment rates among minority ethnic groups are low in the Region



Employment rate of ethnic groups in West Midlands



# Skills issues for employers & Individuals

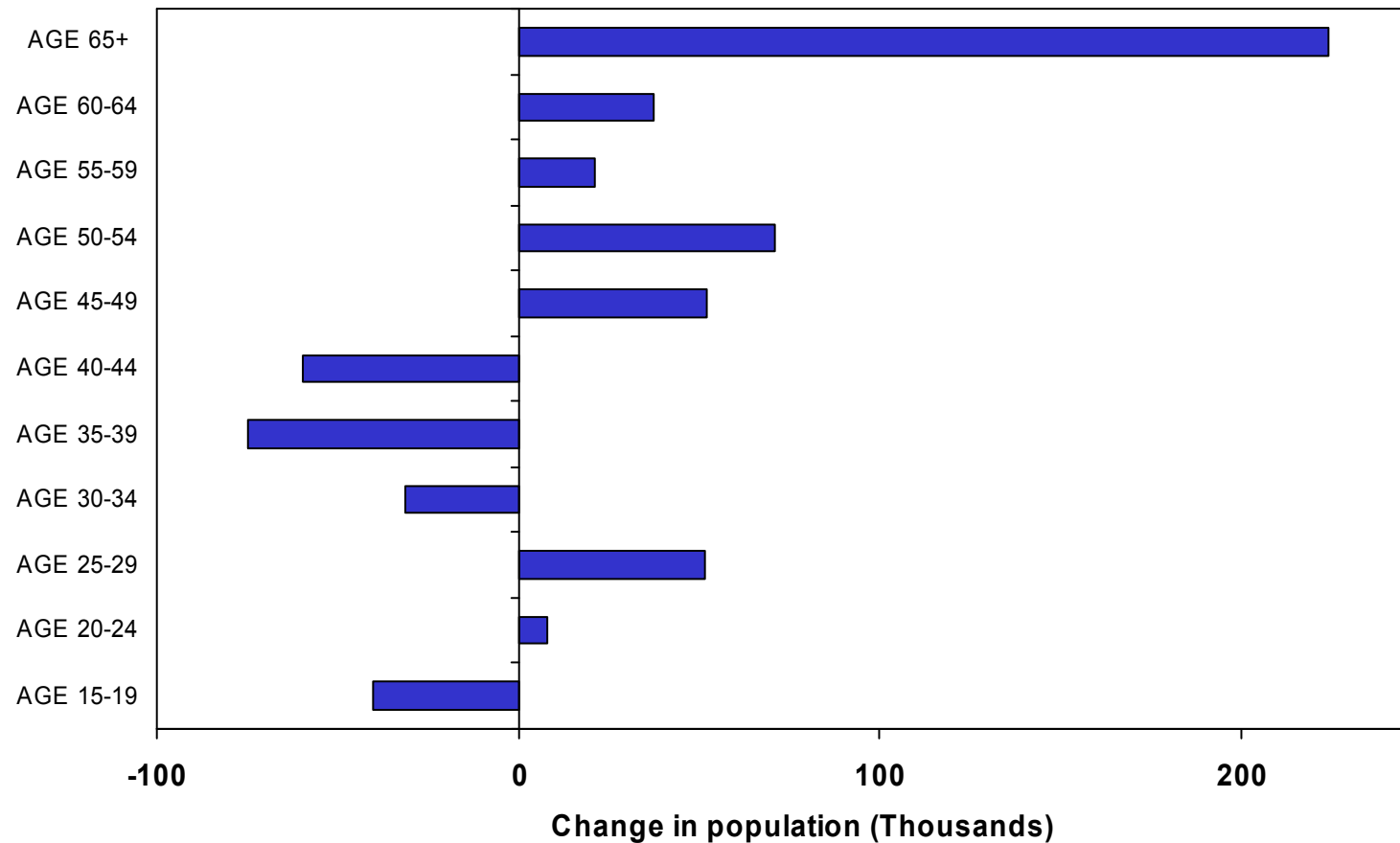


- Area Profile
- Economic Performance
- Skill gaps and deficiencies
- Recruitment problems and skill shortages
- Training and workforce development
- The benefits of investing in skills
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- Participation in employment
- Changing regional demography

# The Region has an ageing population



## Change in population by age group in West Midlands 2003-2018



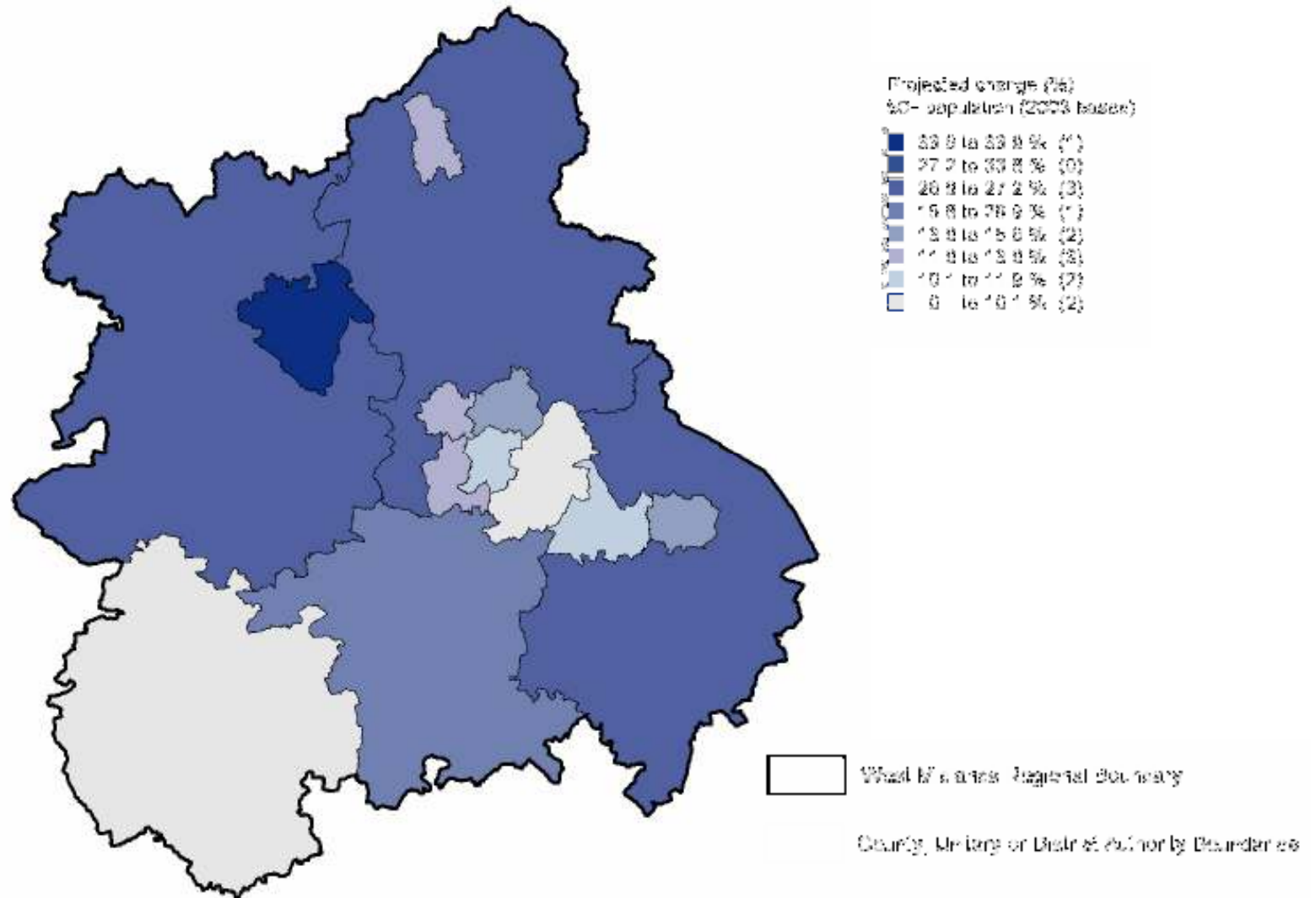
## Demographic changes

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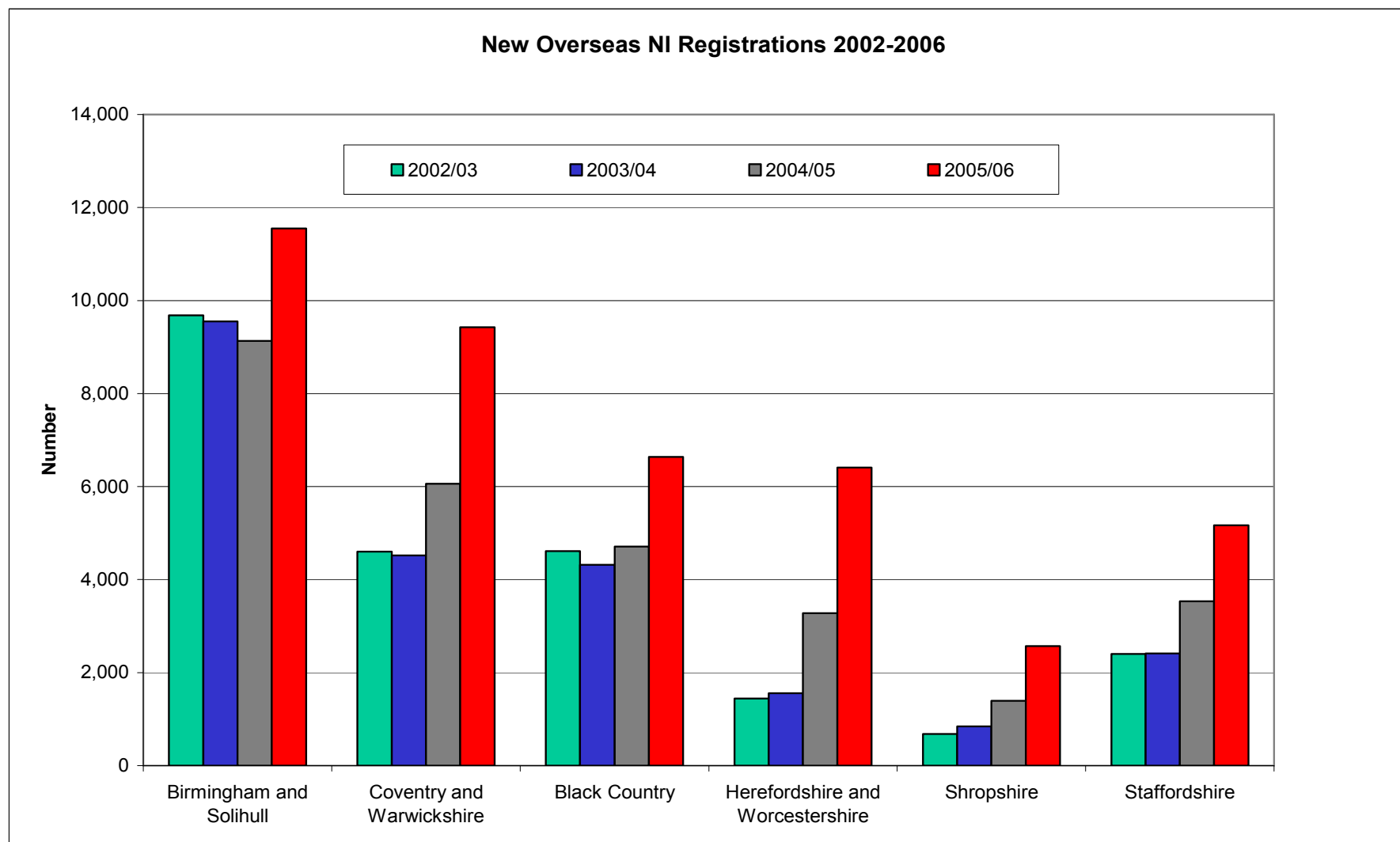


- The Region is home to 161,000 people of Pakistani origin, 184,000 Indian, 33,000 Bangladeshi. There are 84,000 Black Caribbean people and 41,000 mixed heritage White and Black Caribbean people in the Region.
- In Birmingham, 1 in 10 people are of Pakistani ethnicity
- As these groups have a younger age profile they are set to make up a greater proportion of the population in the future

# Projected change in population aged 50+ between 2003-2018



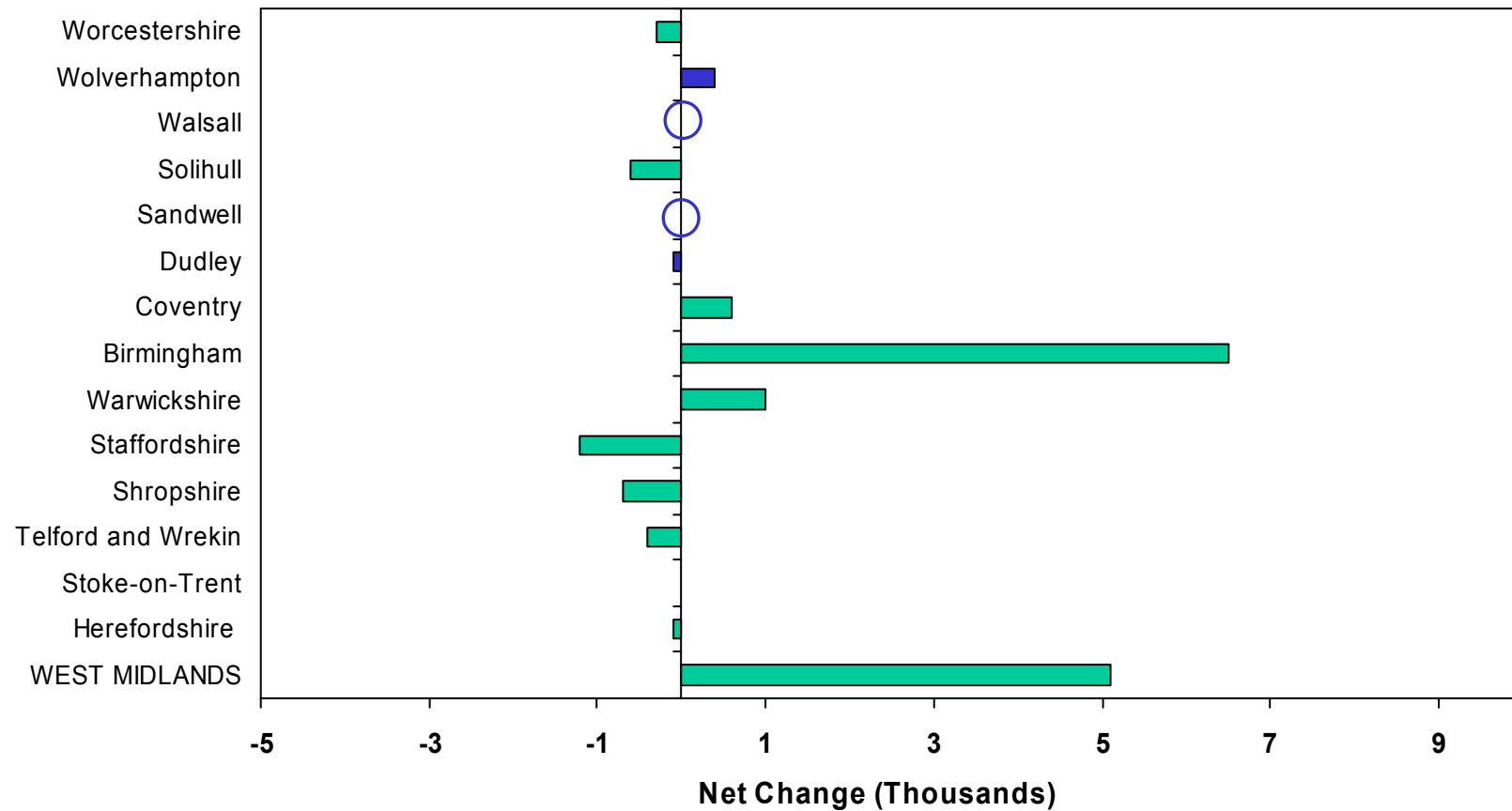
## The number of migrant workers are growing



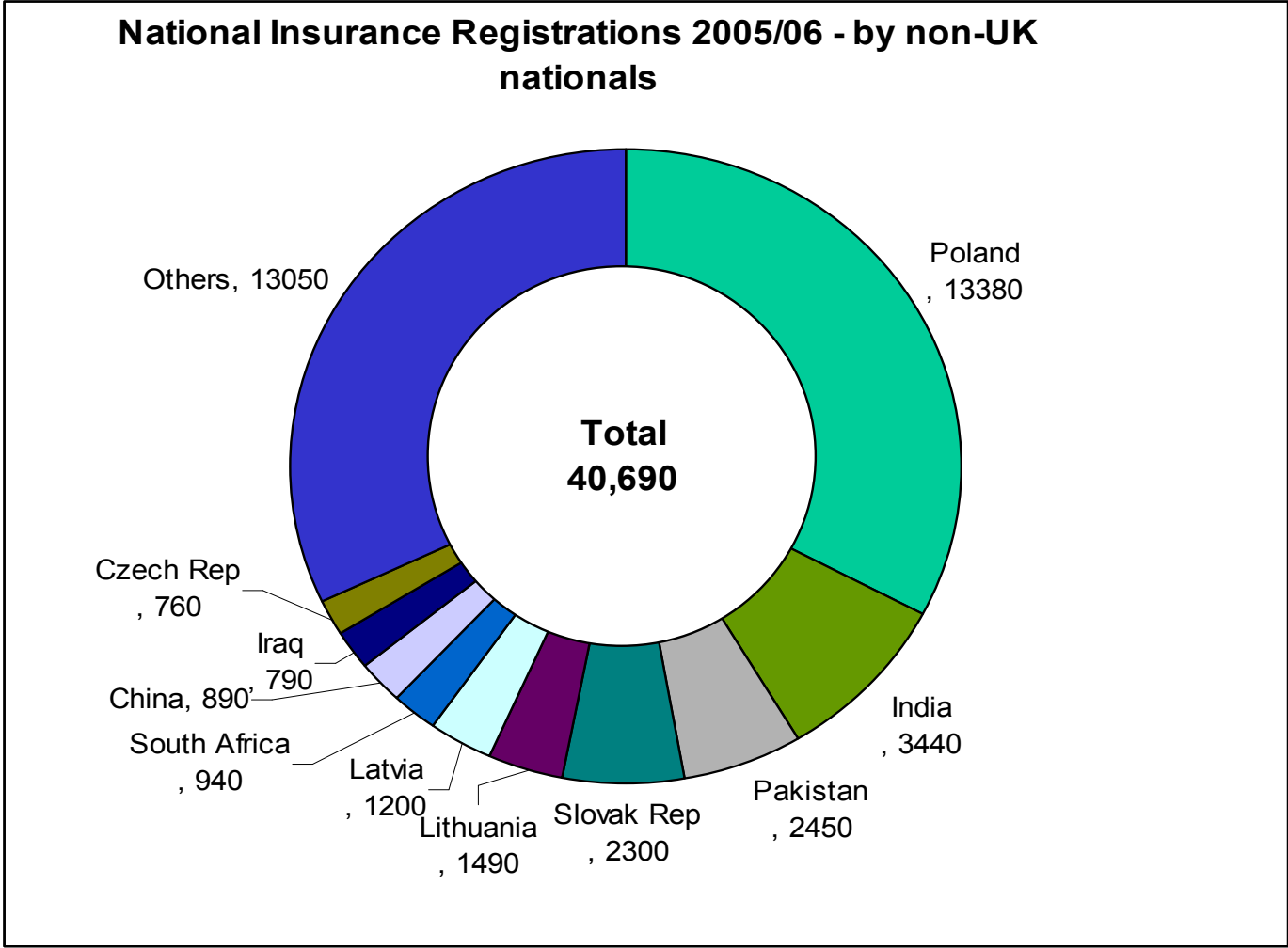
# Wolverhampton is a key centre for international migration



## Net International migration in West Midlands 2004



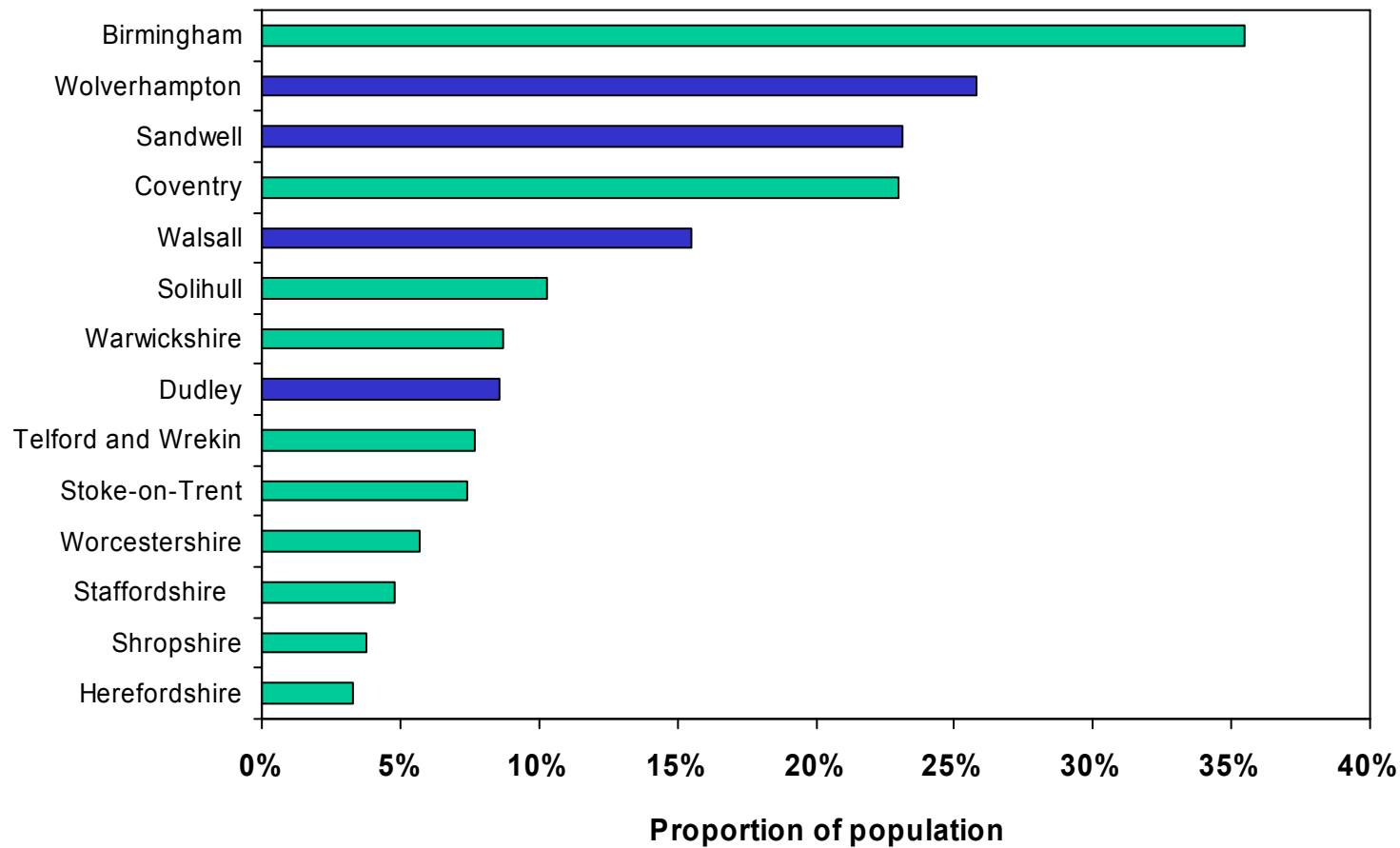
# Polish Nationals account for a third of migrant workers



# Wolverhampton & Sandwell have a high proportion of the population from non-White British ethnic groups



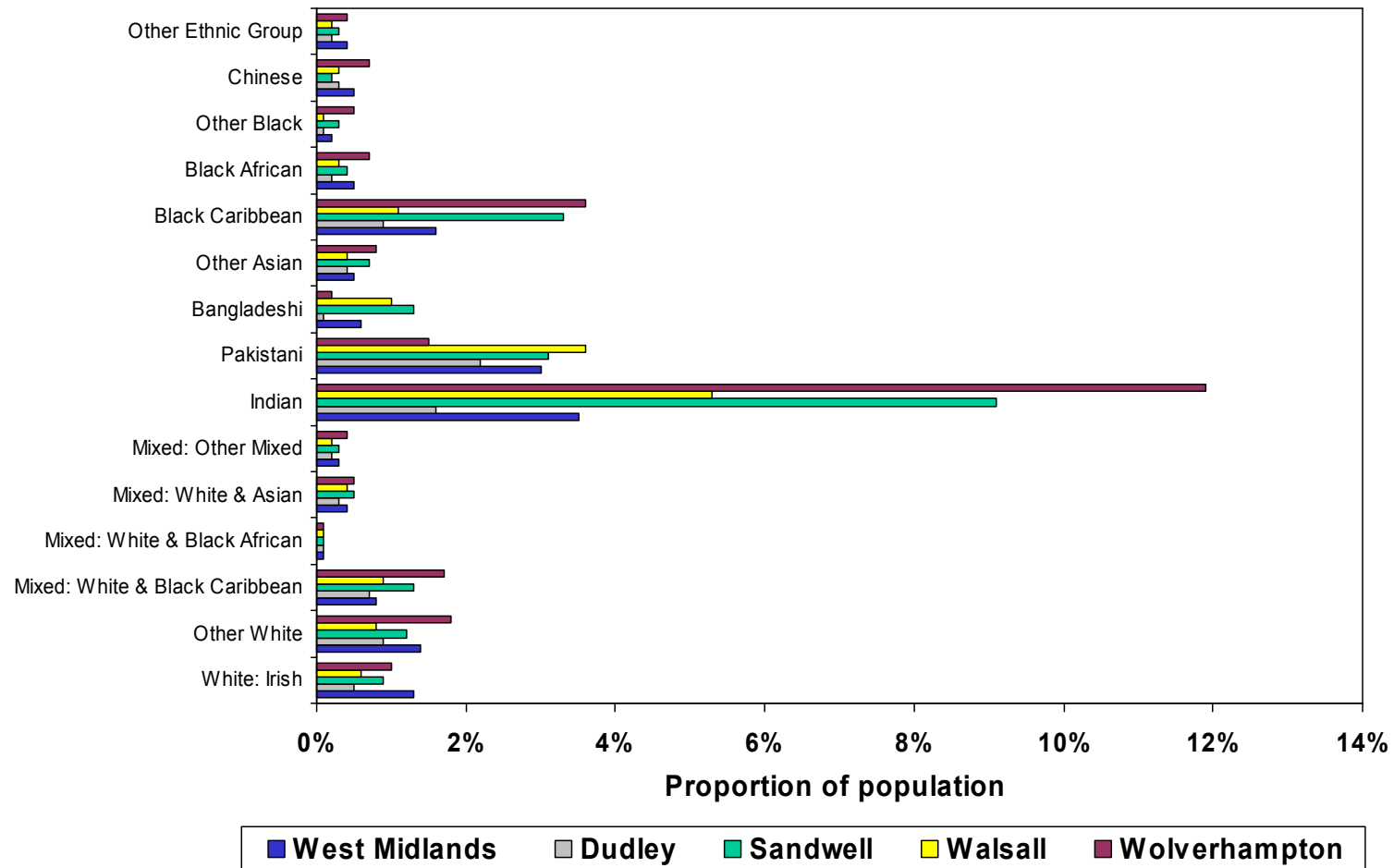
Proportion of population from an ethnic group other than White British, 2003



# Wolverhampton has significant minority ethnic communities



Minority ethnic composition of the Black Country



# Key Issues



- The Region and the Black Country have high levels of education-related deprivation
- Skills gaps are less prevalent in the Black Country than in other parts of the Region
- The proportion of staff trained in the Black Country is low relative to other sub-regions – only 49% of proportion of staff trained in the last 12 months
- Black Country areas have low rates of qualification at all levels
- The Black Country has low Basic Skill levels compared with the rest of the Region
- Wolverhampton & Sandwell have a high proportion of the population from non-White British ethnic groups