

# Skills and the West Midlands Economy

## A Coventry & Warwickshire 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

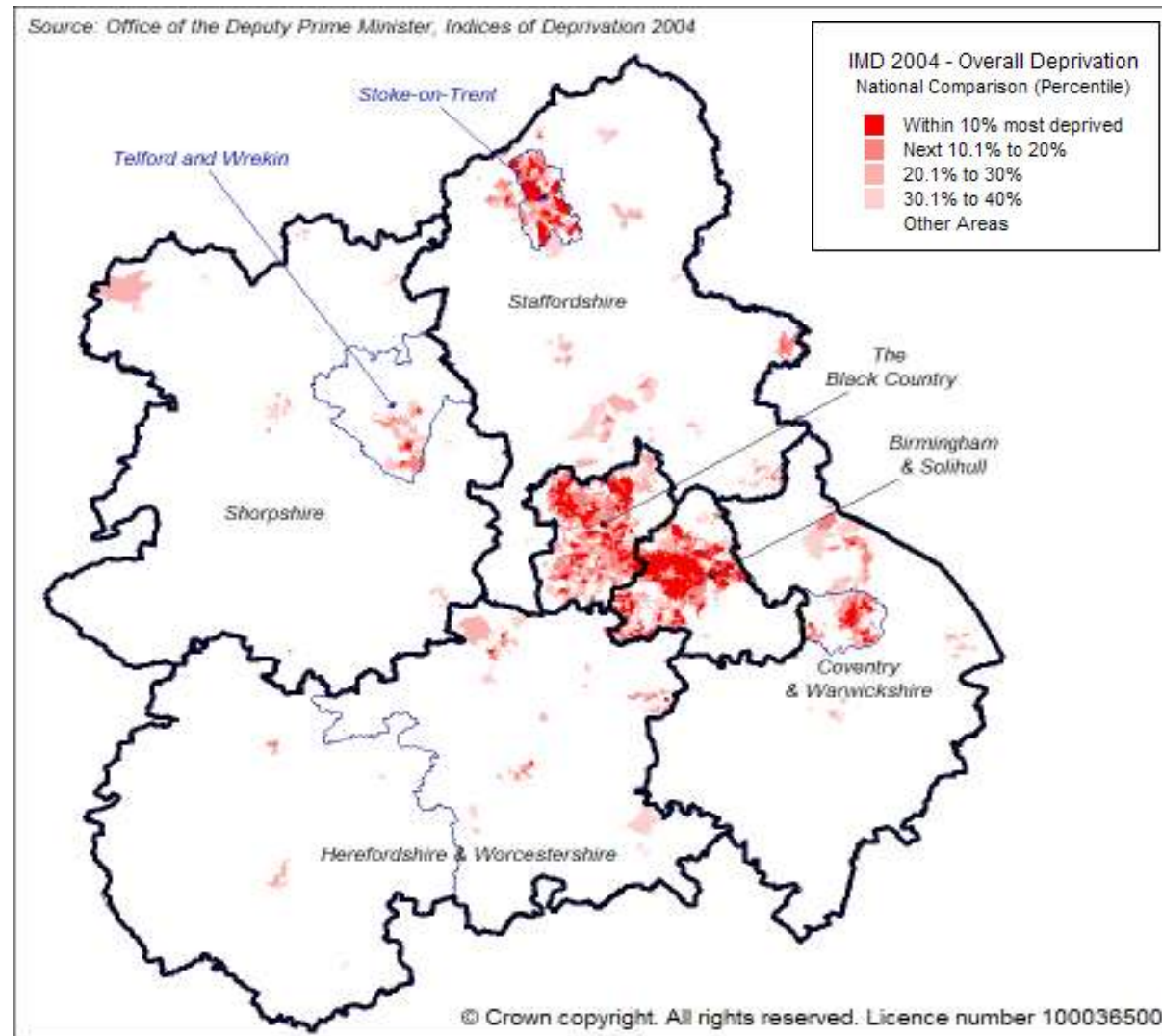
# Local area profile for Coventry & Warwickshire



## 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
<b>Coventry</b>	<b>71%</b>	<b>5%</b>	<b>24%</b>	<b>186,790</b>
<b>Warwickshire</b>	<b>79%</b>	<b>3%</b>	<b>18%</b>	<b>316,230</b>
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
Dudley	78%	2%	20%	183,948
Sandwell	66%	5%	28%	167,833
Walsall	70%	5%	25%	147,347
Wolverhampton	69%	4%	27%	138,585
<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

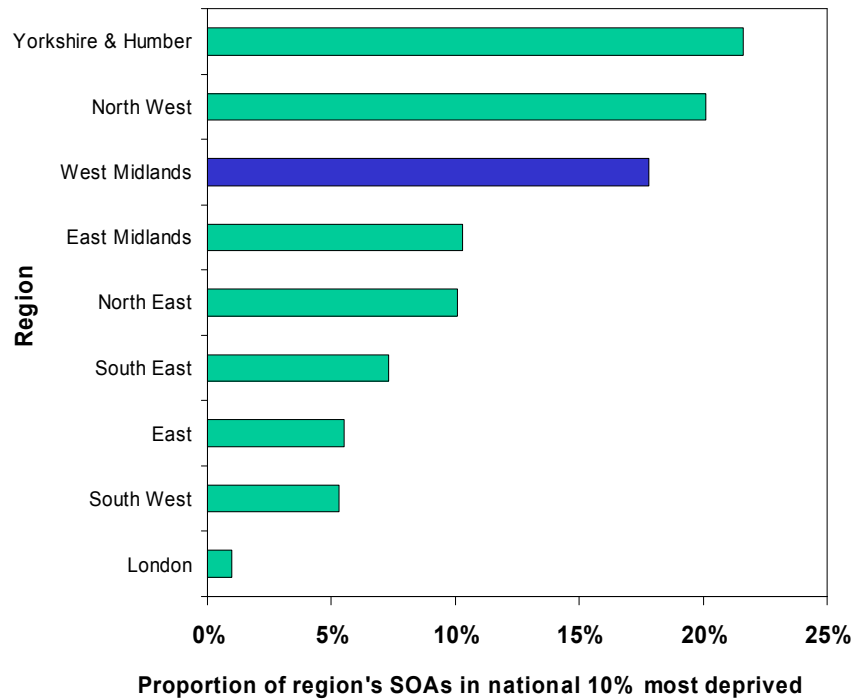


# Coventry & Warwickshire has relatively low levels of deprivation



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

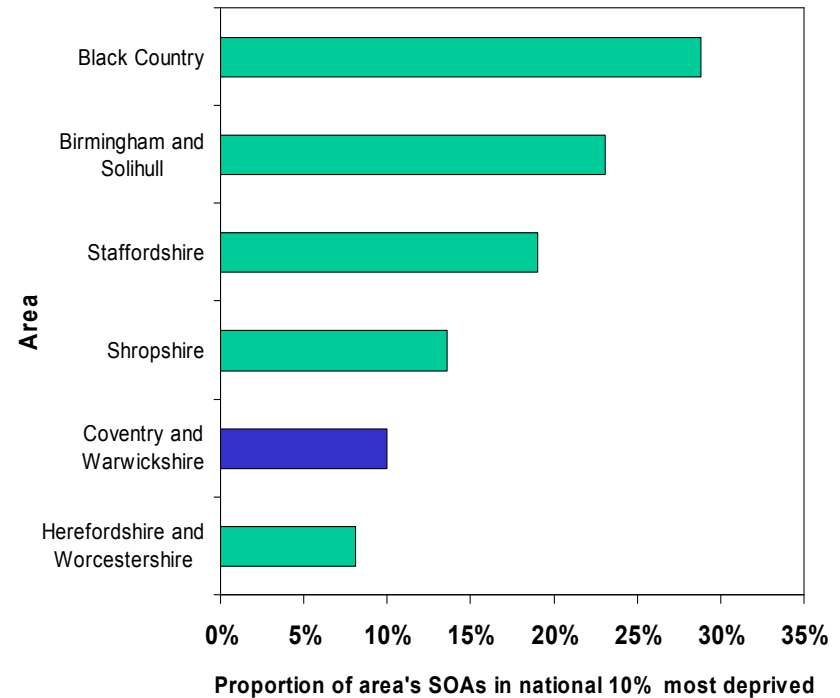
Share of national 10% most deprived



Source: IMD 2004

## 10% of Coventry & Warwickshire's SOAs in national 10% most deprived

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



Source: IMD 2004

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# Service sector employment dominates sub-regional economy

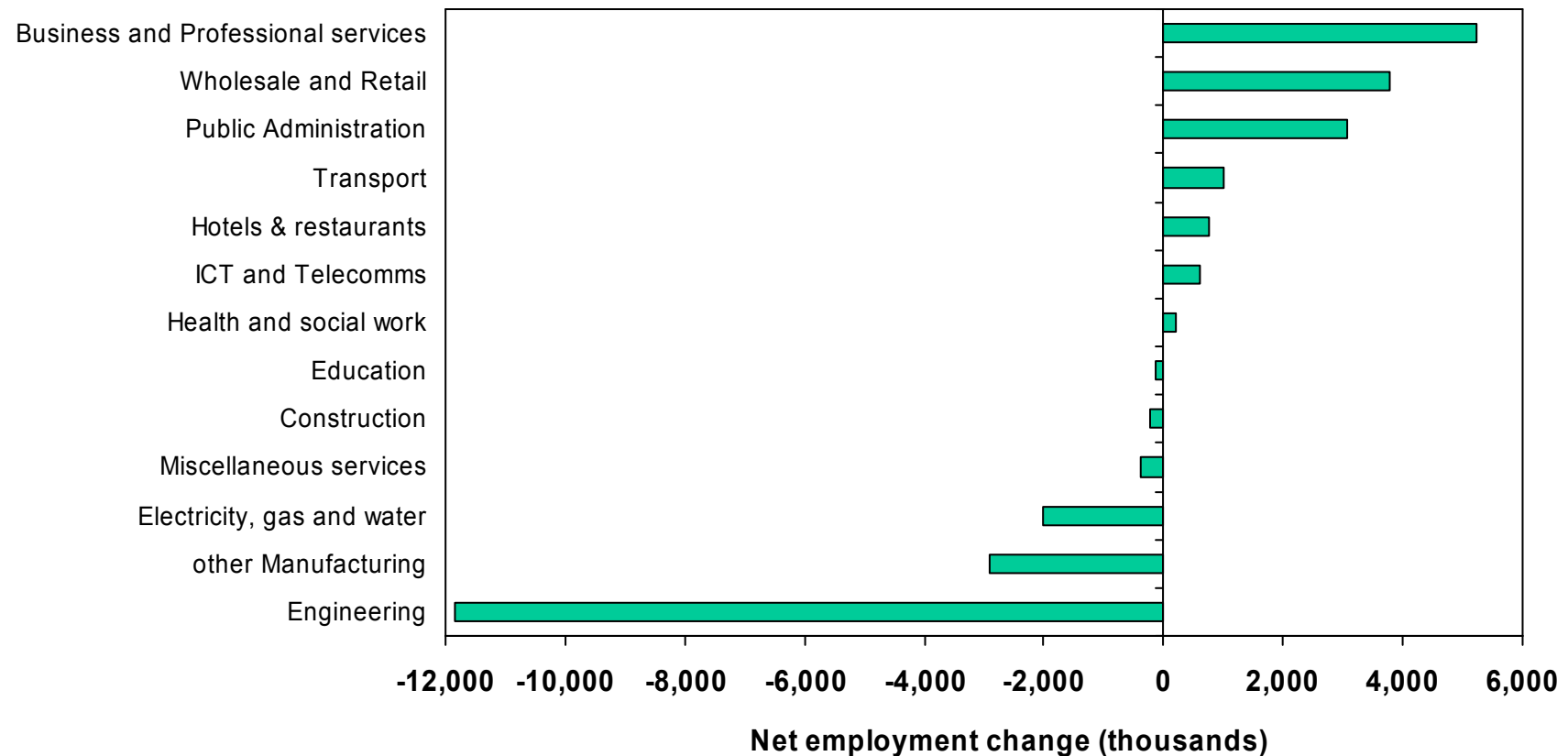


Title	West Midlands			Coventry			Warwickshire		
	1999	2003	2004	1999	2003	2004	1999	2003	2004
<b>Agriculture etc..</b>	1%	1%	1%	n/a	n/a	n/a	n/a	n/a	n/a
<b>Engineering</b>	13%	10%	9%	20%	14%	12%	12%	11%	10%
<b>other Manufacturing</b>	10%	8%	7%	6%	4%	4%	7%	5%	5%
<b>Electricity, gas and water</b>	1%	1%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

# In Coventry there has been a significant decline in engineering since 1999



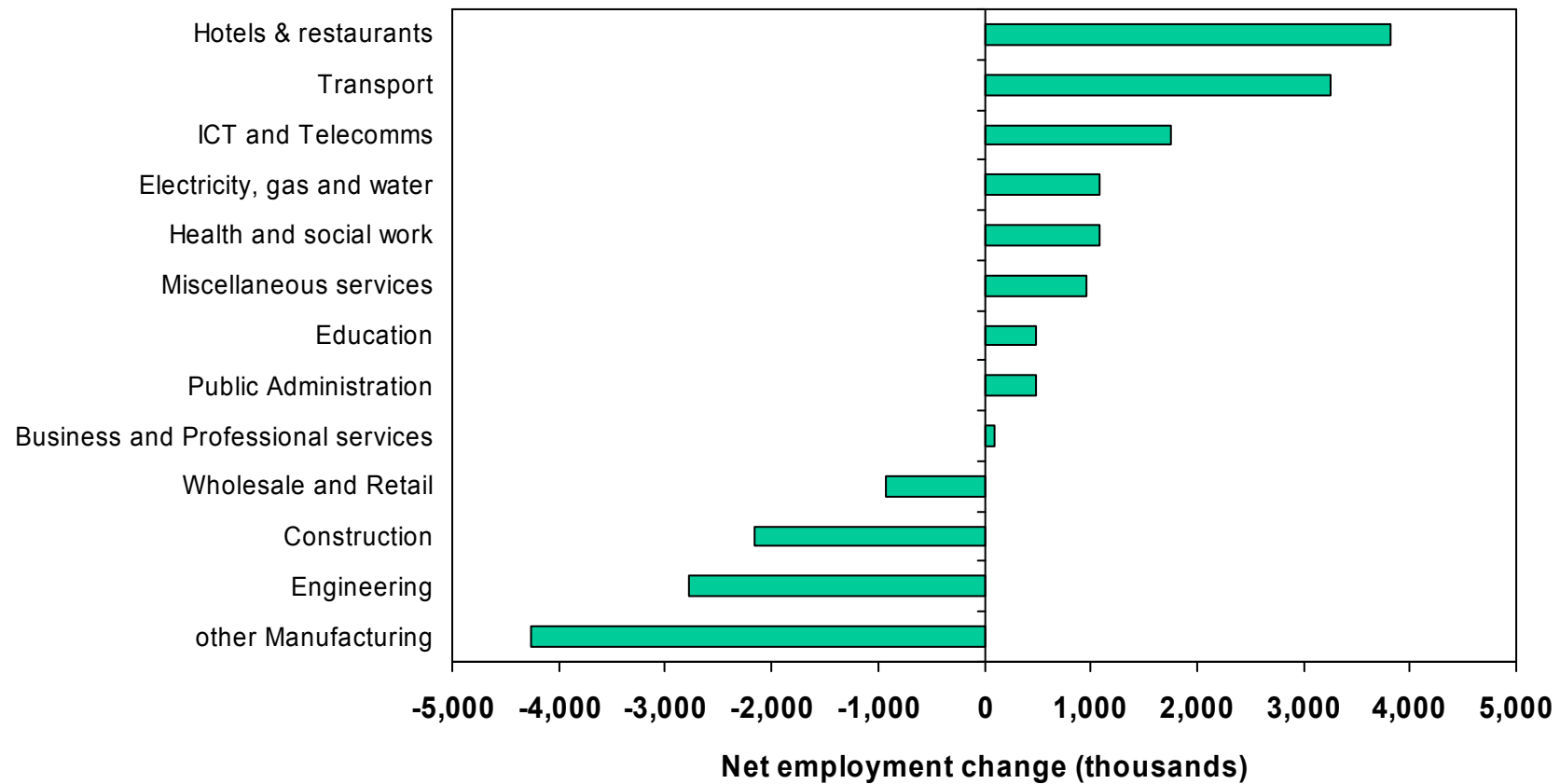
## Net employment change in Coventry by sector: 1999-2004



# In Warwickshire growth has been led by hotels & restaurants and transport



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

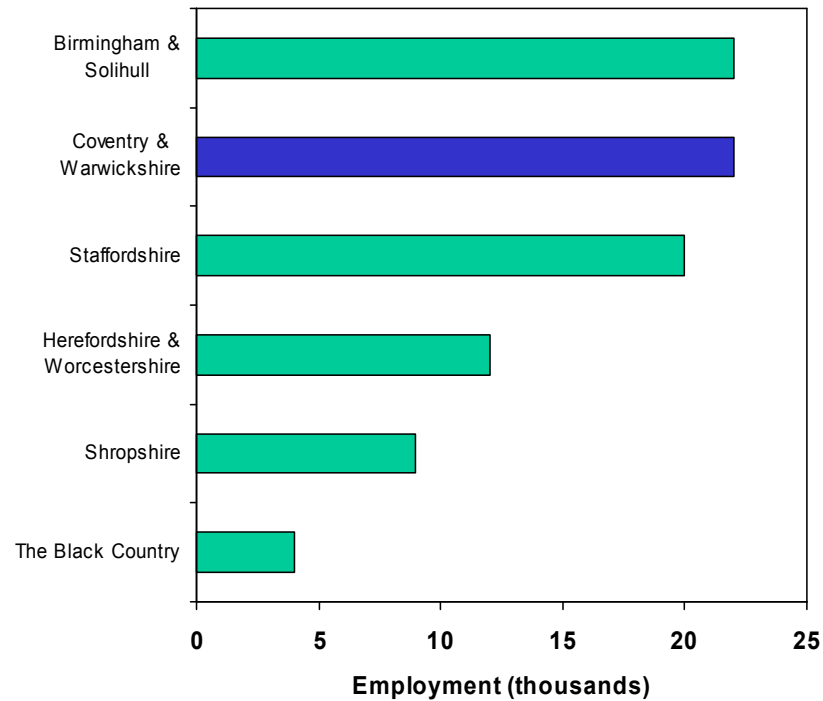


# Prospects for employment growth by sub-region



## The sub-region is forecast to be a key focus for new job creation

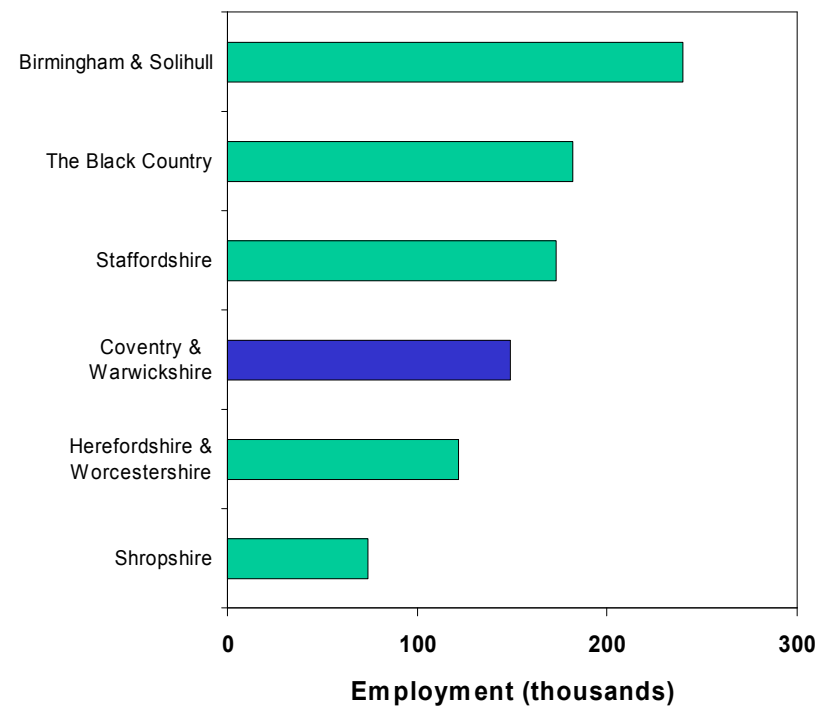
Projections of regional employment change  
2004-2014: net new jobs



Source: Working Futures II

## But 'replacement demand' for employment will be more widespread

Projections of regional employment change  
2004-2014: replacement demand



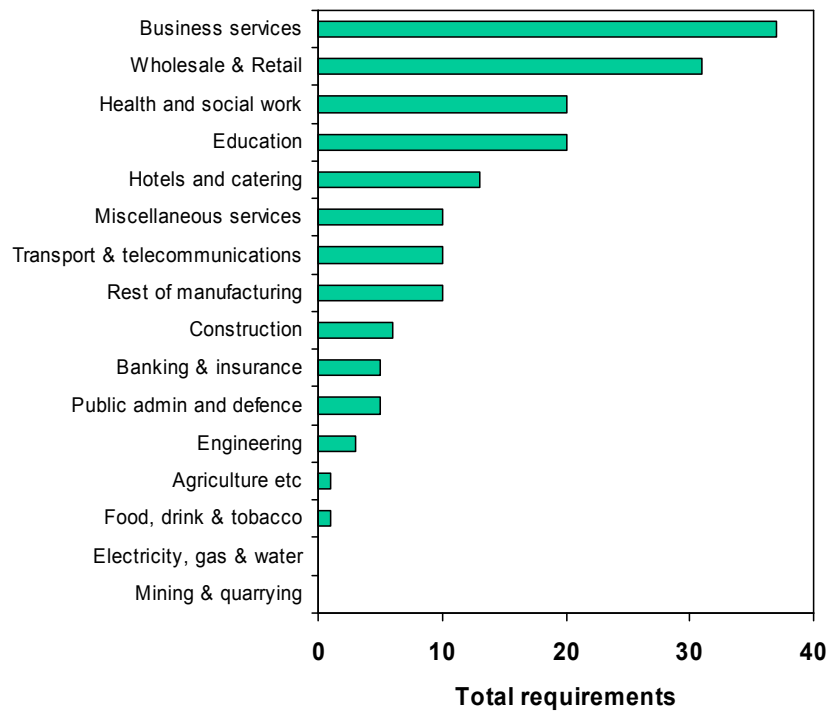
Source: Working Futures II

# Forecast employment growth by sector and occupation – Coventry & Warwickshire



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

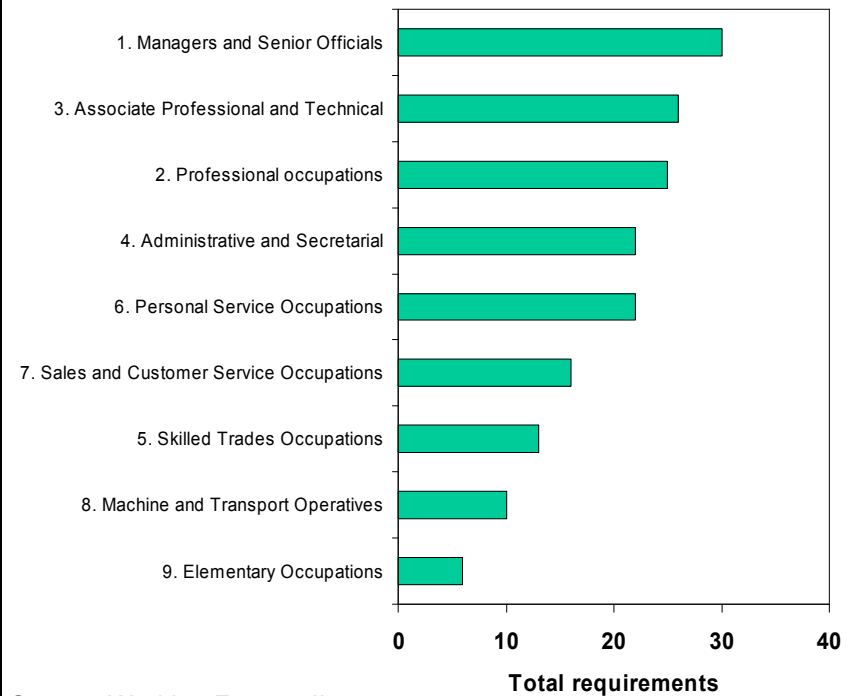
Projections of employment by sector 2004-2014: Coventry & Warwickshire



Source: Working Futures II

## And by higher level occupations

Projections of employment by occupation 2004-2014: Coventry & Warwickshire

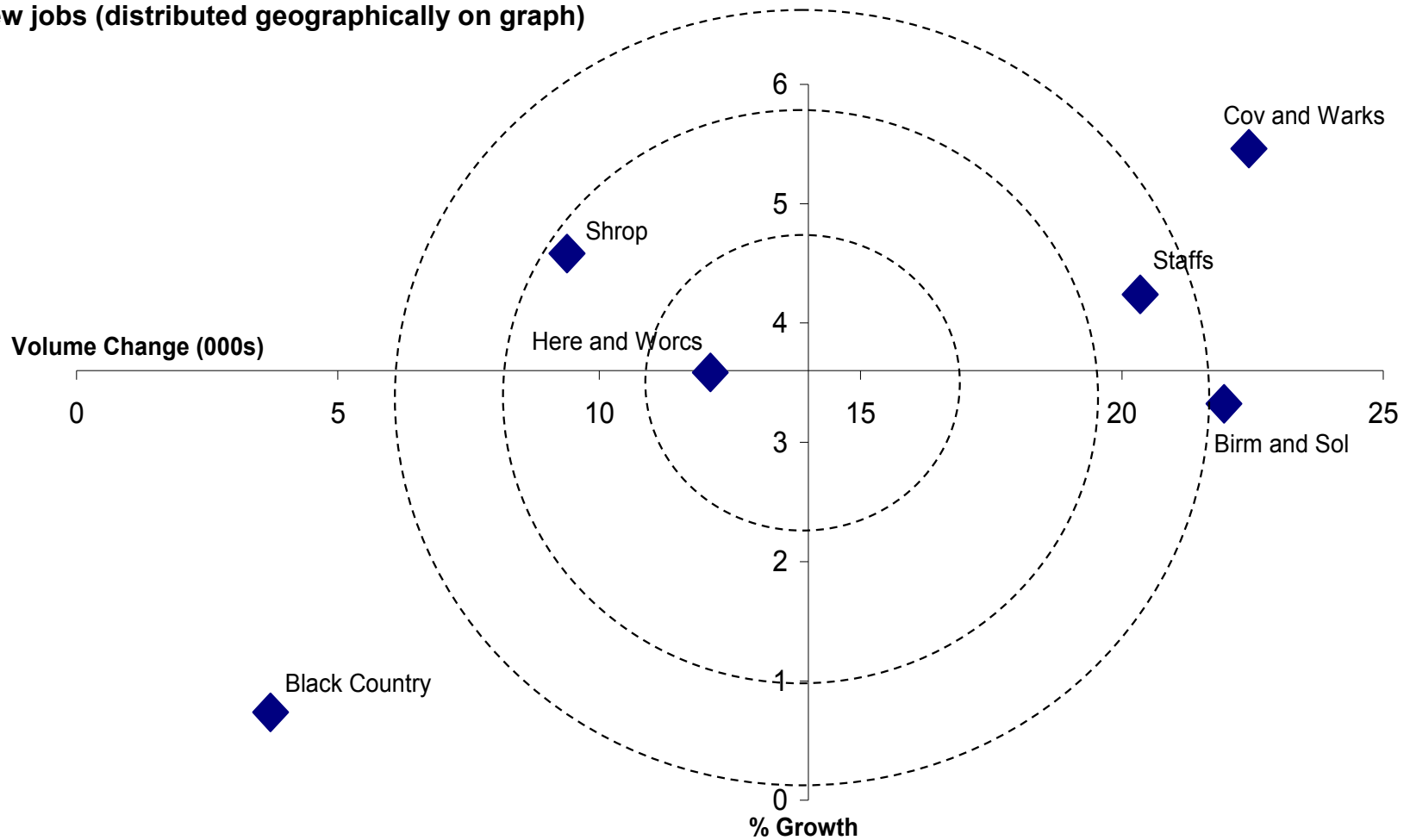


Source: Working Futures II

# Employment Projections 2004-2014



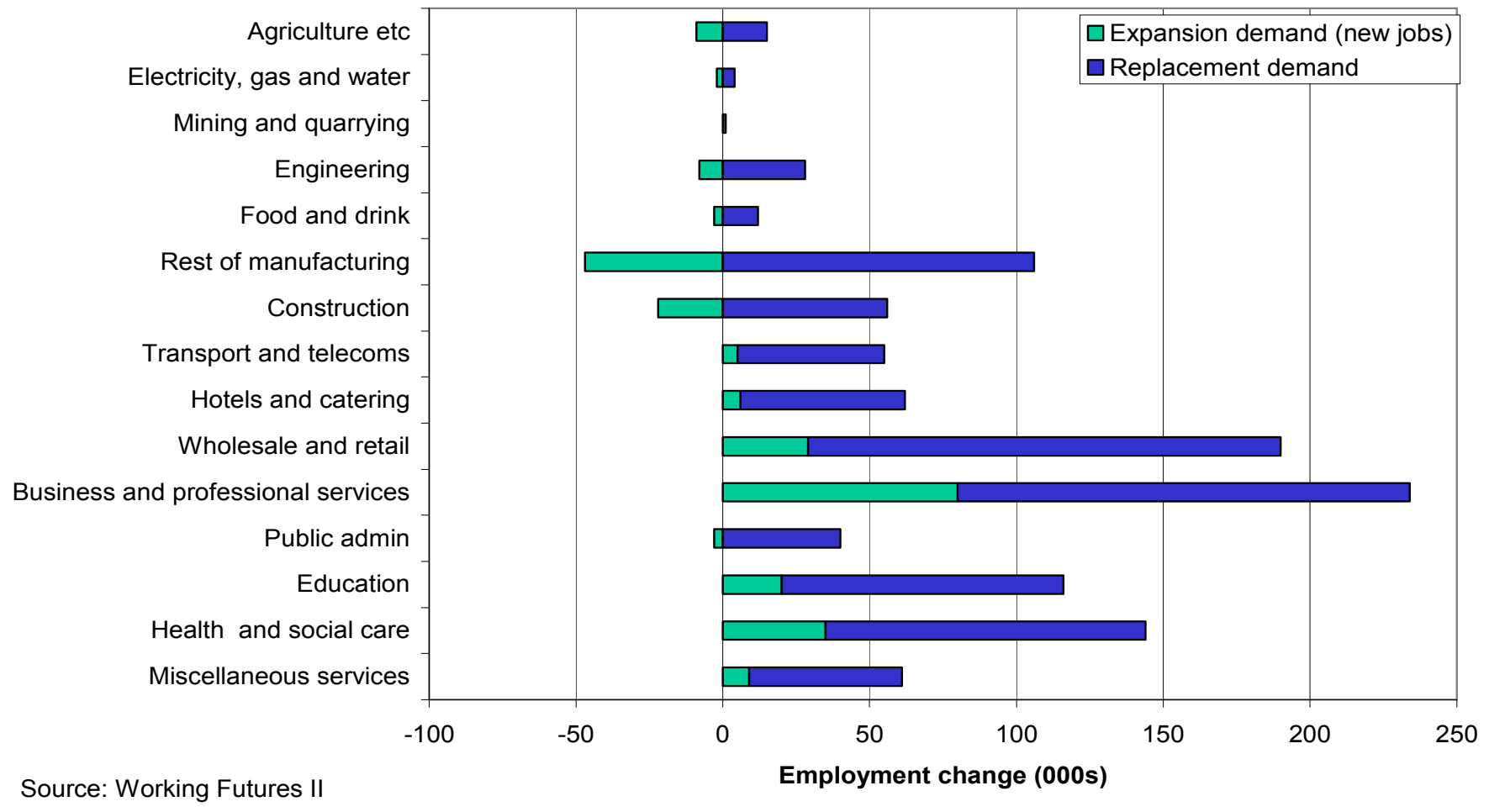
- 940,000 replacement jobs across the region
- 90,000 new jobs (distributed geographically on graph)



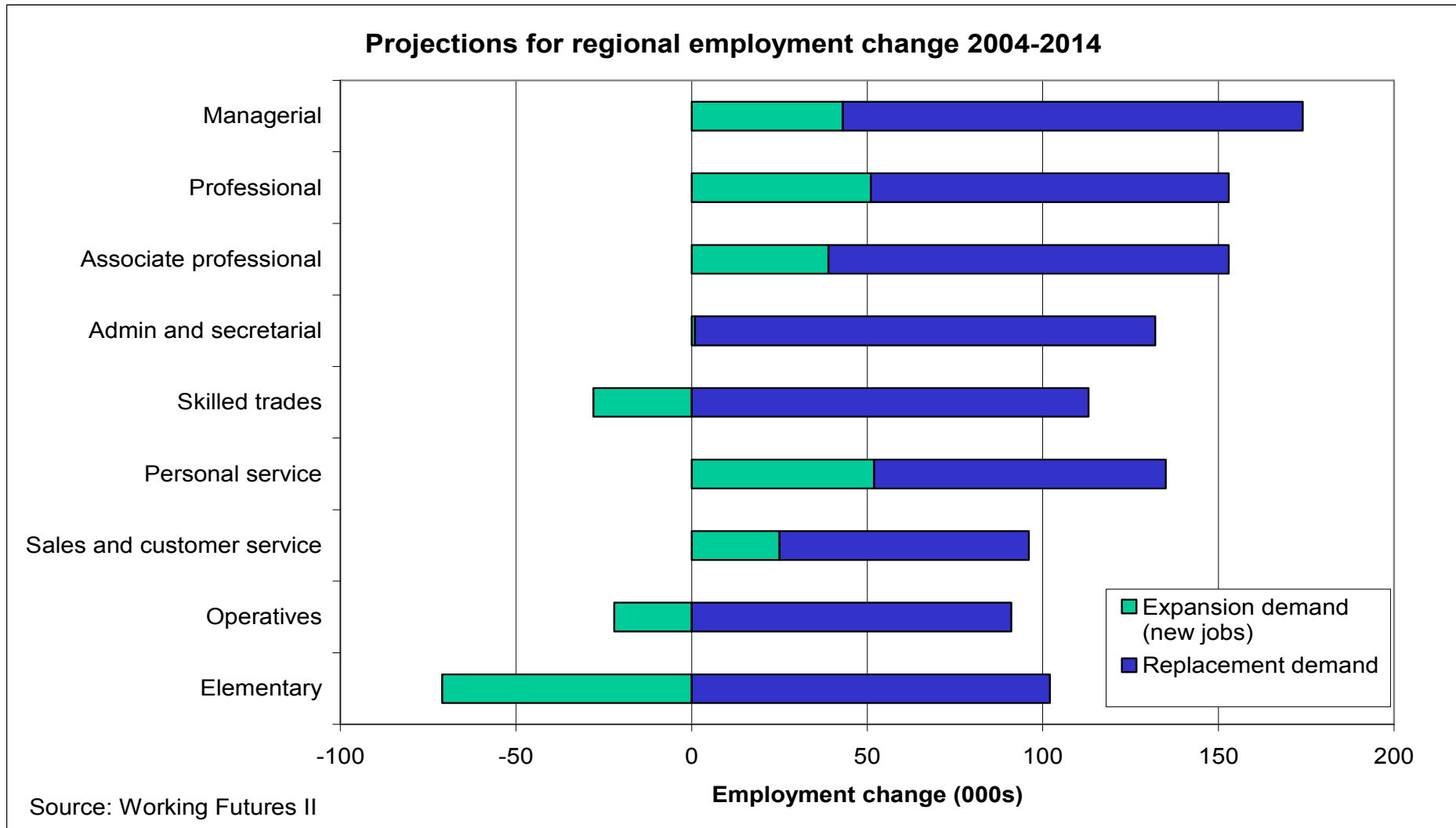
# Forecast employment requirements by sector



Projections for regional employment change 2004-2014



# Forecast employment requirements by occupation



# Skills issues for employers & Individuals



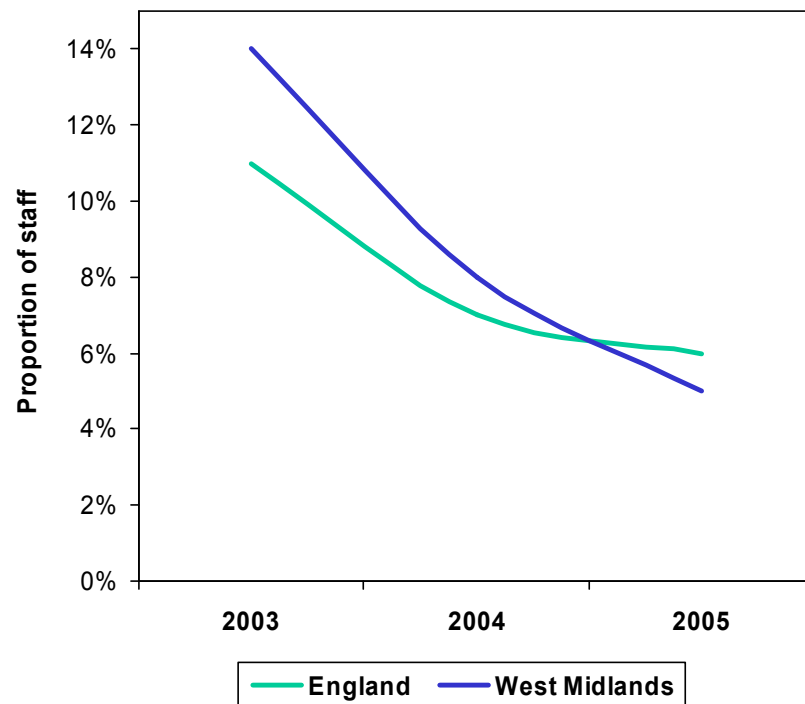
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# Skill gaps have fallen markedly in the Region



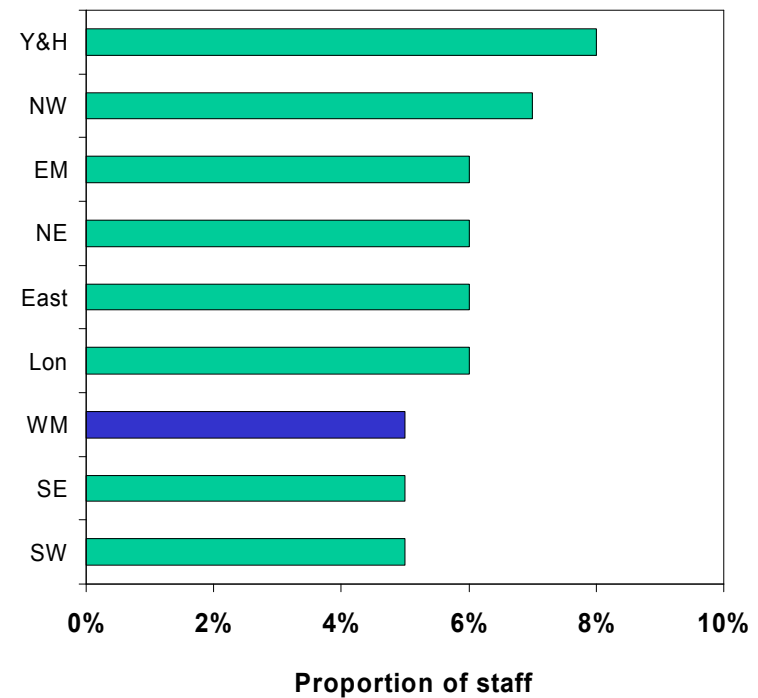
The proportion of staff with skill gaps is now below the national average

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

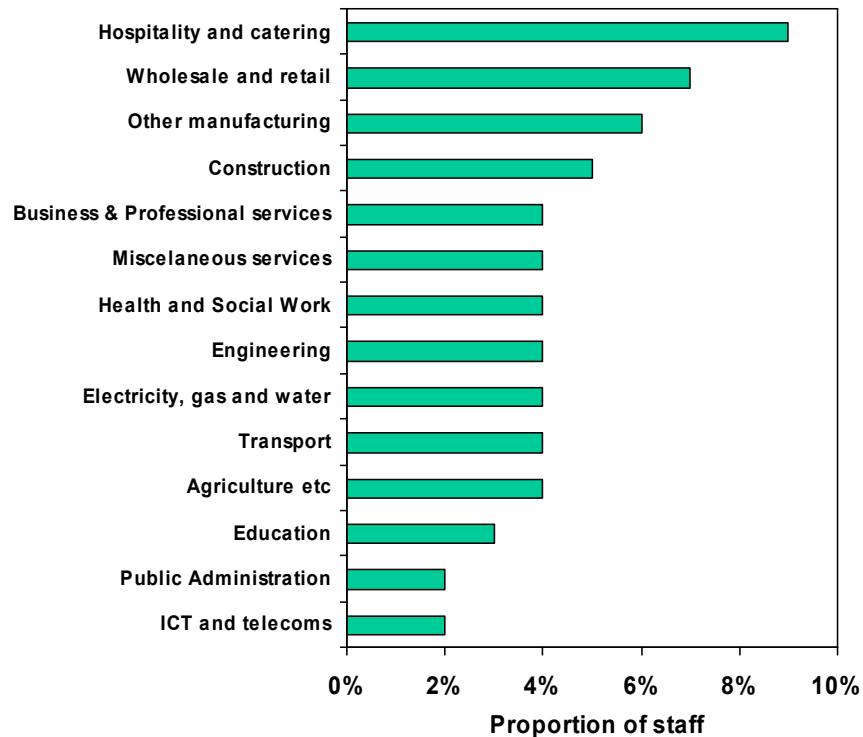


# Problems with skill gaps are concentrated in particular sectors and occupations



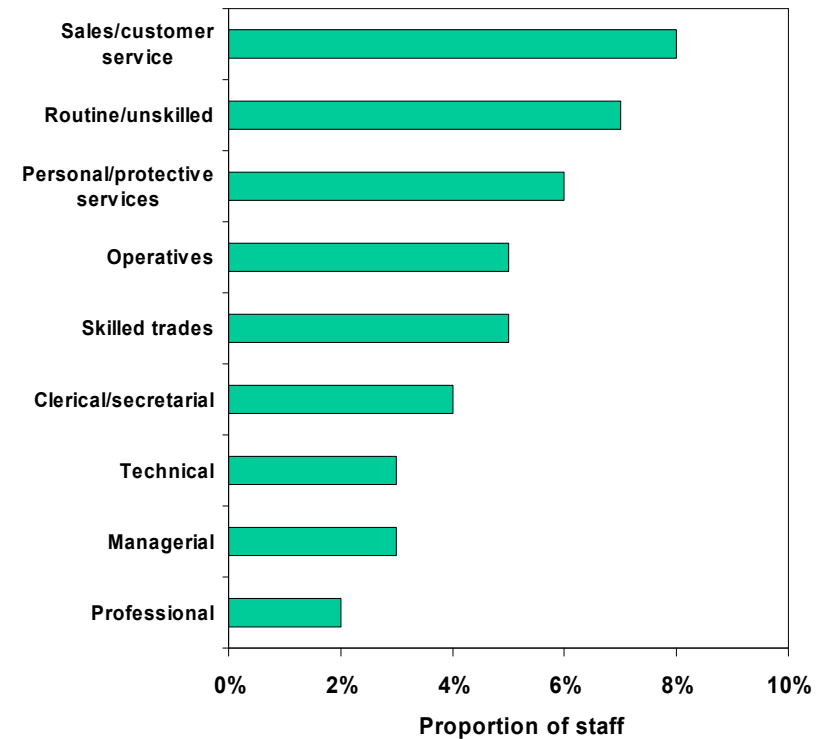
## Skill gaps are more common in hospitality, catering, wholesale and retail

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



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

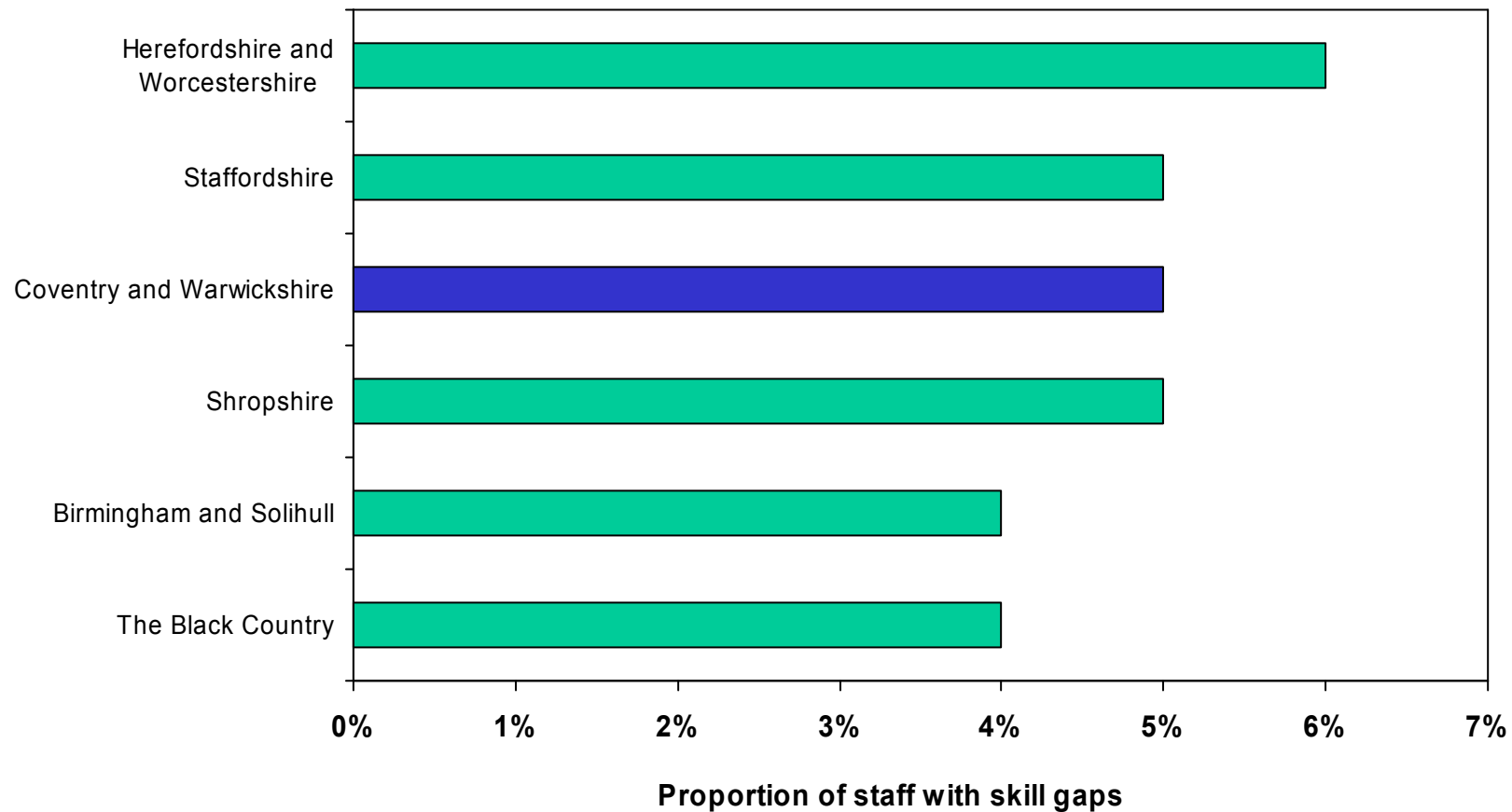
Proportion of staff with skill gaps by occupation:  
West Midlands 2005



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



Proportion of staff with skill gaps



# Skills issues for employers & Individuals

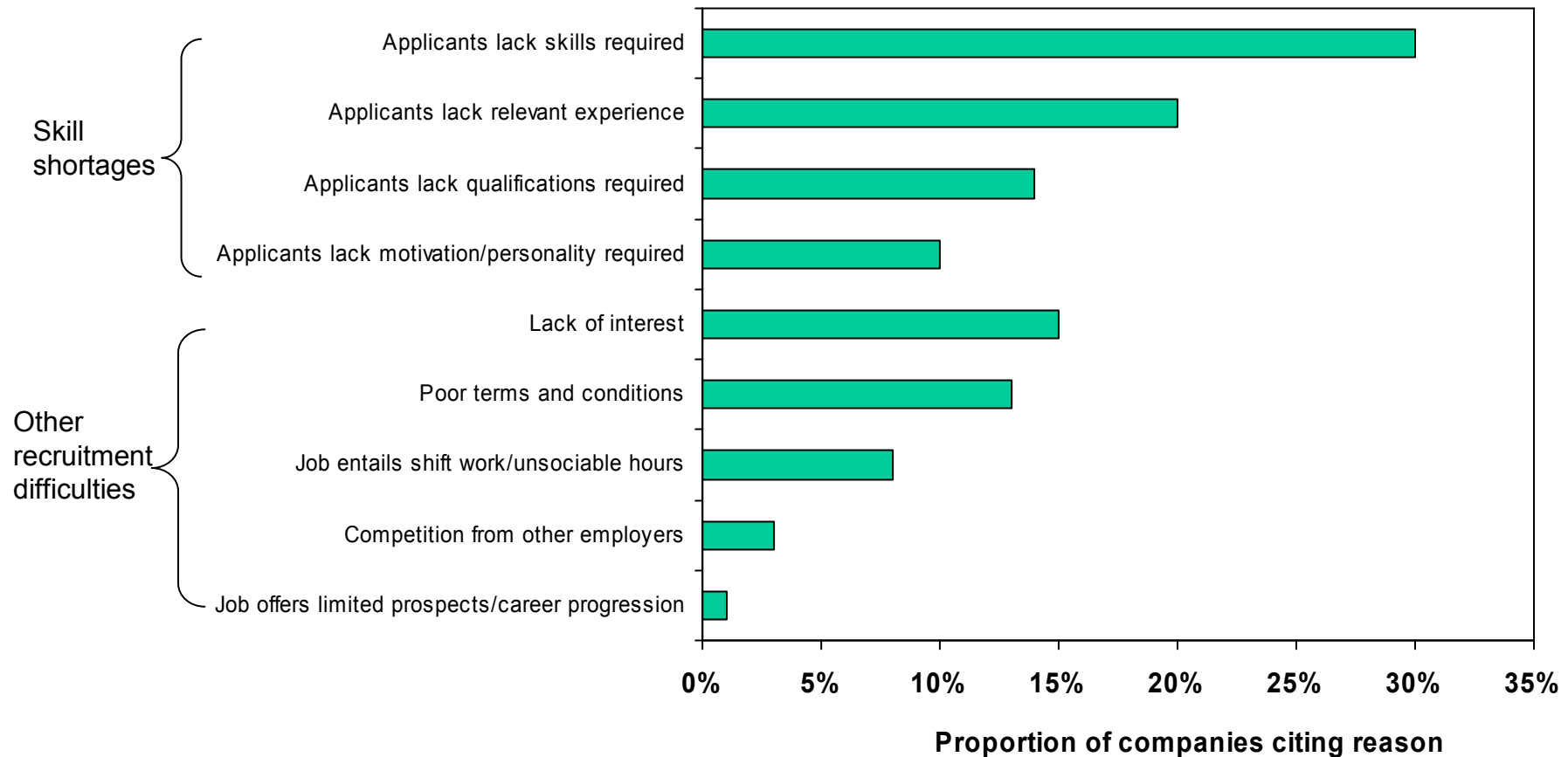


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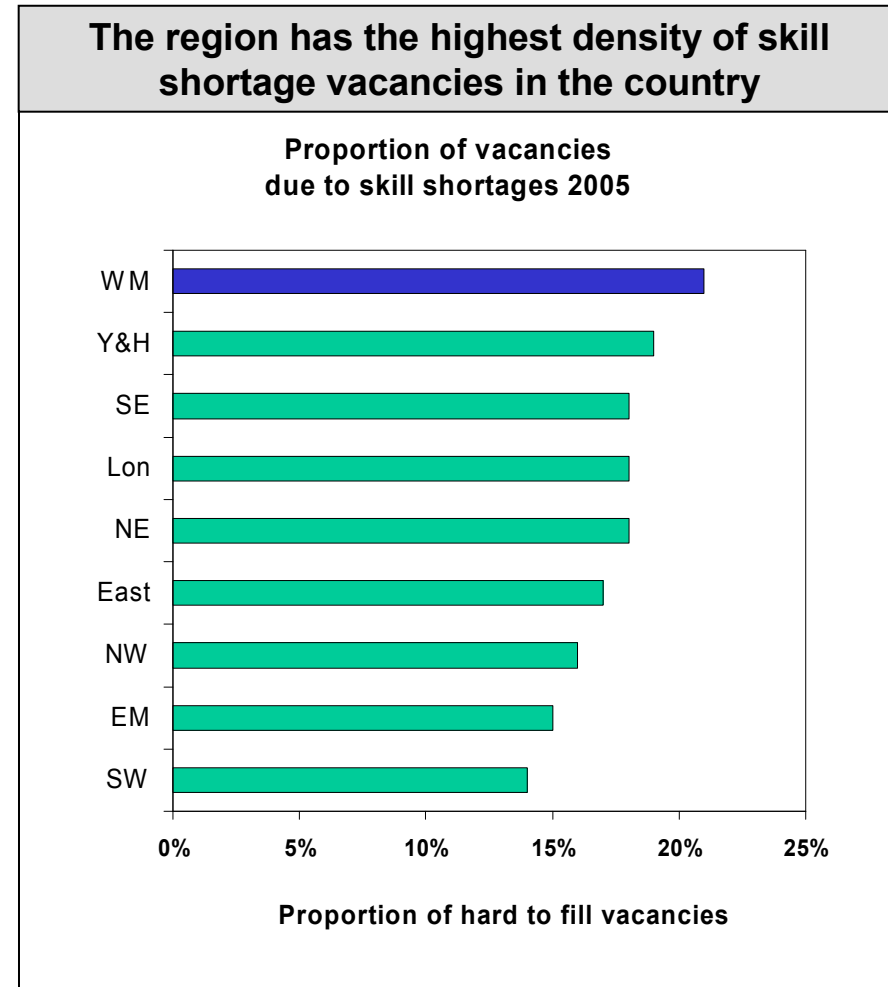
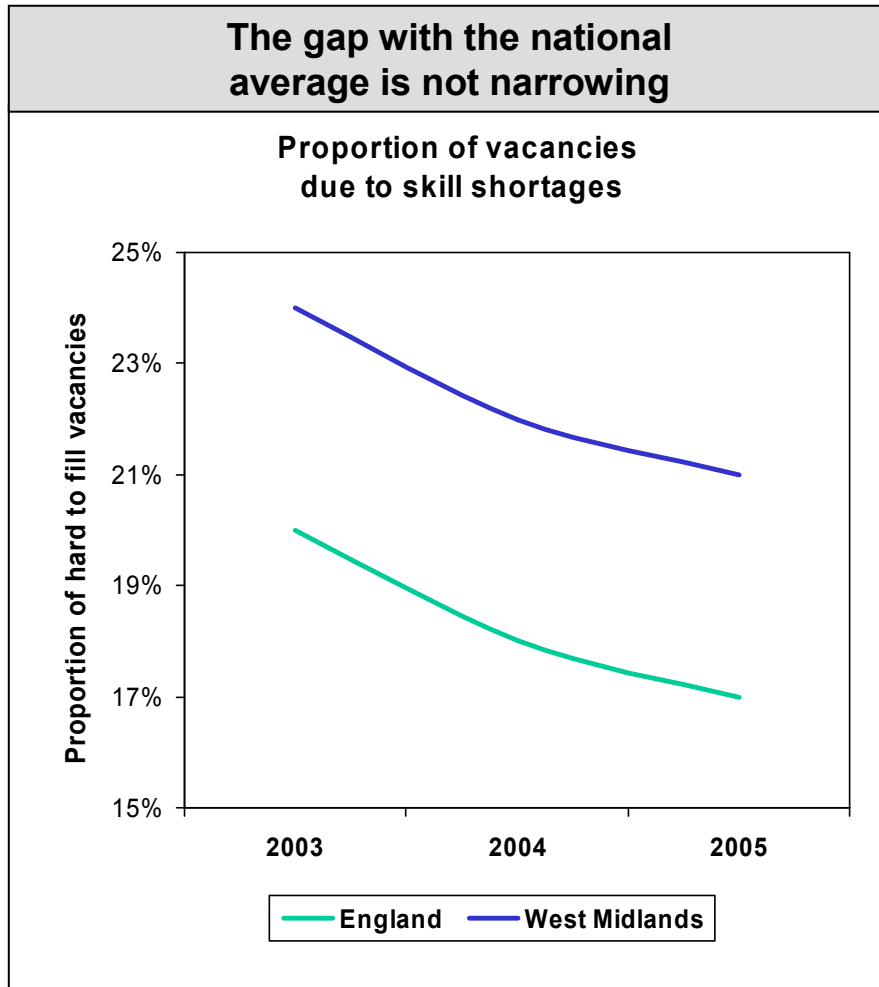
# Skill shortages are the most common cause of recruitment difficulties in the Region



## Reasons cited by companies with recruitment difficulties



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

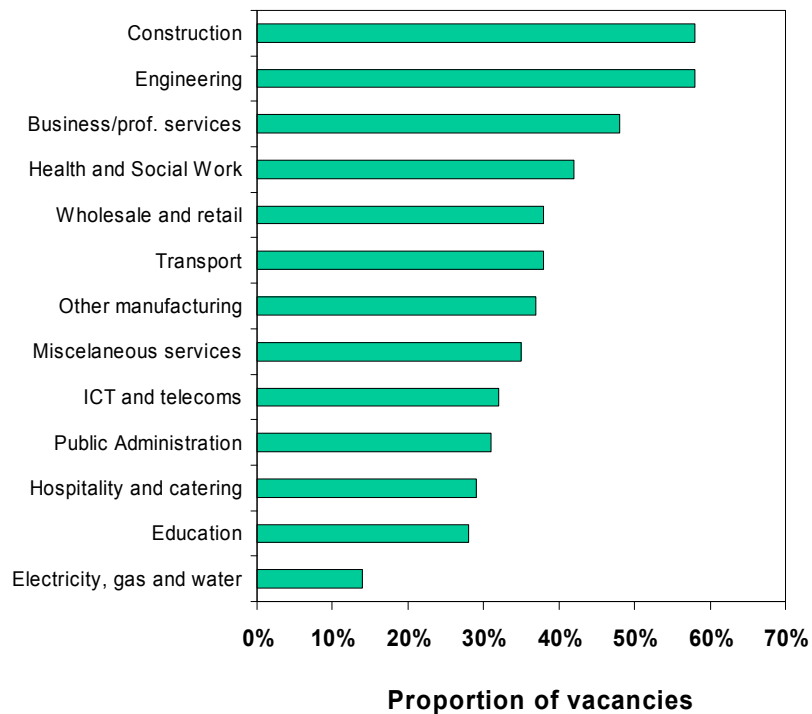


# Acute recruitment problems in engineering, construction and business services



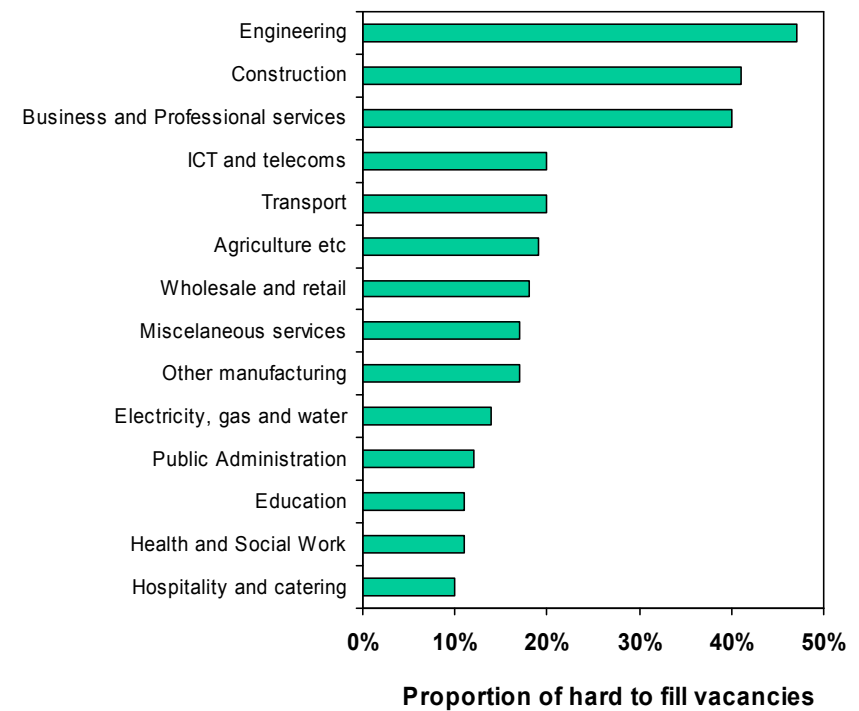
## In terms of hard to fill vacancies

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



## And in terms of skill shortages

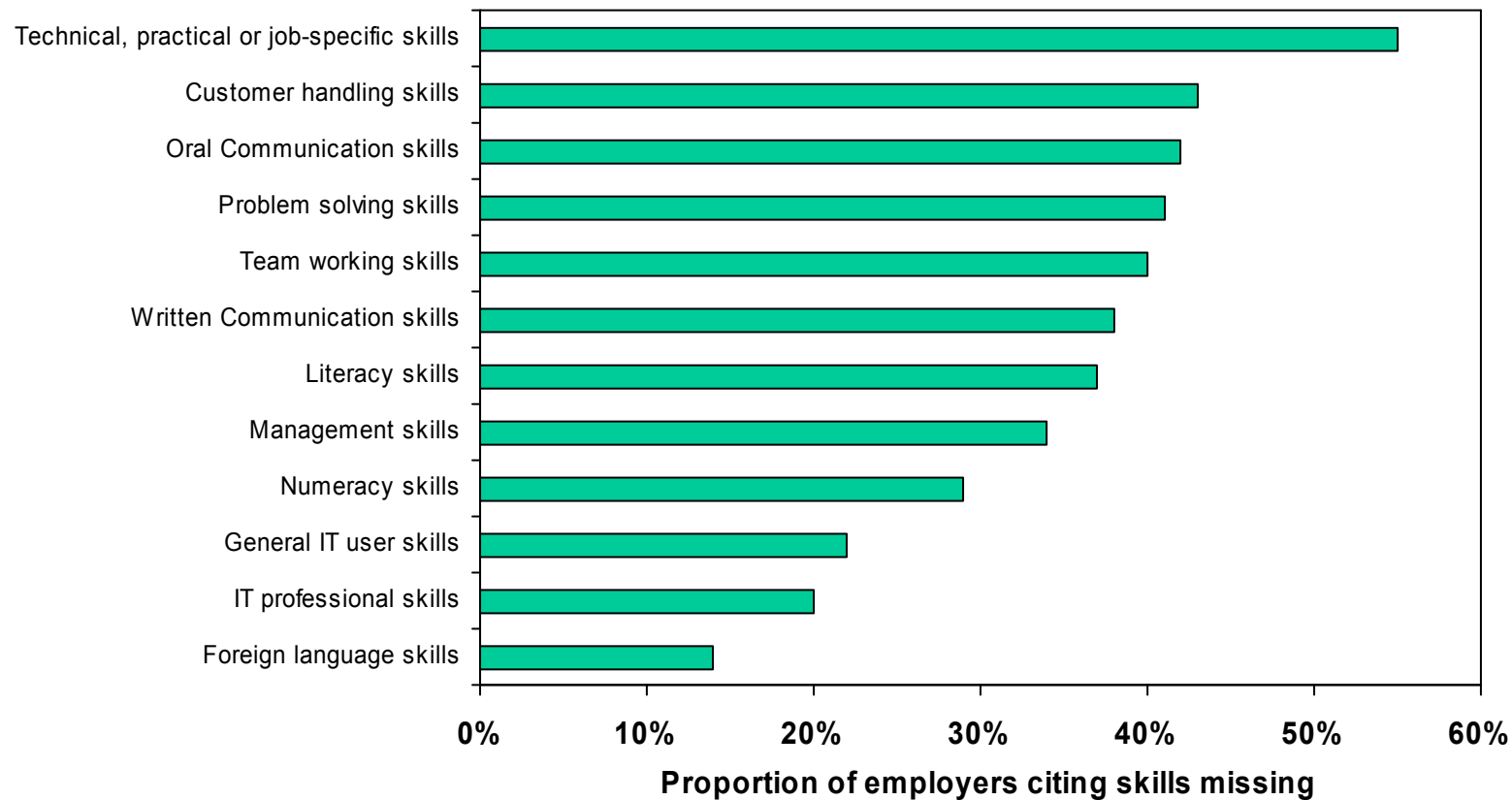
Proportion of vacancies due to skill shortages:  
West Midlands 2005



# 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

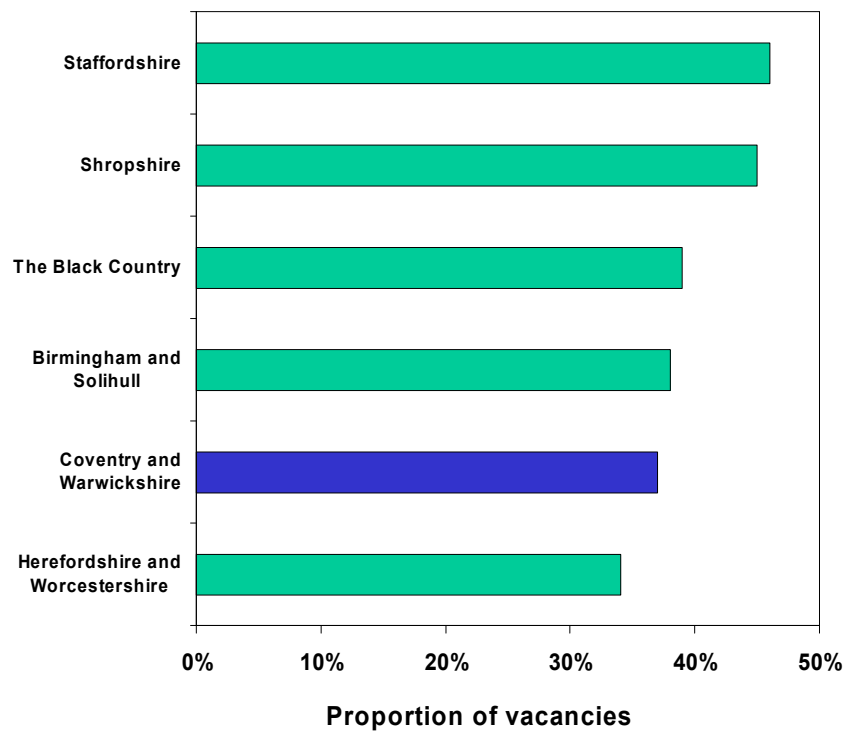


# Recruitment problems and skill shortages by sub-region



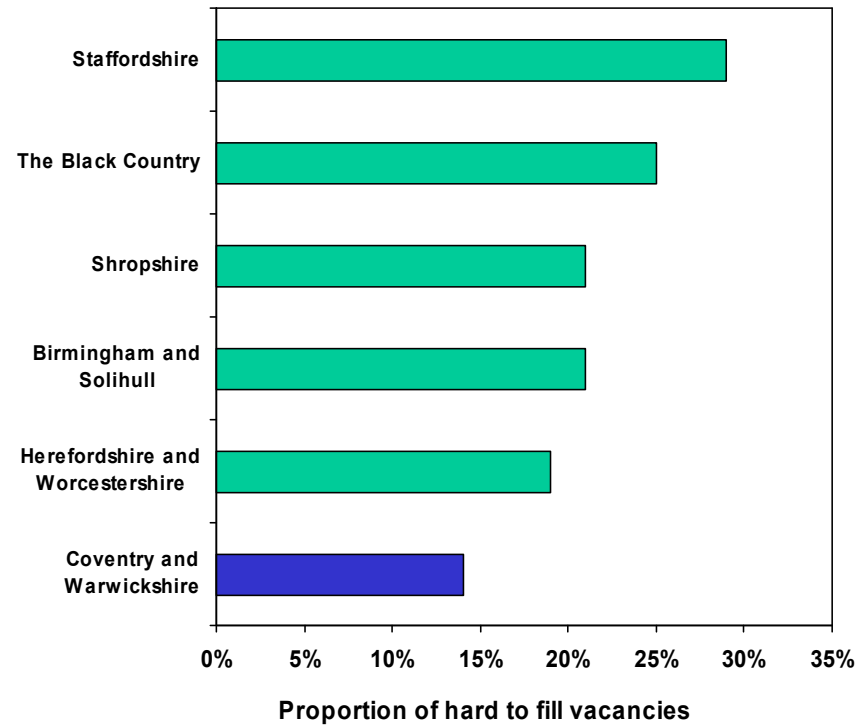
## Recruitment problems are particularly less acute in Coventry & Warwickshire

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

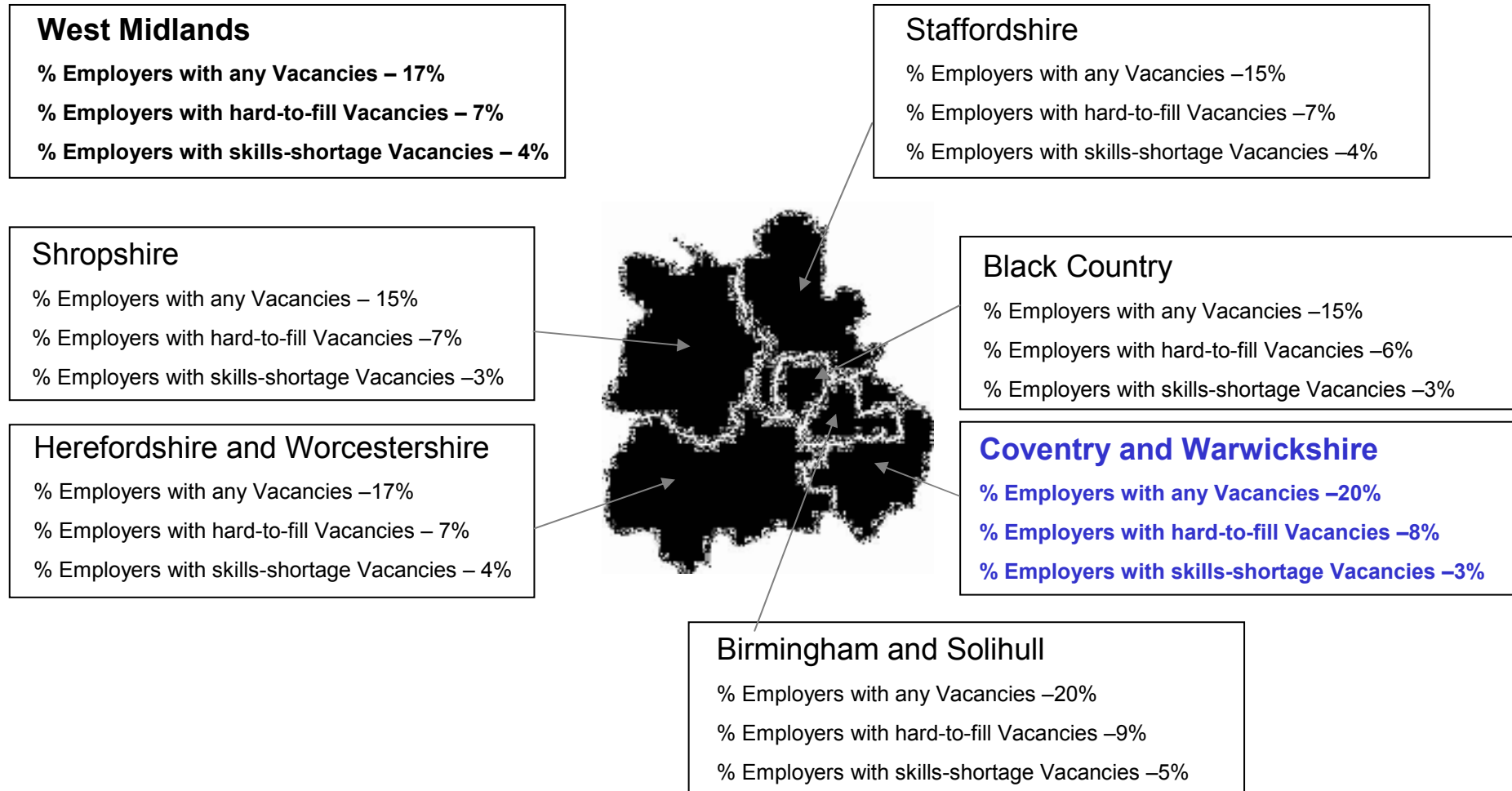


## ... as are skill shortages

Proportion of vacancies due to skill shortages: West Midlands 2005



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



# Skills issues for employers & Individuals

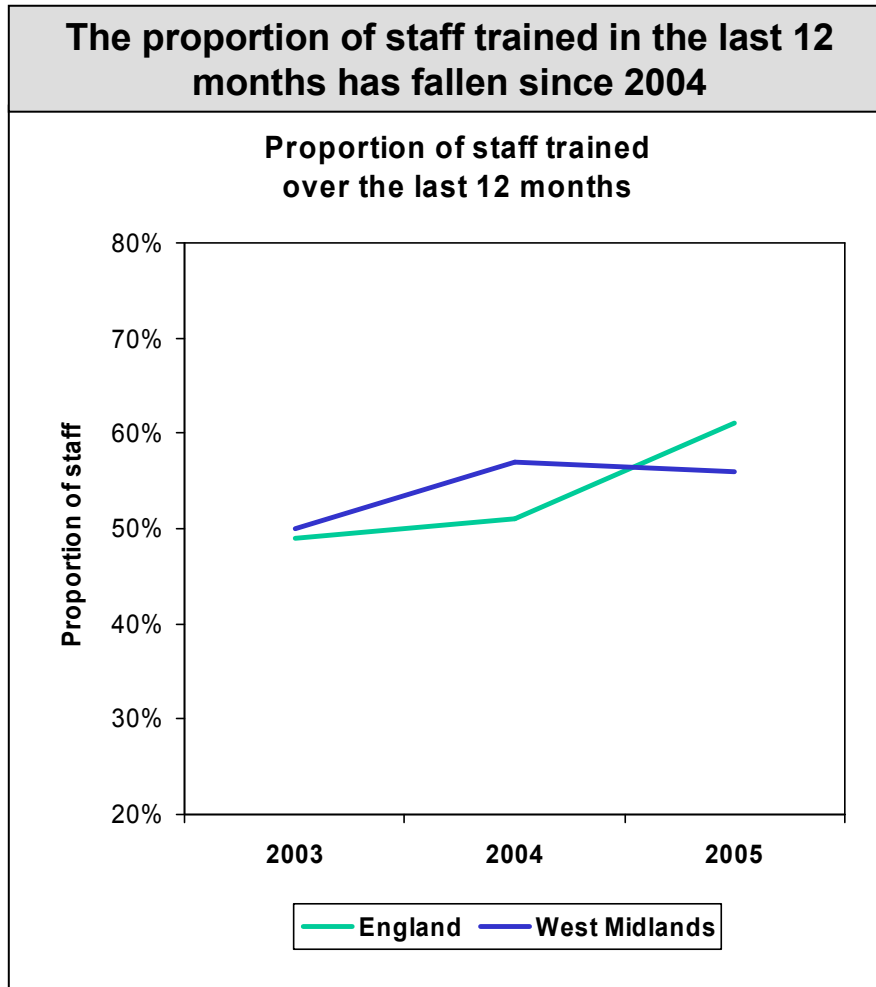


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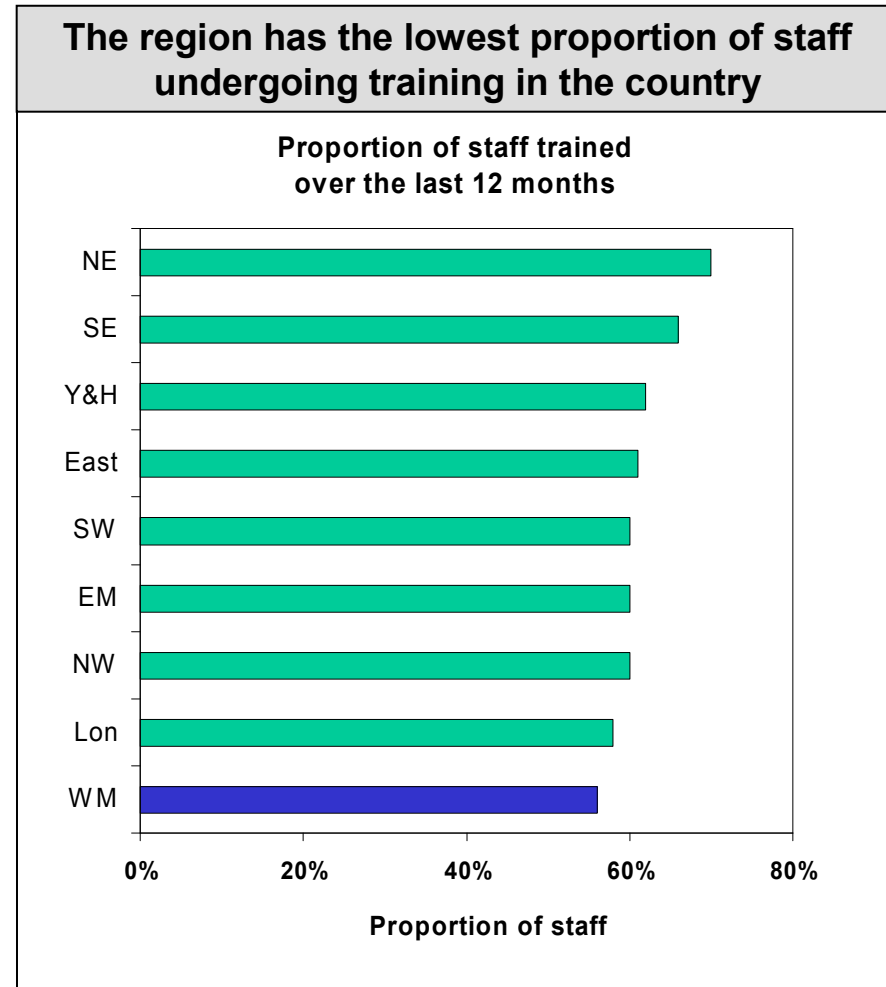
# The proportion of companies investing in training is low relative to other regions



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



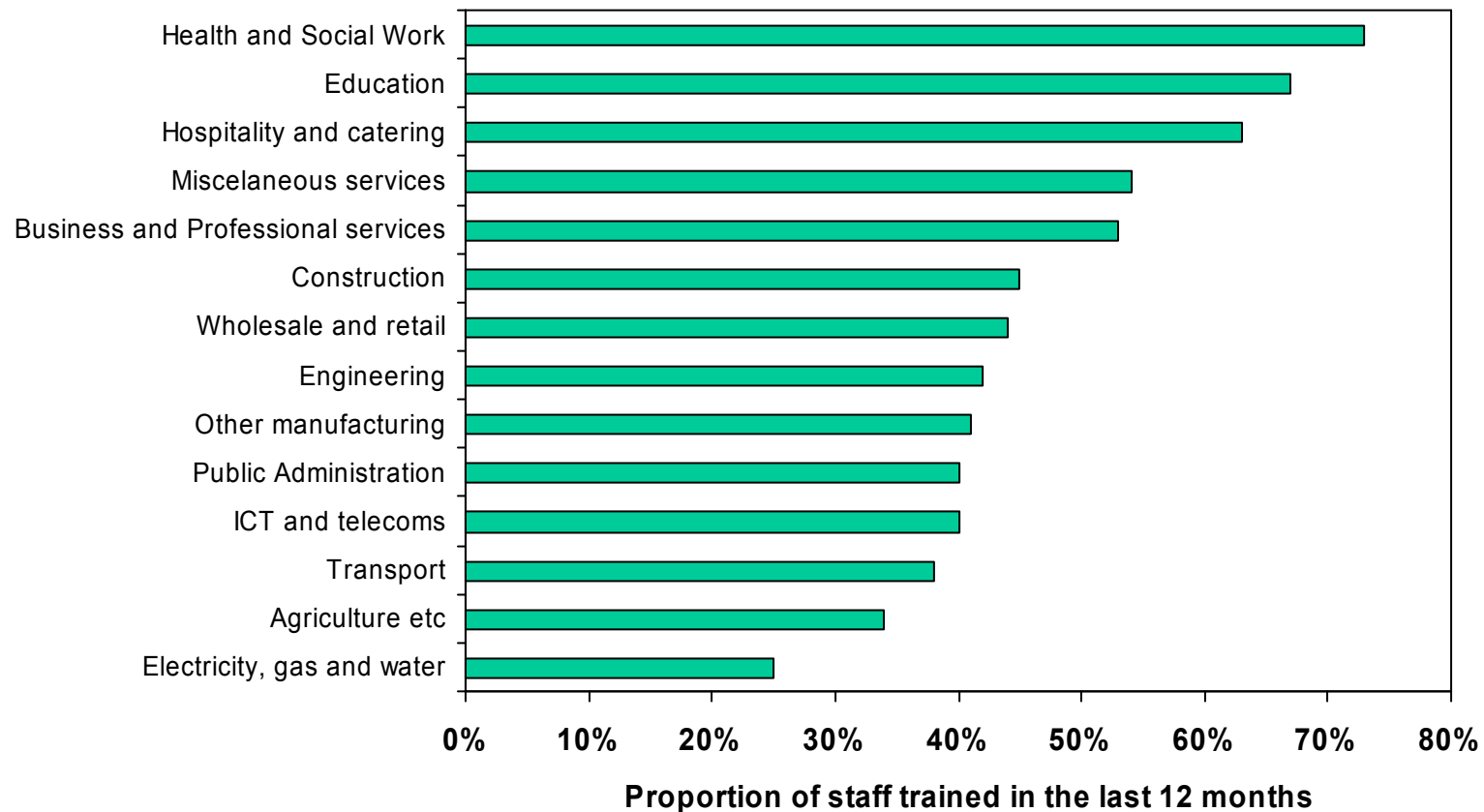
The region has the lowest proportion of staff undergoing training in the country



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



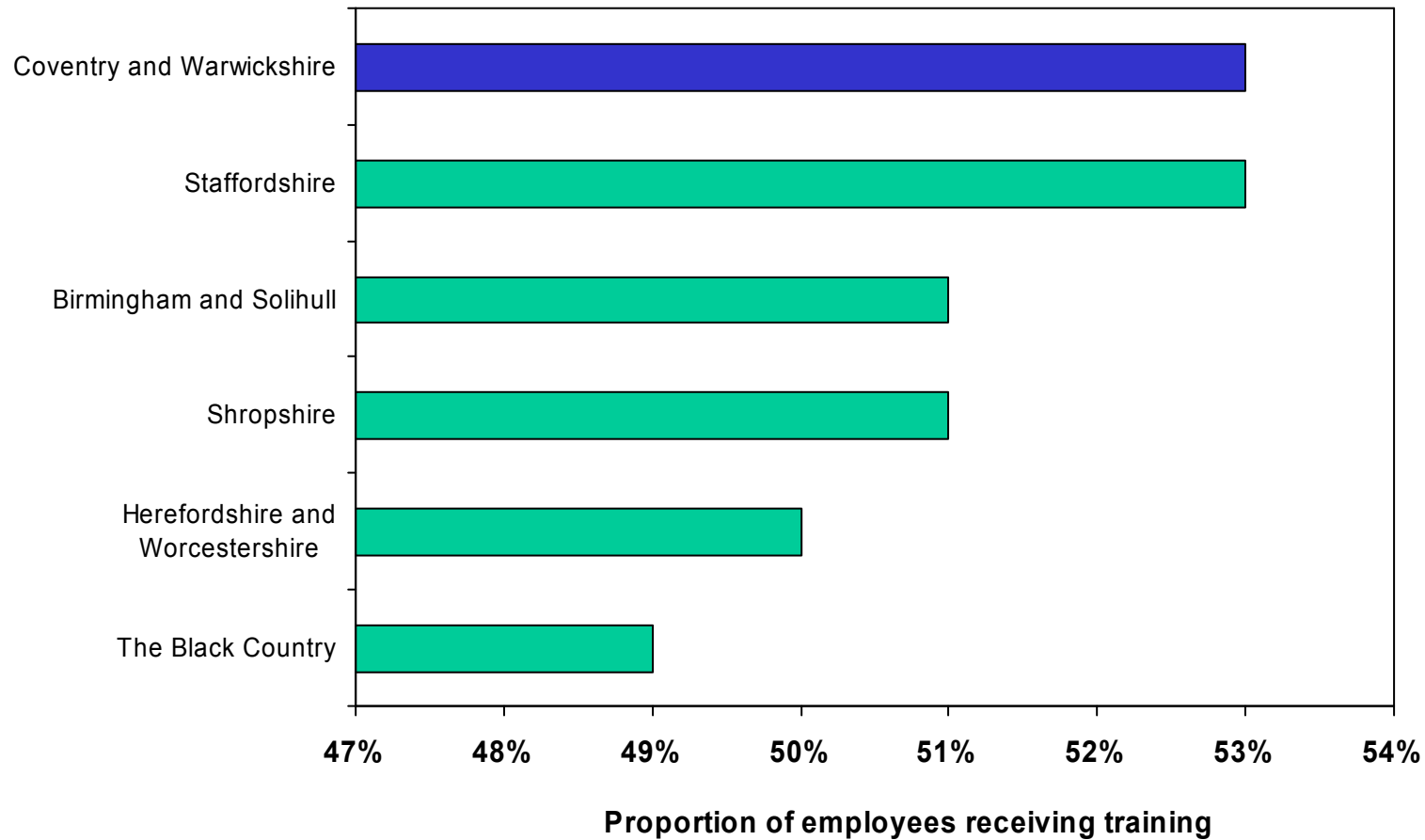
Proportion of staff trained in the last 12 months by sector:  
West Midlands 2005



# The proportion of staff trained is high relative to other sub-regions



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



# Total training costs and training cost components

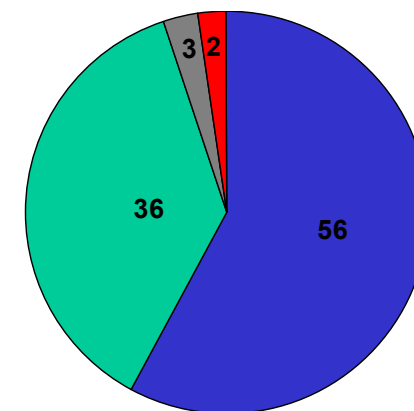
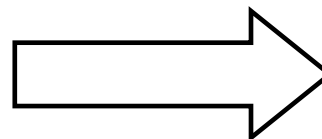
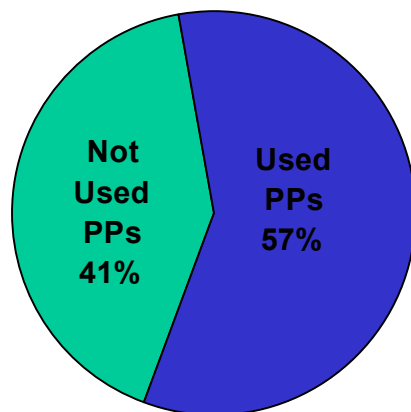
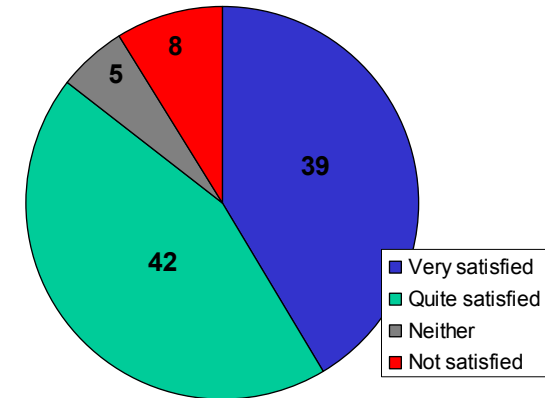
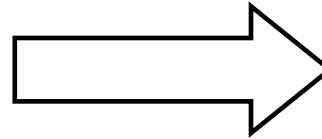
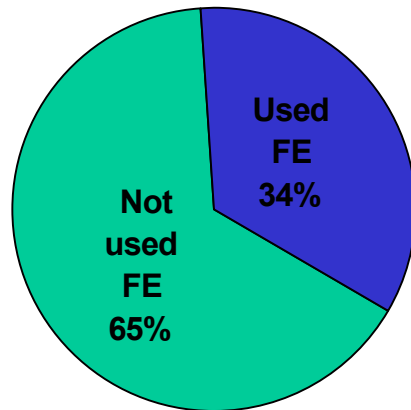


	WM £	WM %	England £	England %
<b>Total</b>	<b>£2.8bn</b>	<b>100%</b>	<b>£33.3bn</b>	<b>100%</b>
	Overall cost	%	Overall cost	%
<b>Off-the-job training (Total)</b>	<b>£1.472bn</b>	<b>54%</b>	<b>£16.8bn</b>	<b>50%</b>
Trainee labour costs	£595m	21%	£5961m	18%
Fees to external providers	£201m	7%	£2362m	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

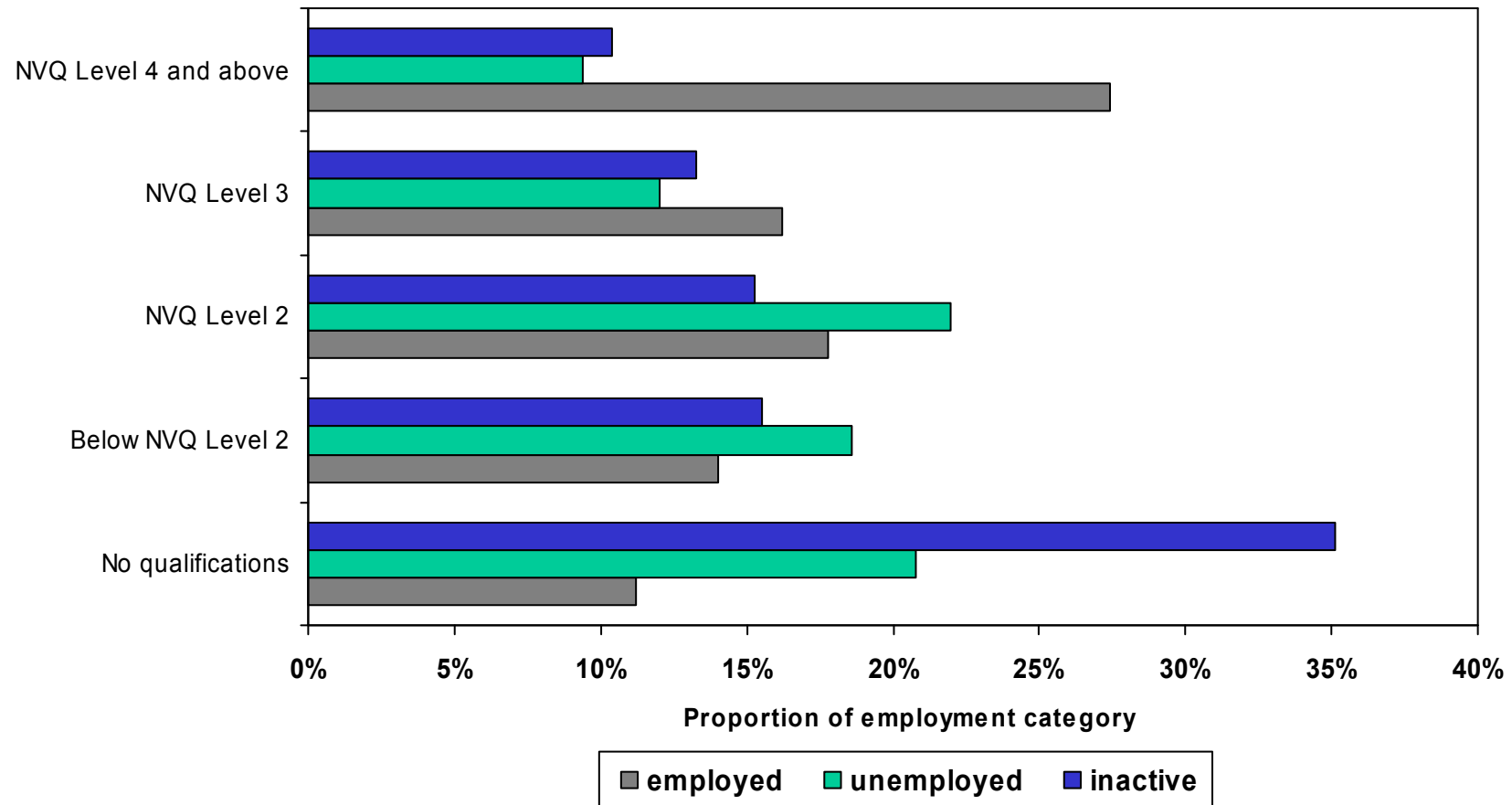


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# Qualifications attainment leads to increased employment prospects



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



# Skills issues for employers & Individuals

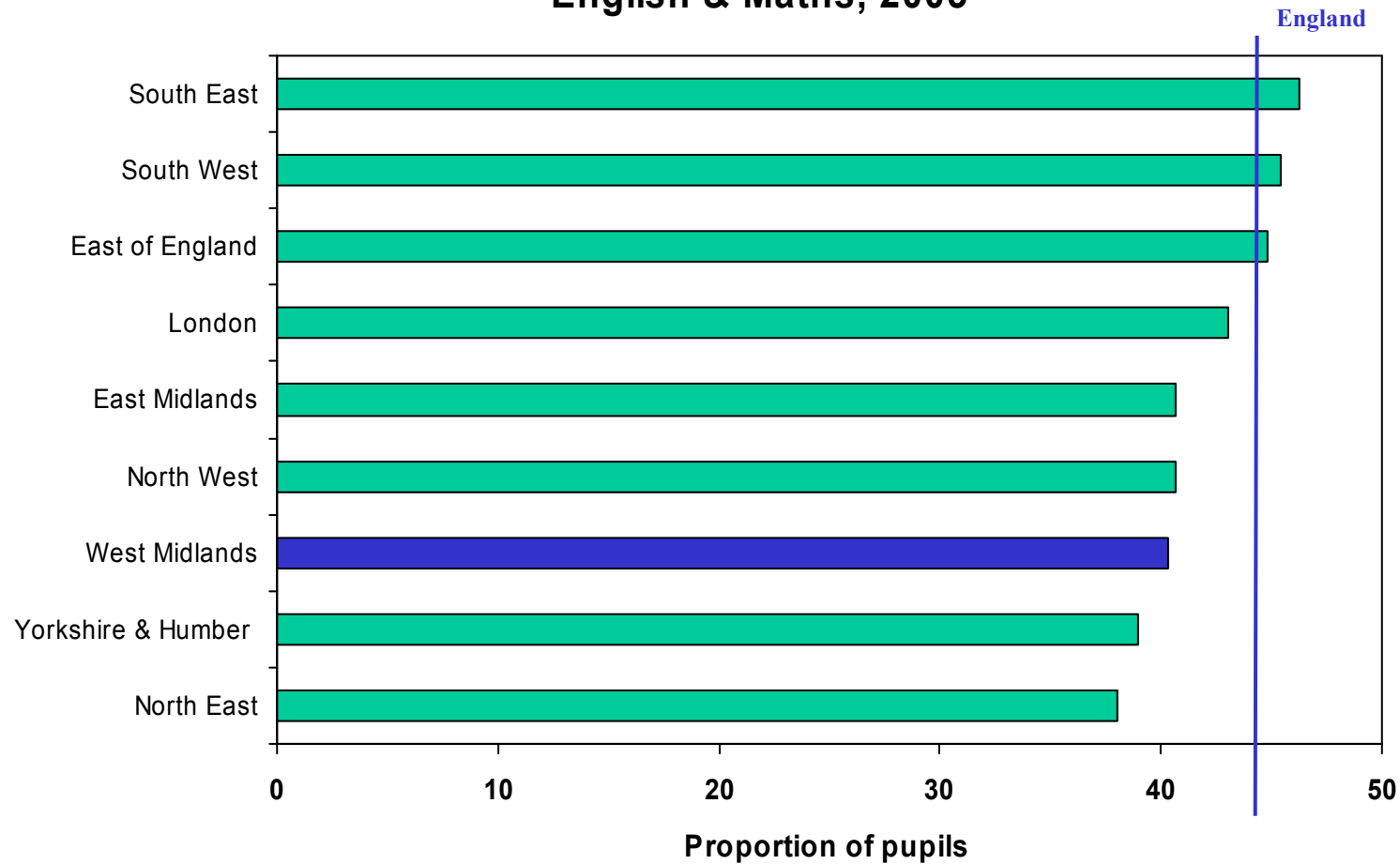


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# Regional achievement at GCSE level is the third lowest in England



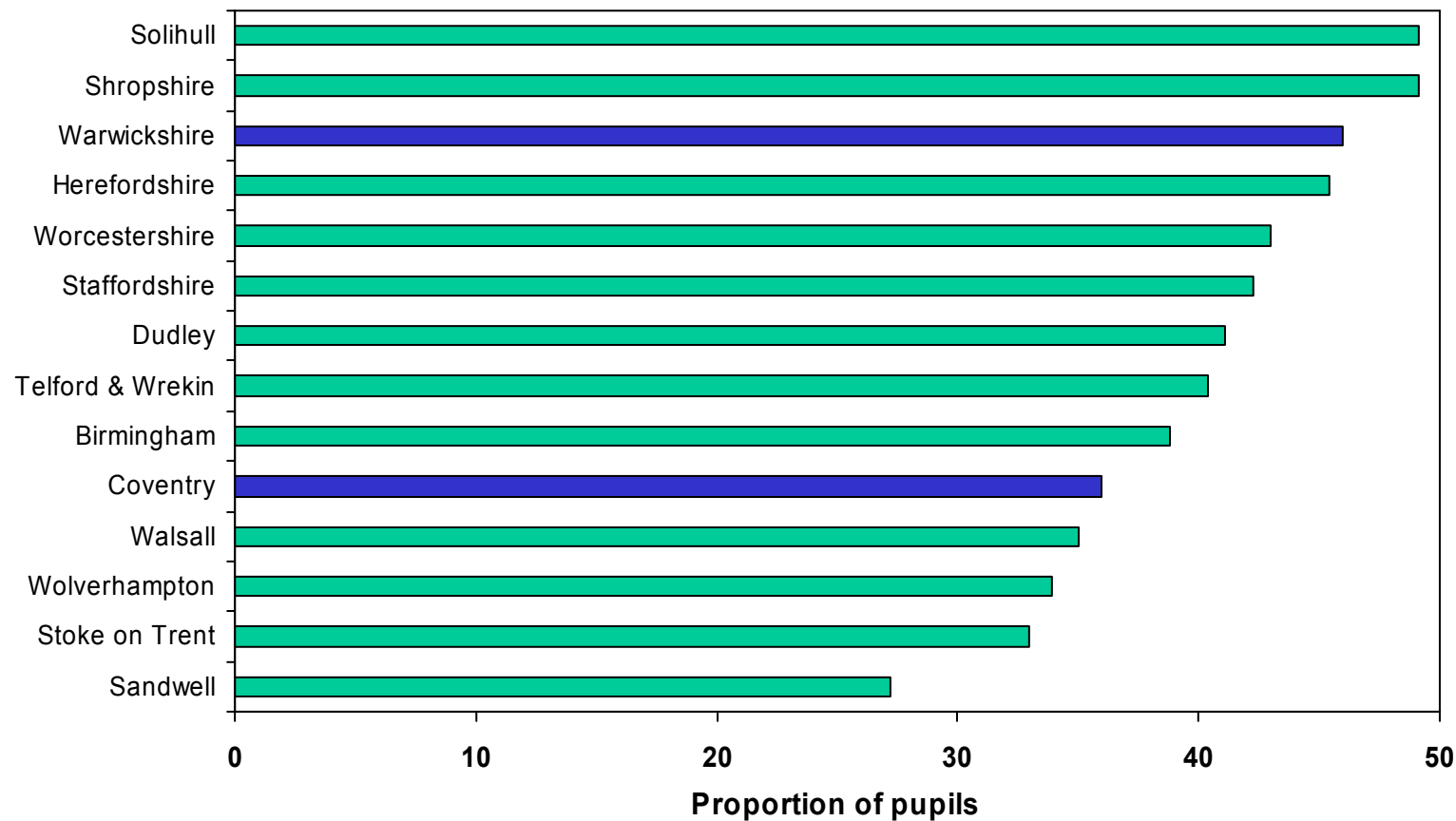
Proportion of pupils achieving 5 or more A\*-C grades including English & Maths, 2005



# Warwickshire has a higher level of GCSE attainment than Coventry



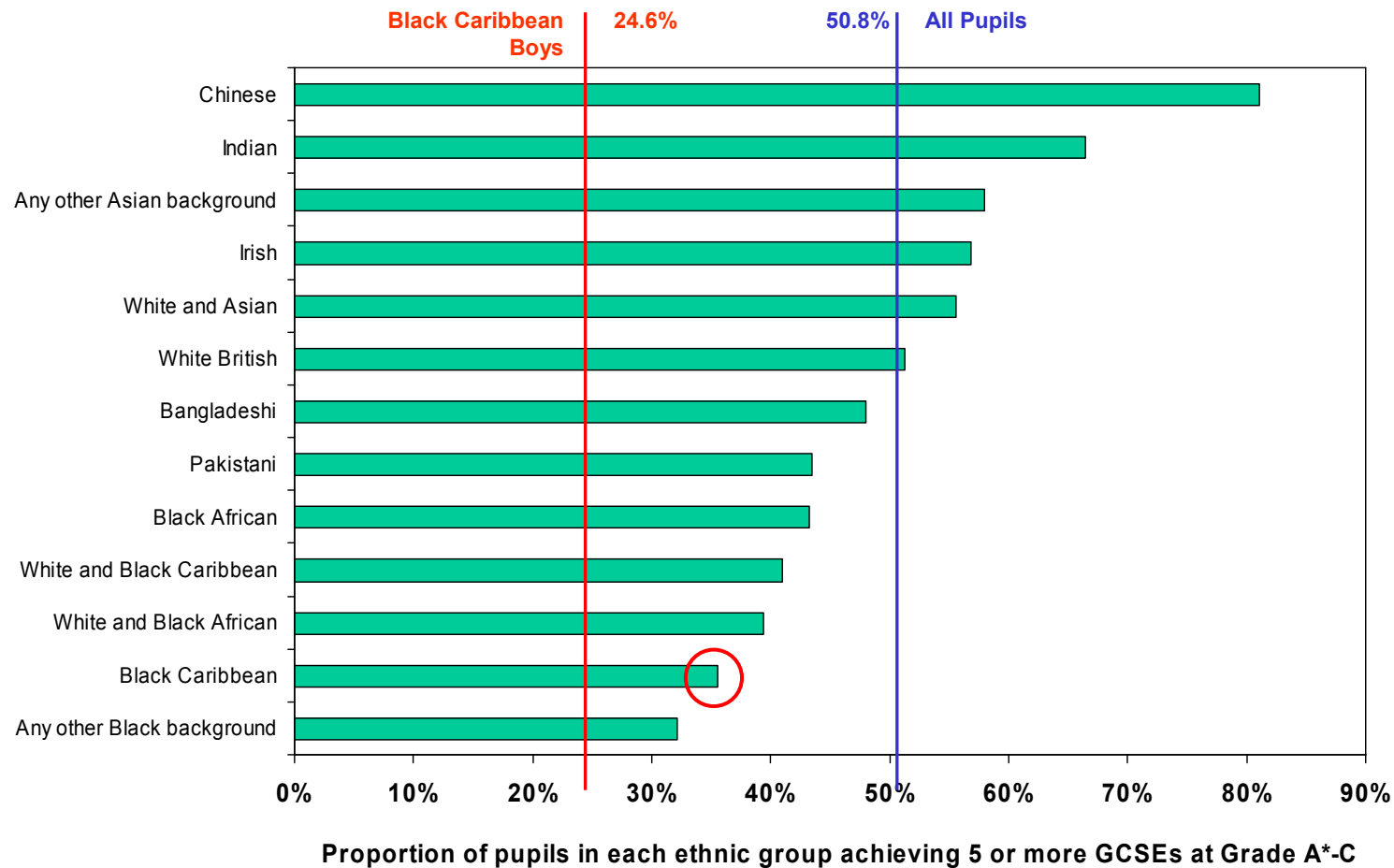
## Proportion of pupils achieving 5 or more A\*-C GCSE grades including English & Maths



# Ethnicity has a major impact on success at school



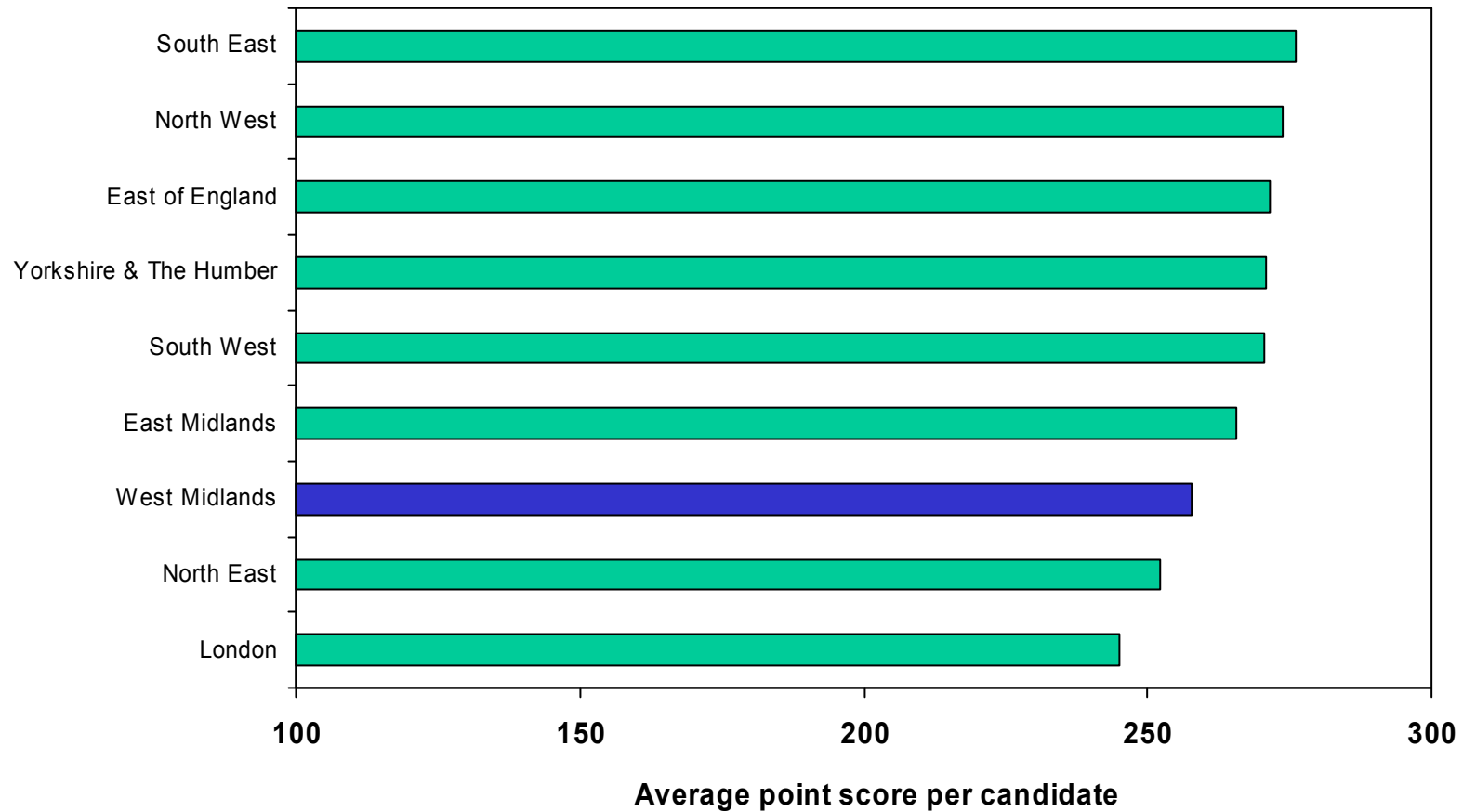
## GCSE achievement of 15 year olds in the Region by ethnicity, 2004



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



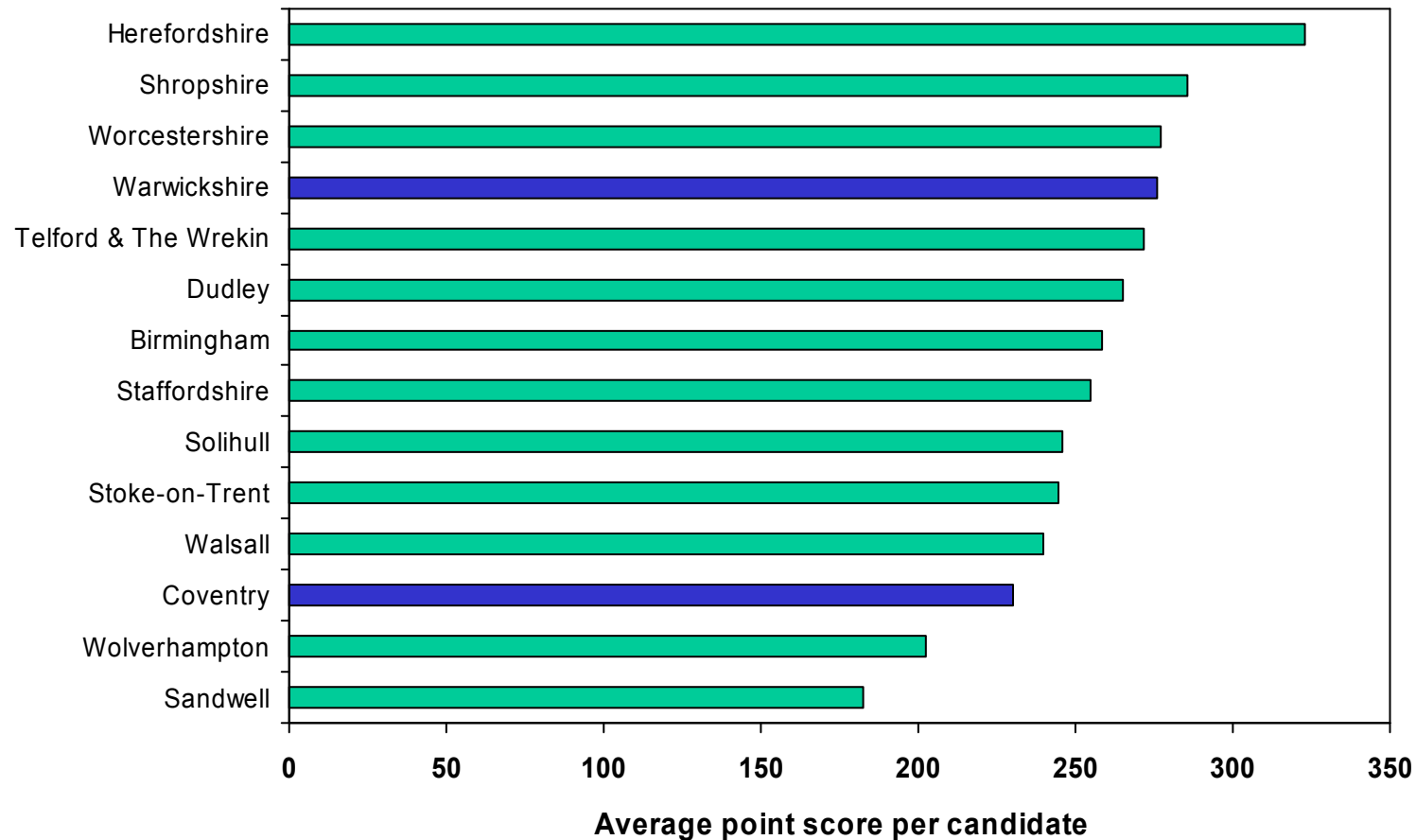
Average A-Level points score per candidate 2004/05



# Warwickshire has relatively high A-level achievement rates compared to Coventry



Average A-Level points score per candidate 2004/05



# Coventry & Warwickshire have above average rates of qualification attainment



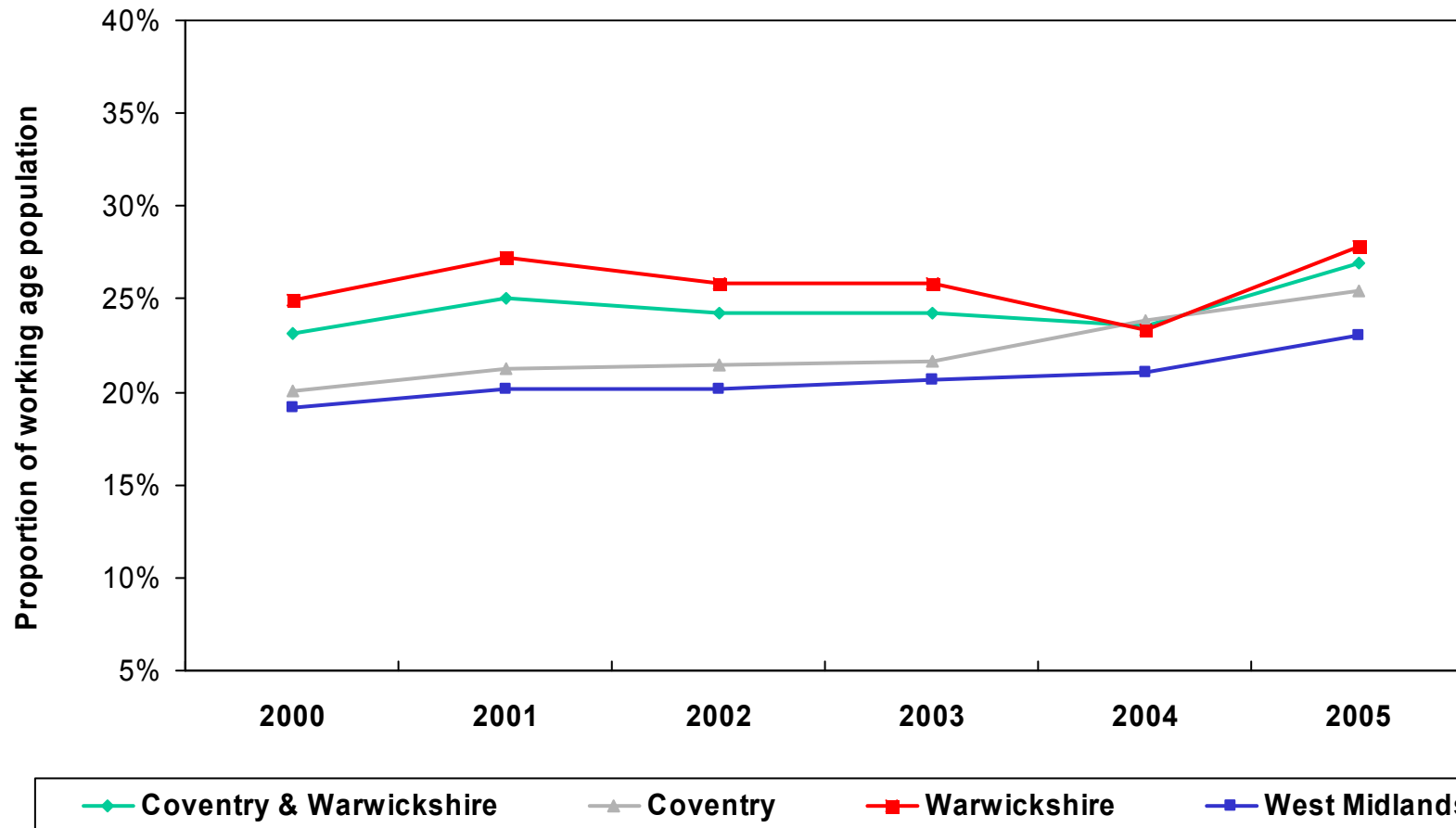
## Workforce qualification levels

(%)	Level 4+	Level 3+	Level 2+	Level 1+	No Quals
Birmingham and Solihull	29	47	67	87	11
<b>Coventry and Warwickshire</b>	<b>30</b>	<b>49</b>	<b>67</b>	<b>84</b>	<b>10</b>
Herefordshire and Worcestershire	29	48	66	83	12
Shropshire	27	47	67	86	11
Staffordshire	23	43	66	88	13
The Black Country	22	40	61	80	16
<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>

# The proportion with high level qualifications is increasing slowly



Proportion of working age population with 4+



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

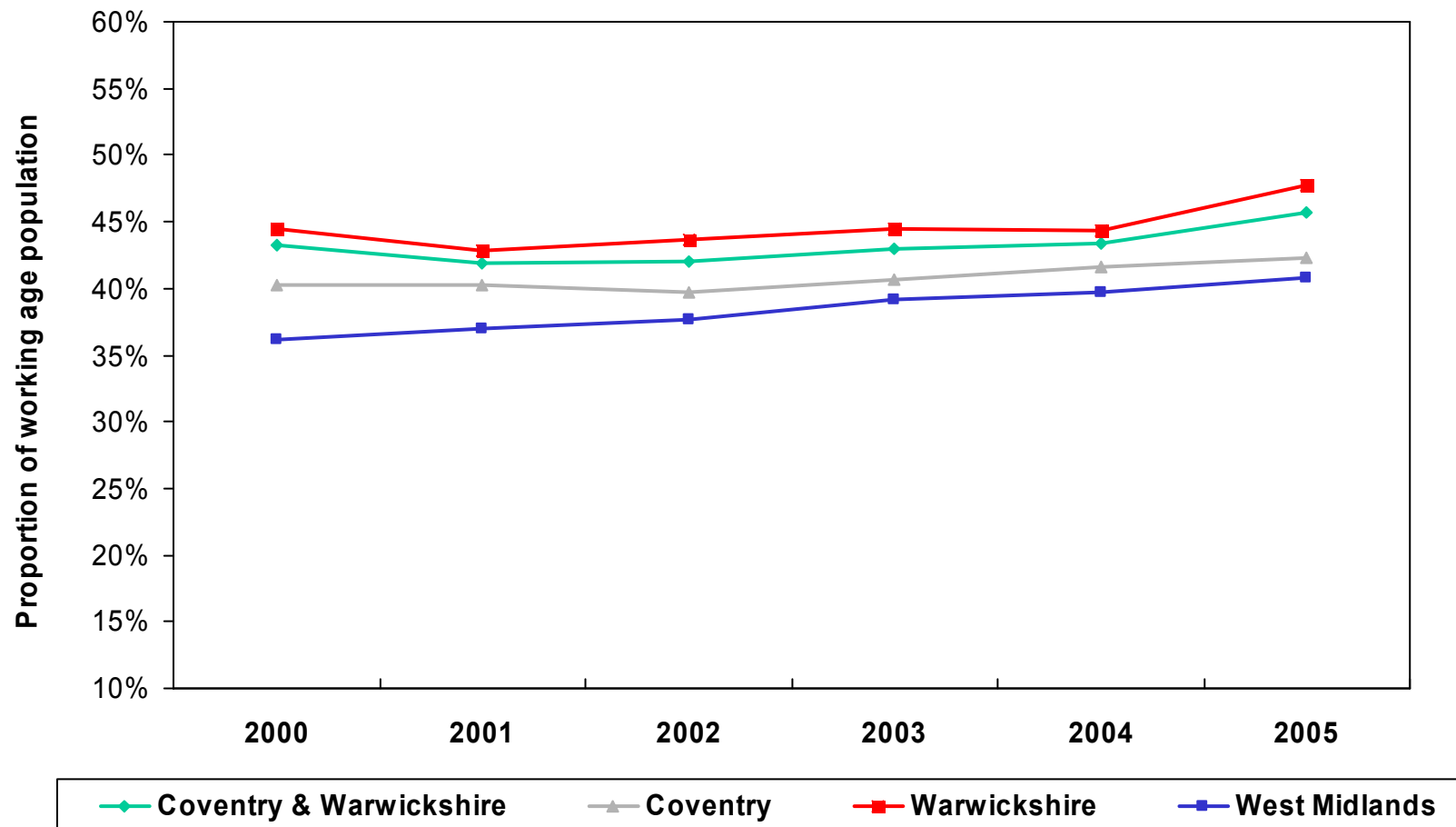


Area	2004	2005	Change
Shropshire	44.1%	47.9%	3.9%
Staffordshire	36.6%	40.6%	4.0%
The Black Country	33.5%	37.3%	3.7%
Birmingham and Solihull	39.1%	41.7%	2.6%
Herefordshire and Worcestershire	45.9%	49.9%	4.1%
<b>Coventry and Warwickshire</b>	<b>46.0%</b>	<b>49.9%</b>	<b>3.9%</b>
<b>West Midlands</b>	<b>39.8%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

# Those with at least Level 3 is growing in proportion in Coventry & Warwickshire



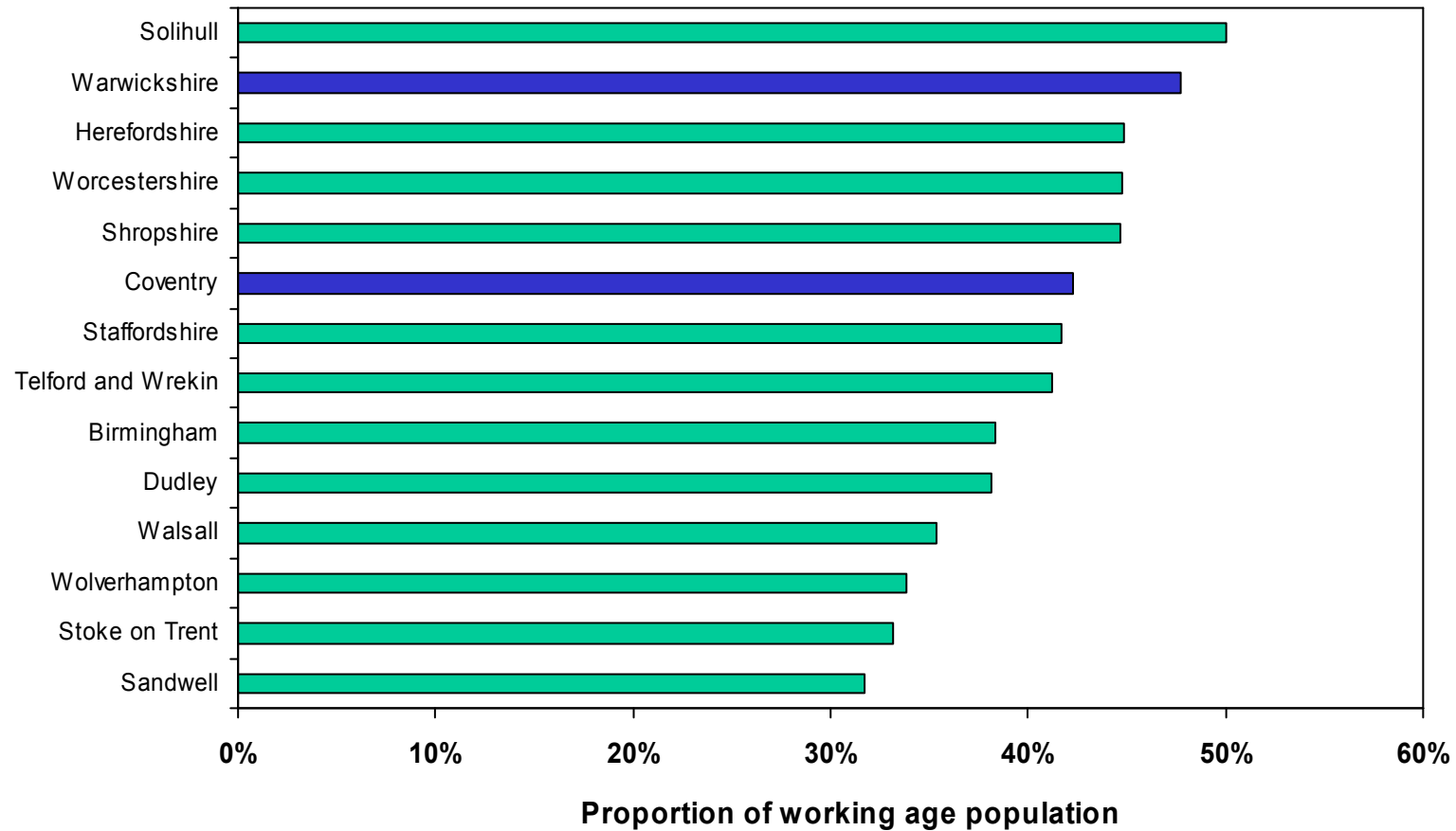
Proportion of working age population with Level 3+



# Warwickshire has a high proportion of the population with Level 3+ qualifications in comparison to Coventry



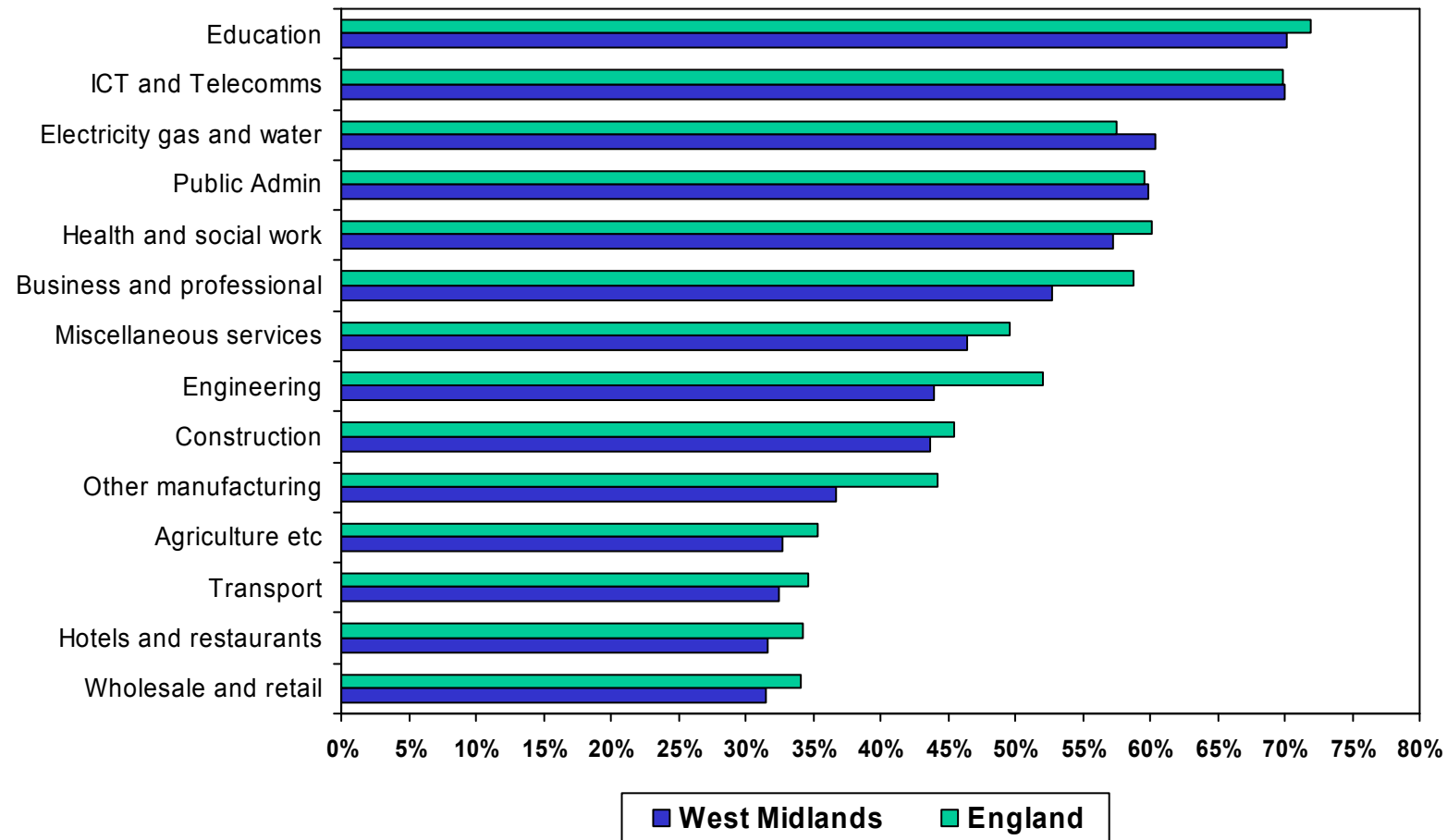
## Proportion of working age population with Level 3+ qualifications



# 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

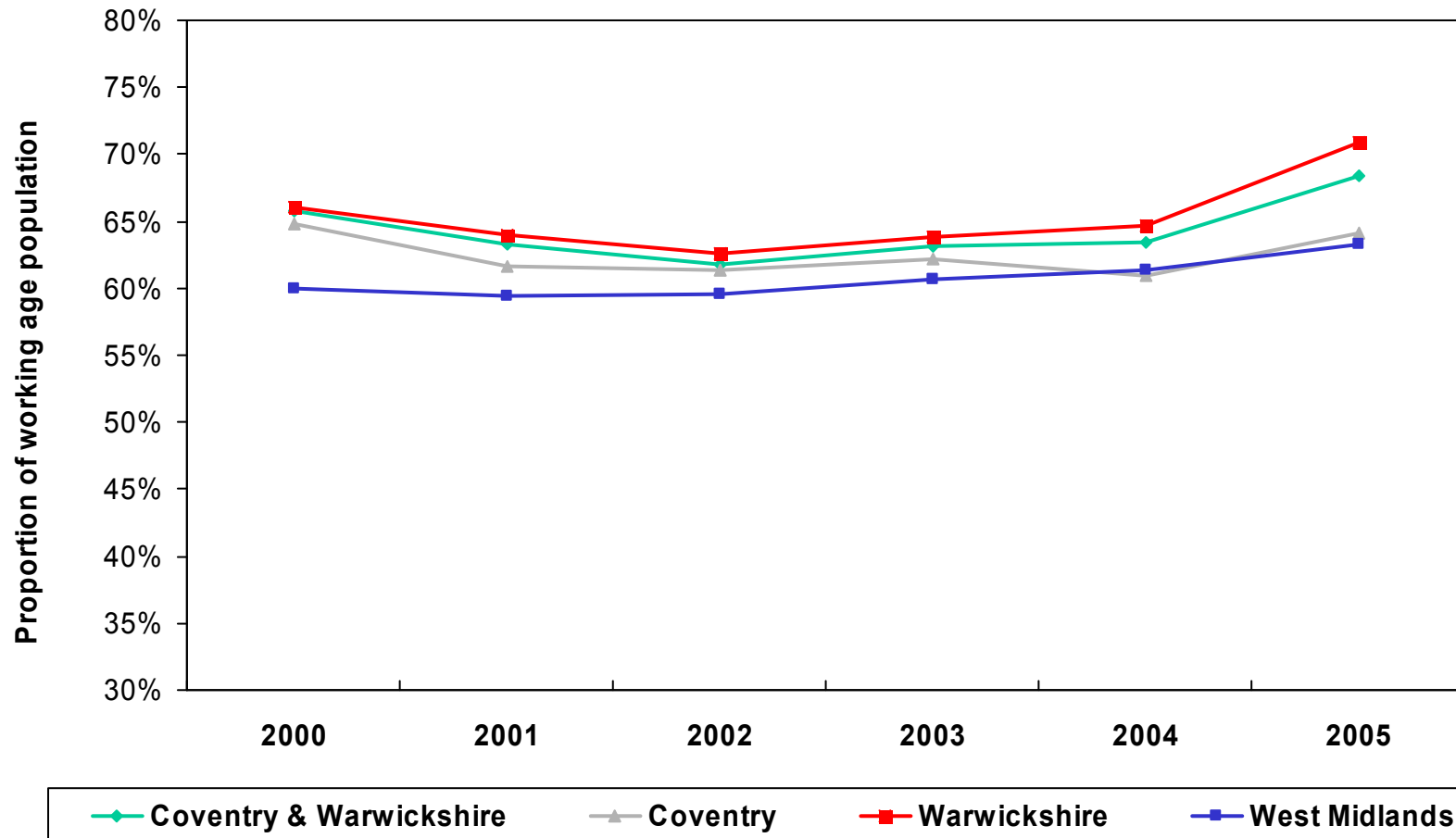


Area	2004	2005	Change
Shropshire	69.1%	73.2%	4.0%
Staffordshire	62.6%	66.8%	4.2%
The Black Country	59.8%	63.5%	3.7%
Birmingham and Solihull	61.8%	64.7%	2.9%
Herefordshire and Worcestershire	69.1%	73.0%	3.9%
<b>Coventry and Warwickshire</b>	<b>68.5%</b>	<b>72.5%</b>	<b>4.1%</b>
<b>West Midlands</b>	<b>64.1%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

# Level 2+ qualifications increasing in Coventry & Warwickshire



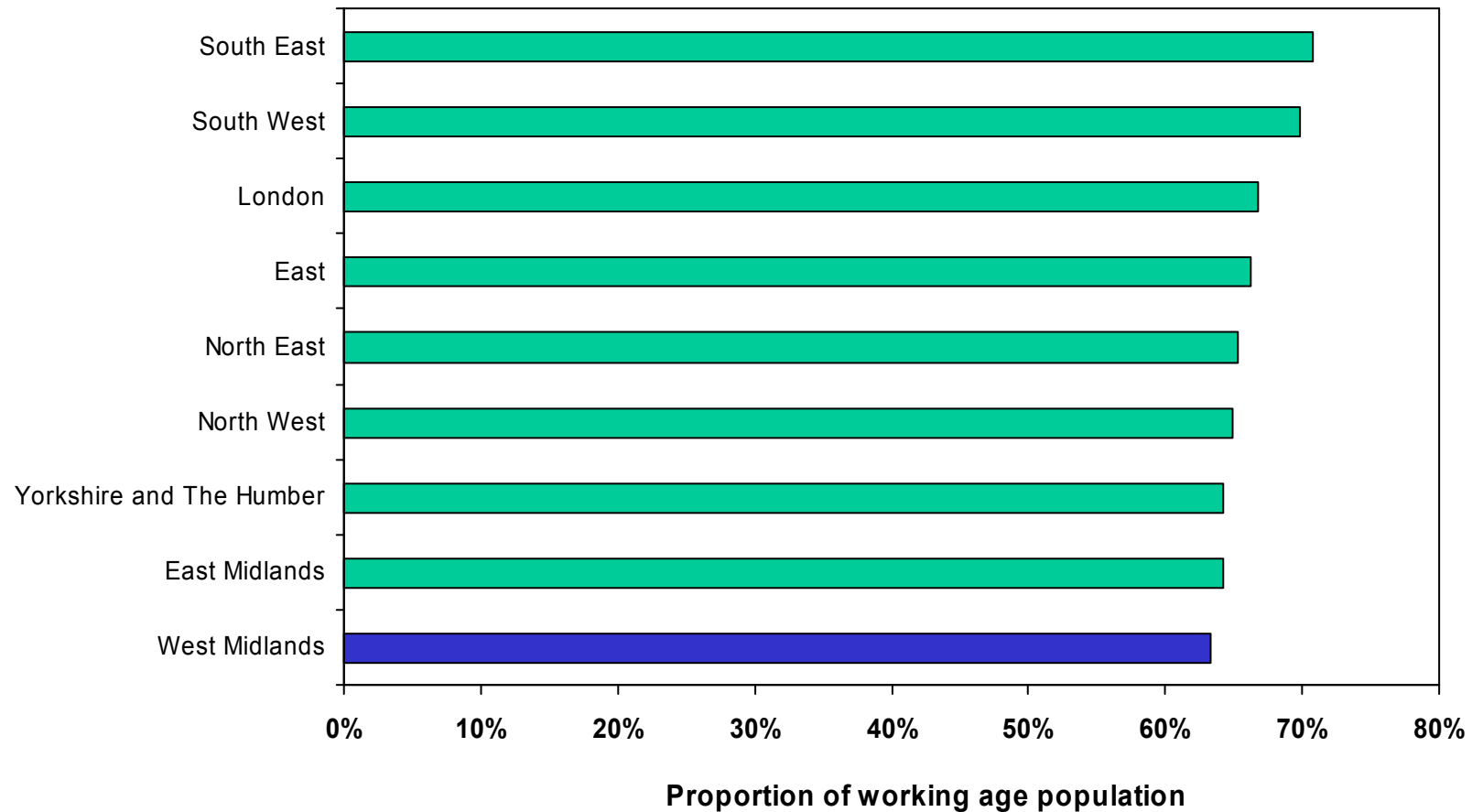
Proportion of working age population with Level 2+



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



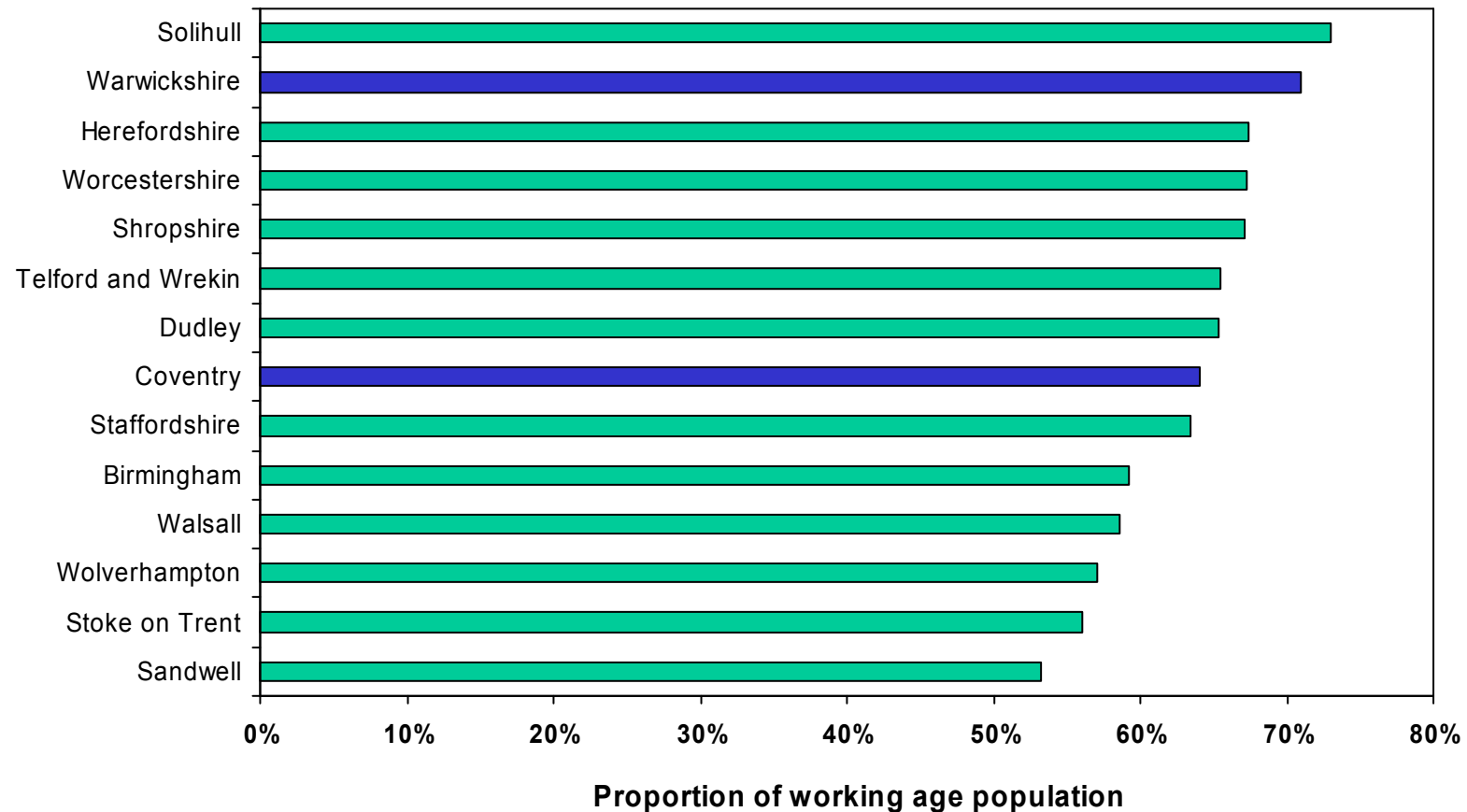
## Proportion of working age population with Level 2+ qualifications



# Warwickshire has one of the highest proportion of people qualified to Level 2+ in the Region



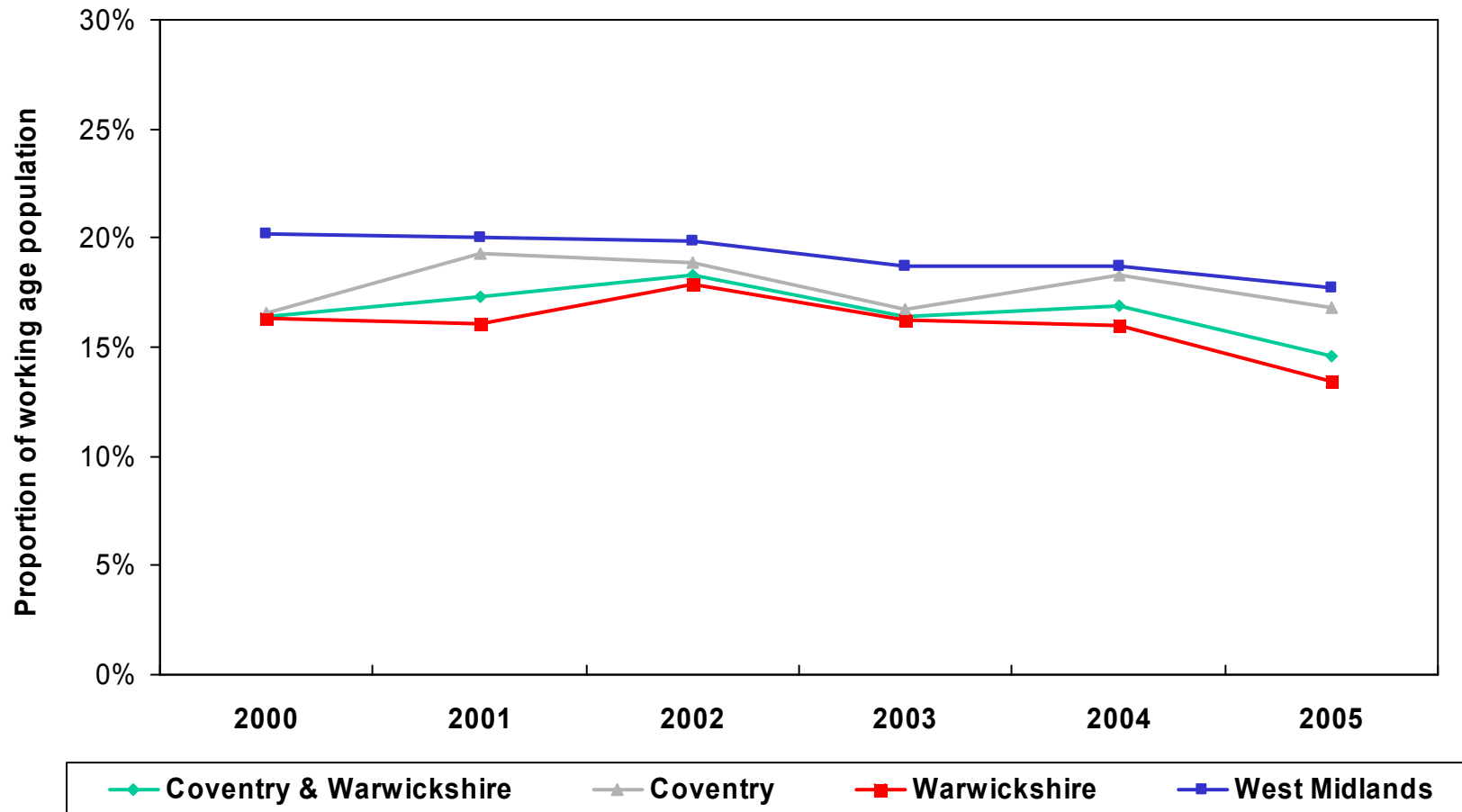
## Proportion of working age population with Level 2+ qualifications



# The proportion with no qualifications is below average and declining



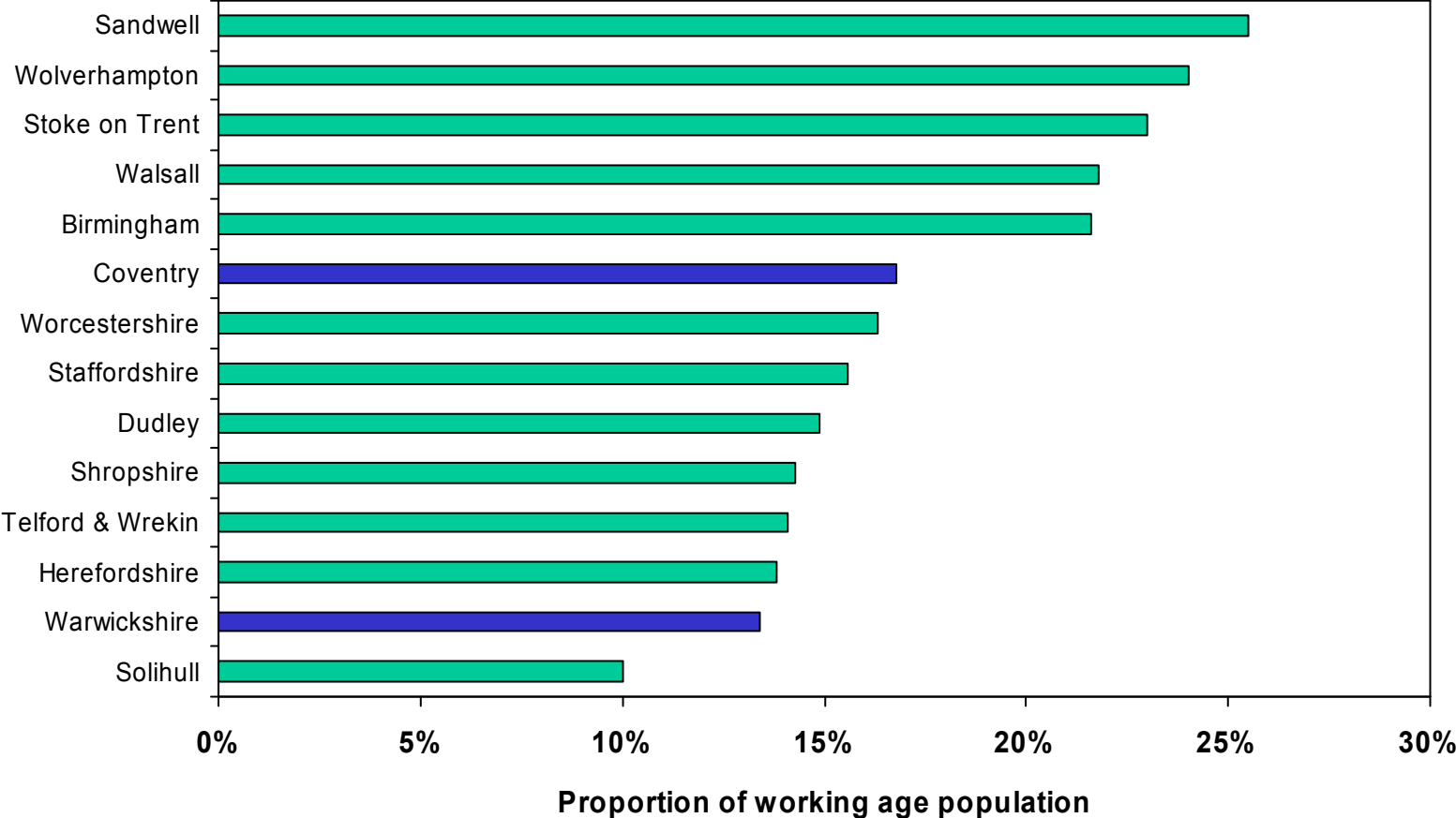
## Proportion of working age population with no qualifications



# 16% of Coventry's working age population has no qualifications



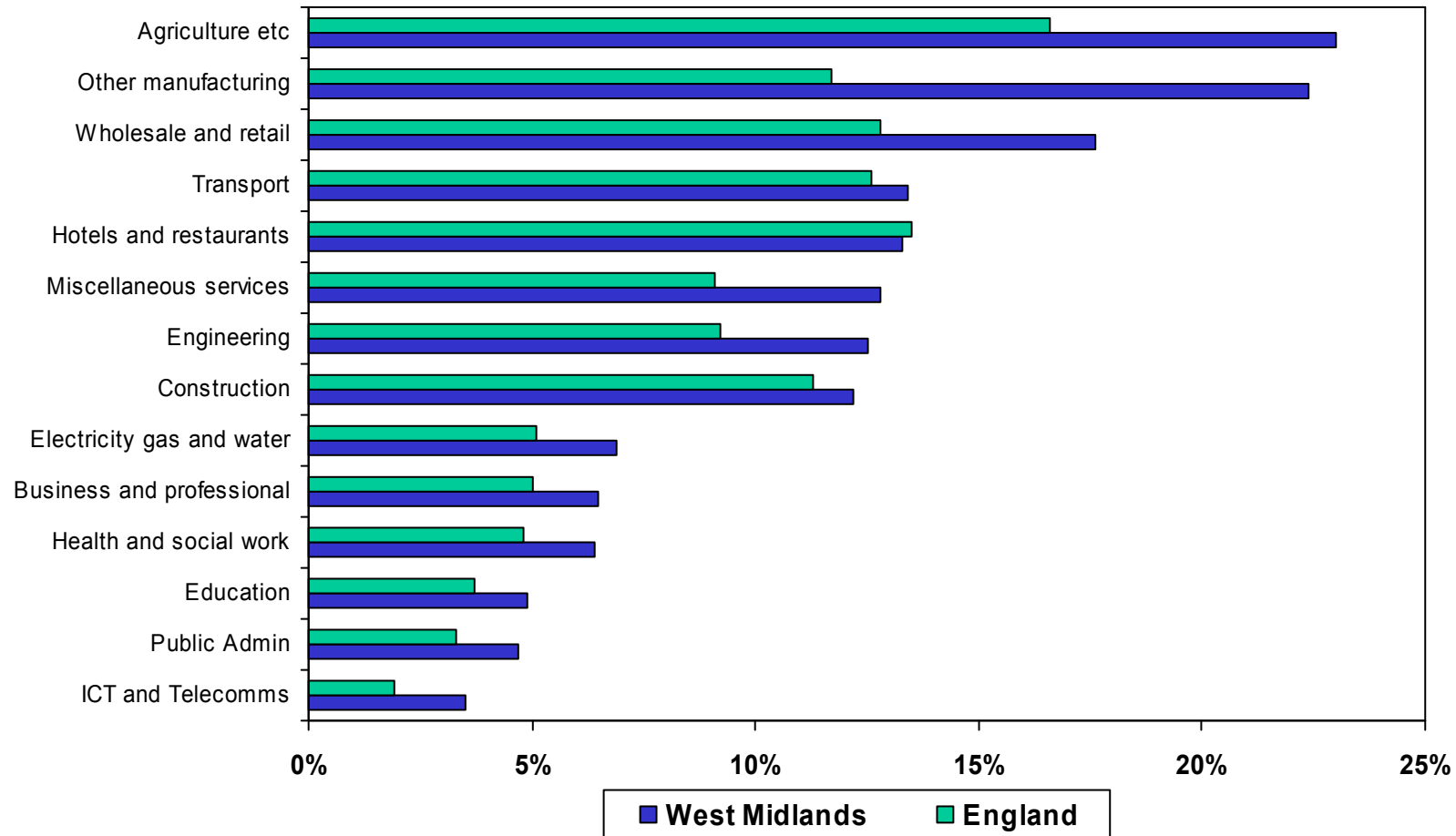
Proportion of working age population with no qualifications



# 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

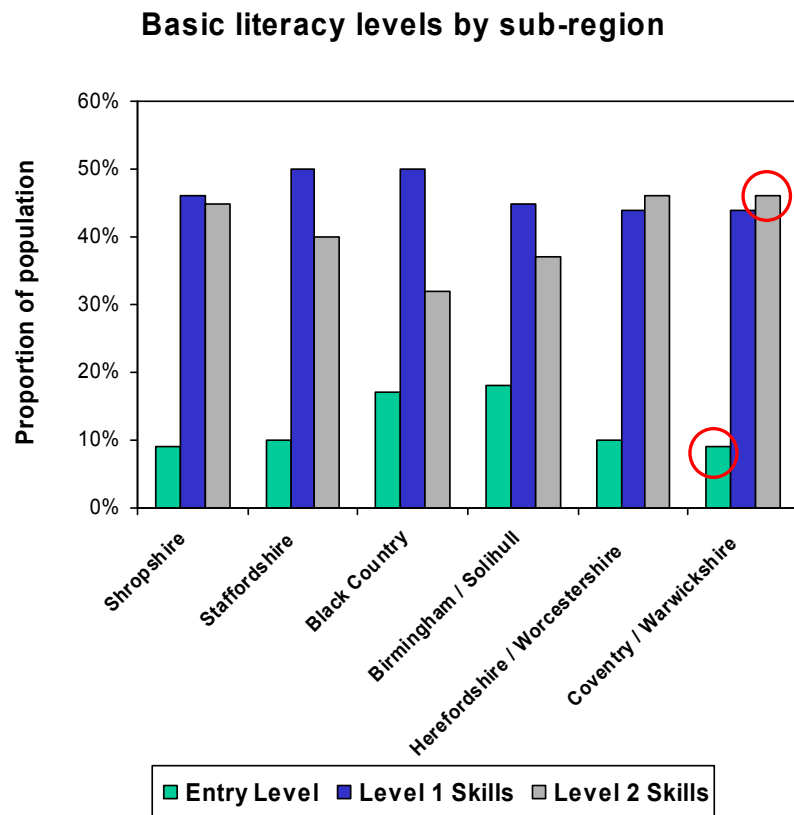


- **Older people** are less likely to hold qualifications – over 20% of over 50s hold no formal qualifications
- 38% of people from the Pakistani and Bangladeshi **ethnic groups** hold no formal qualifications, compared to 16% of the White British population
- Only 12 % of Pakistani/Bangladeshi people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

# Coventry & Warwickshire performs well within the Region but numeracy levels are low

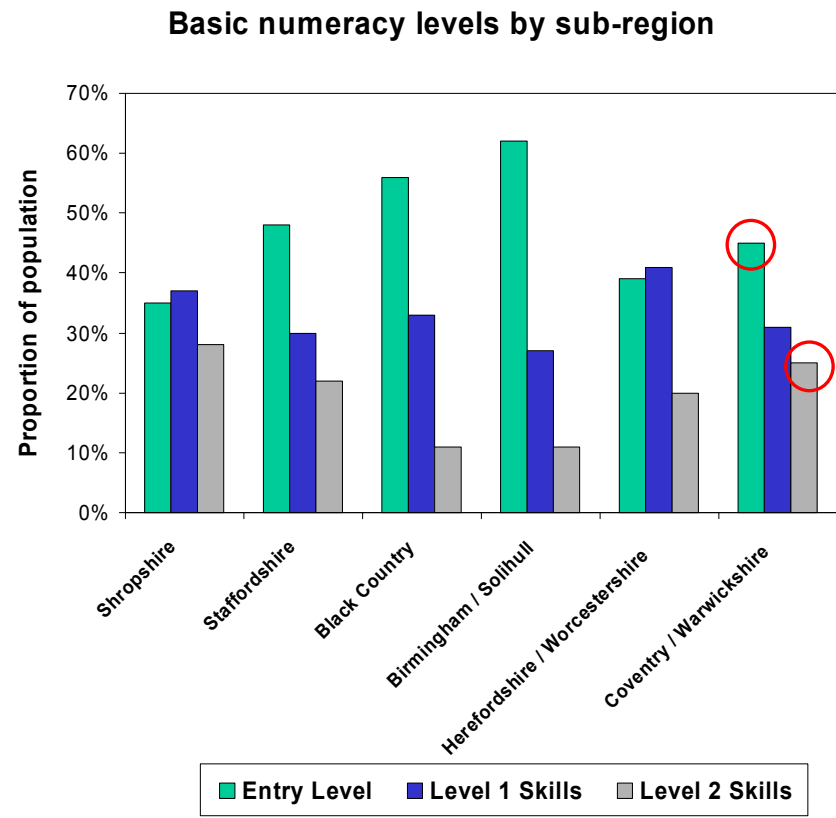


**Less than half of people in Coventry & Warwickshire have level 2 literacy skills**



Source: DfES Skills for Life 2003

**45% of people in Coventry & Warwickshire have only entry level numeracy 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*	-	-	-	-
Black Country	15,042	81.7%	72.0%	13.9%
<b>Coventry and Warwickshire</b>	<b>10,704</b>	<b>92.1%</b>	<b>77.7%</b>	<b>7.4%</b>
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>

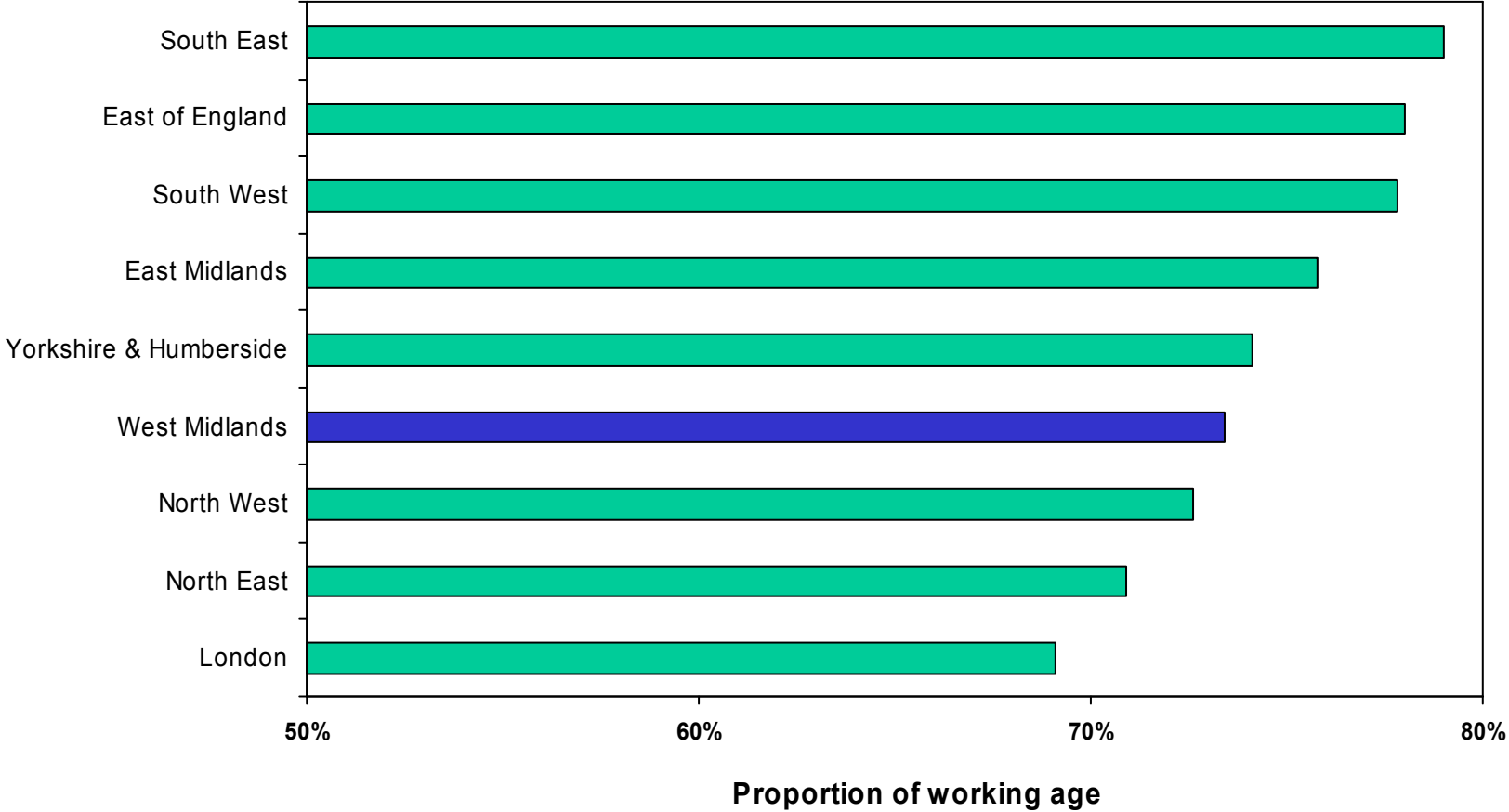
\*Birmingham and Solihull Data not available at this time

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

# The Region has the fourth lowest rate of employment



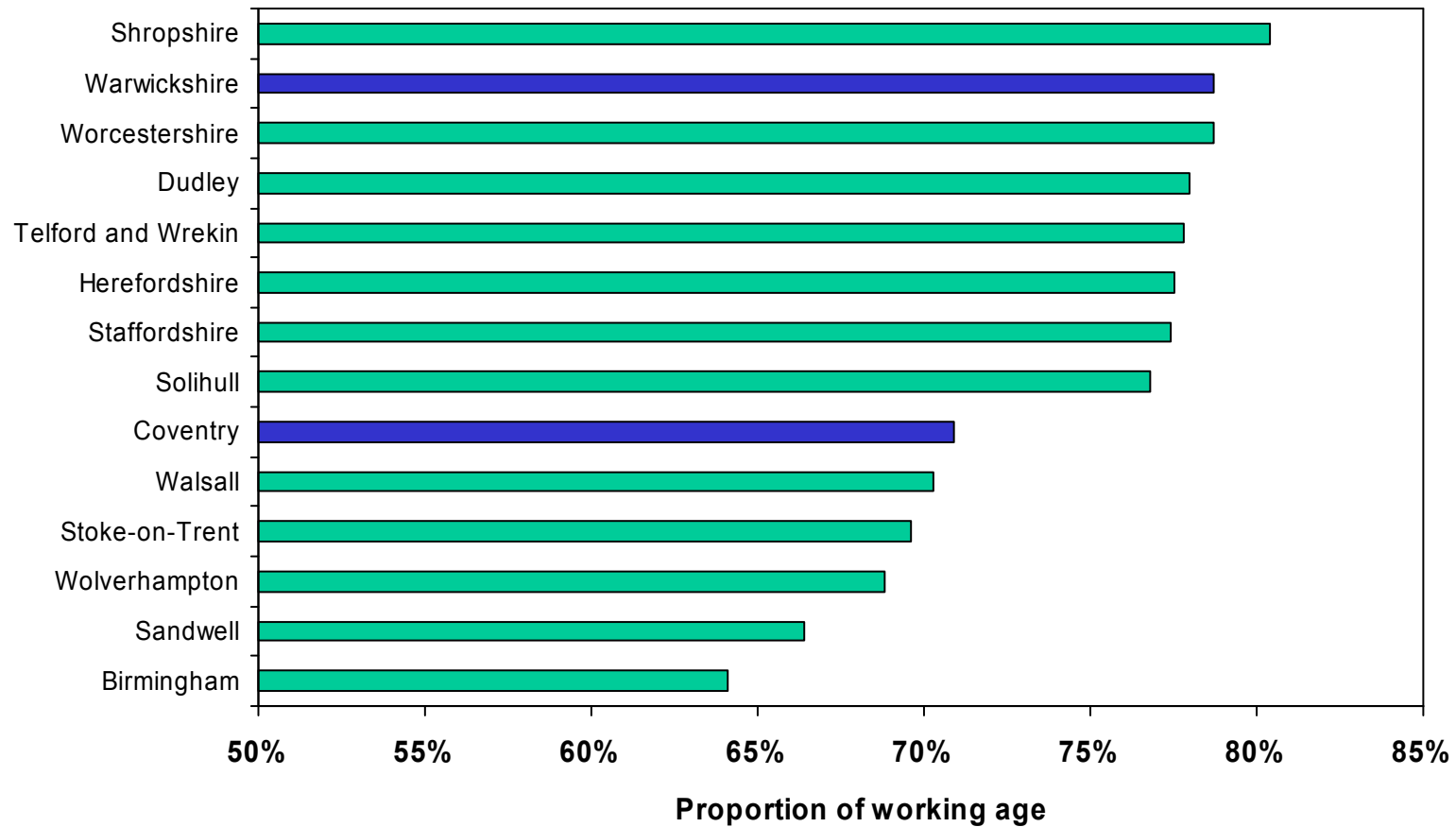
Employment rate of working age population



# Warwickshire has a particularly high rate of employment



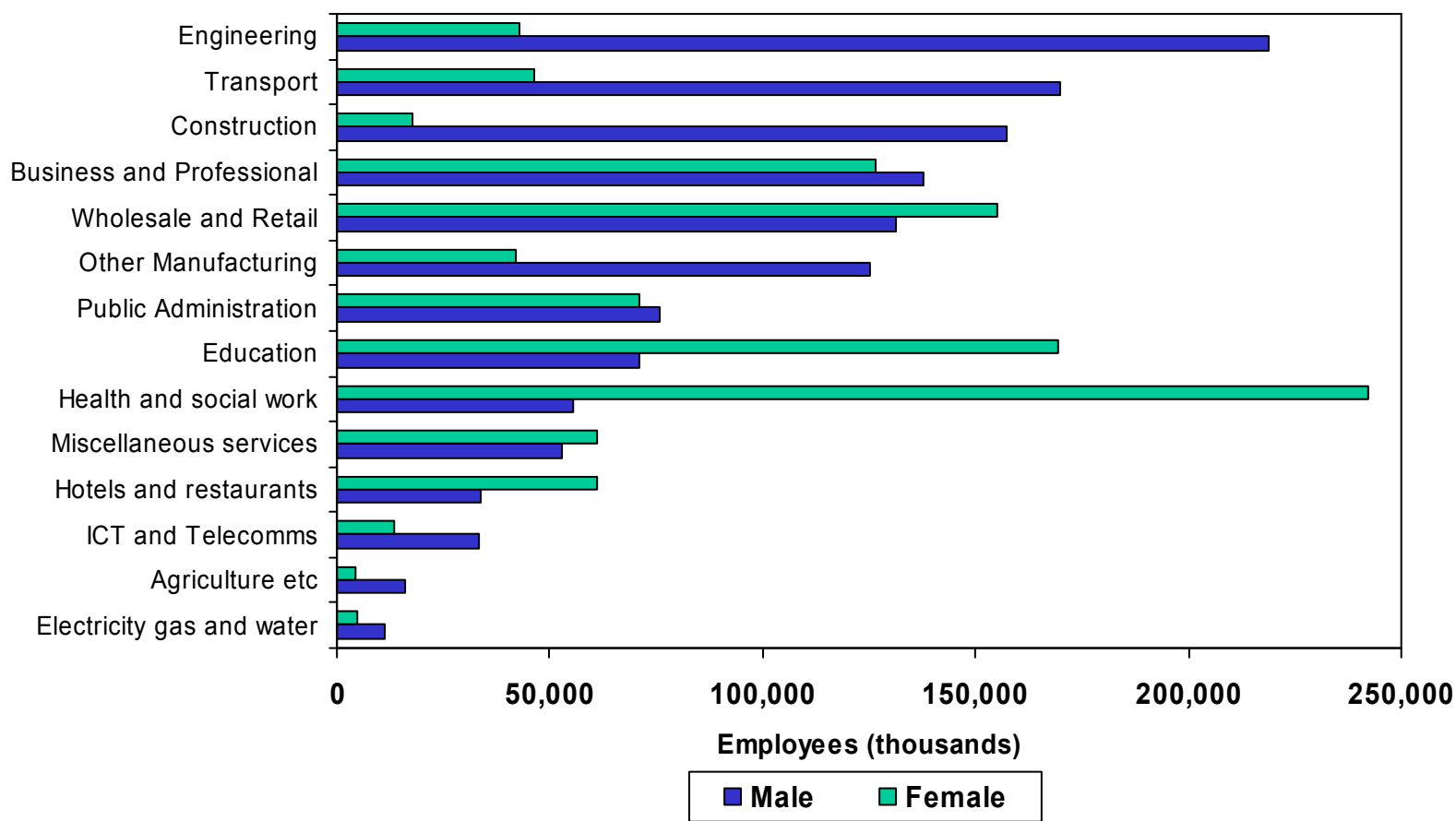
## Employment rate in West Midlands sub-regions



# Several industries still have a gender imbalance in their workforce



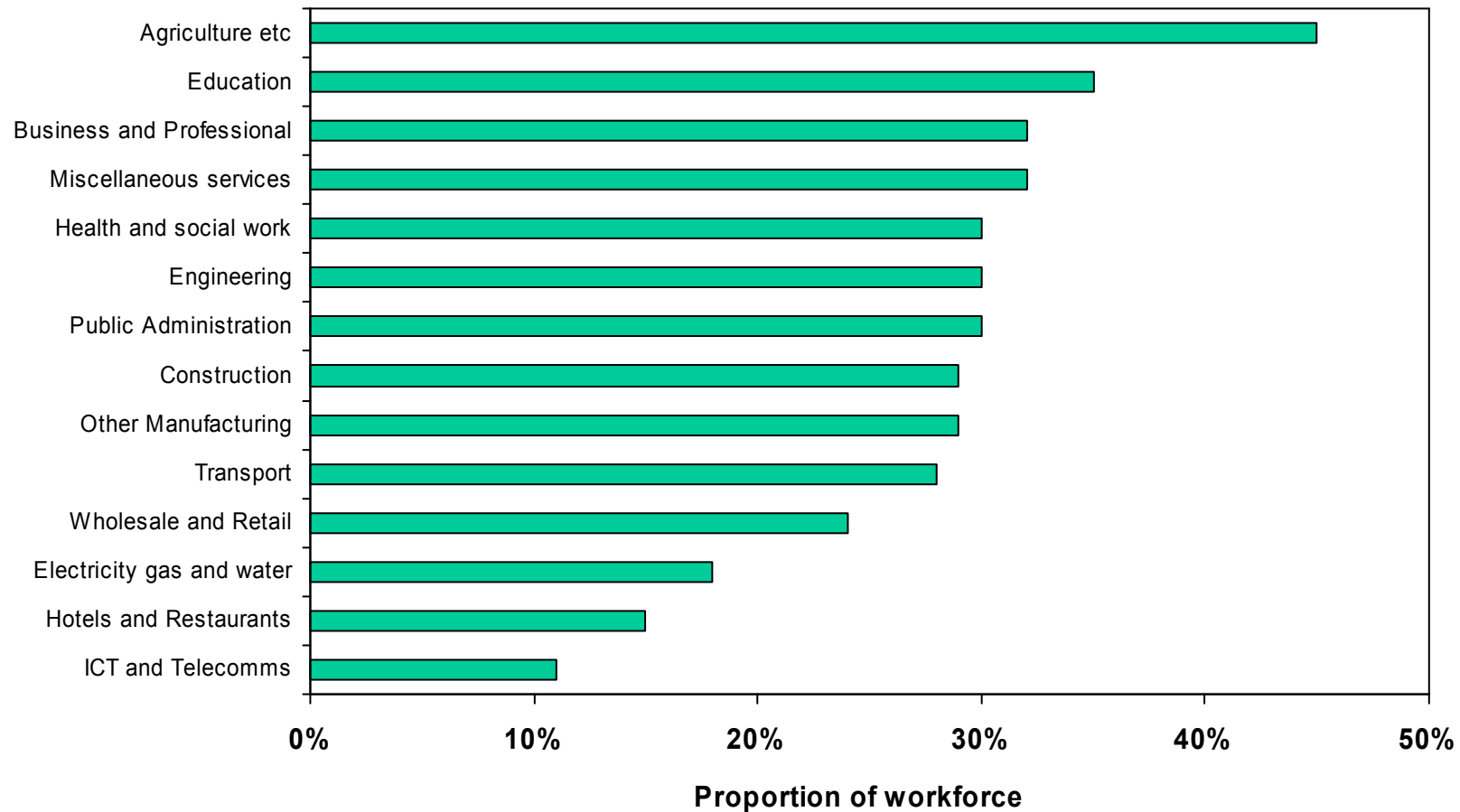
Regional employment of working age people by gender, West Midlands



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



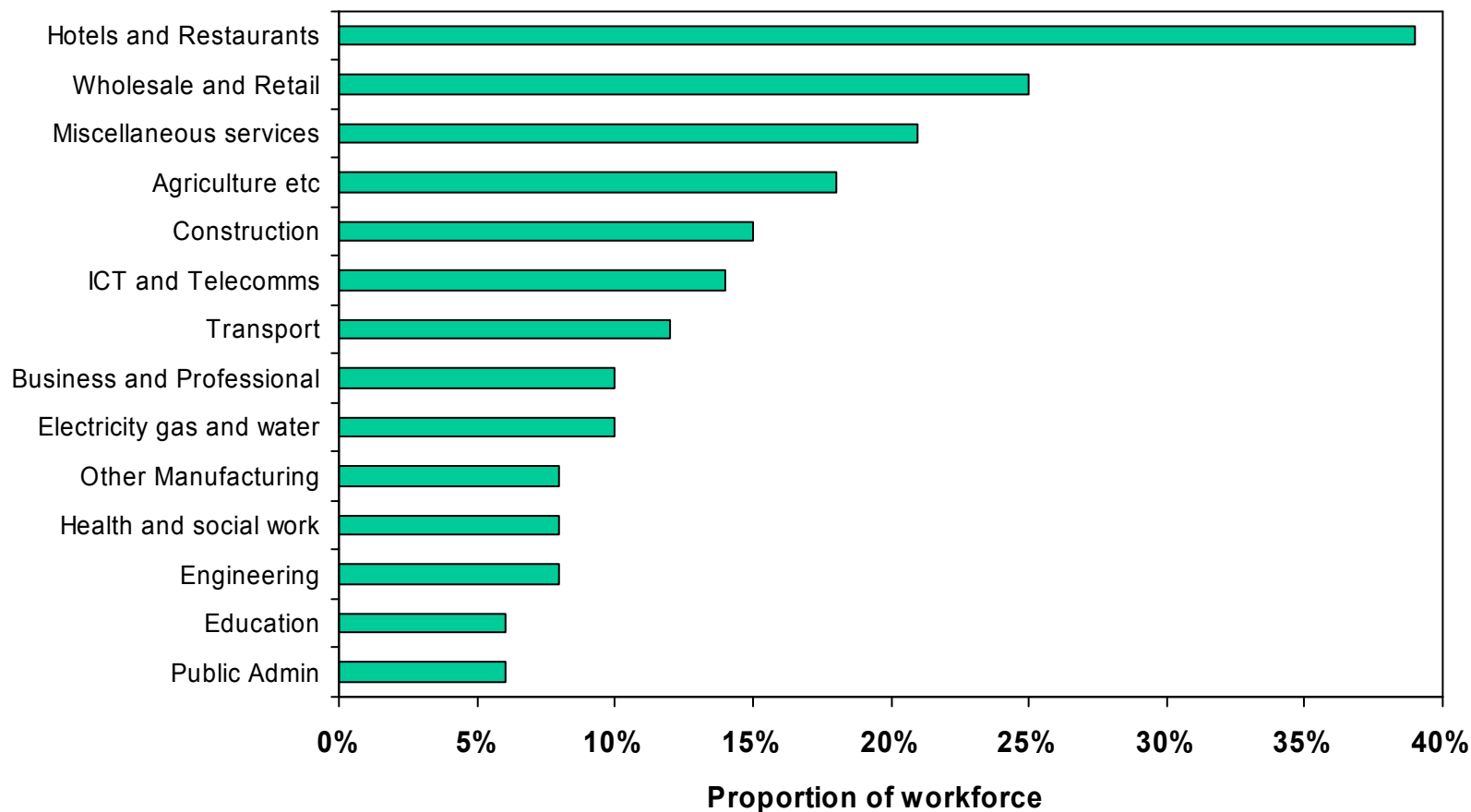
## Proportion of sector workforce that is aged 50 to retirement



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



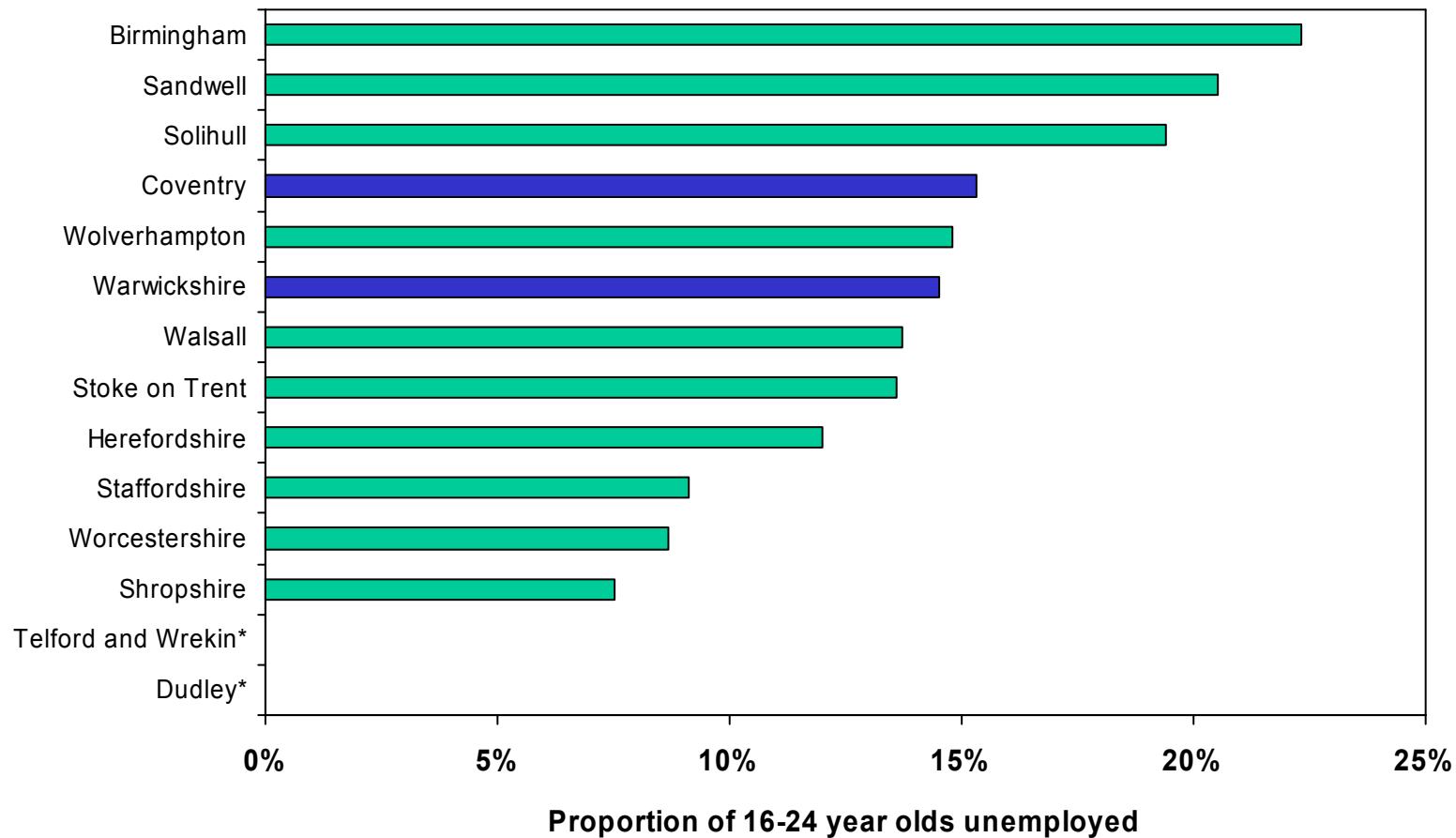
## Proportion of workforce aged 16-24



# Coventry & Warwickshire have relatively high rates of youth unemployment



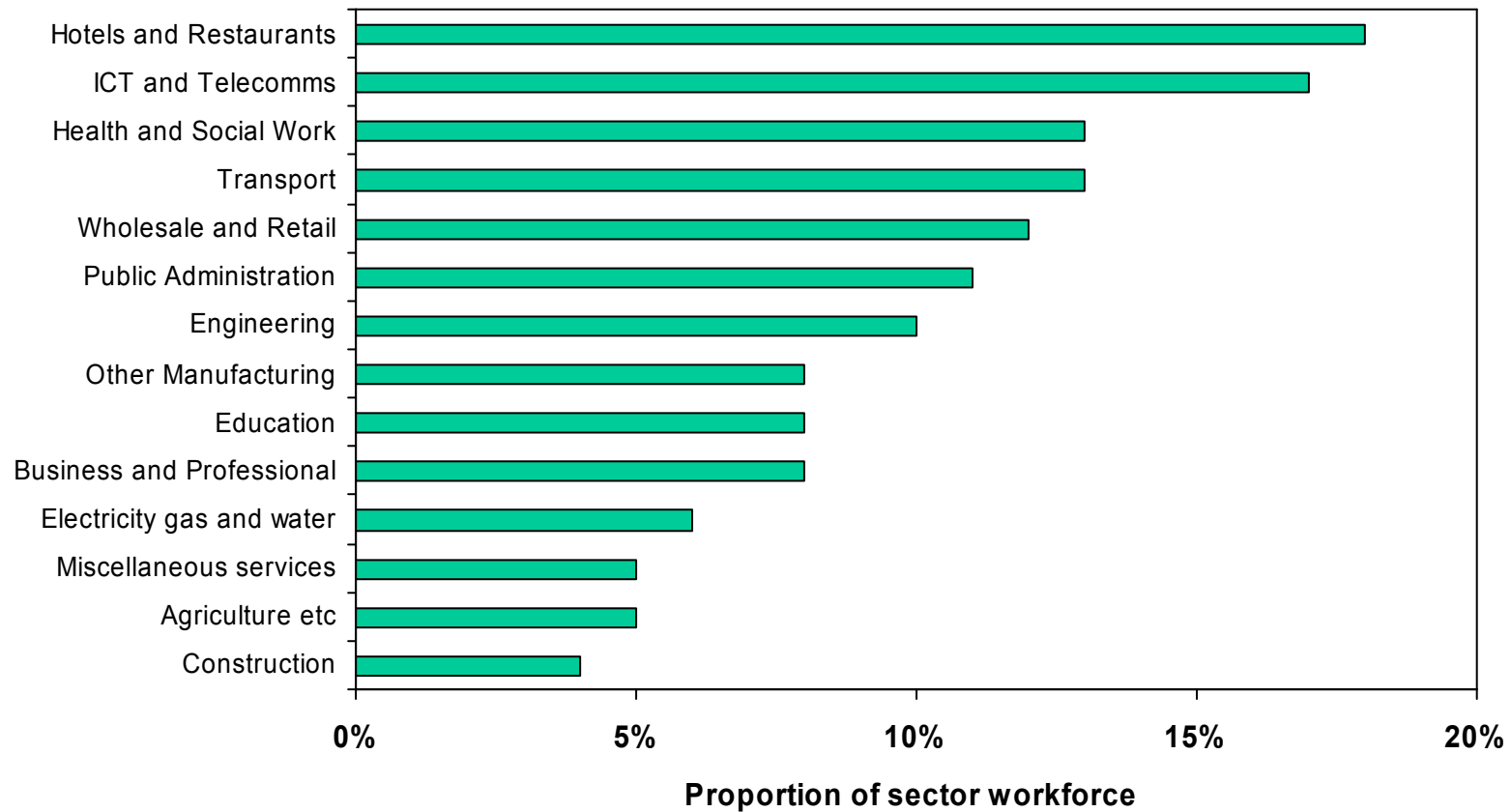
Unemployment rate of 16-24 year olds by sub-region



# Employment of non-white groups concentrated within certain industries



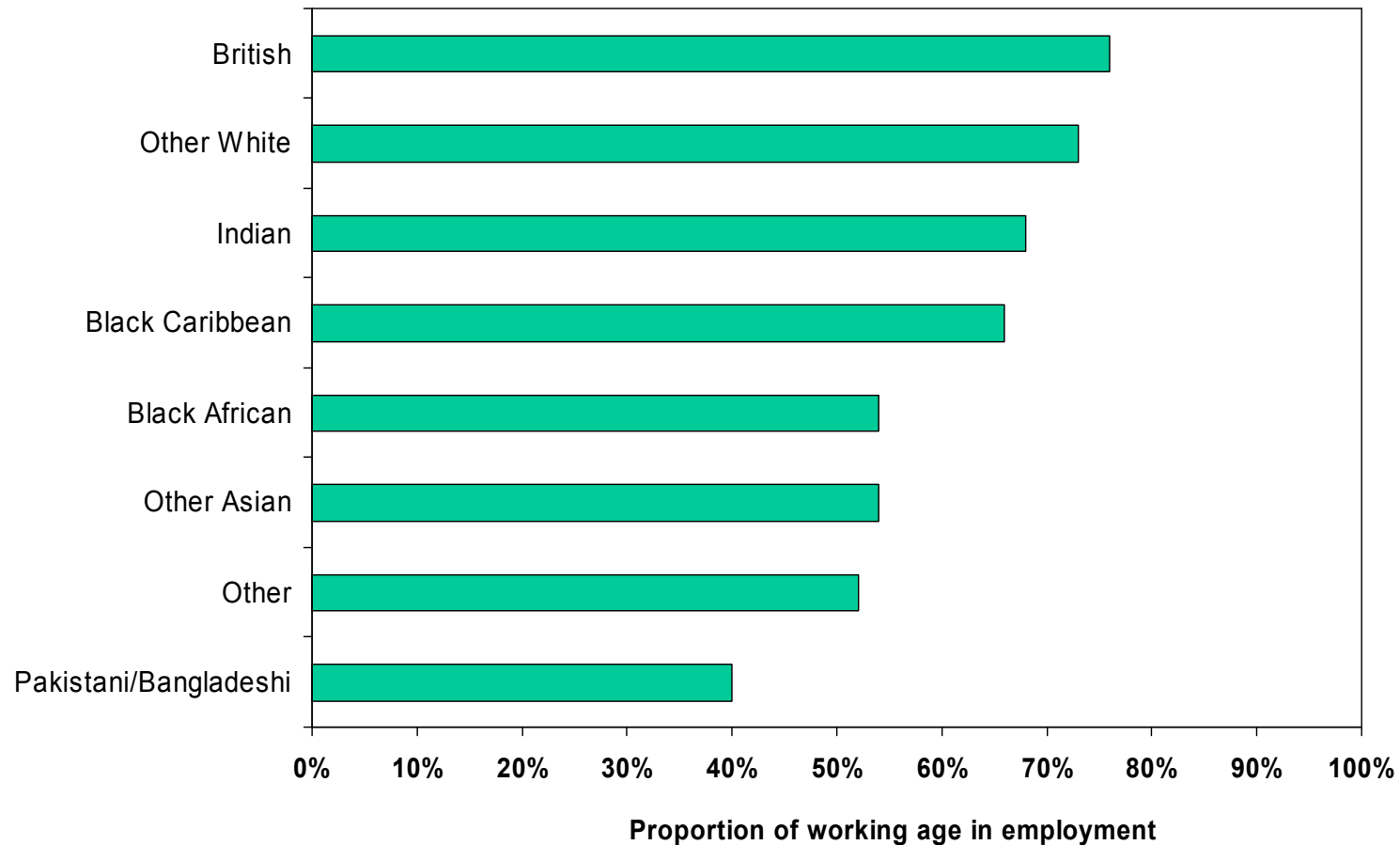
Proportion of sector workforce that is non-white



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



Employment rate of ethnic groups in West Midlands



# Skills issues for employers & Individuals

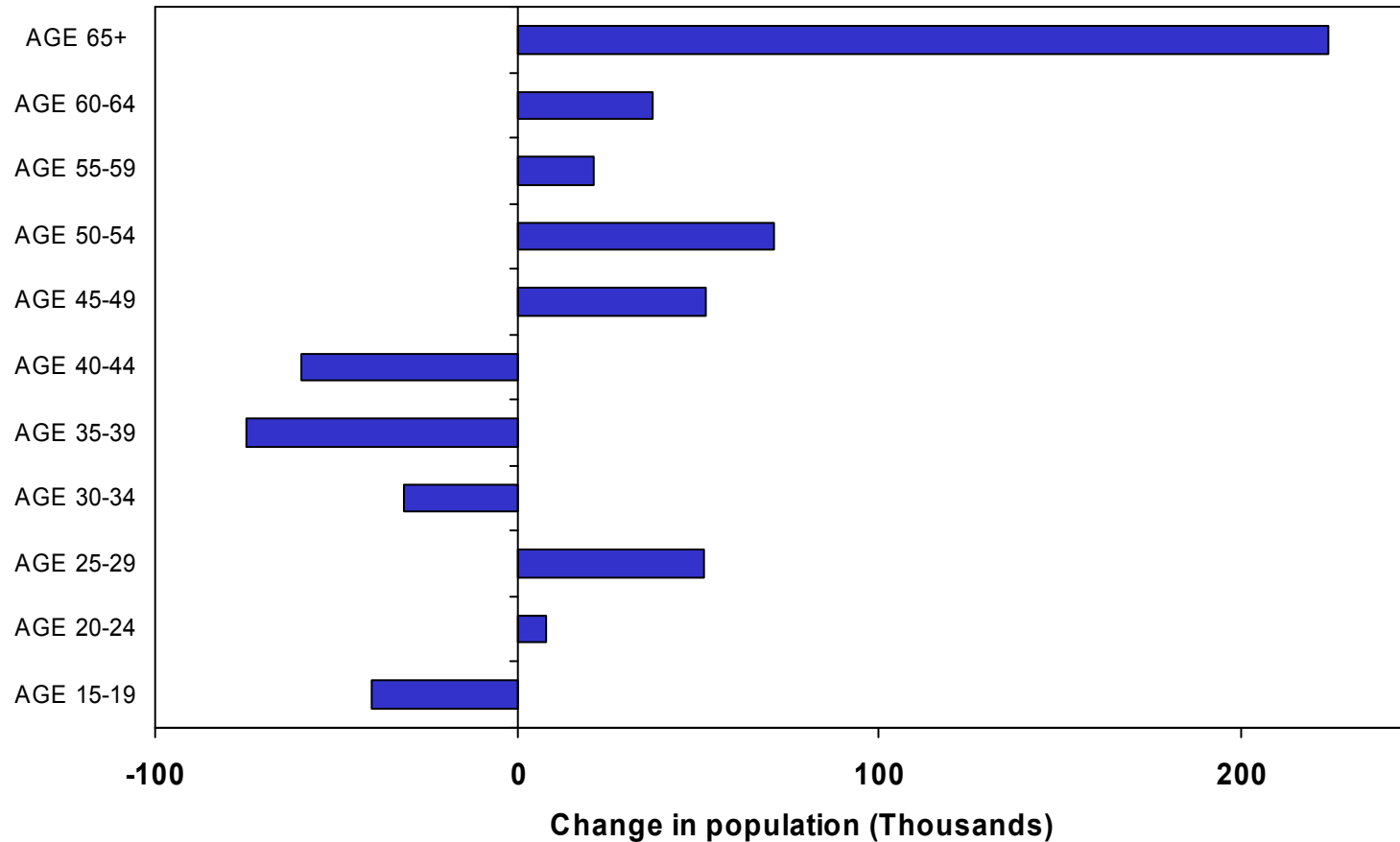


- Area Profile
- Economic Performance
- Skill gaps and deficiencies
- Recruitment problems and skill shortages
- Training and workforce development
- The benefits of investing in skills
- Regional & sub-regional qualification attainment
- Participation in employment
- Changing regional demography

# The Region has an ageing population



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

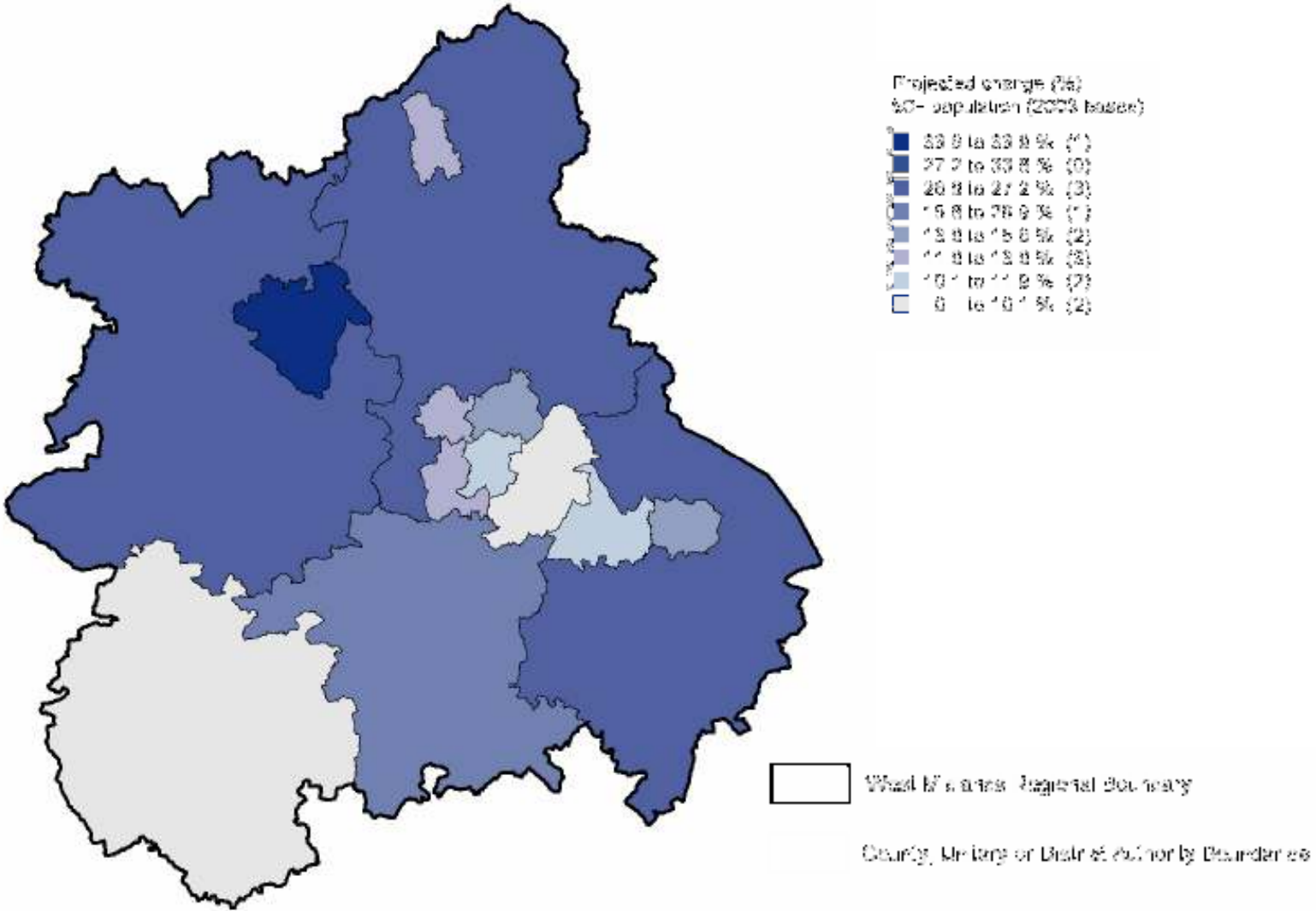


## Demographic changes

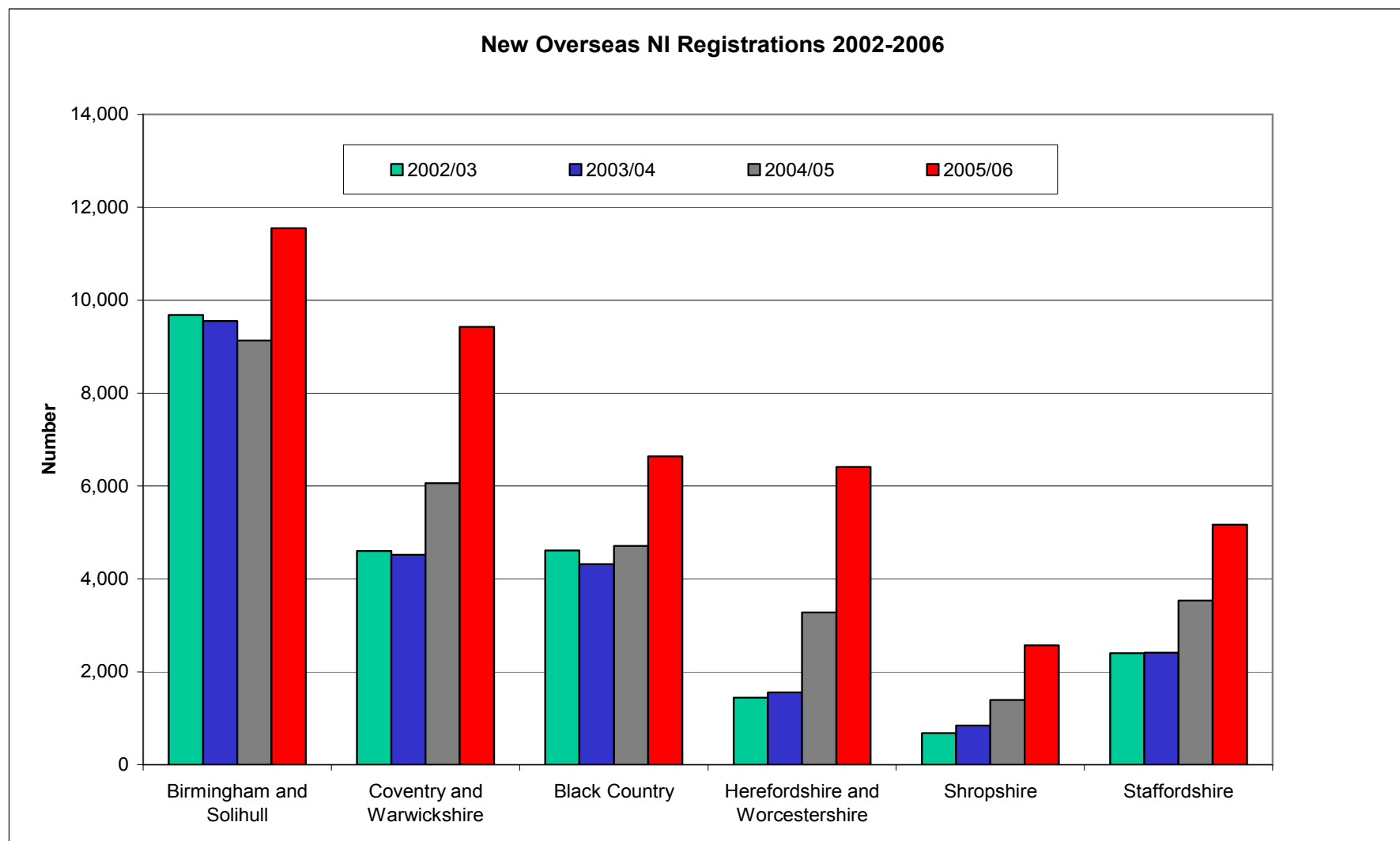
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- The Region is home to 161,000 people of Pakistani origin, 184,000 Indian, 33,000 Bangladeshi. There are 84,000 Black Caribbean people and 41,000 mixed heritage White and Black Caribbean people in the Region.
- In Birmingham, 1 in 10 people are of 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



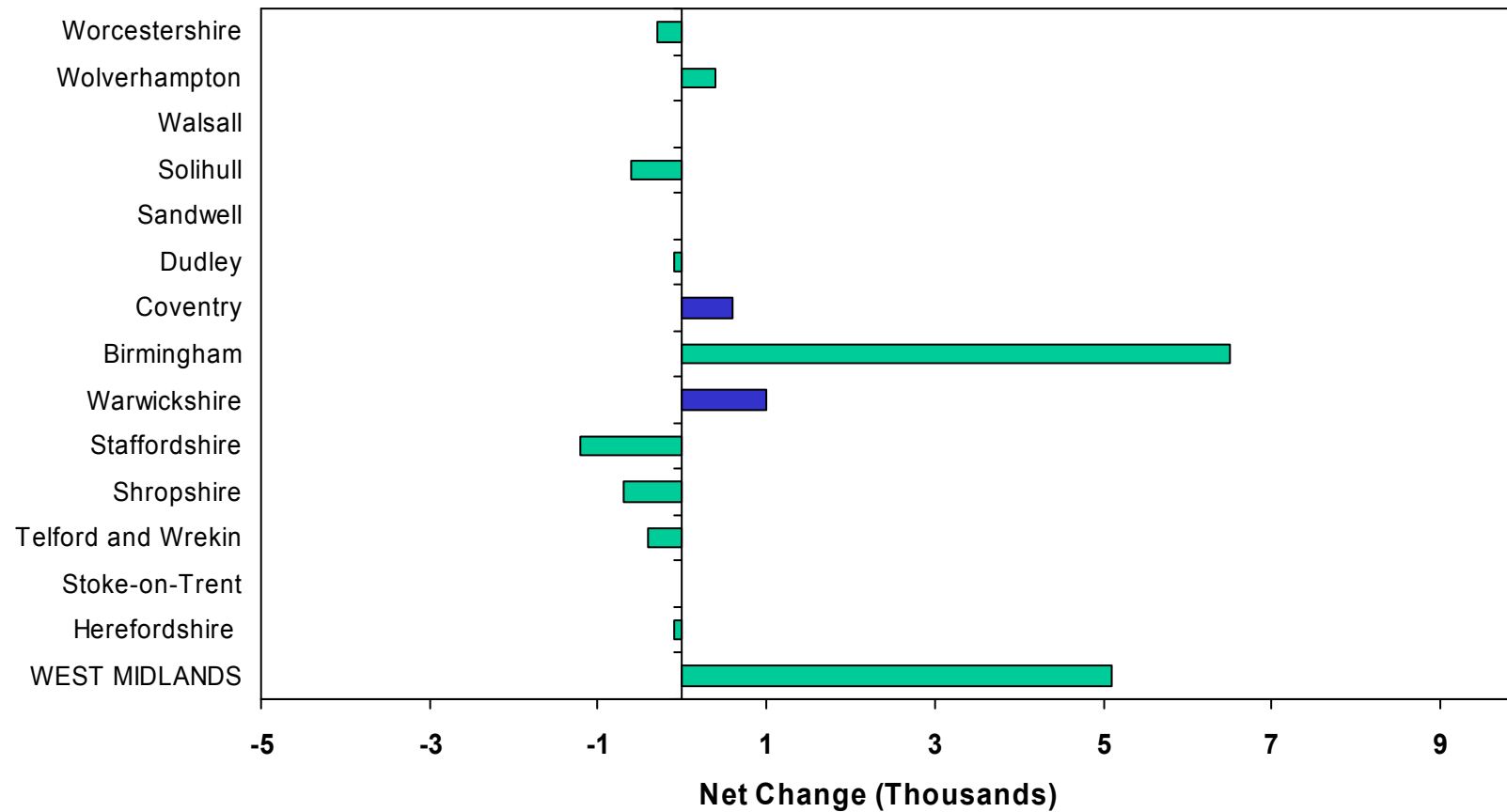
# The number of migrant workers are growing



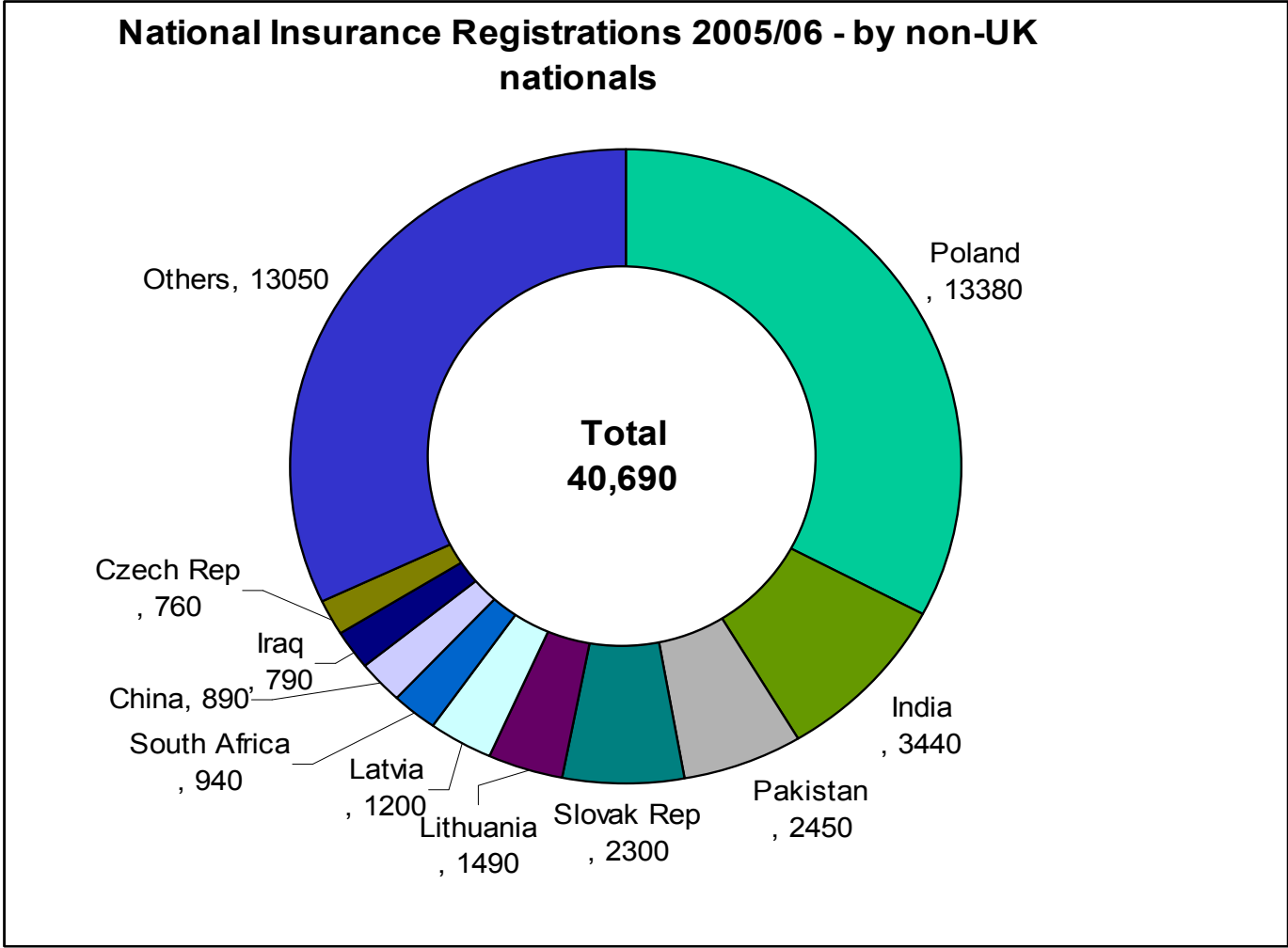
# Coventry & Warwickshire are a key centre for international migration



Net International migration in West Midlands 2004



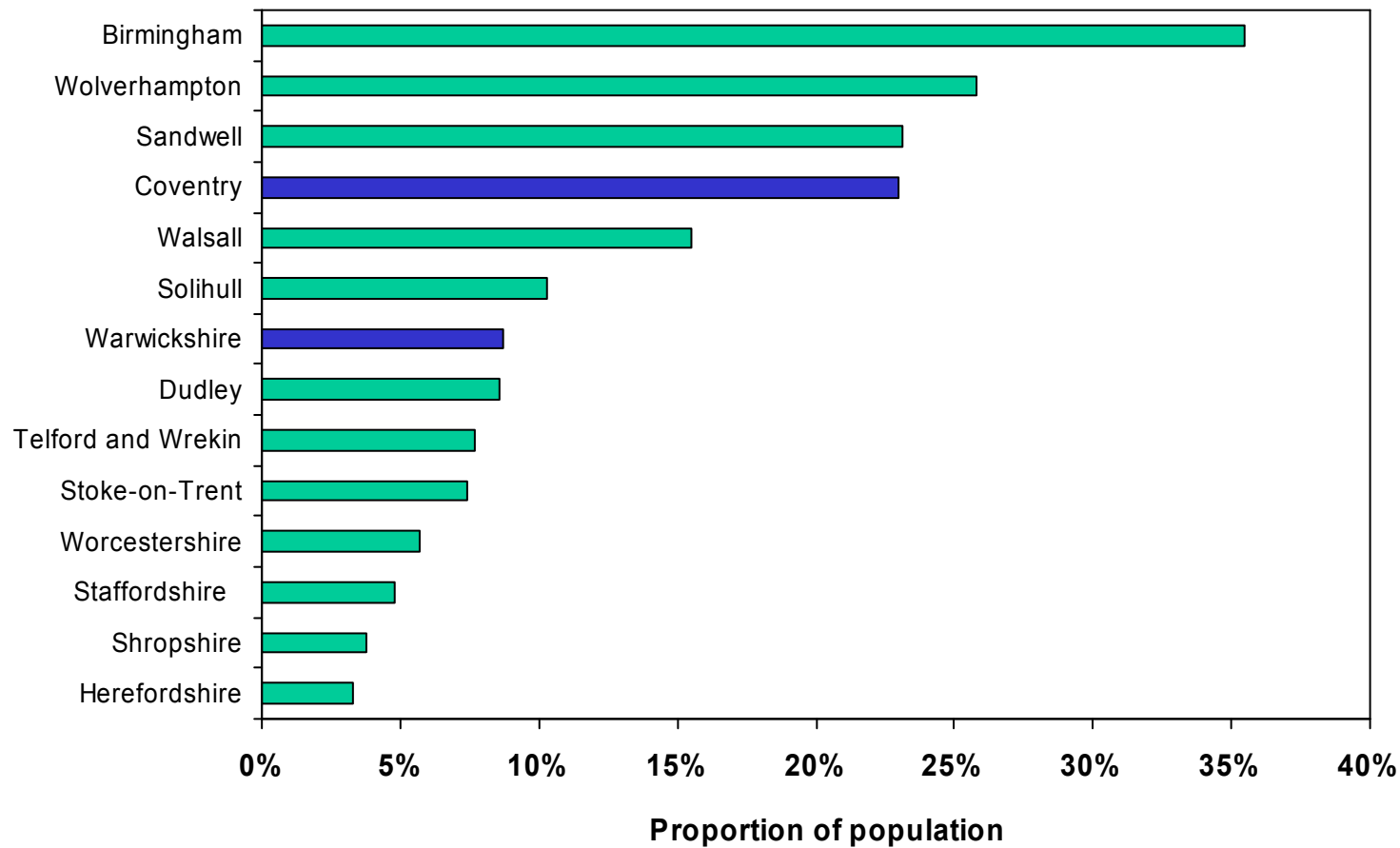
# Polish Nationals account for a third of migrant workers



# Coventry has a high proportion of the population from non-White British ethnic groups



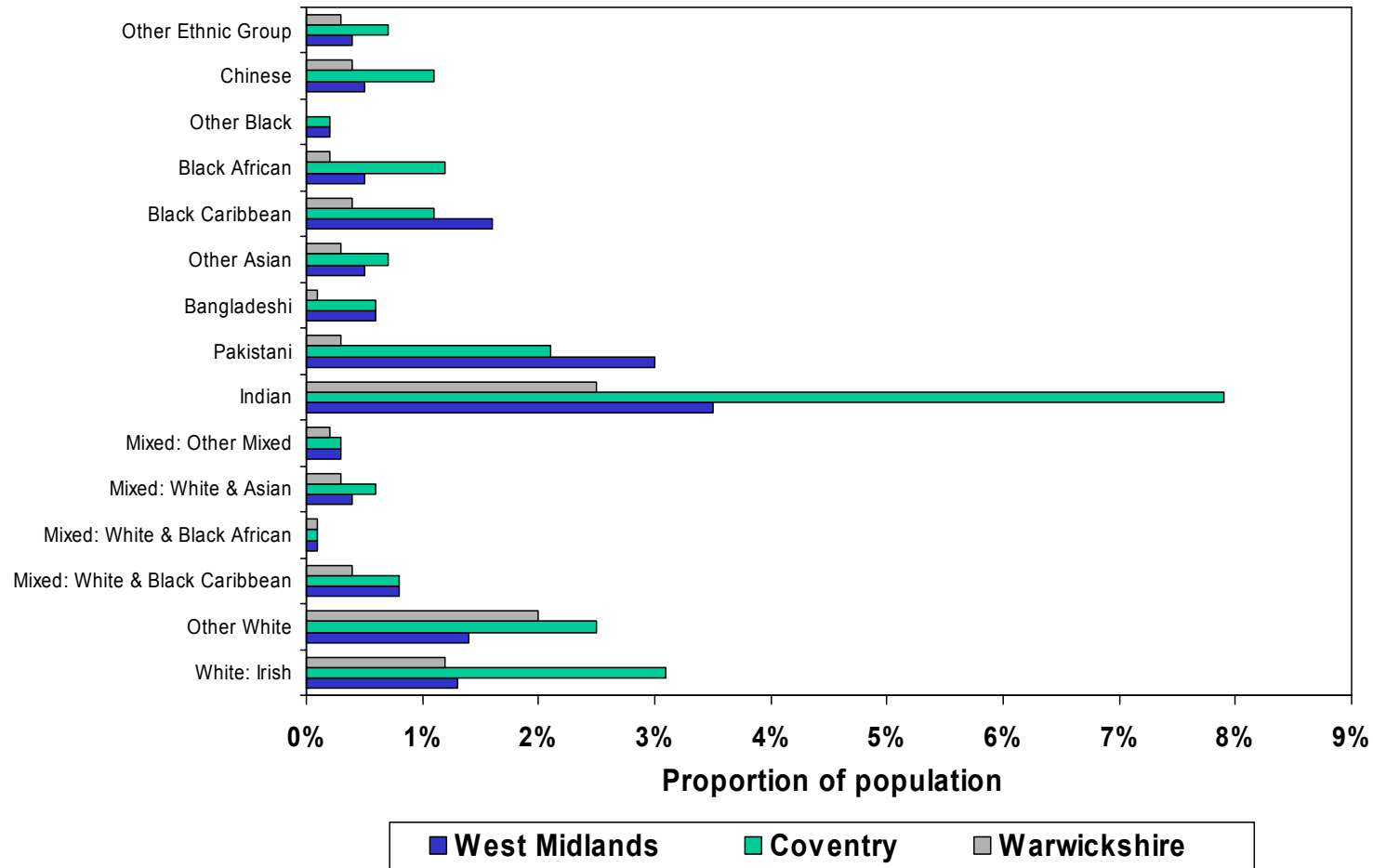
**Proportion of population from an ethnic group other than White British, 2003**



# Coventry has significant minority ethnic communities



Minority ethnic composition of Coventry & Warwickshire



# Key Issues



- Coventry & Warwickshire has relatively low levels of deprivation
- In Coventry there has been a significant decline in engineering since 1999
- Recruitment problems and skill shortages are less acute in Coventry & Warwickshire than other parts of the Region
- The proportion of staff trained is high relative to other sub-regions
- Warwickshire has higher level GSCE and A-level attainment rates compared to Coventry
- Coventry & Warwickshire performs well within the Region but numeracy levels are low
- Coventry has a high proportion of the population from non-White British ethnic groups