

Skills and the West Midlands Economy

A Herefordshire & Worcestershire 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

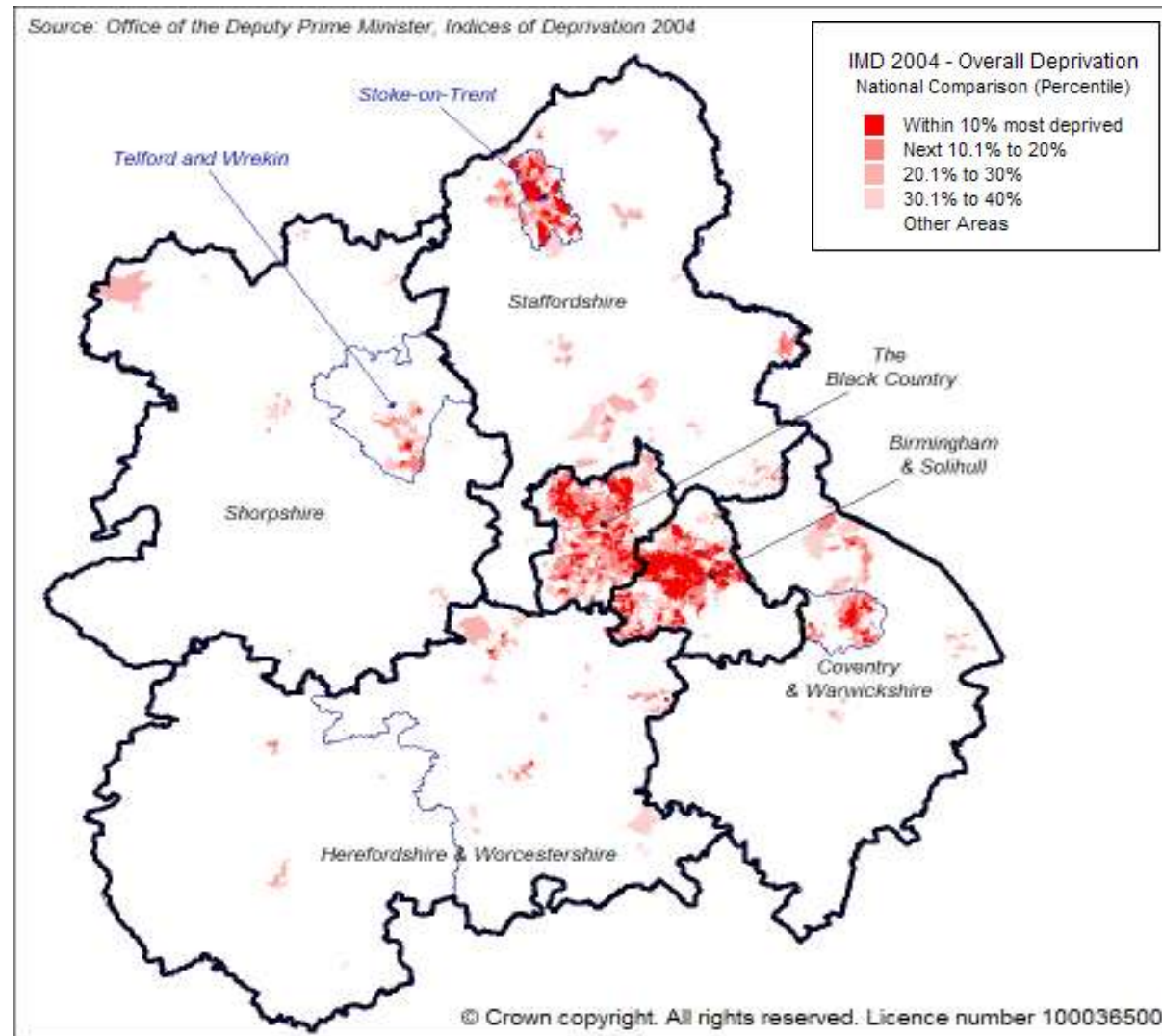
Local area profile for Herefordshire & Worcestershire



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
Dudley	78%	2%	20%	183,948
Sandwell	66%	5%	28%	167,833
Walsall	70%	5%	25%	147,347
Wolverhampton	69%	4%	27%	138,585
West Midlands	73%	4%	23%	3,195,356

Indices of Multiple Deprivation 2004: Concentrations of Deprivation

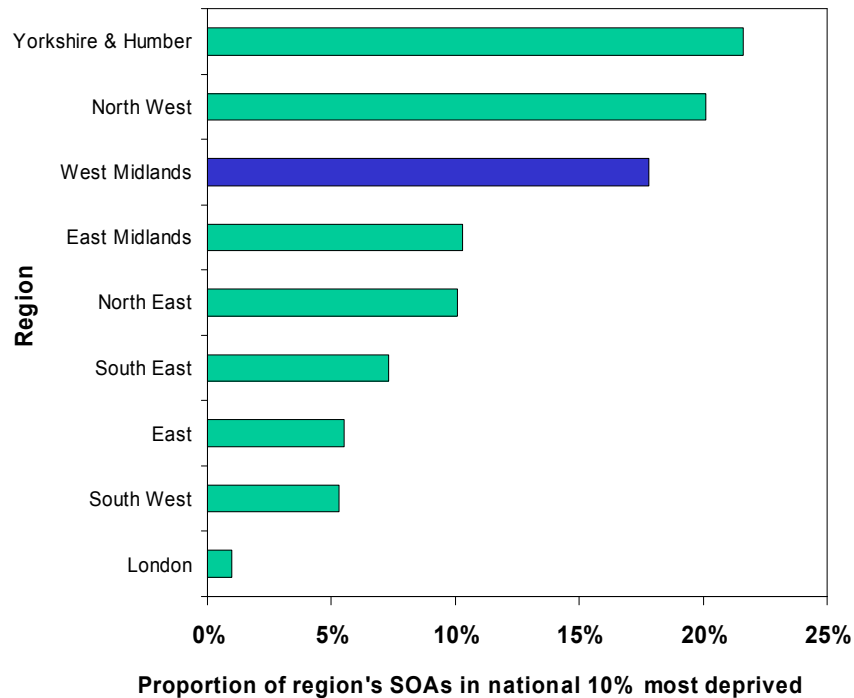


Herefordshire & Worcestershire has relatively low levels of deprivation



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

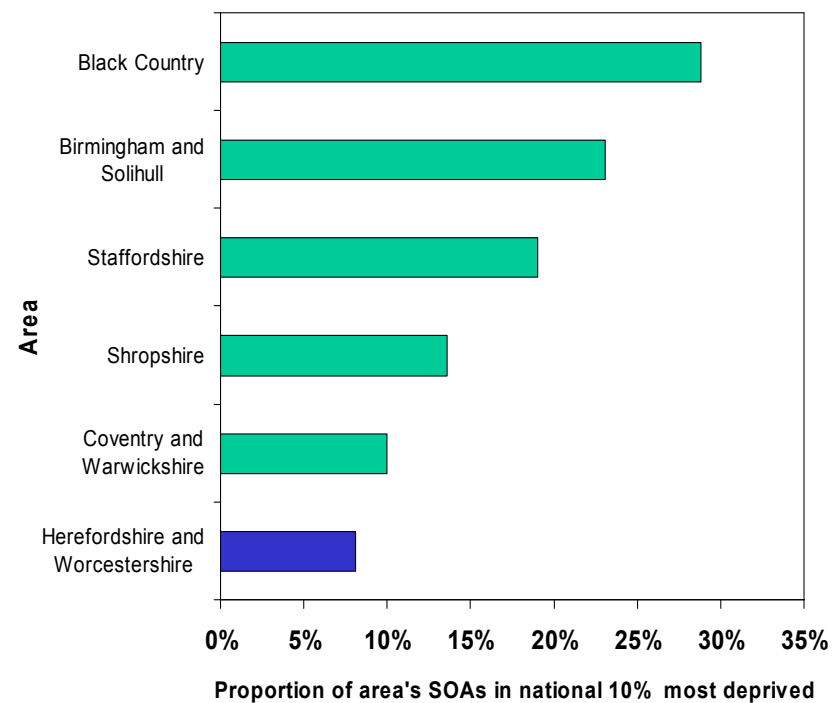
Share of national 10% most deprived



Source: IMD 2004

8% of Herefordshire & Worcestershire'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

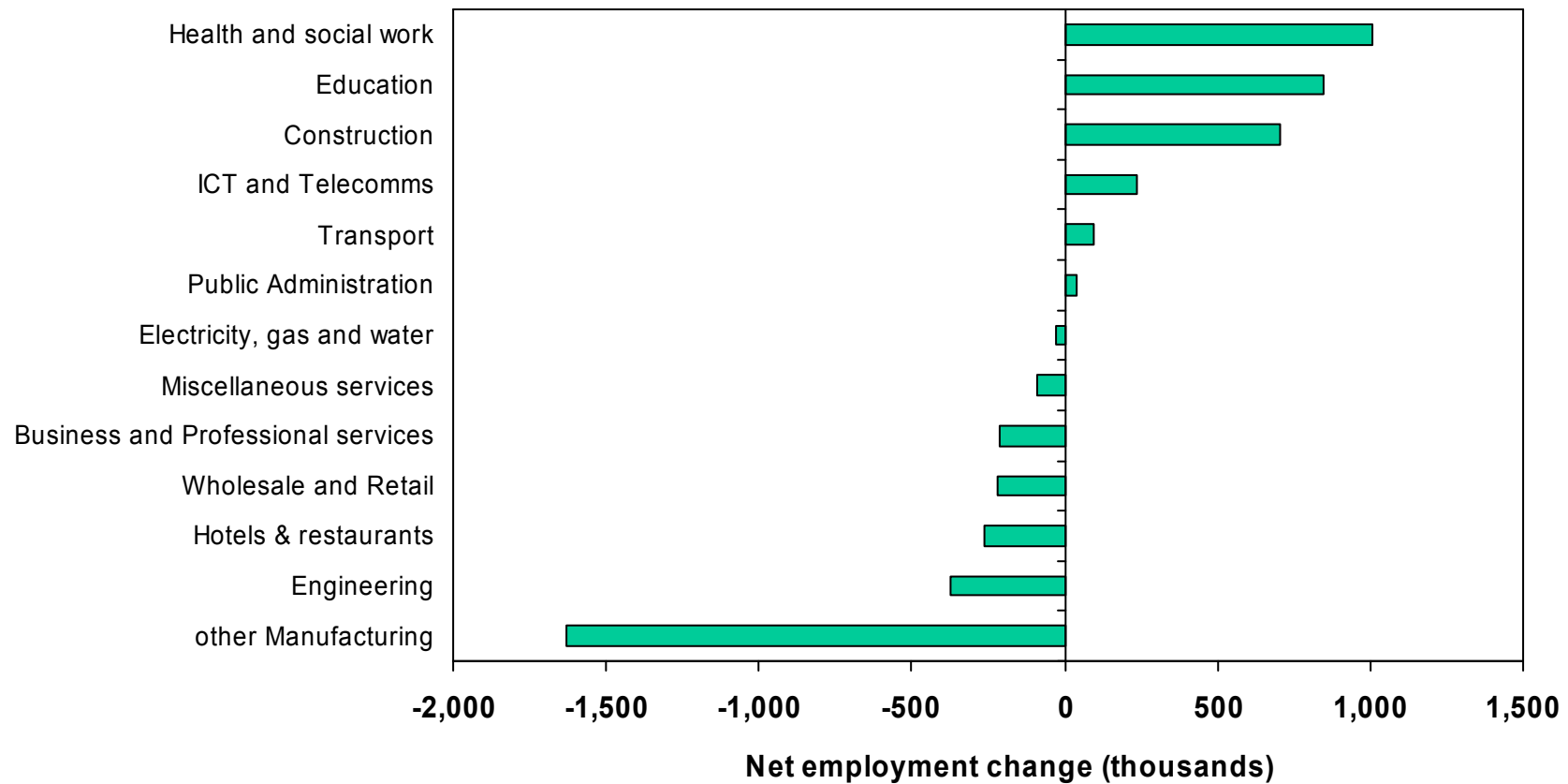


Title	West Midlands			Herefordshire			Worcestershire		
	1999	2003	2004	1999	2003	2004	1999	2003	2004
Agriculture etc..	1%	1%	1%	n/a	n/a	n/a	n/a	n/a	n/a
Engineering	13%	10%	9%	7%	6%	7%	10%	8%	9%
other Manufacturing	10%	8%	7%	14%	13%	11%	11%	10%	9%
Electricity, gas and water	1%	1%	1%	0%	0%	0%	0%	0%	0%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

In Herefordshire growth has been led by health & social work, education and construction



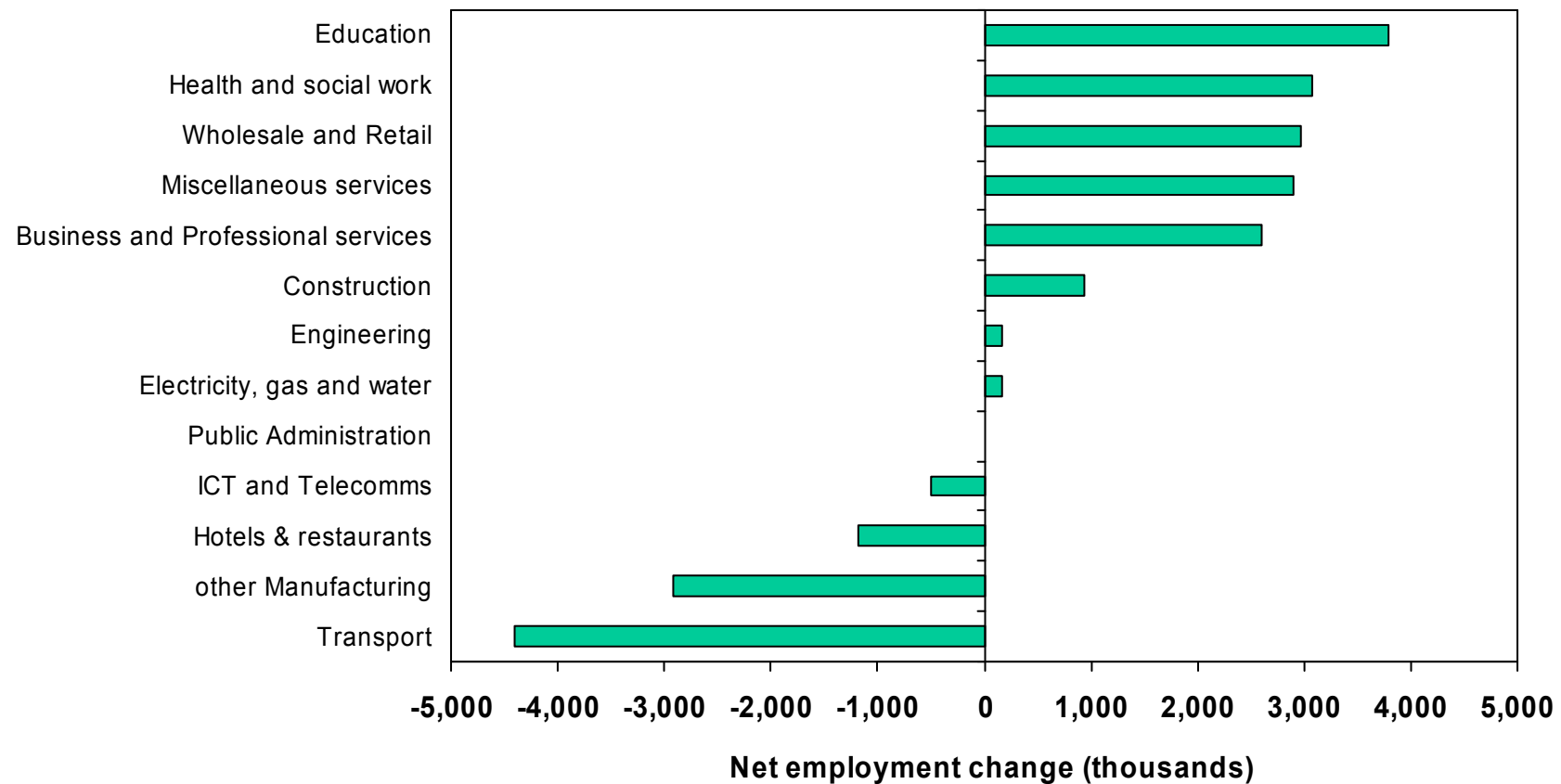
Net employment change in Herefordshire by sector: 1999-2004



In Worcestershire growth has been led by a broader range of service sectors



Net employment change in Worcestershire by sector: 1999-2004

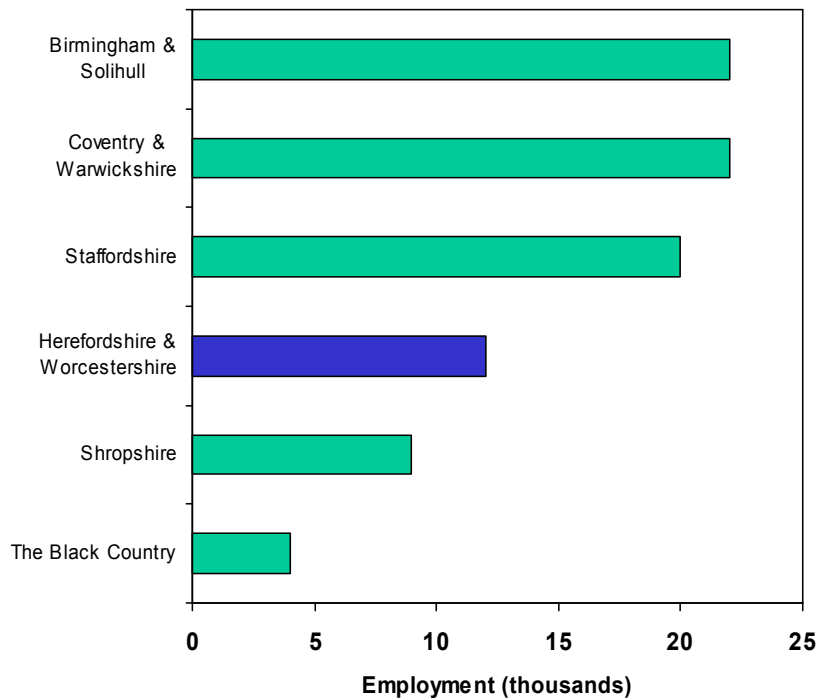


Employment growth will be less significant than elsewhere in the Region



Herefordshire & Worcestershire is less likely to be of focus for new job creation

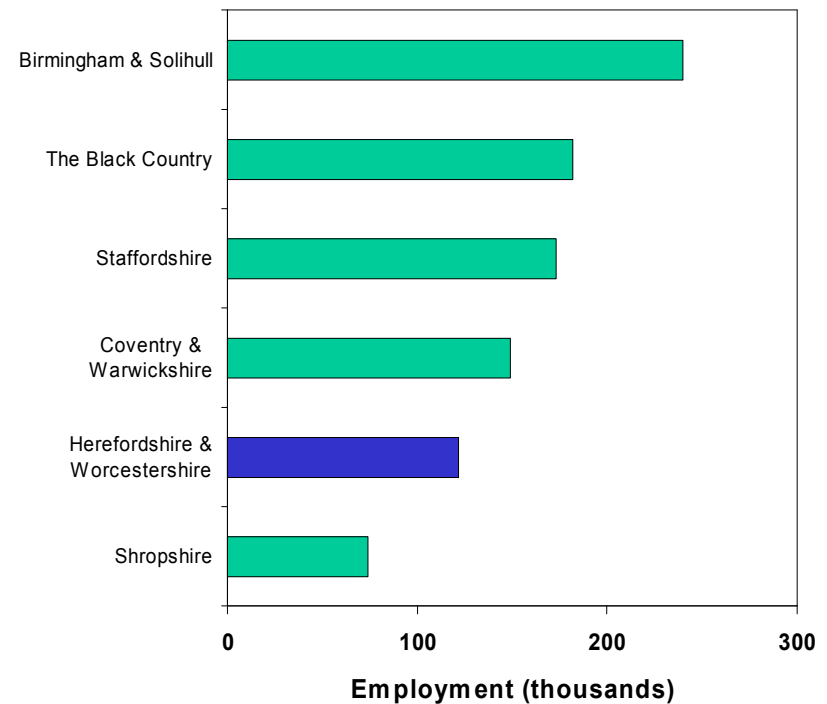
Projections of regional employment change 2004-2014: net new jobs



Source: Working Futures II

or for 'replacement demand'

Projections of regional employment change 2004-2014: replacement demand



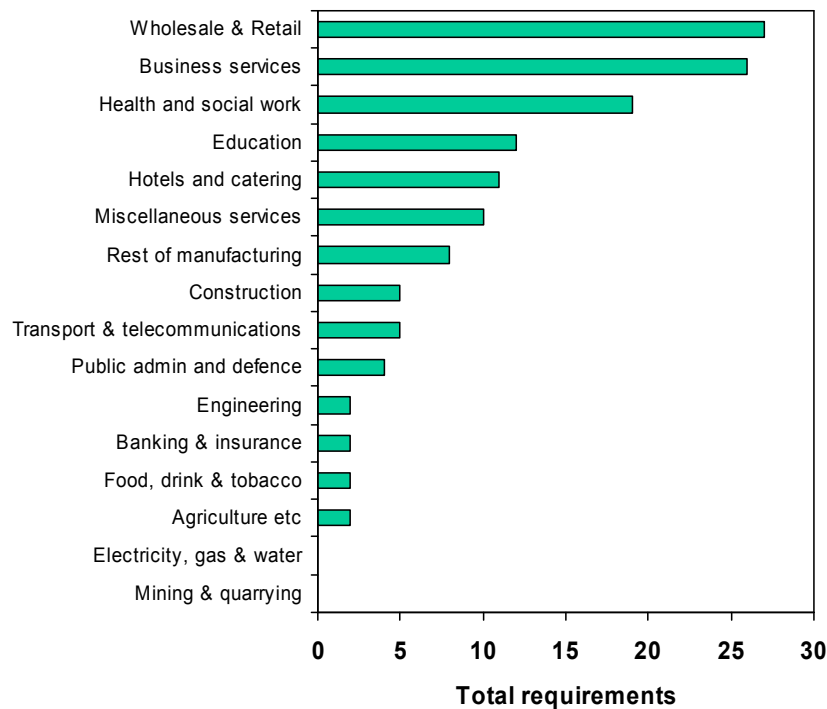
Source: Working Futures II

Forecast employment growth by sector and occupation – Herefordshire & Worcestershire



Growth will be led by retail, wholesale and business services

Projections of employment by sector 2004-2014: Herefordshire & Worcestershire



Source: Working Futures II

And by managerial, professional, assoc. professional and personal service occupations

Projections of employment by occupation 2004-2014: Herefordshire & Worcestershire

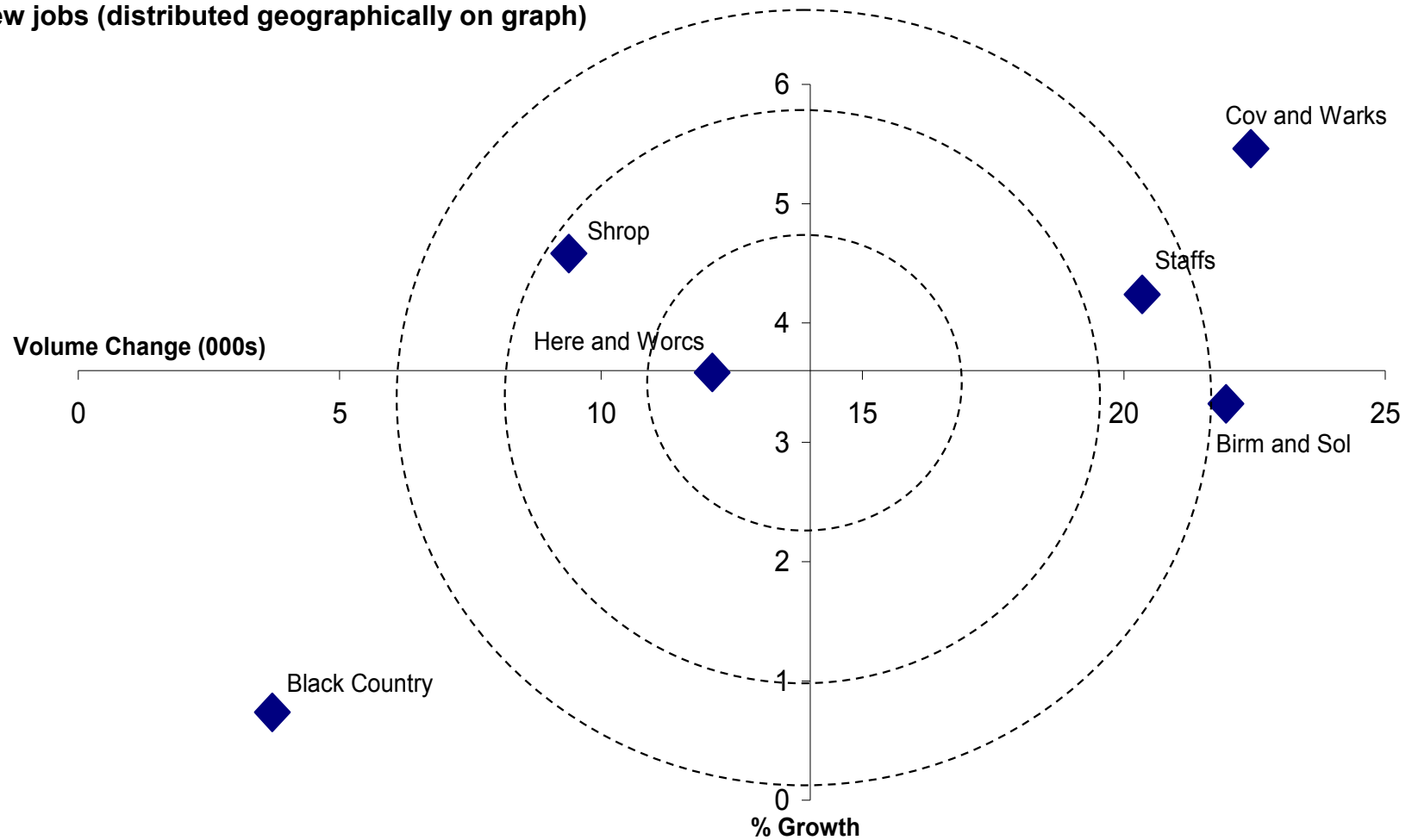


Source: Working Futures II

Employment Projections 2004-2014



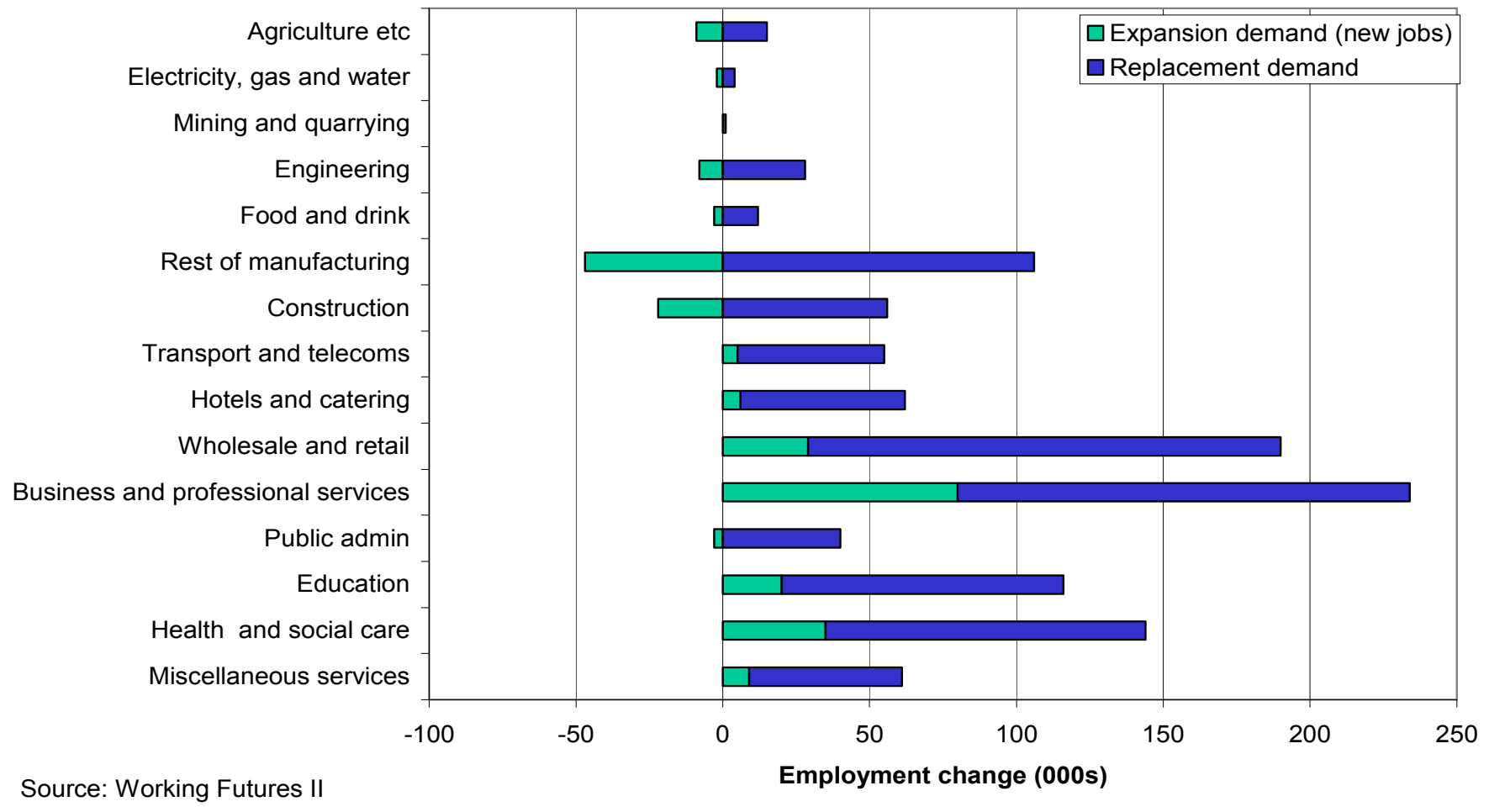
- 940,000 replacement jobs across the region
- 90,000 new jobs (distributed geographically on graph)



Forecast employment requirements by sector



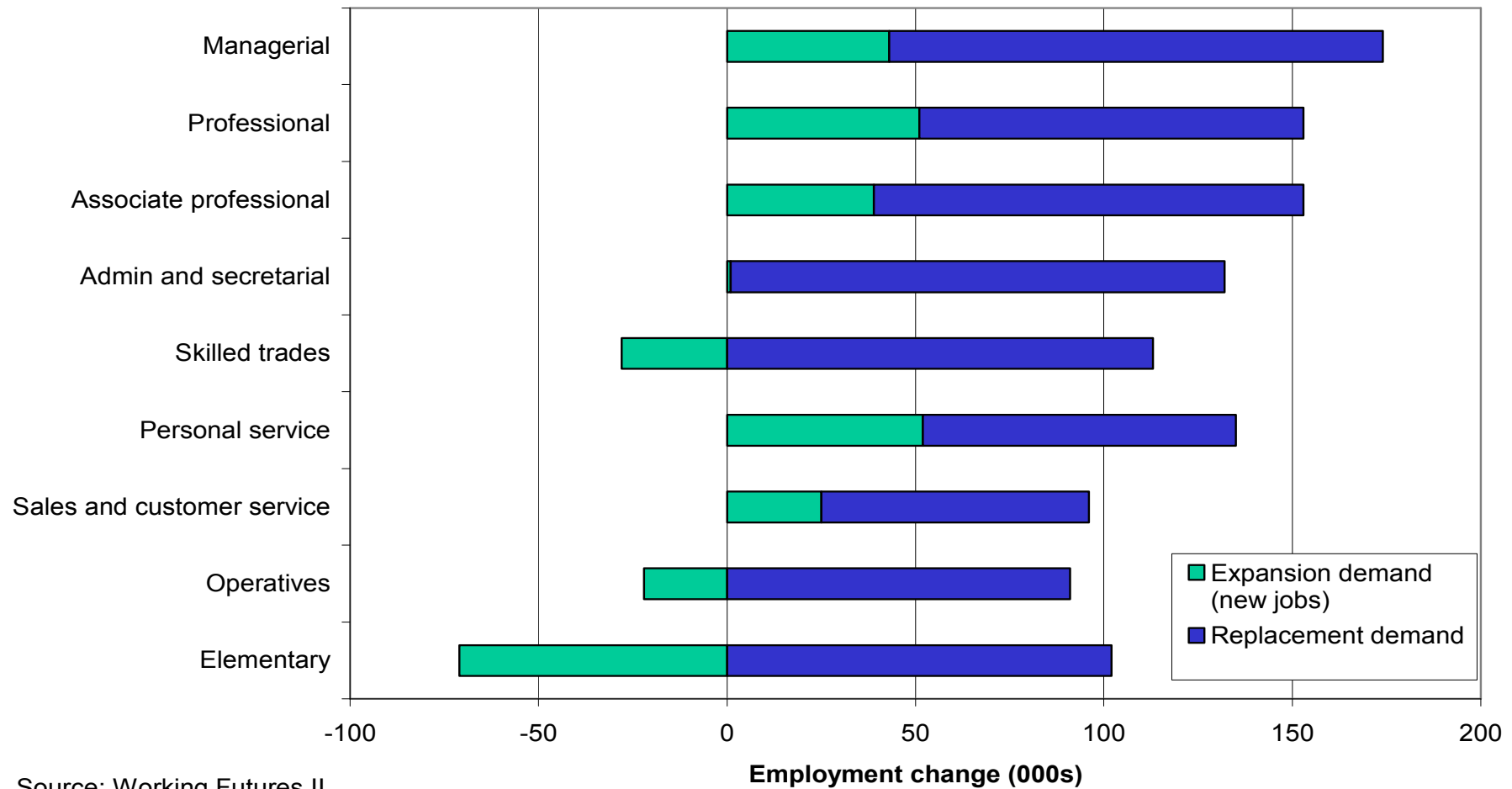
Projections for regional employment change 2004-2014



Forecast employment requirements by occupation



Projections for regional employment change 2004-2014



Source: Working Futures II

Skills issues for employers & Individuals



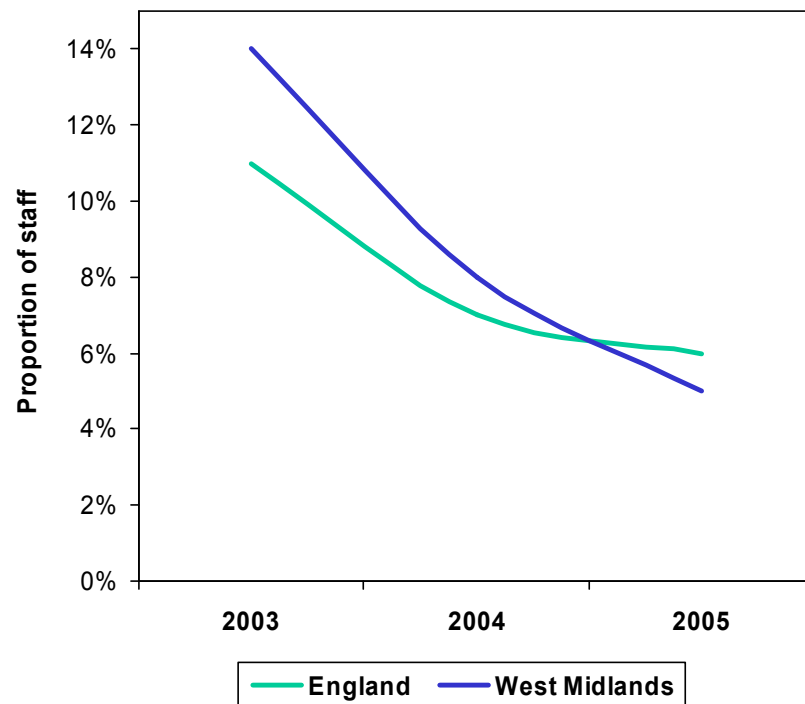
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Skill gaps have fallen markedly in the Region



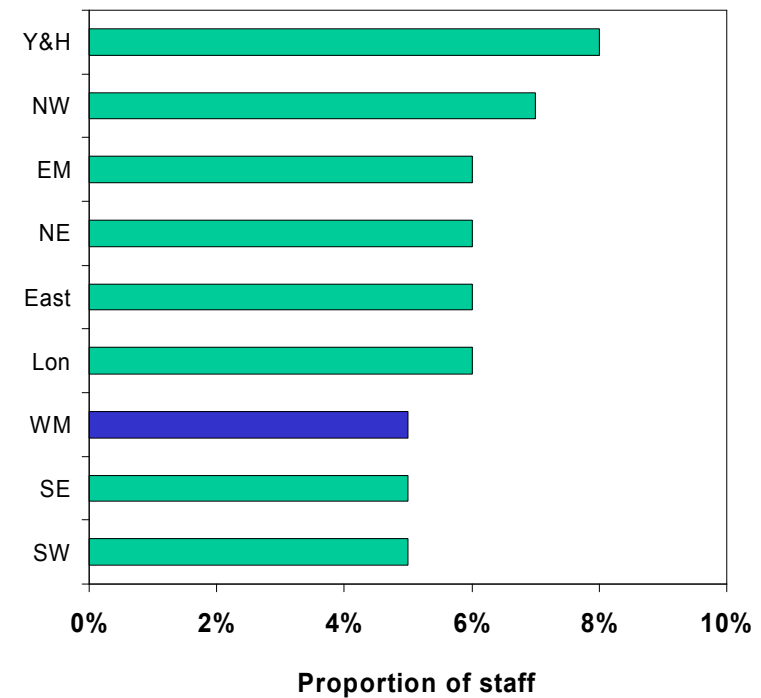
The proportion of staff with skill gaps is now below the national average

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

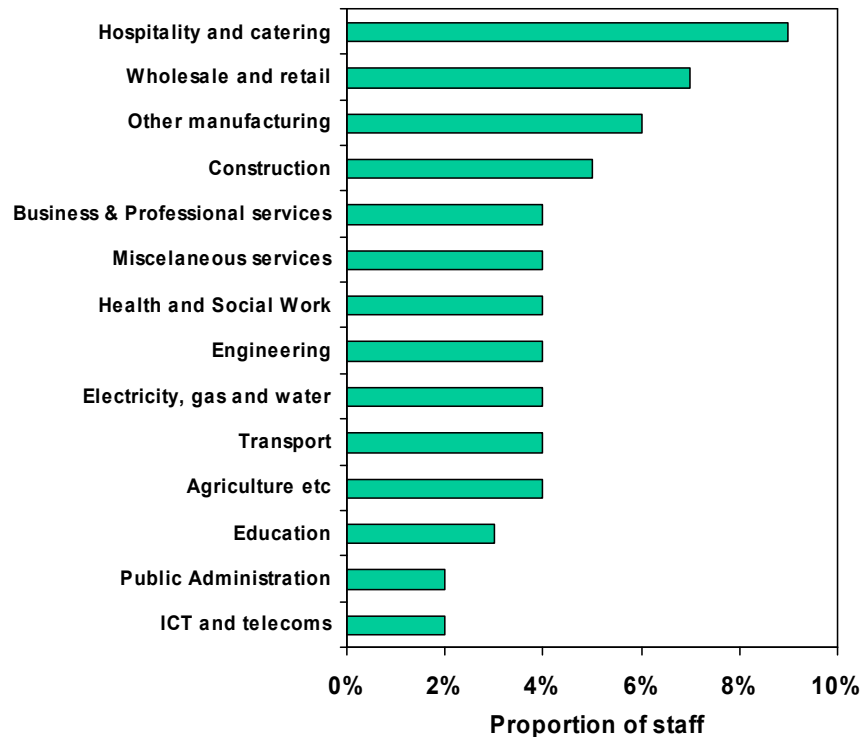


Problems with skill gaps are concentrated in particular sectors and occupations



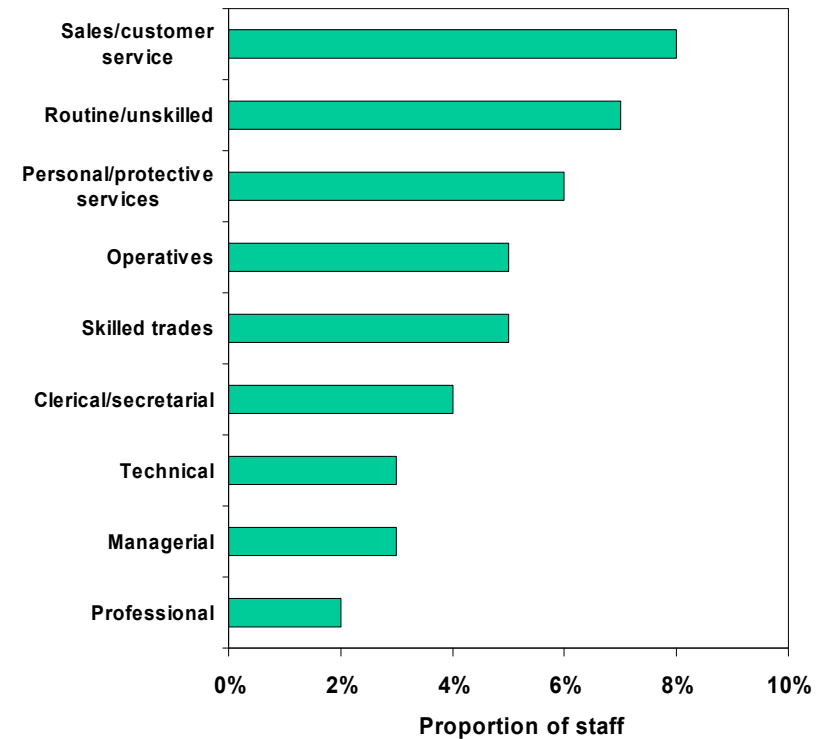
Skill gaps are more common in hospitality, catering, wholesale and retail

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



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

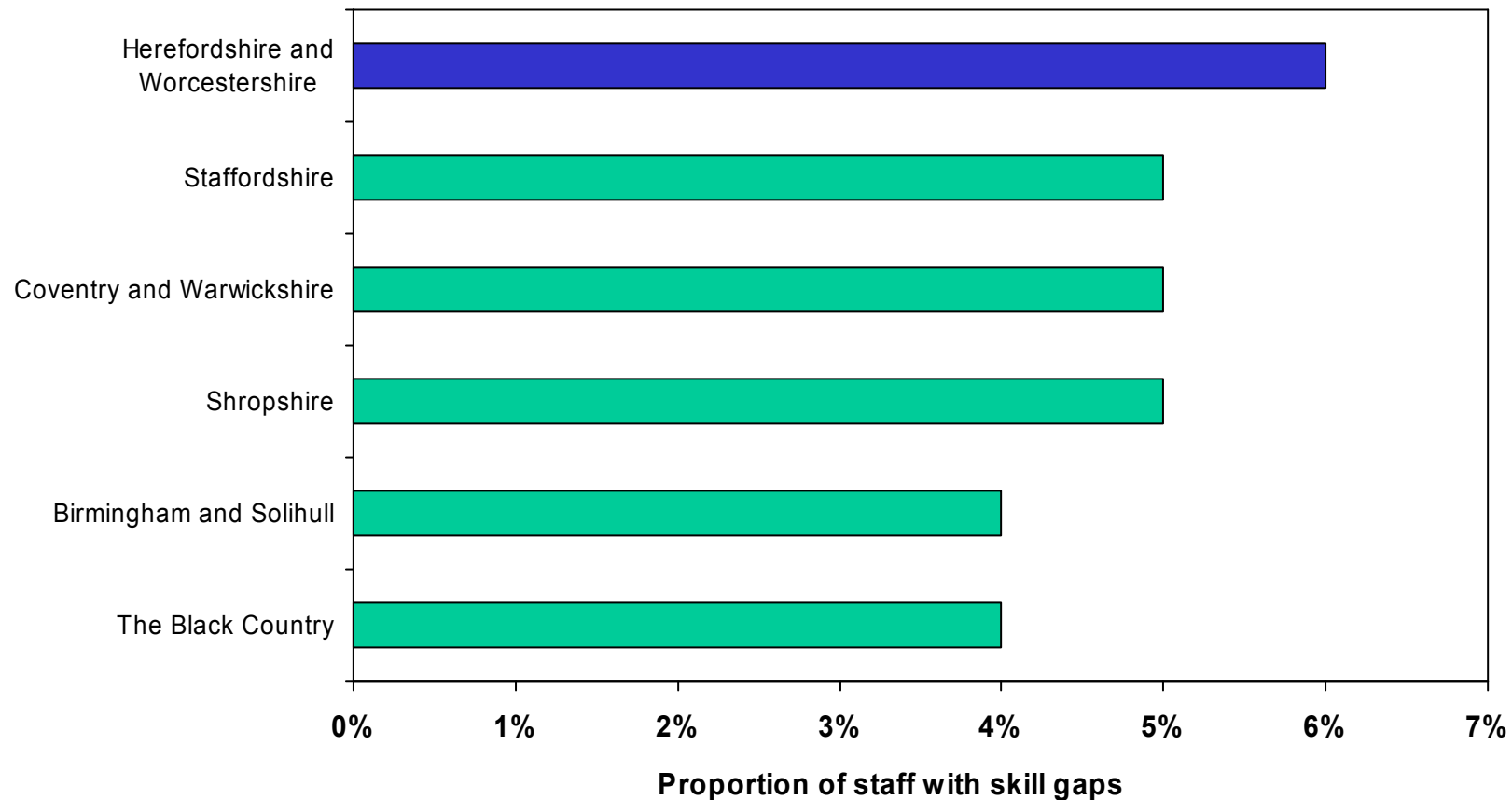
Proportion of staff with skill gaps by occupation:
West Midlands 2005



Skill gaps are a significant problem in the sub-region



Proportion of staff with skill gaps



Skills issues for employers & Individuals

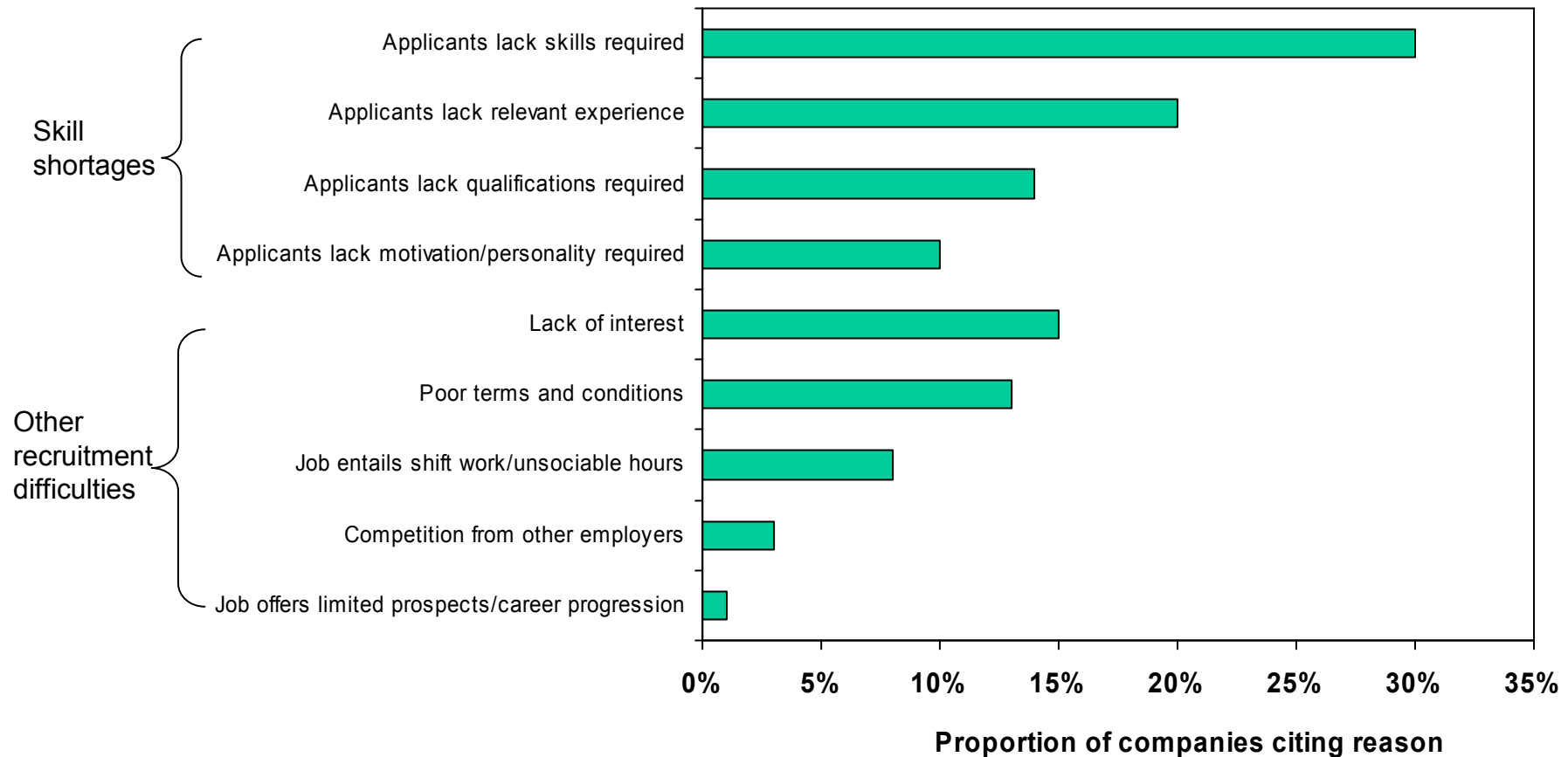


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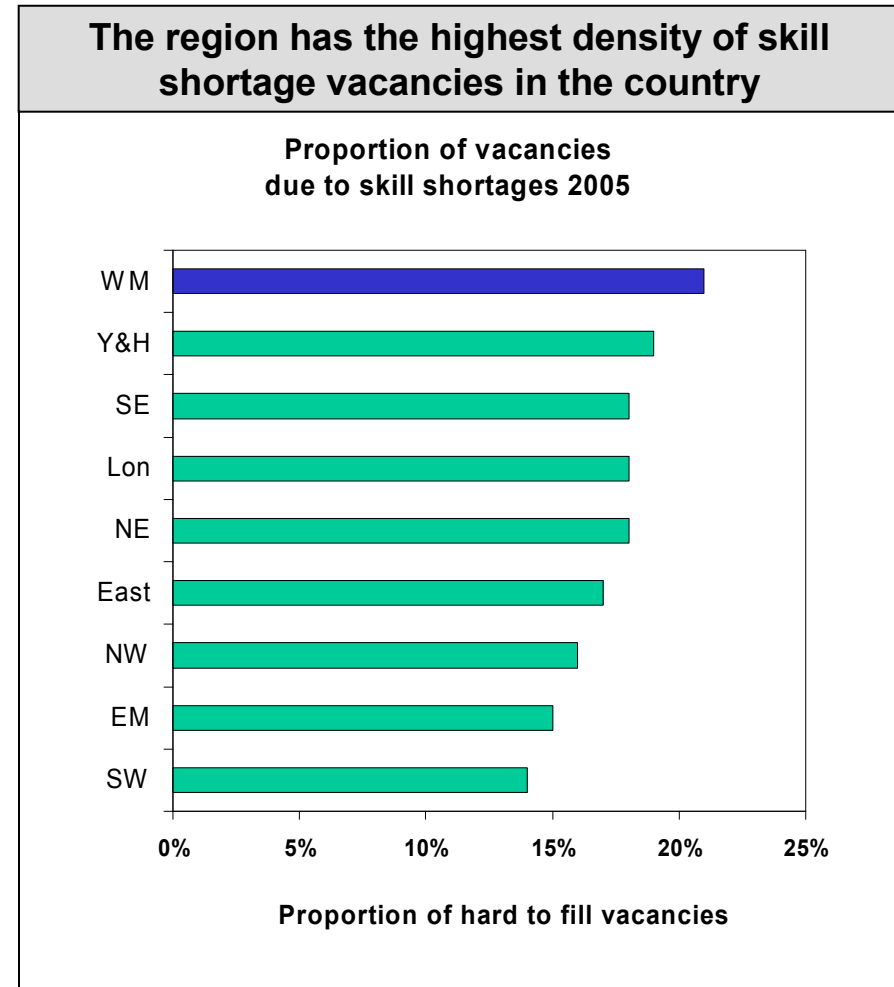
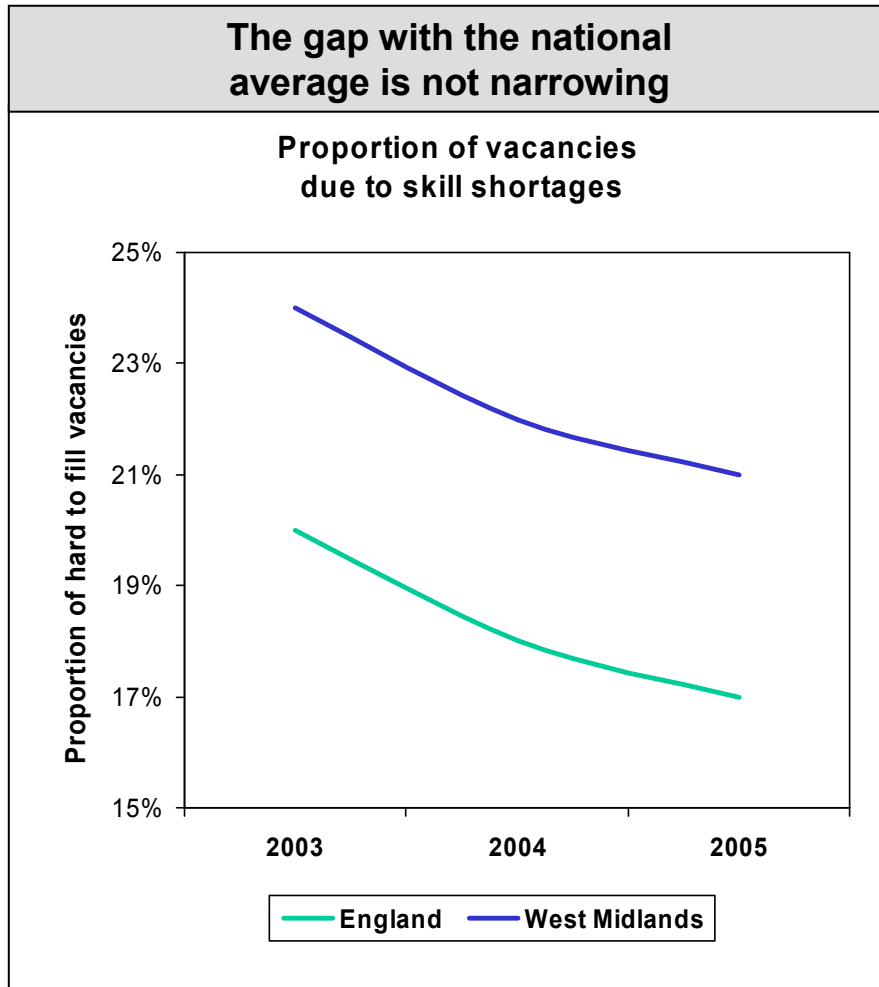
Skill shortages are the most common cause of recruitment difficulties in the Region



Reasons cited by companies with recruitment difficulties



The region has the worst skill shortage problems in the country

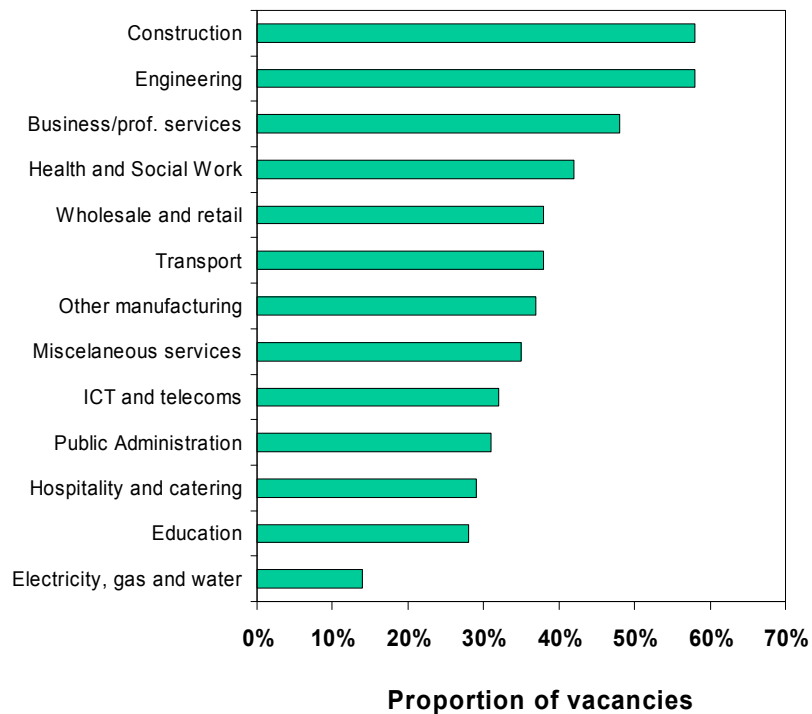


Acute recruitment problems in engineering, construction and business services



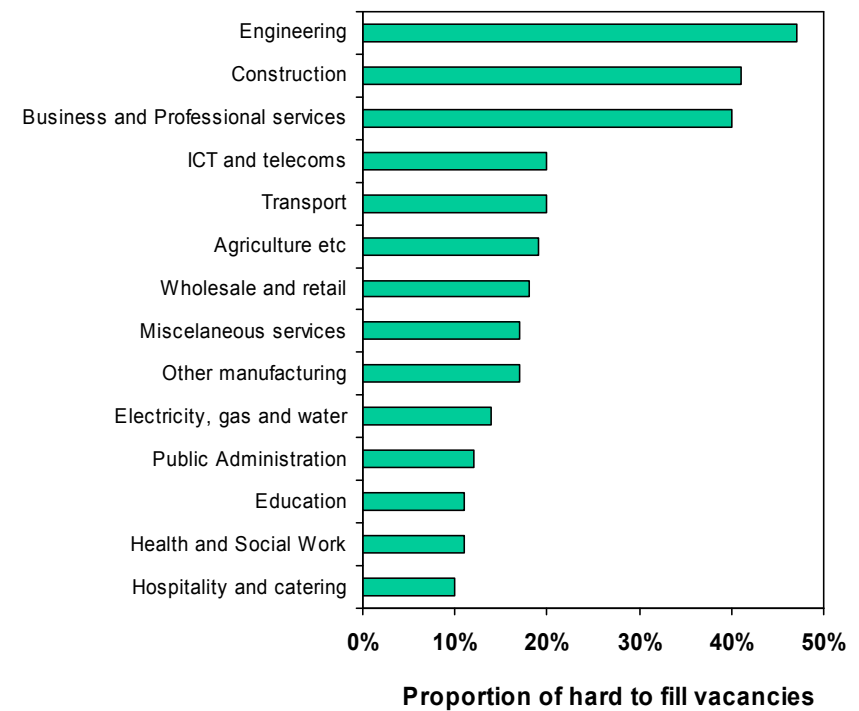
In terms of hard to fill vacancies

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



And in terms of skill shortages

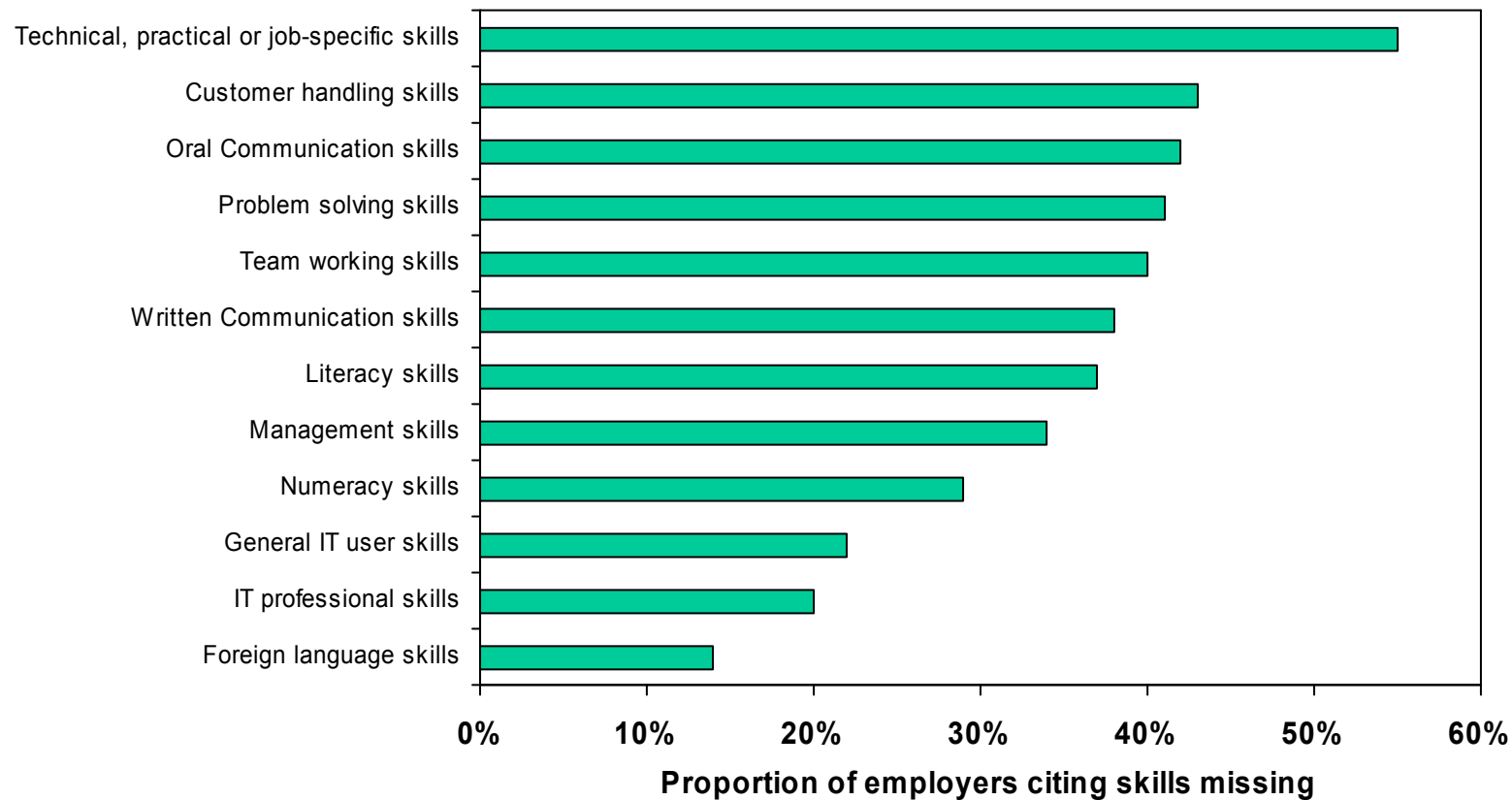
Proportion of vacancies due to skill shortages:
West Midlands 2005



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

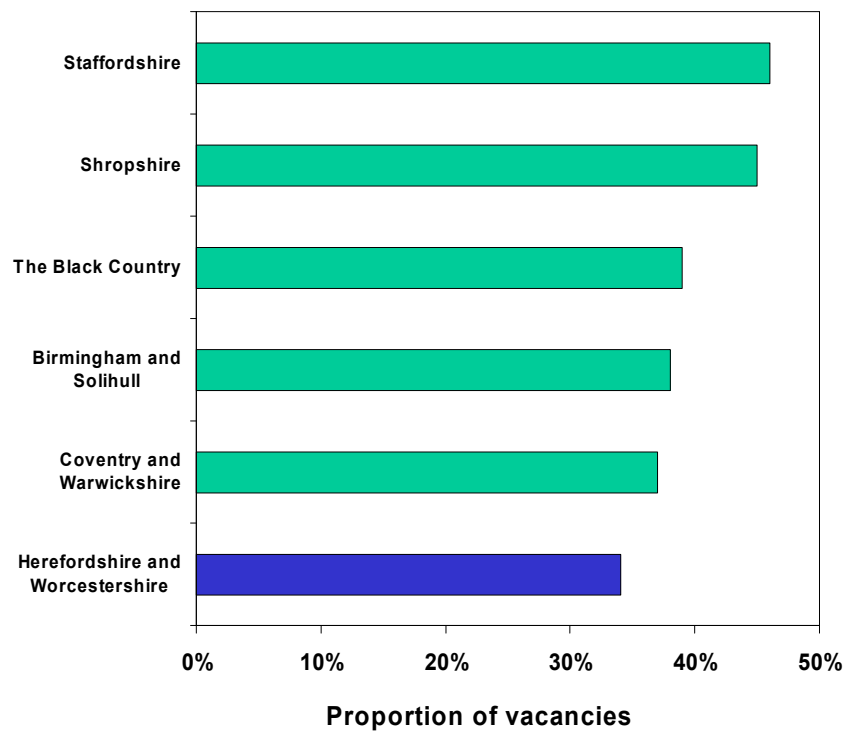


Recruitment problems and skill shortages by sub-region



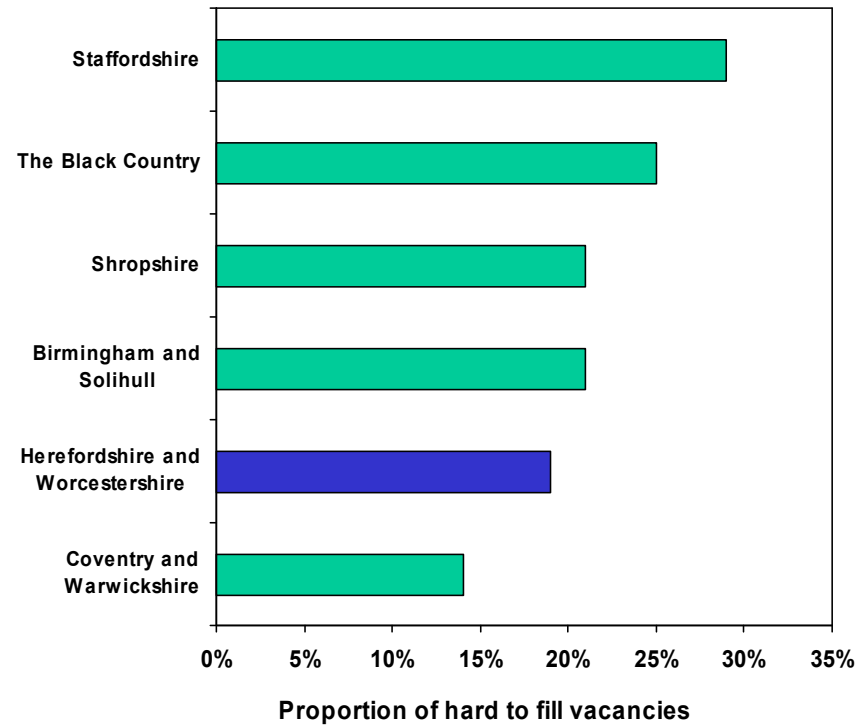
Recruitment problems are less significant in the sub-region

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

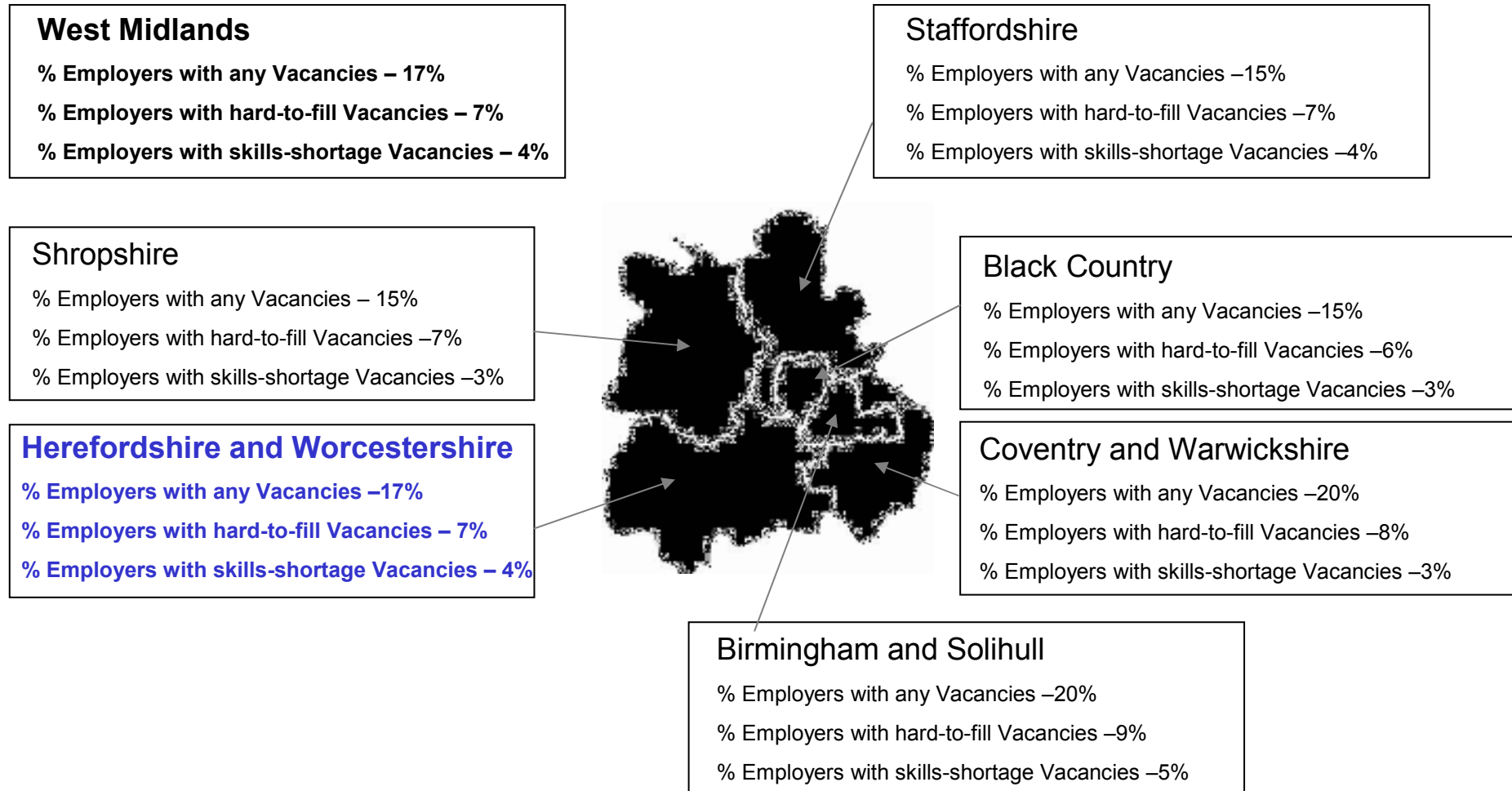


Skill shortages are less of an issue than elsewhere in the Region

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

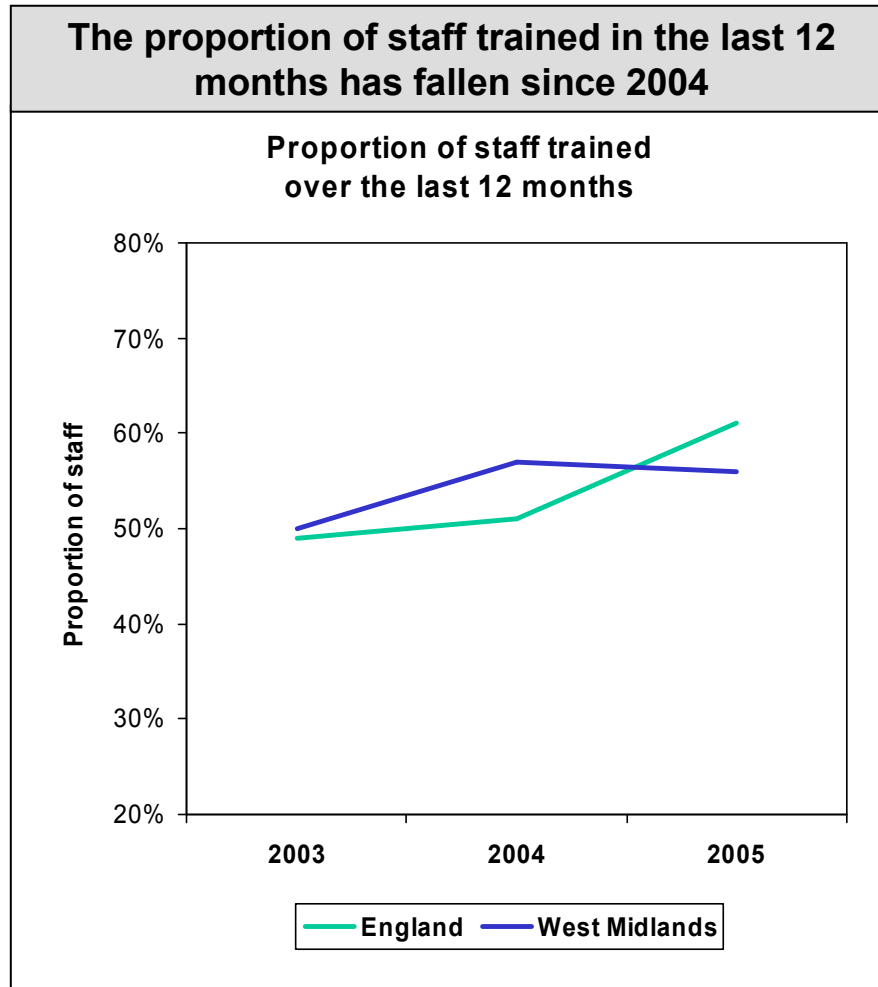


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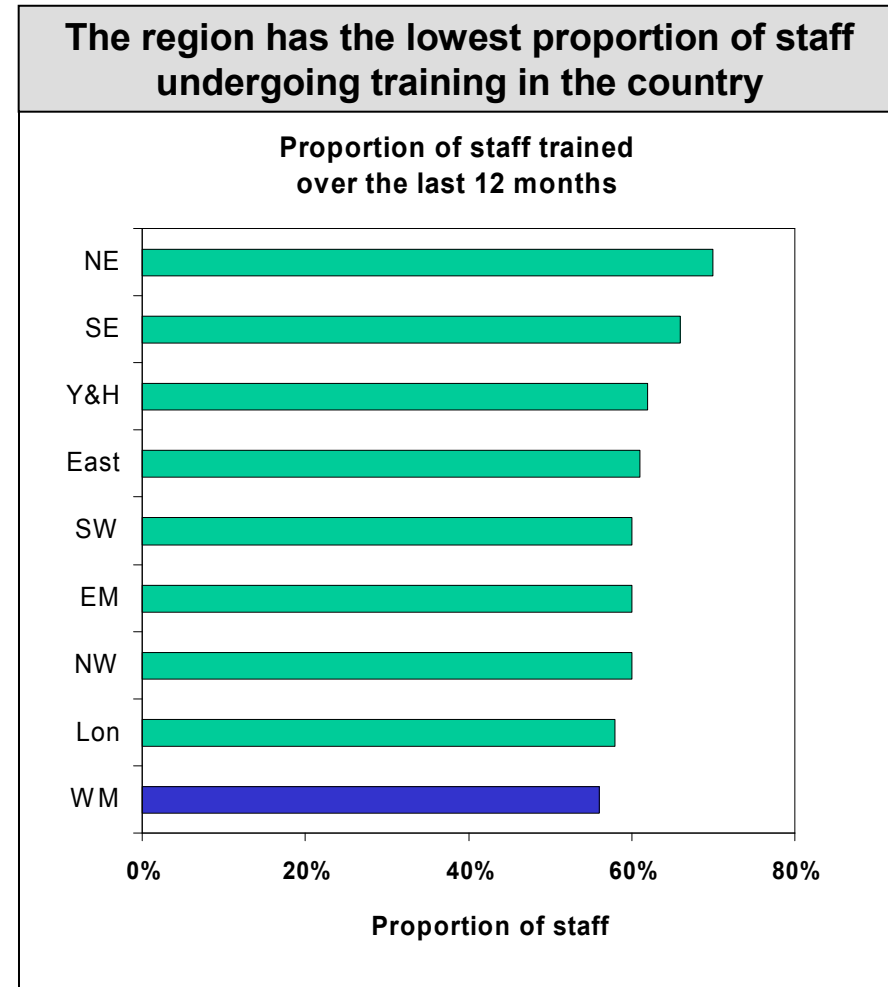
The proportion of companies investing in training is low relative to other regions



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



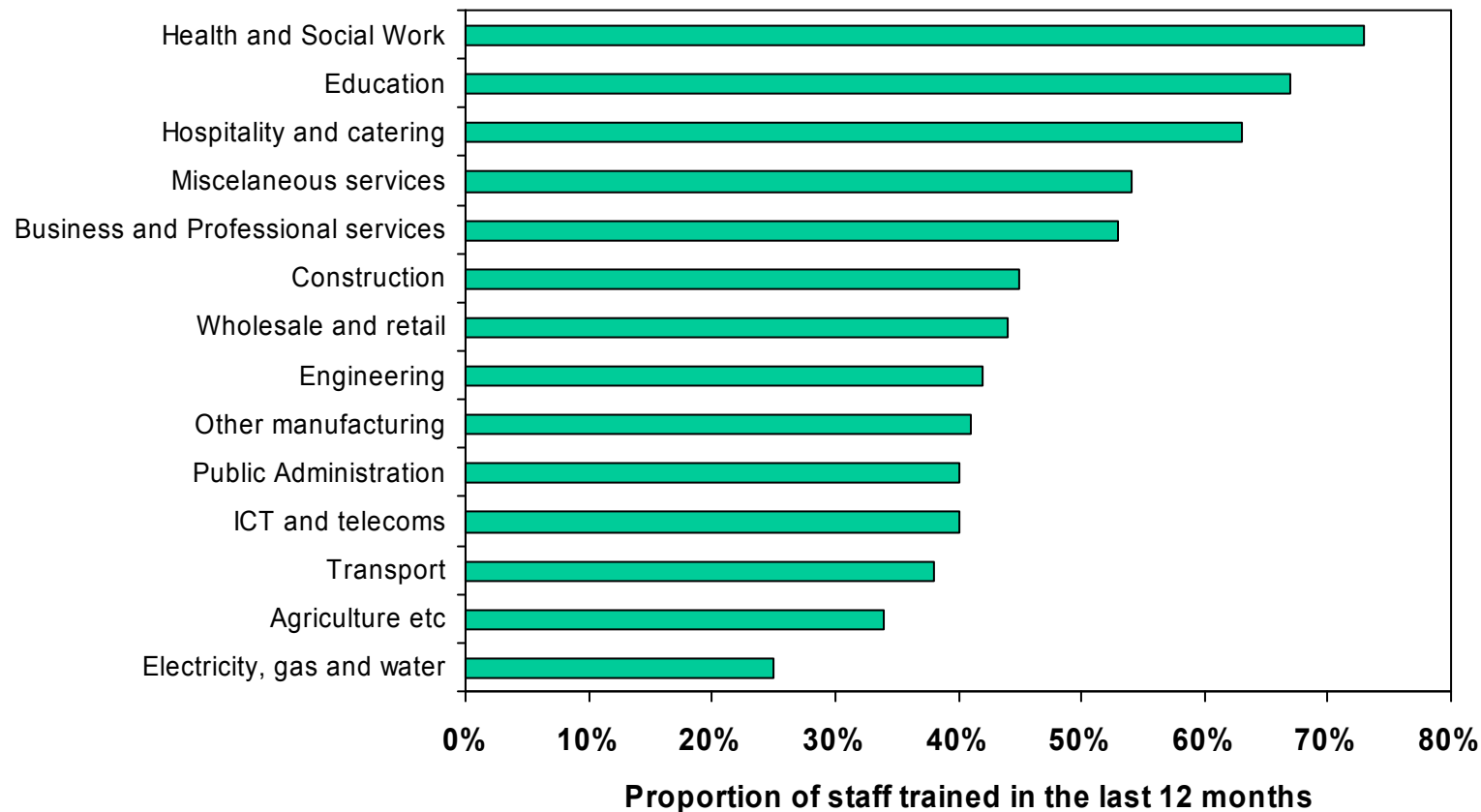
The region has the lowest proportion of staff undergoing training in the country



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



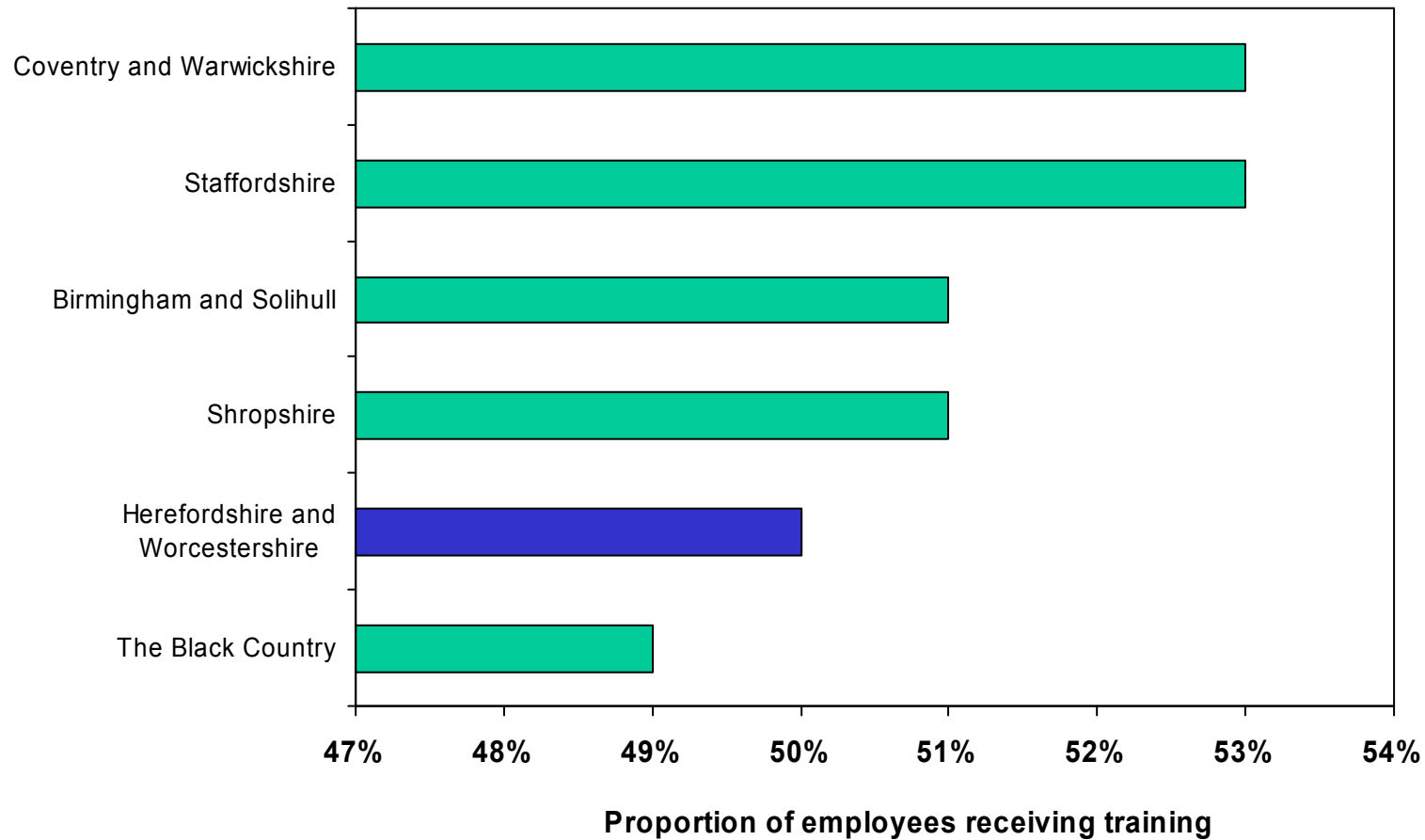
Proportion of staff trained in the last 12 months by sector:
West Midlands 2005



The proportion of staff trained is 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

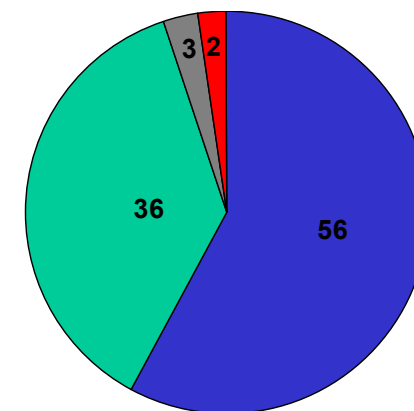
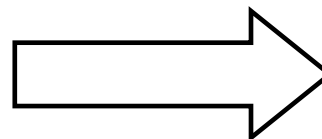
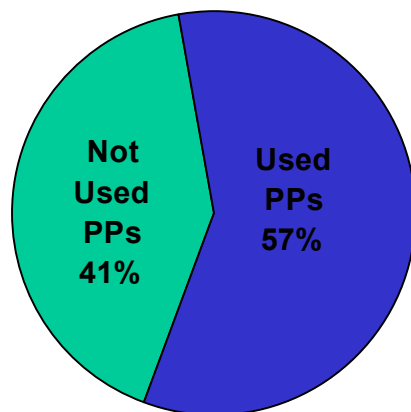
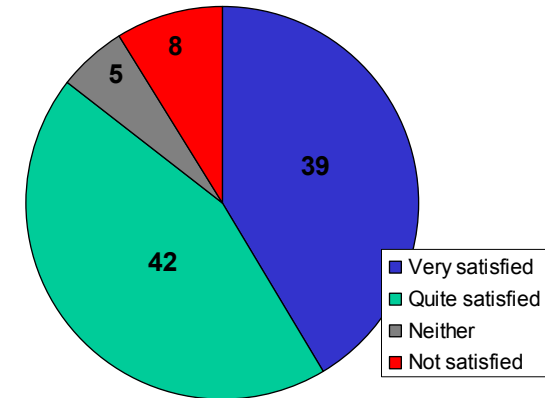
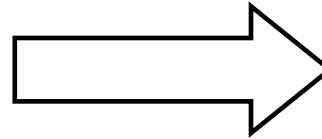
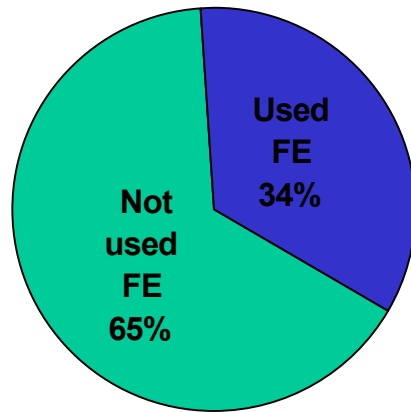


	WM £	WM %	England £	England %
Total	£2.8bn	100%	£33.3bn	100%
	Overall cost	%	Overall cost	%
Off-the-job training (Total)	£1.472bn	54%	£16.8bn	50%
Trainee labour costs	£595m	21%	£5961m	18%
Fees to external providers	£201m	7%	£2362m	7%
On-site training centre	£195m	7%	£2287m	7%
Off-site training centre (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	-
On-the-job training (Total)	£1.3bn	46%	£16.5bn	50%
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

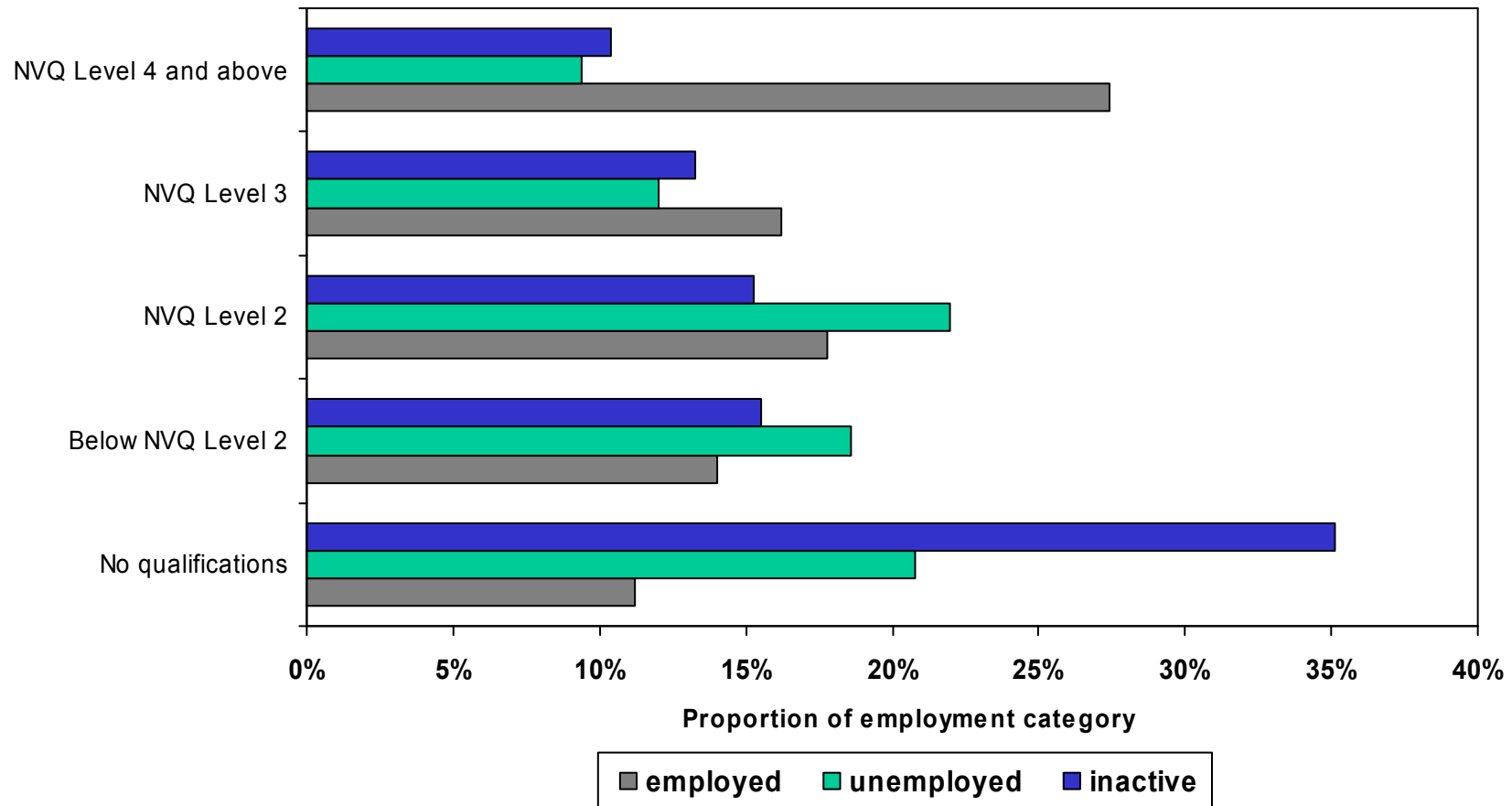


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Qualification attainment leads to increased employment prospects



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



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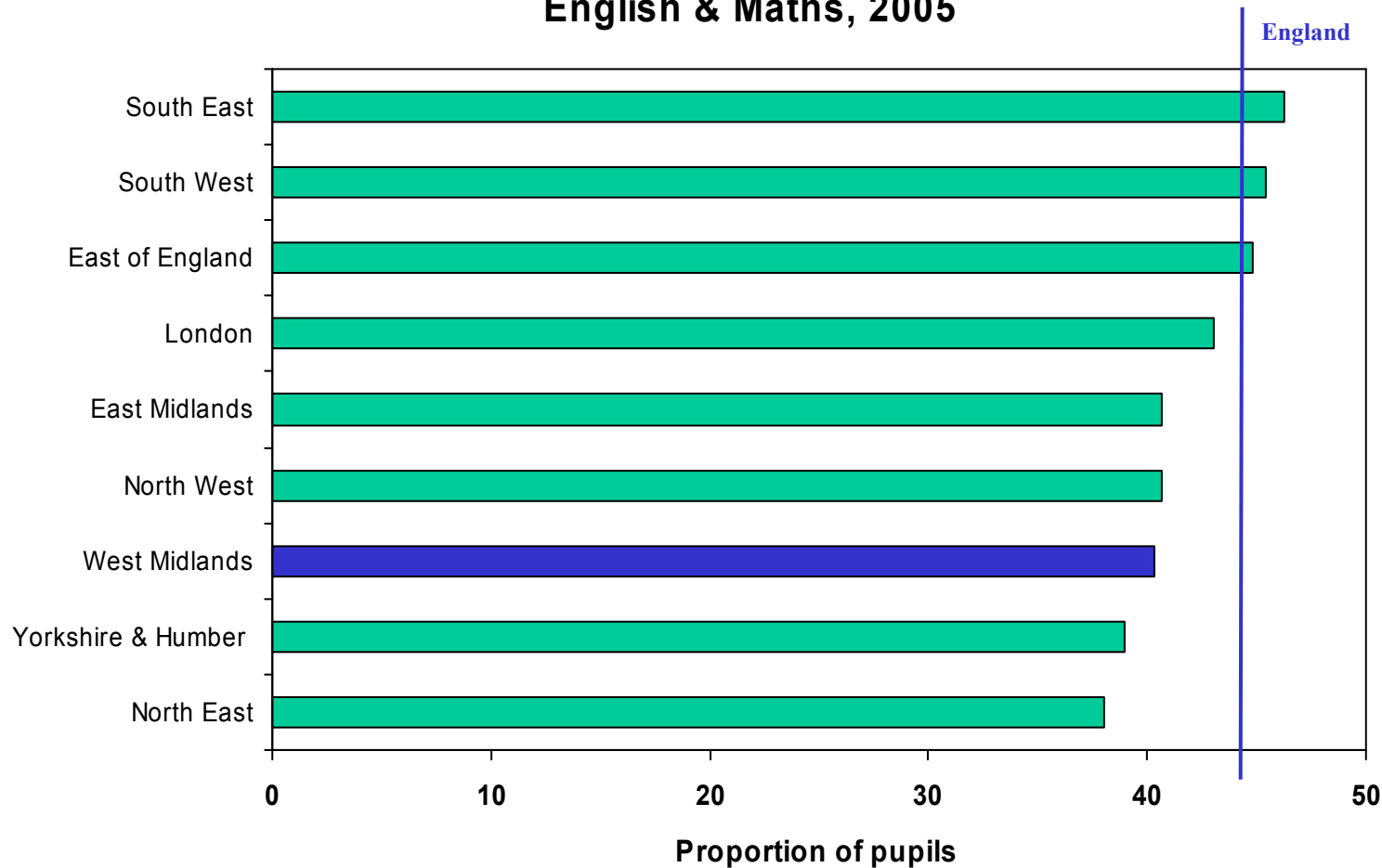


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Regional achievement at GCSE the third lowest in England



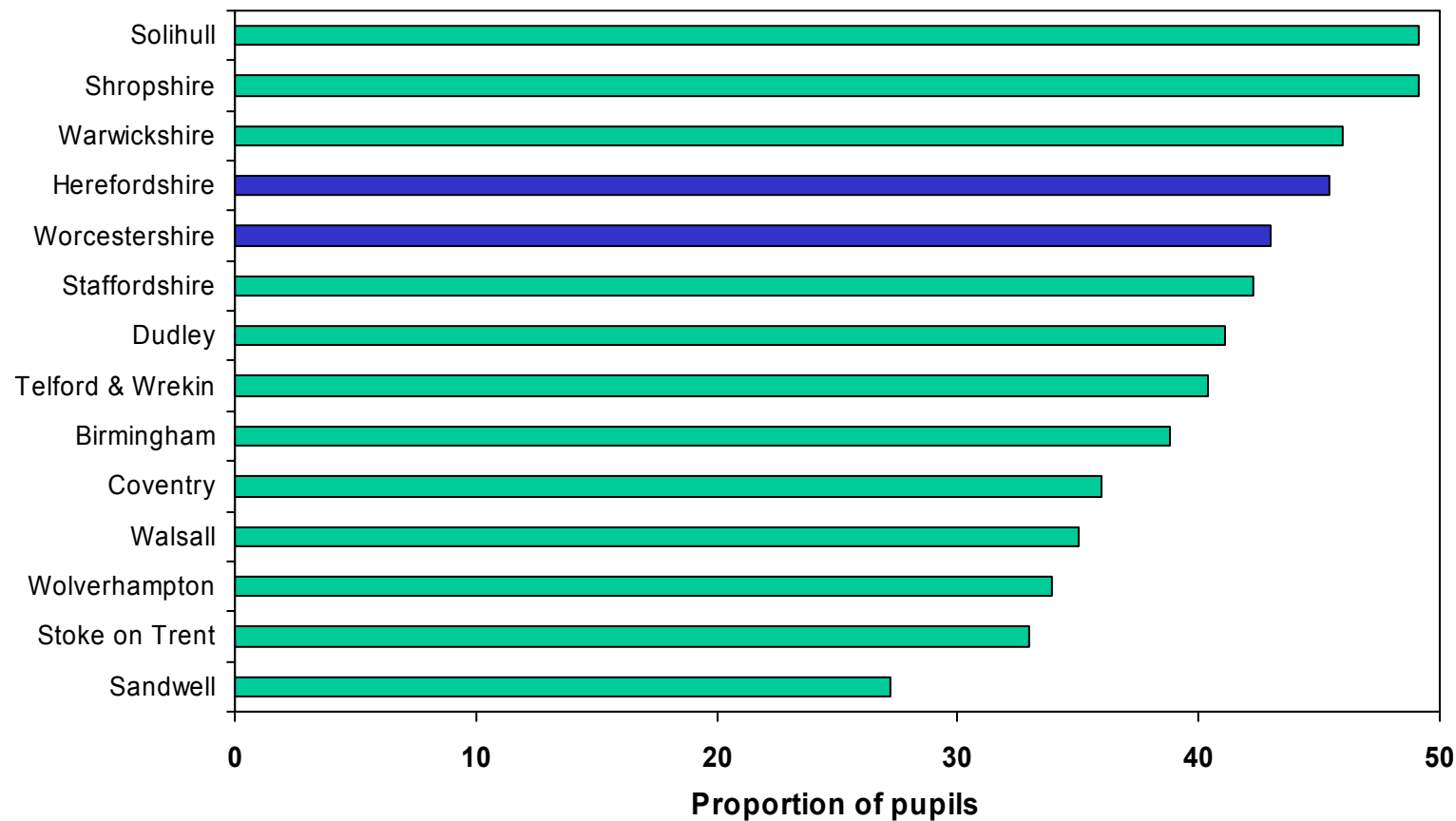
Proportion of pupils achieving 5 or more A*-C grades including English & Maths, 2005



Herefordshire & Worcestershire has relatively high levels of GCSE attainment in the Region



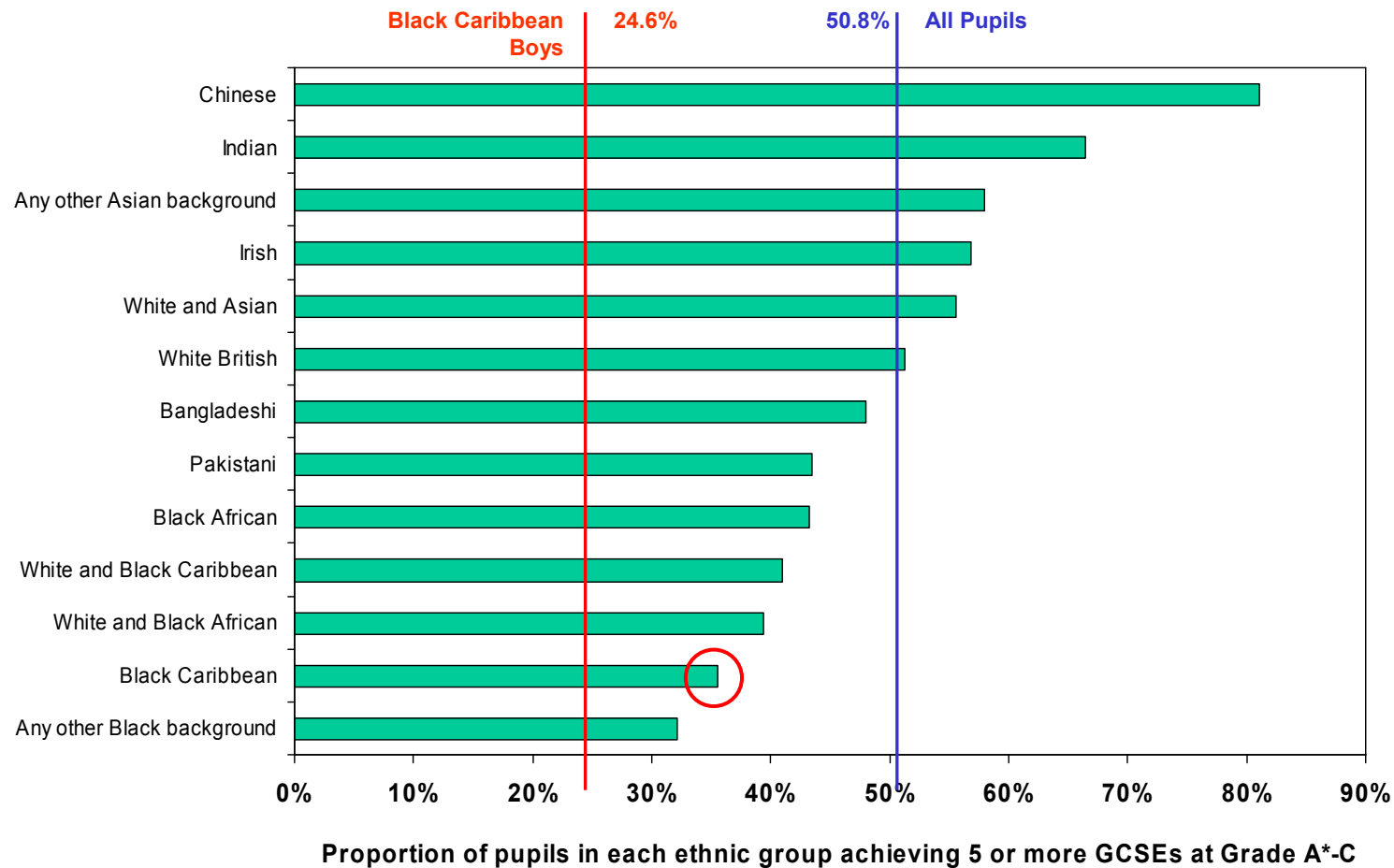
Proportion of pupils achieving 5 or more A*-C GCSE grades including English & Maths



Ethnicity has a major impact on success at school



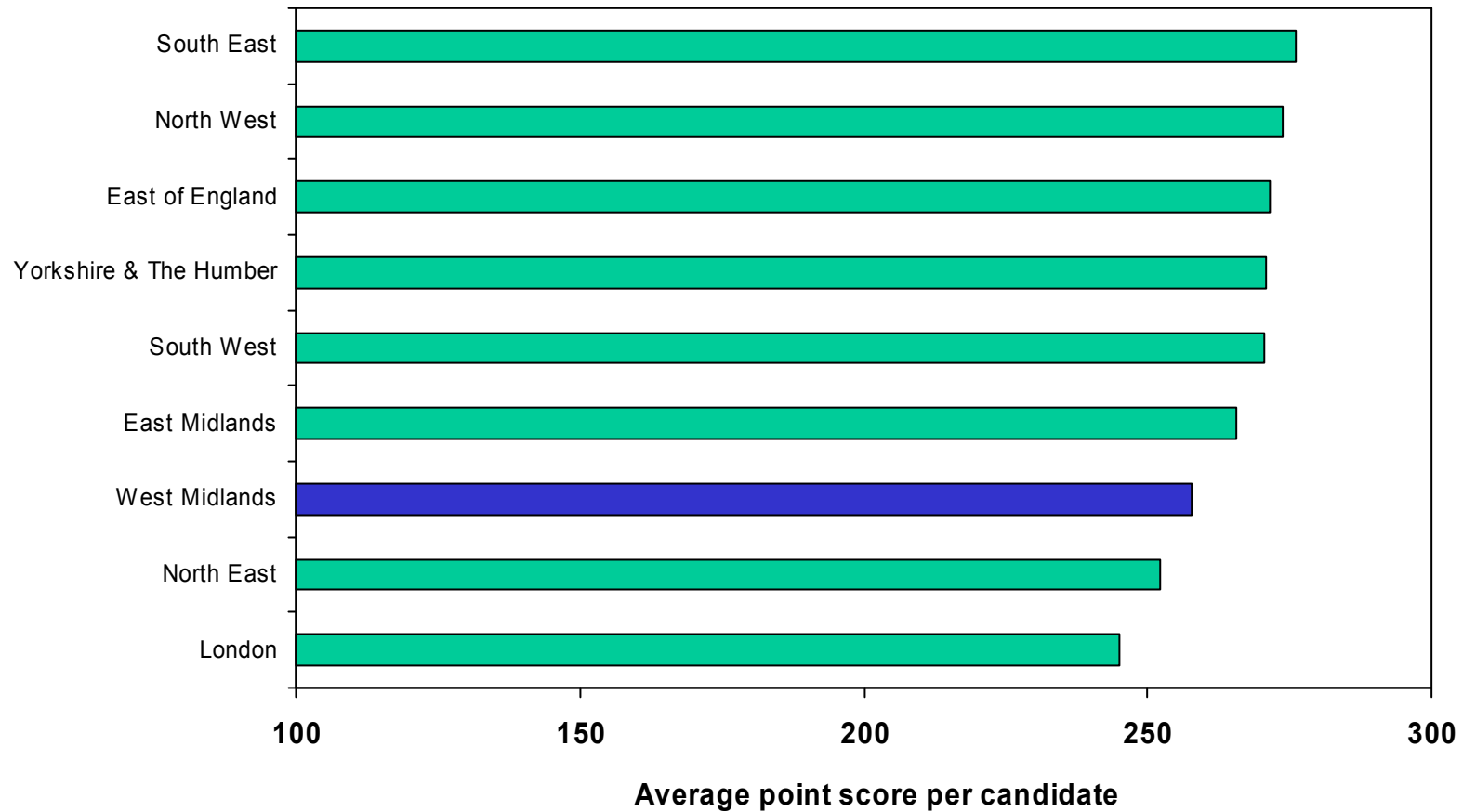
GCSE achievement of 15 year olds in the Region by ethnicity, 2004



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



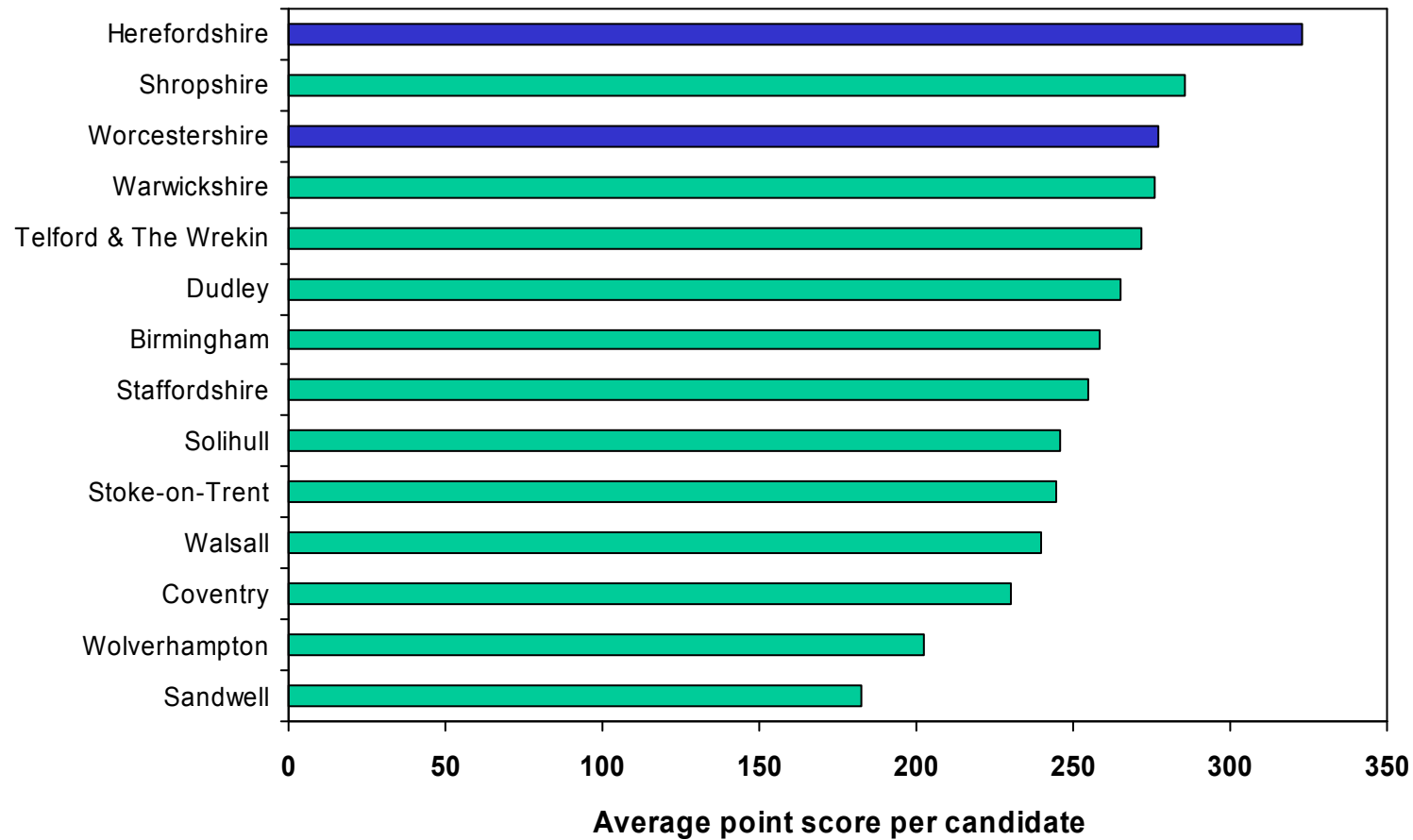
Average A-Level points score per candidate 2004/05



Herefordshire & Worcestershire have relatively high A-level attainment in the Region



Average A-Level points score per candidate 2004/05



Herefordshire & Worcestershire have above average rates of qualification attainment



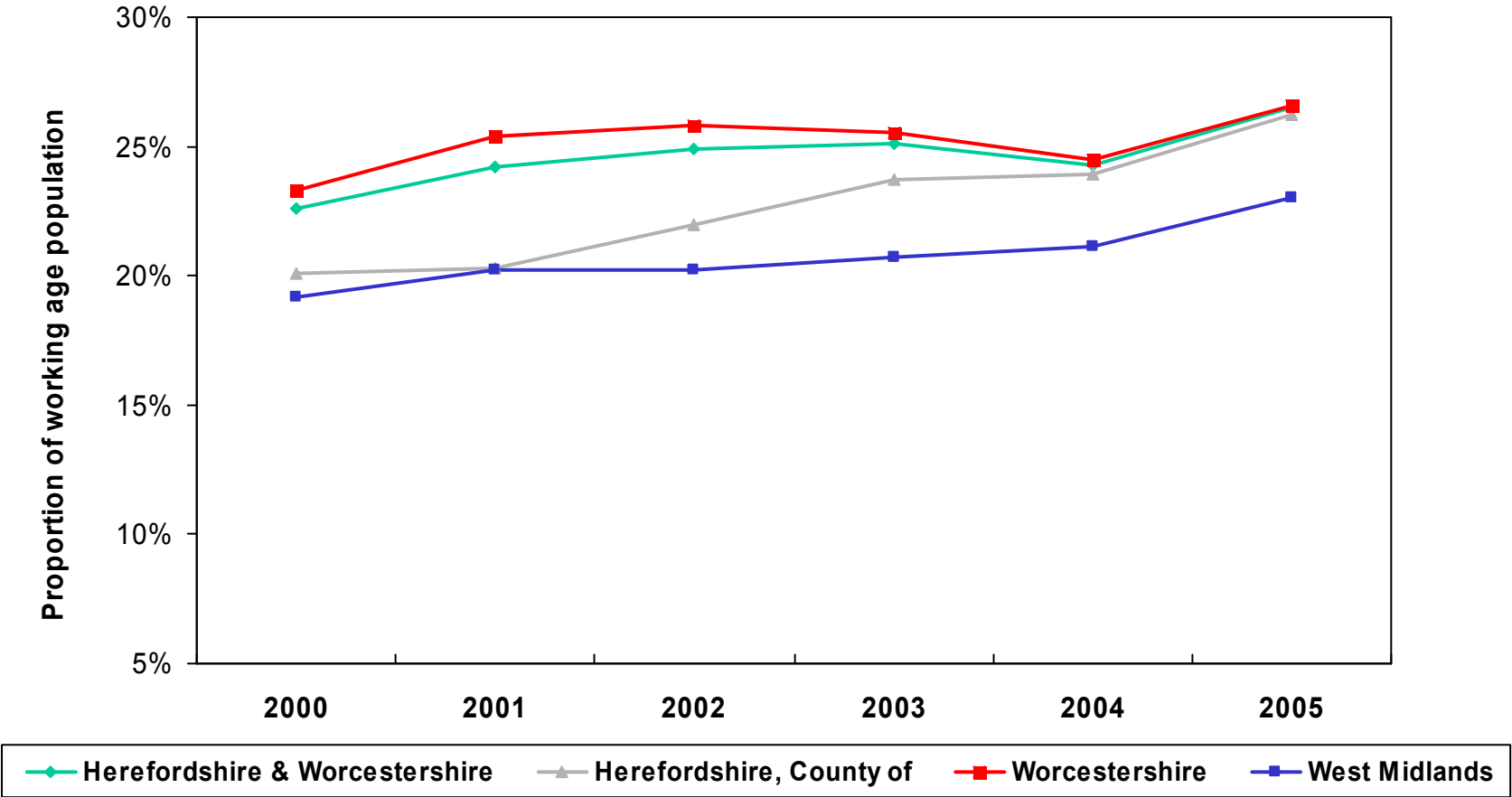
Workforce qualification levels

(%)	Level 4+	Level 3+	Level 2+	Level 1+	No Quals
Birmingham and Solihull	29	47	67	87	11
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
The Black Country	22	40	61	80	16
West Midlands	26	45	66	85	12
Region Rank (out of 9)	7	9	9	9	9
England	30	49	70	89	10

The proportion with Level 4+ is above average in Herefordshire & Worcestershire



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

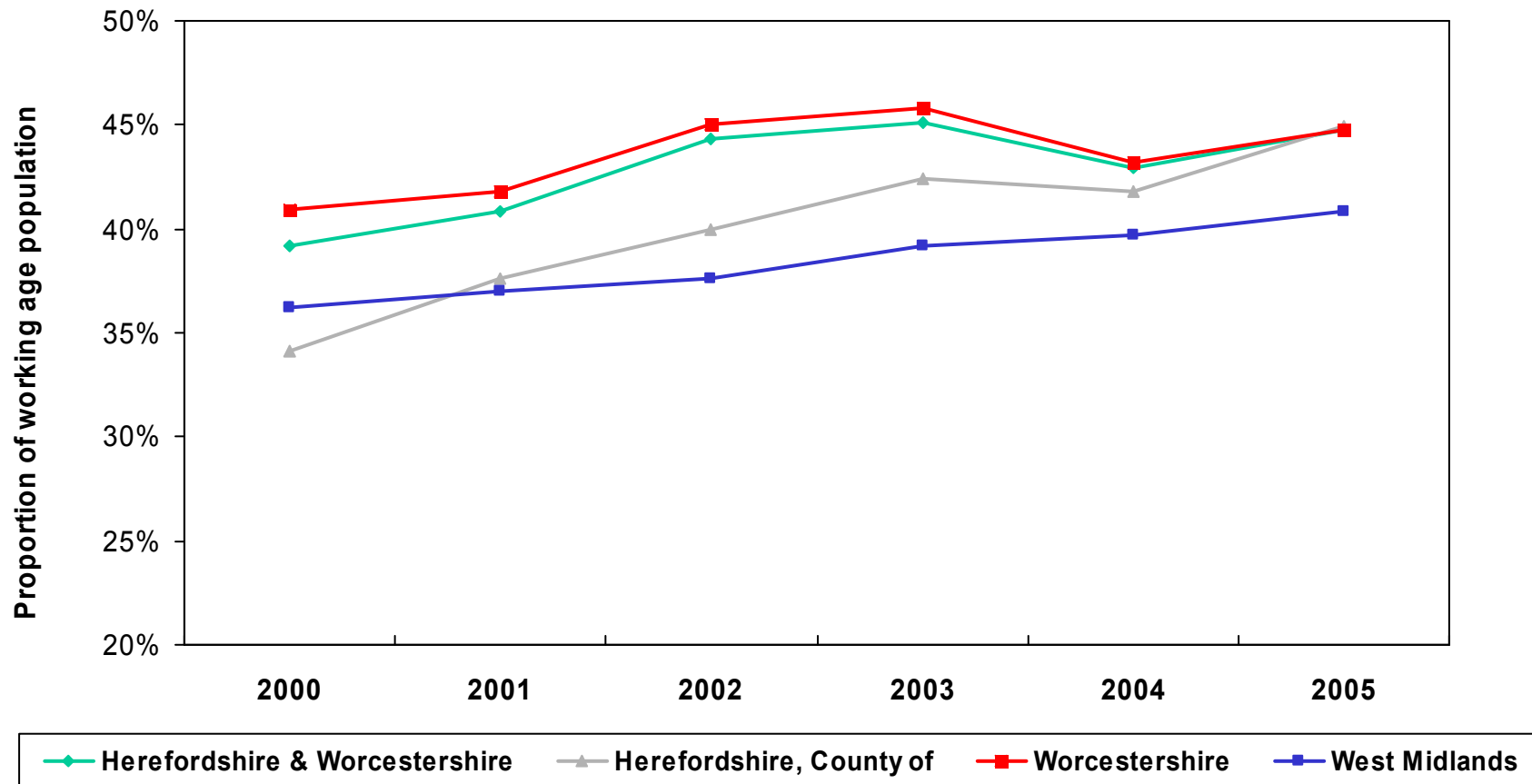


Area	2004	2005	Change
Shropshire	44.1%	47.9%	3.9%
Staffordshire	36.6%	40.6%	4.0%
The Black Country	33.5%	37.3%	3.7%
Birmingham and Solihull	39.1%	41.7%	2.6%
Herefordshire and Worcestershire	45.9%	49.9%	4.1%
Coventry and Warwickshire	46.0%	49.9%	3.9%
West Midlands	39.8%	43.4%	3.6%
England	42.4%	45.9%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

Level 3+ qualifications is above average and increasing



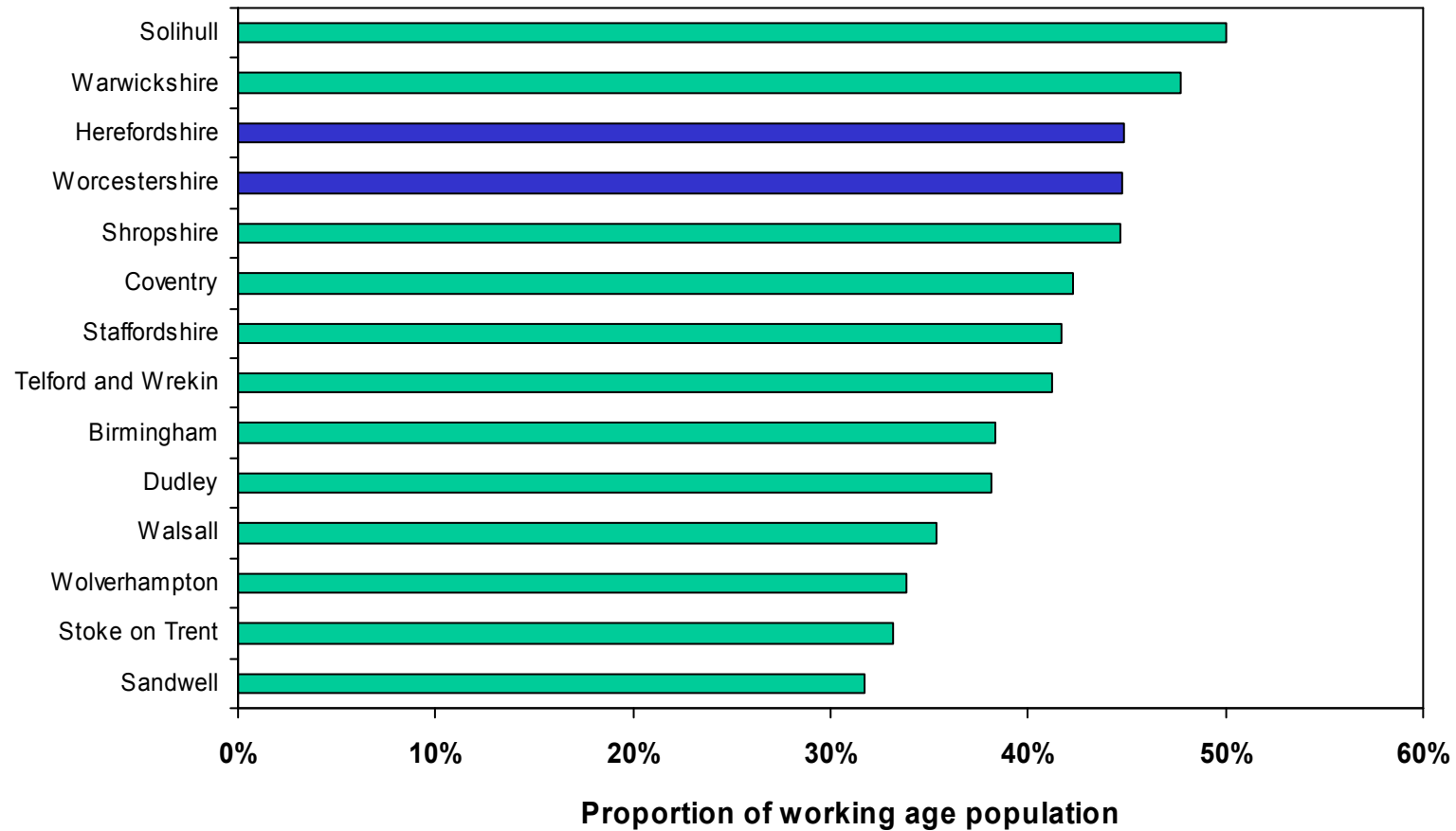
Proportion of working age population with level 3 +



Herefordshire & Worcestershire have higher proportions of the population with Level 3+ qualifications



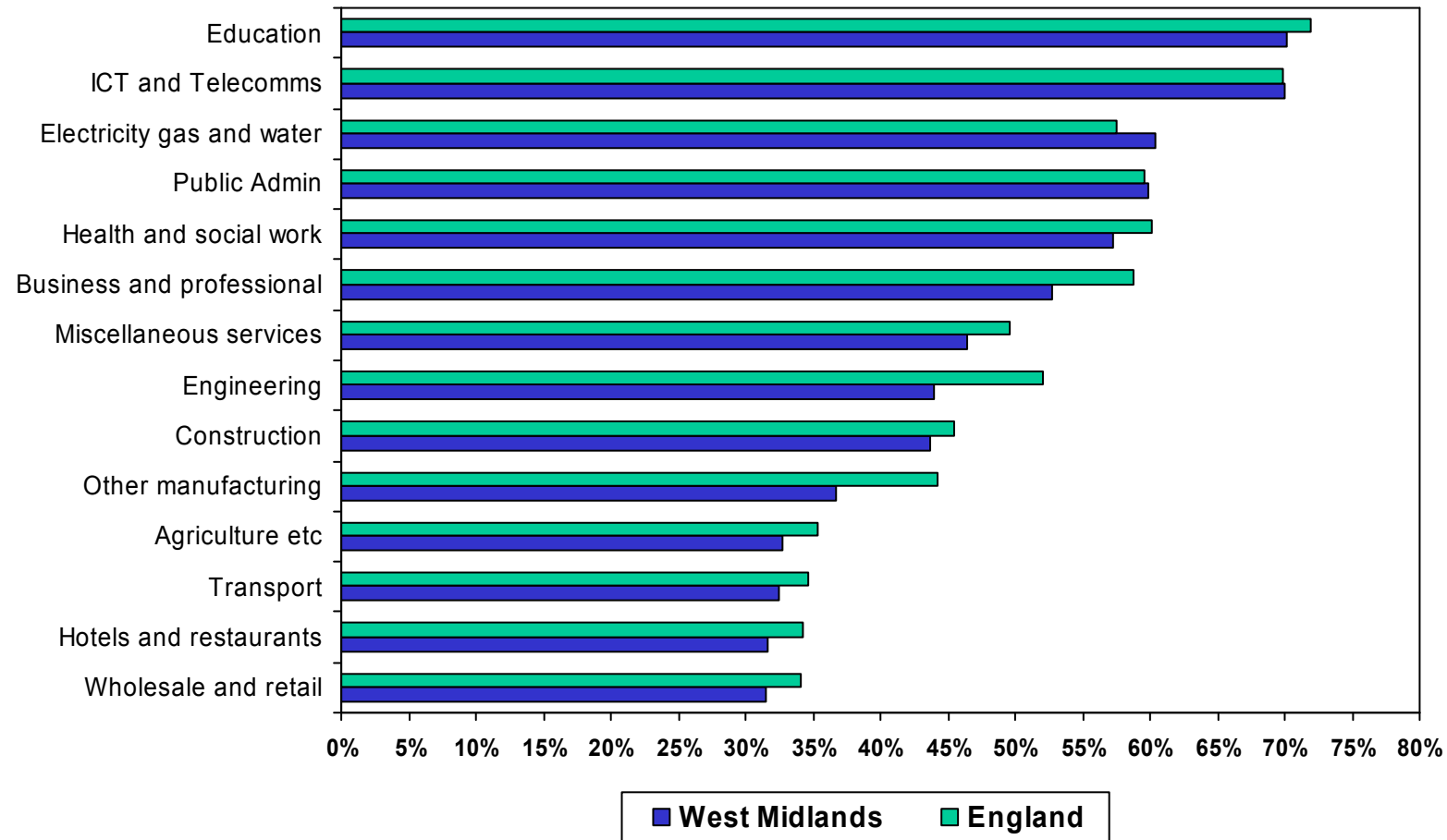
Proportion of working age population with Level 3+ qualifications



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

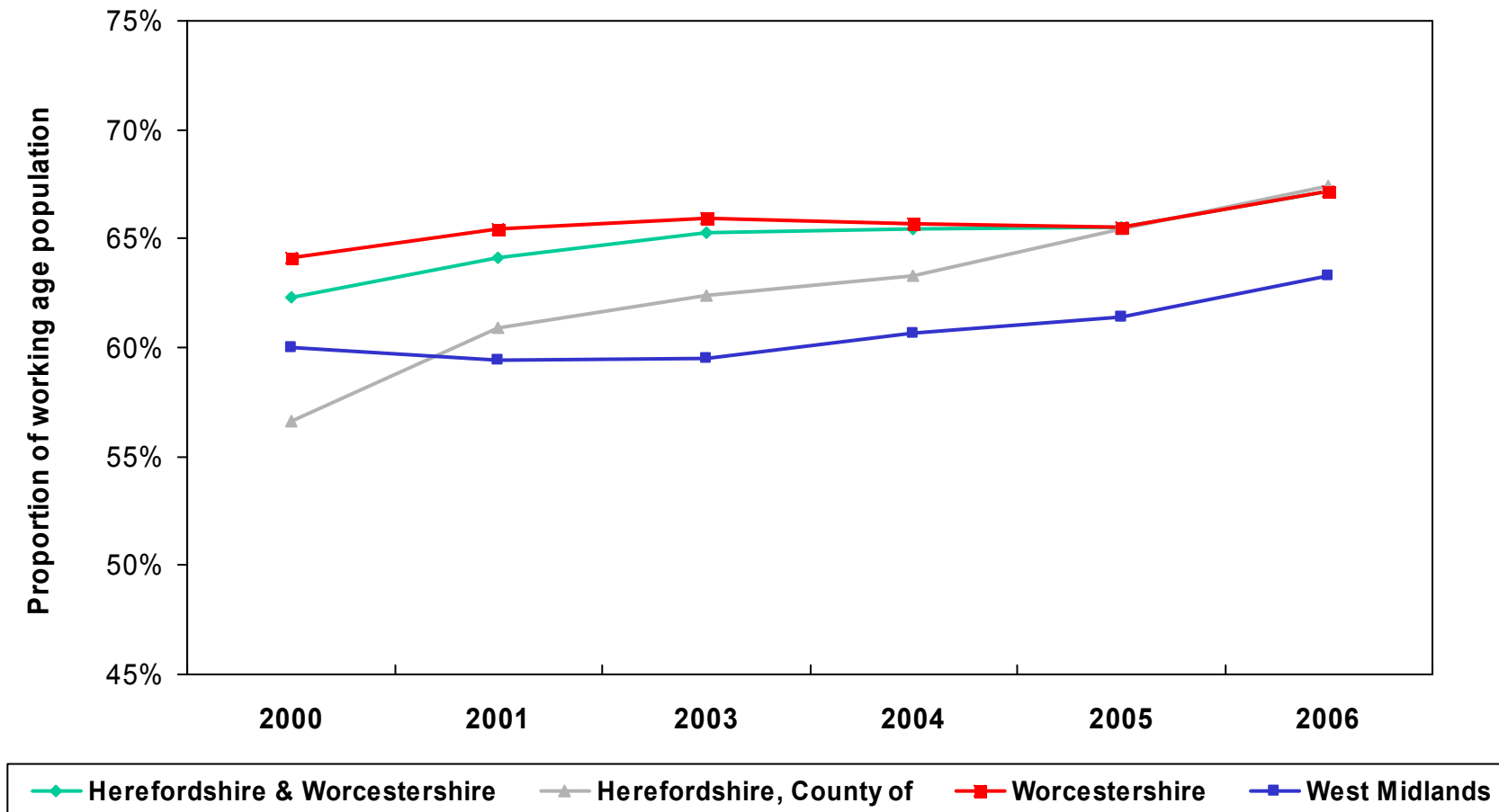


Area	2004	2005	Change
Shropshire	69.1%	73.2%	4.0%
Staffordshire	62.6%	66.8%	4.2%
The Black Country	59.8%	63.5%	3.7%
Birmingham and Solihull	61.8%	64.7%	2.9%
Herefordshire and Worcestershire	69.1%	73.0%	3.9%
Coventry and Warwickshire	68.5%	72.5%	4.1%
West Midlands	64.1%	67.8%	3.7%
England	66.8%	69.8%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

The proportion with at least Level 2 qualifications is above average and increasing



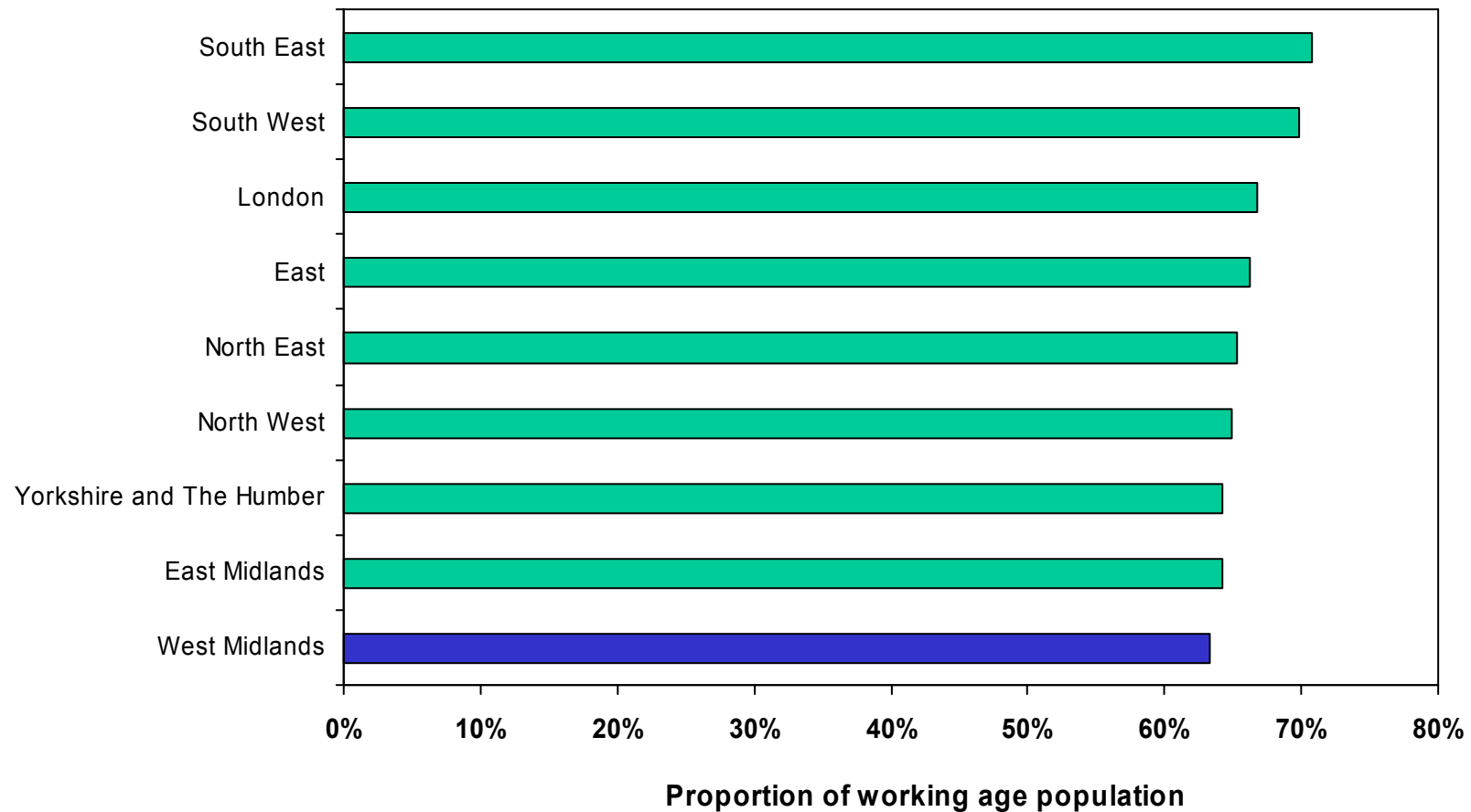
Proportion of working age population with level 2+



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



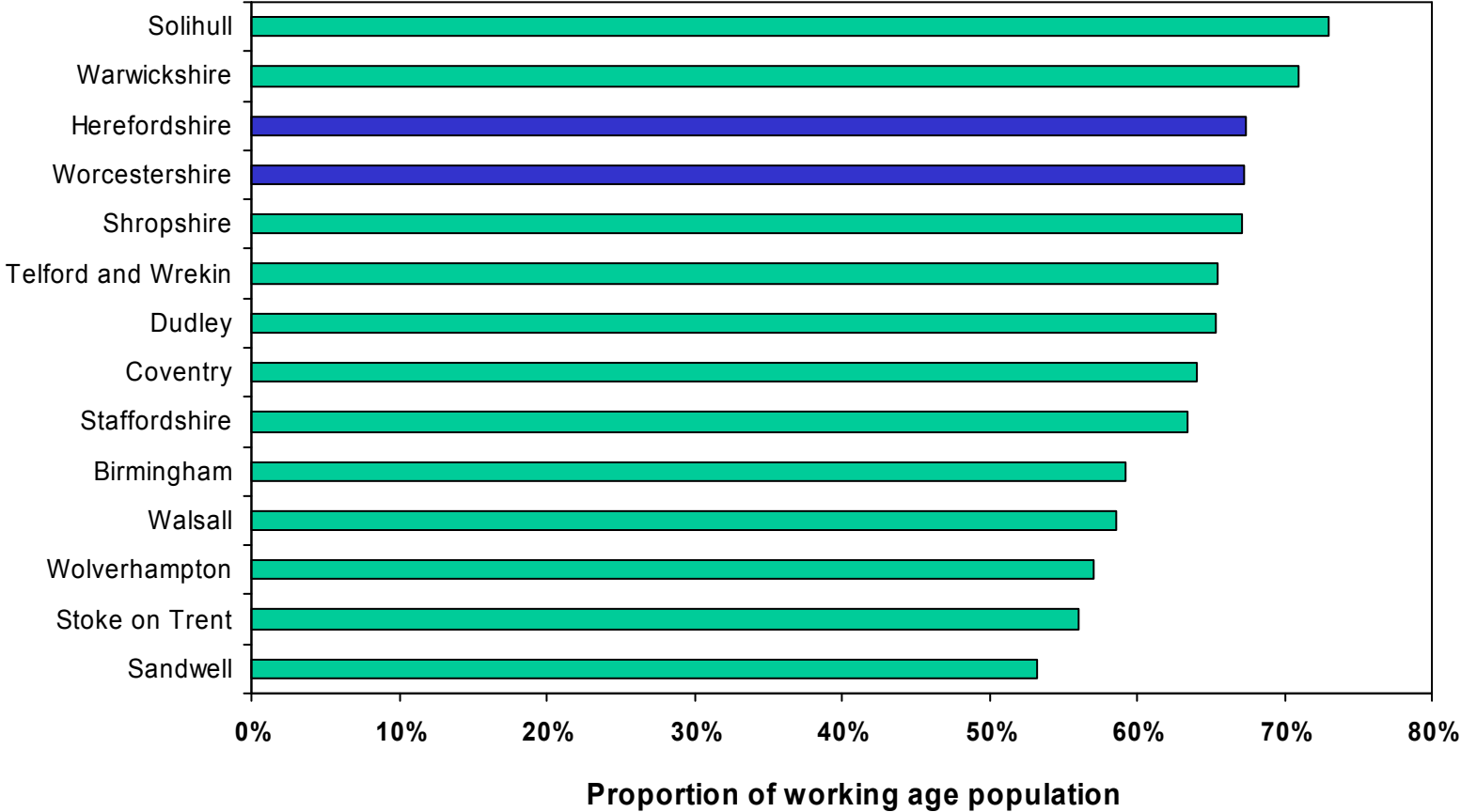
Proportion of working age population with Level 2+ qualifications



Herefordshire & Worcestershire have particularly high proportions of people qualified to Level 2+



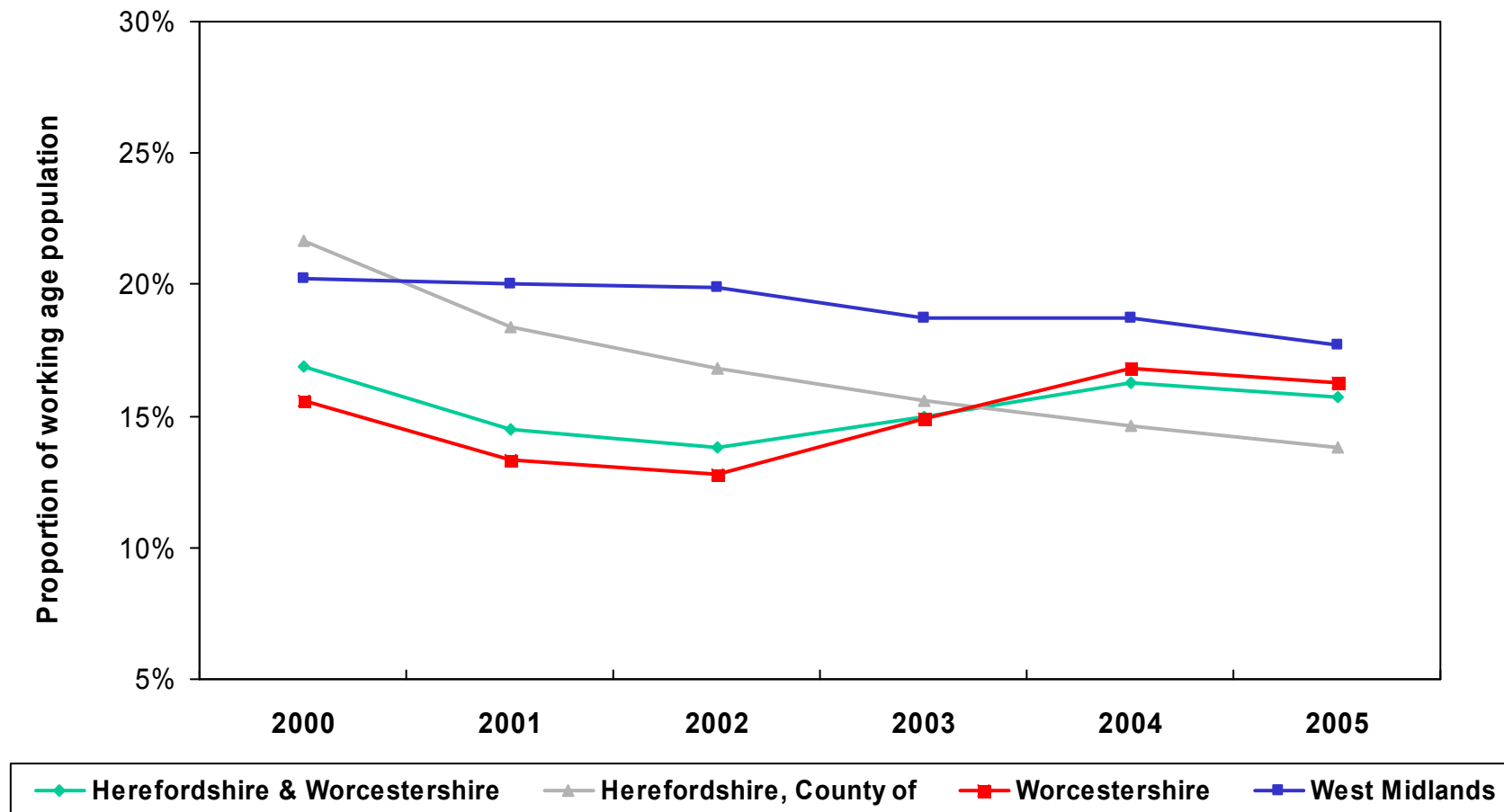
Proportion of working age population with Level 2+ qualifications



Those with no qualifications is declining as a proportion of the population



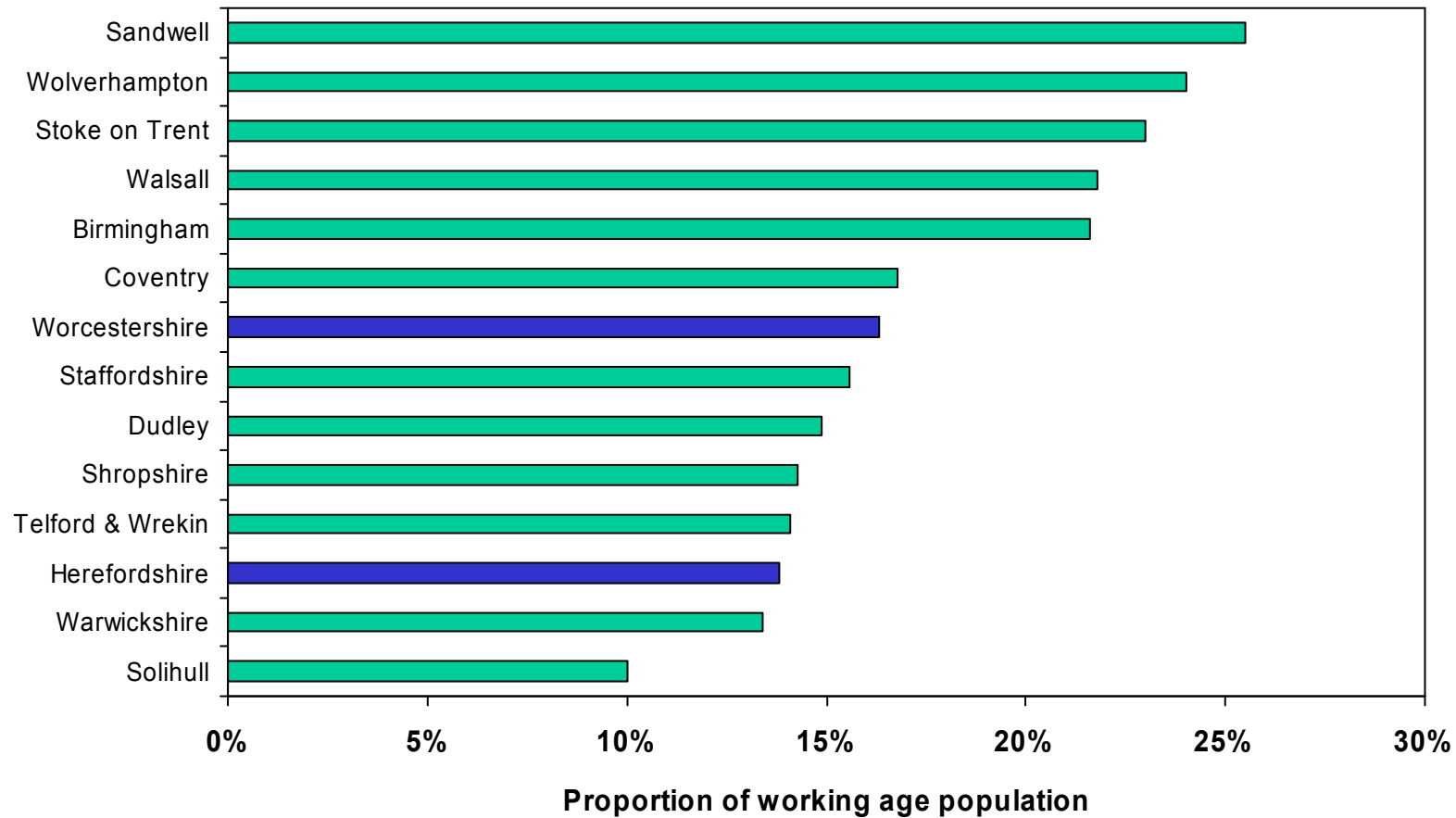
Proportion of working age population with no qualifications



Worcestershire has a higher amount of people with no qualifications in comparison to Herefordshire



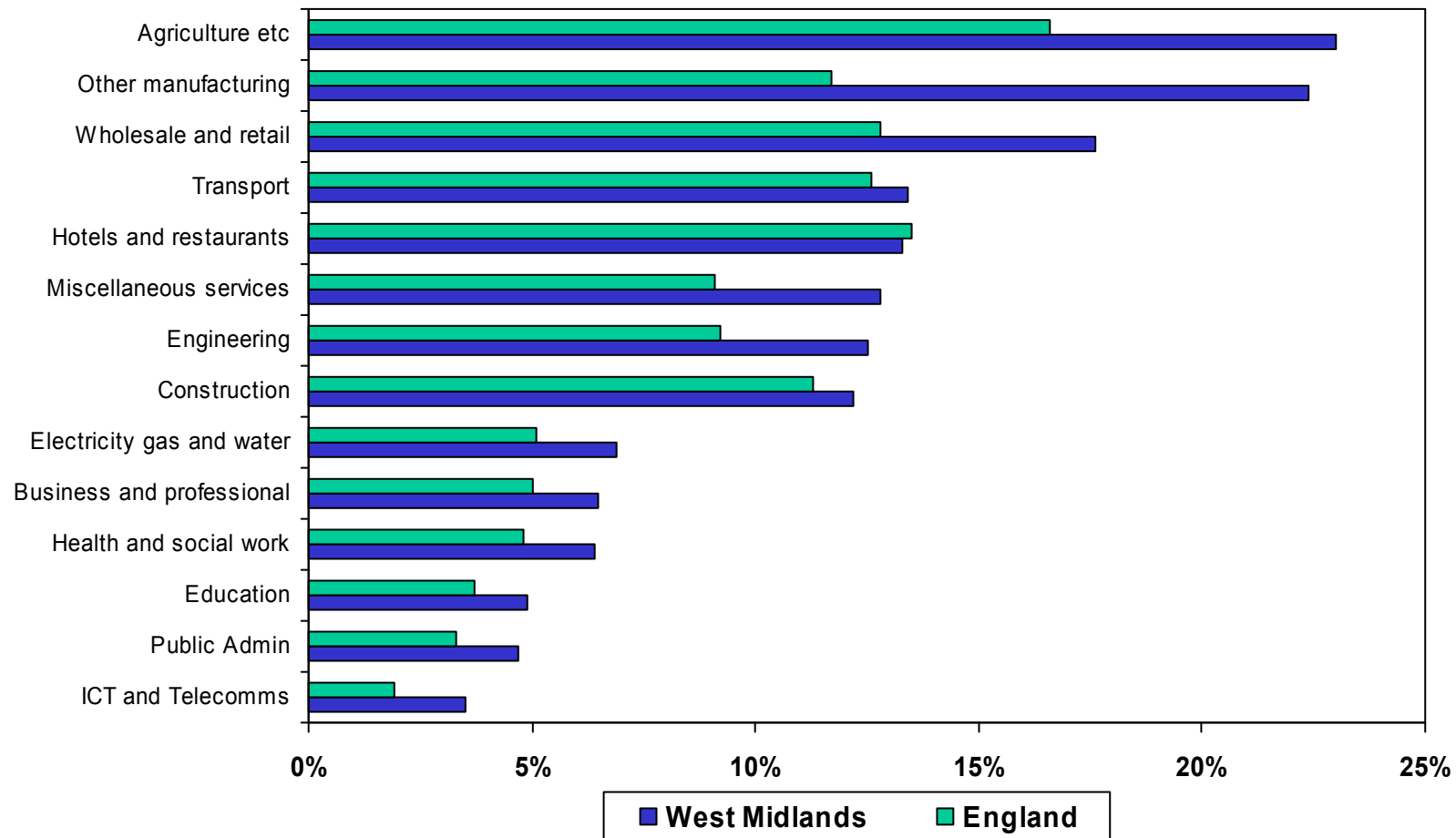
Proportion of working age population with no qualifications



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



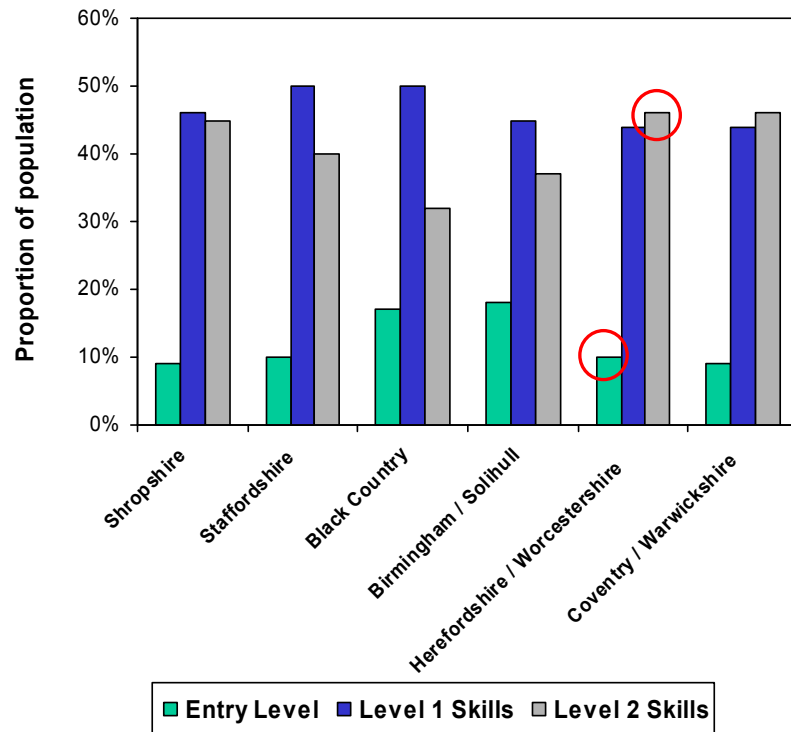
- **Older people** are less likely to hold qualifications – over 20% of over 50s hold no formal qualifications
- 38% of people from the Pakistani and Bangladeshi **ethnic groups** hold no formal qualifications, compared to 16% of the White British population
- Only 12 % of Pakistani/Bangladeshi people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

A large proportion of the population has only low level literacy and numeracy skills



1 in 10 in Herefordshire & Worcestershire have only entry level literacy skills

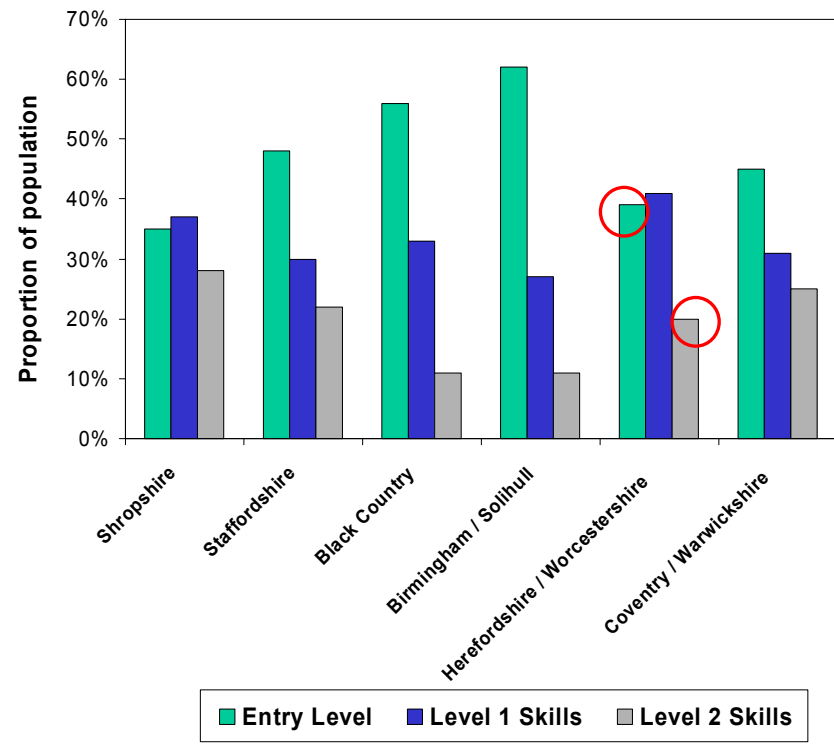
Basic literacy levels by sub-region



Source: DfES Skills for Life 2003

Almost 40% in Herefordshire & Worcestershire have only entry level numeracy skill

Basic numeracy levels by sub-region



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%
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%
England	60,3361	86.0%	75.5%	11.4%
West Midlands	53,611	86.5%	74.5%	10.2%

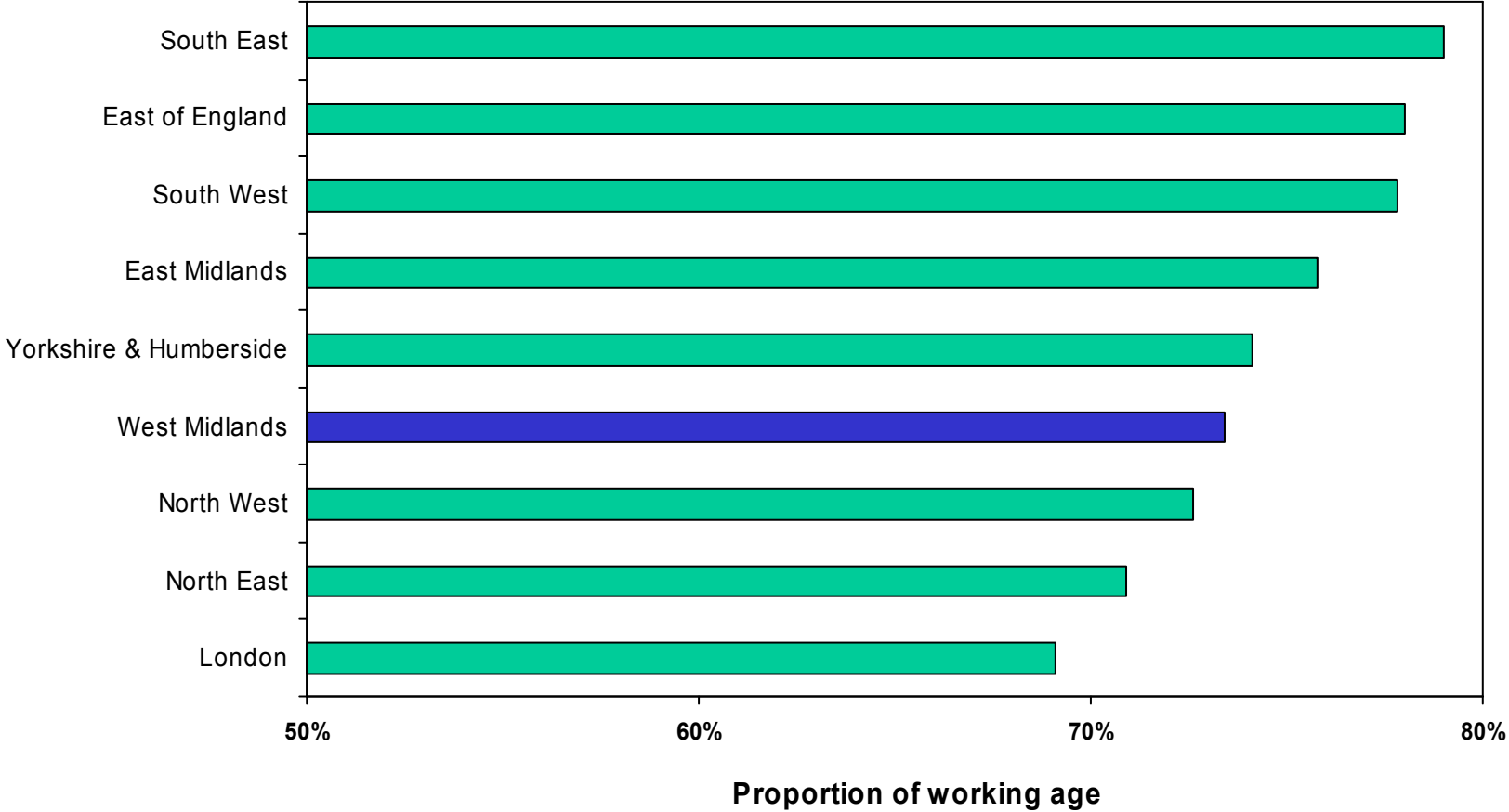
*Birmingham and Solihull Data not available at this time

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

The Region has the fourth lowest rate of employment



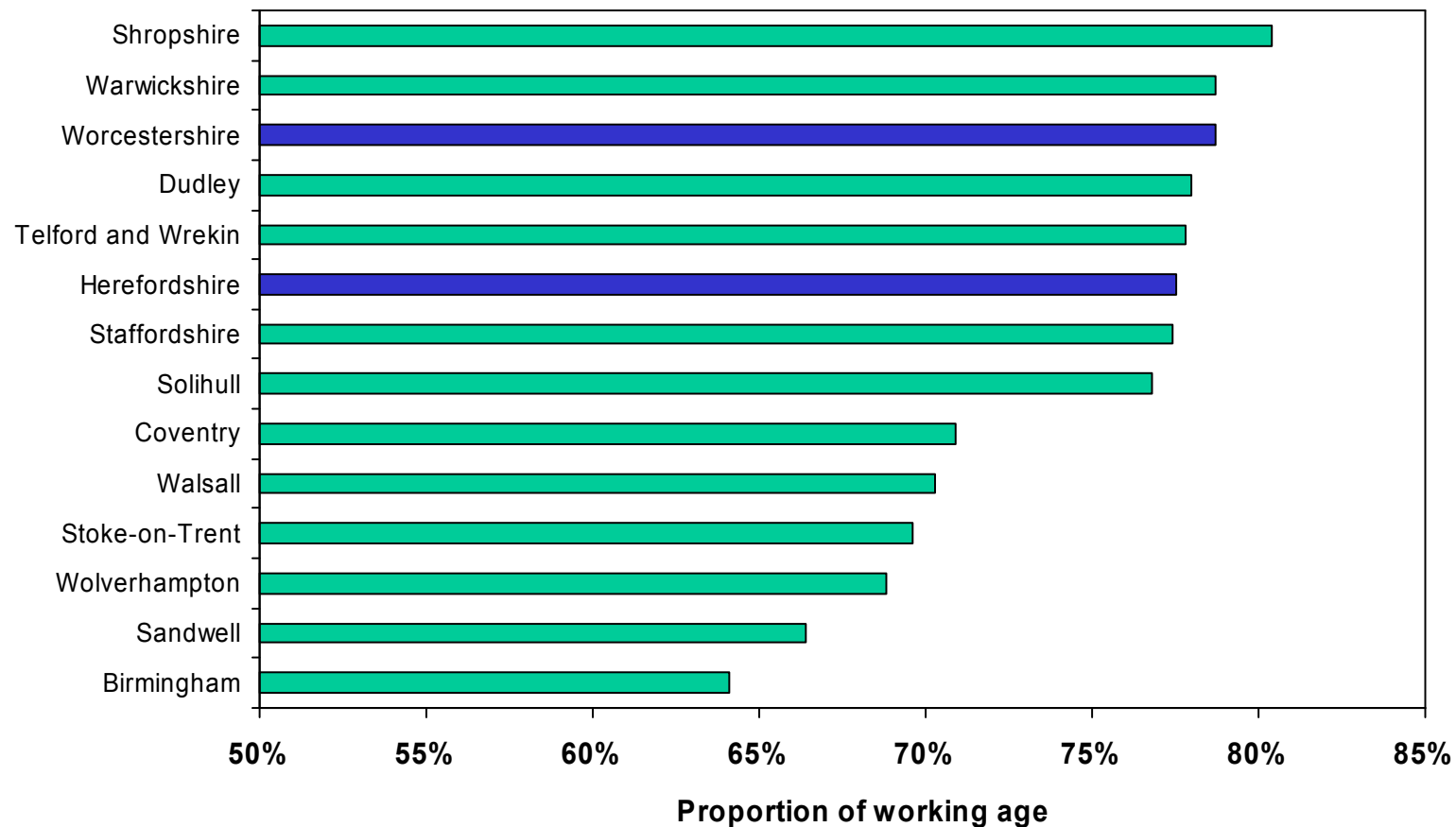
Employment rate of working age population



Herefordshire & Worcestershire have relatively high rates of employment



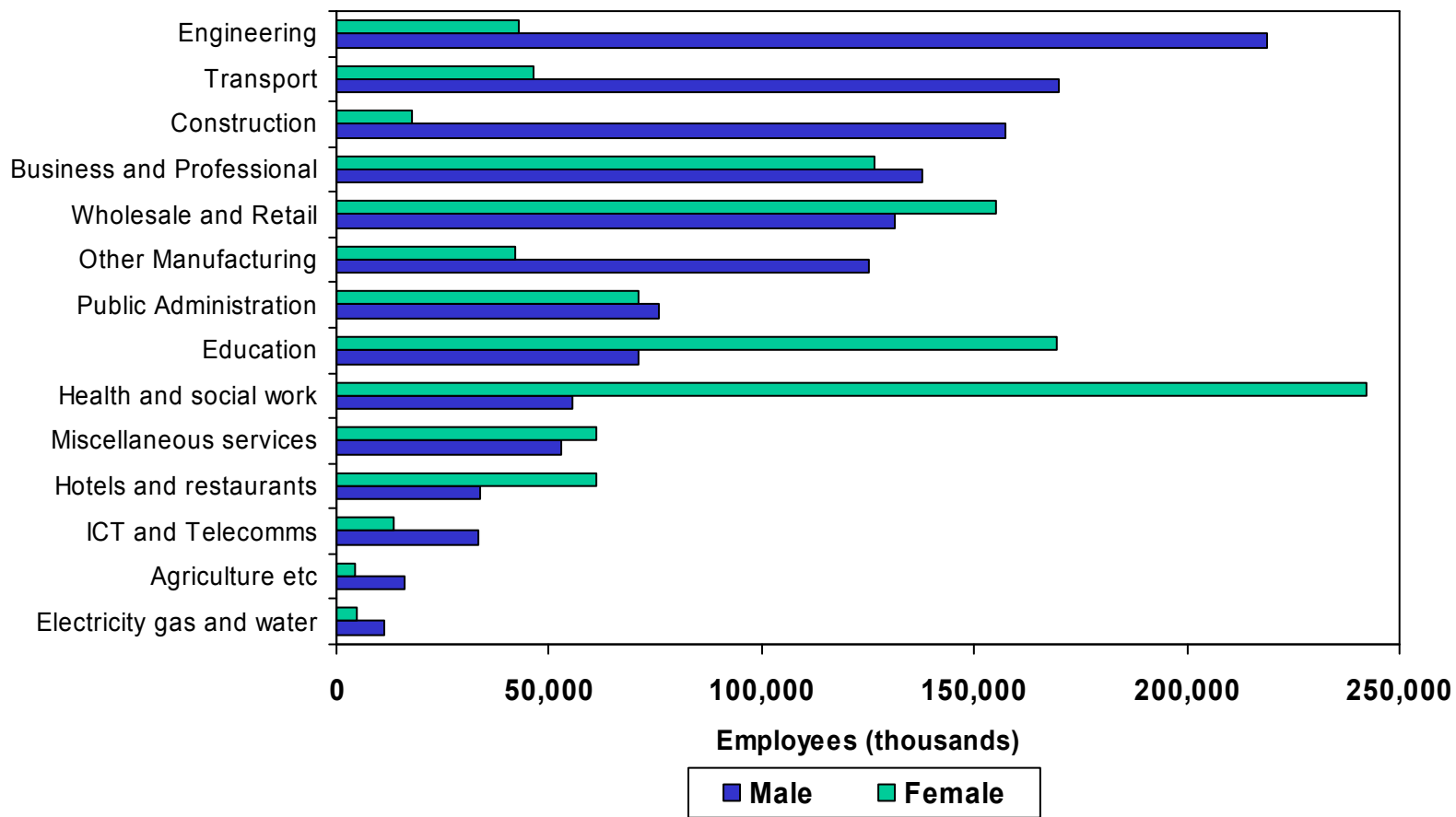
Employment rate in West Midlands sub-regions



Several industries still have a gender imbalance in their workforce



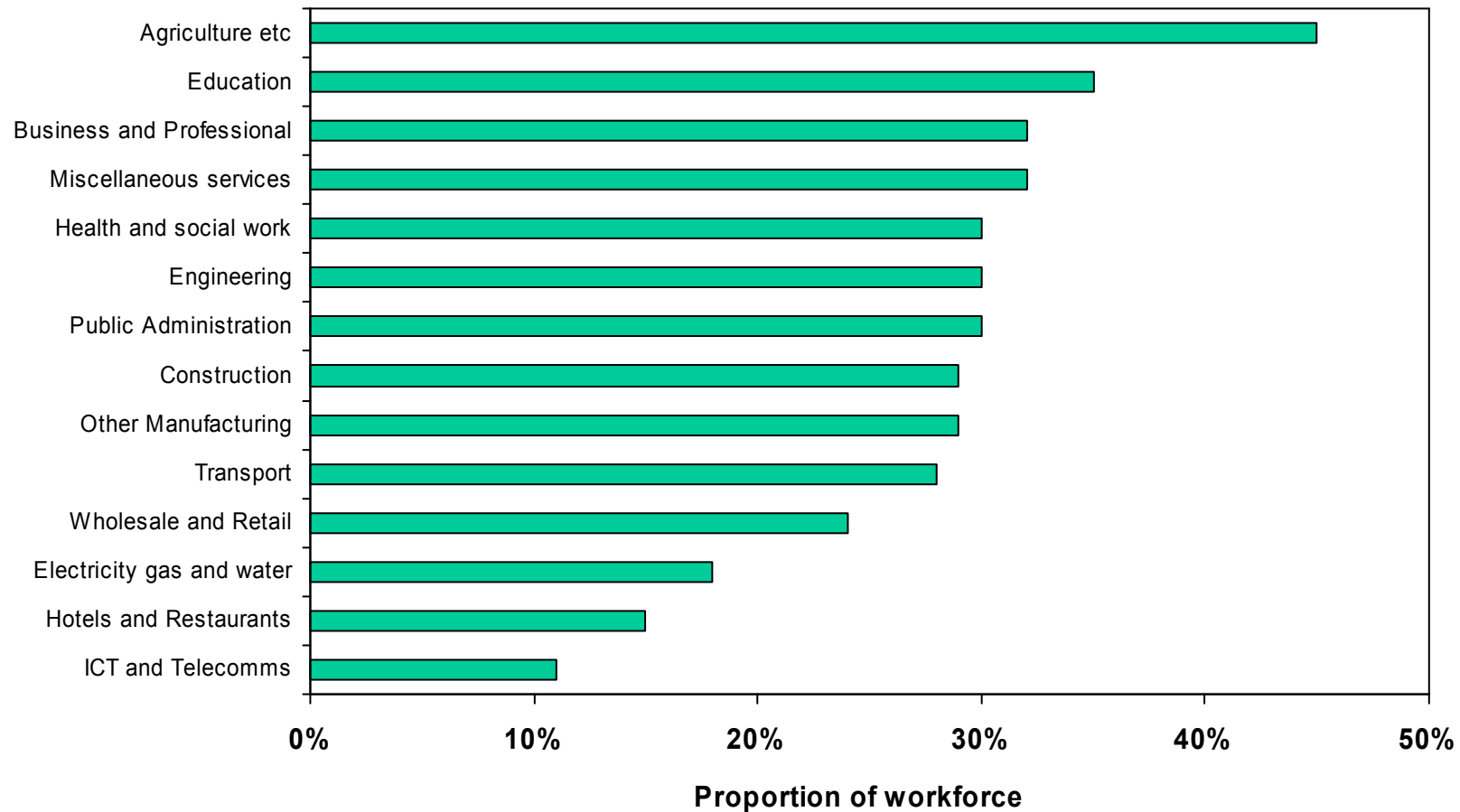
Regional employment of working age people by gender, West Midlands



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



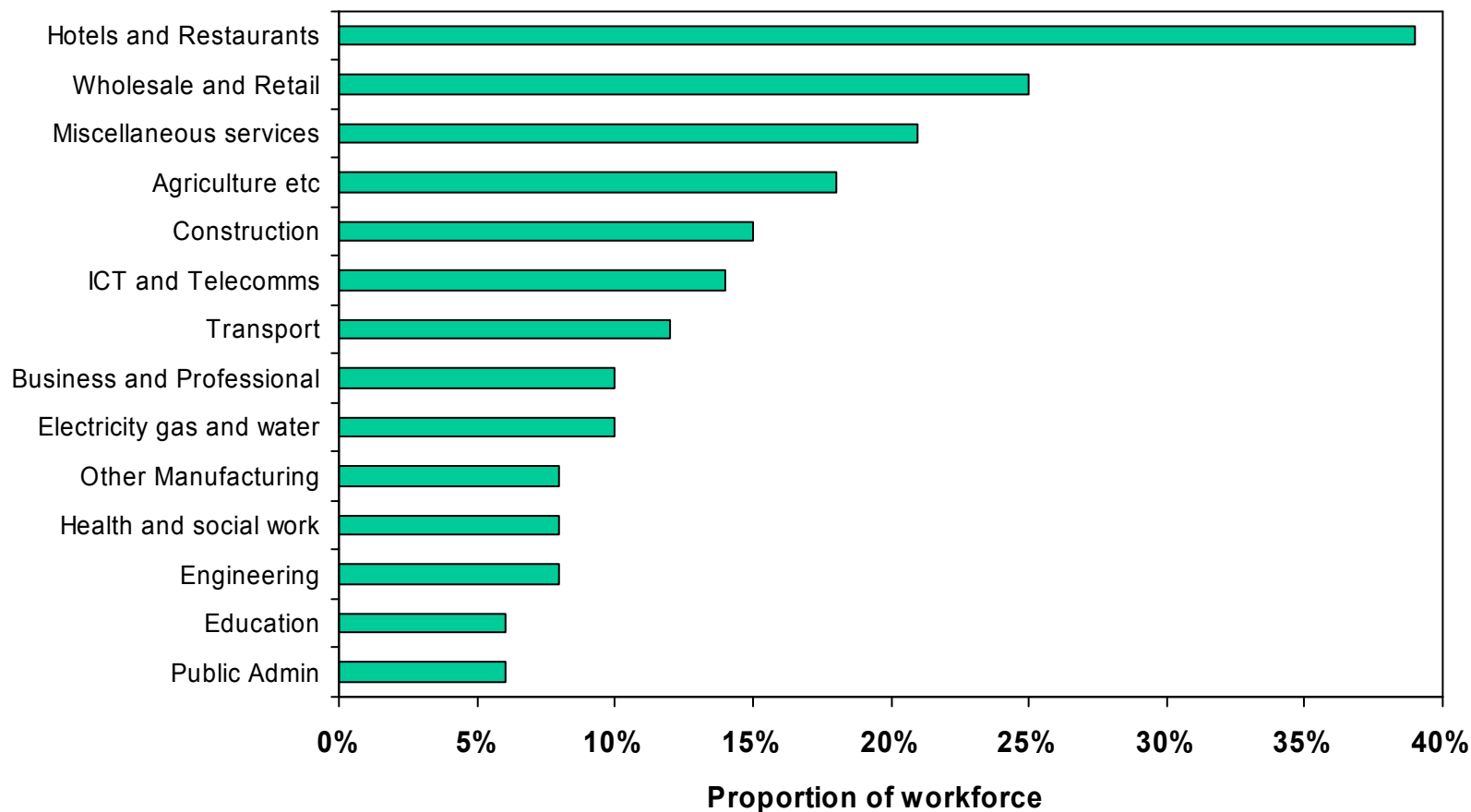
Proportion of sector workforce that is aged 50 to retirement



Young people are disproportionately employed in the Hotels and Retail industries



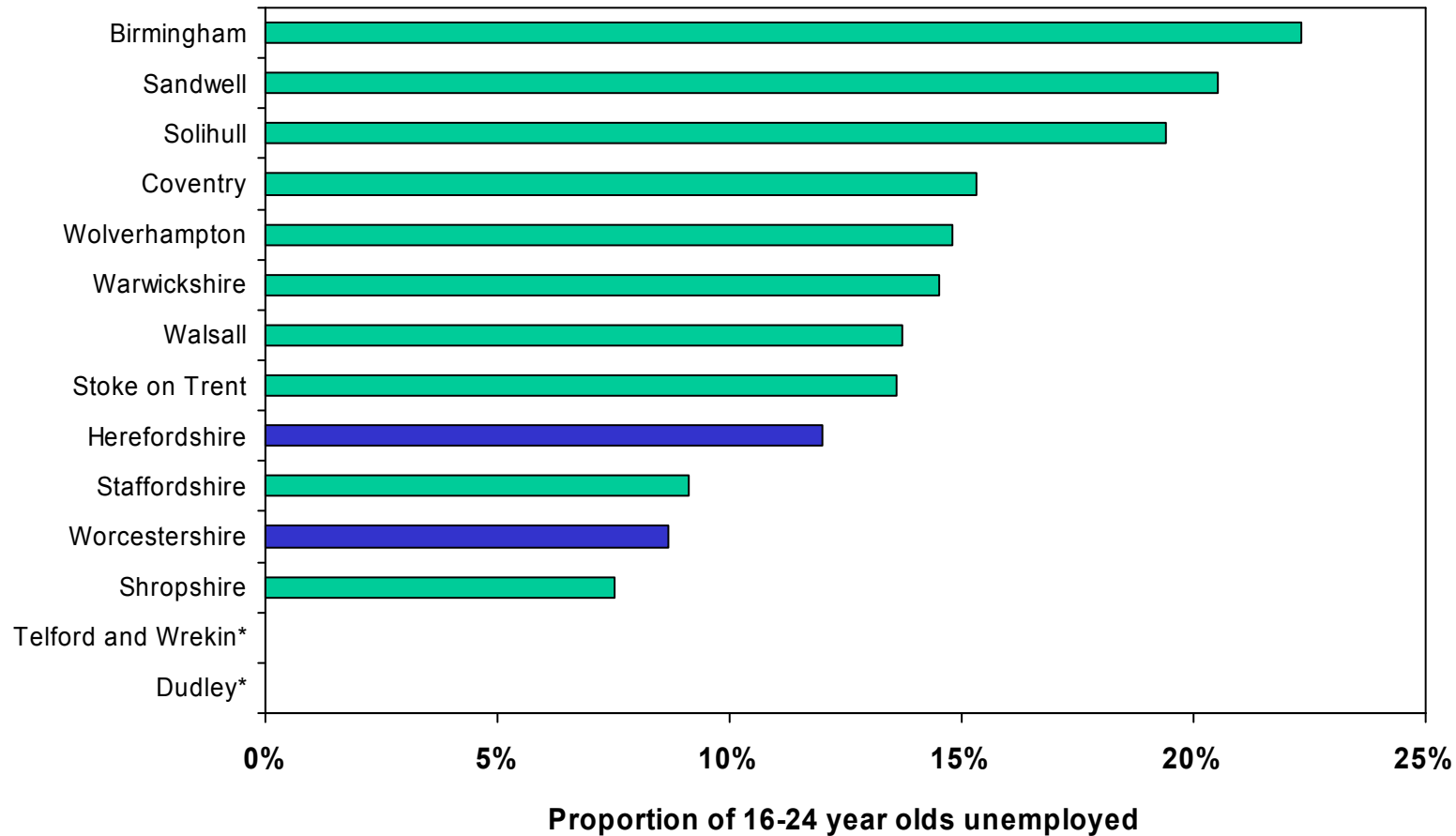
Proportion of workforce aged 16-24



Herefordshire & Worcestershire have lower rates of youth unemployment



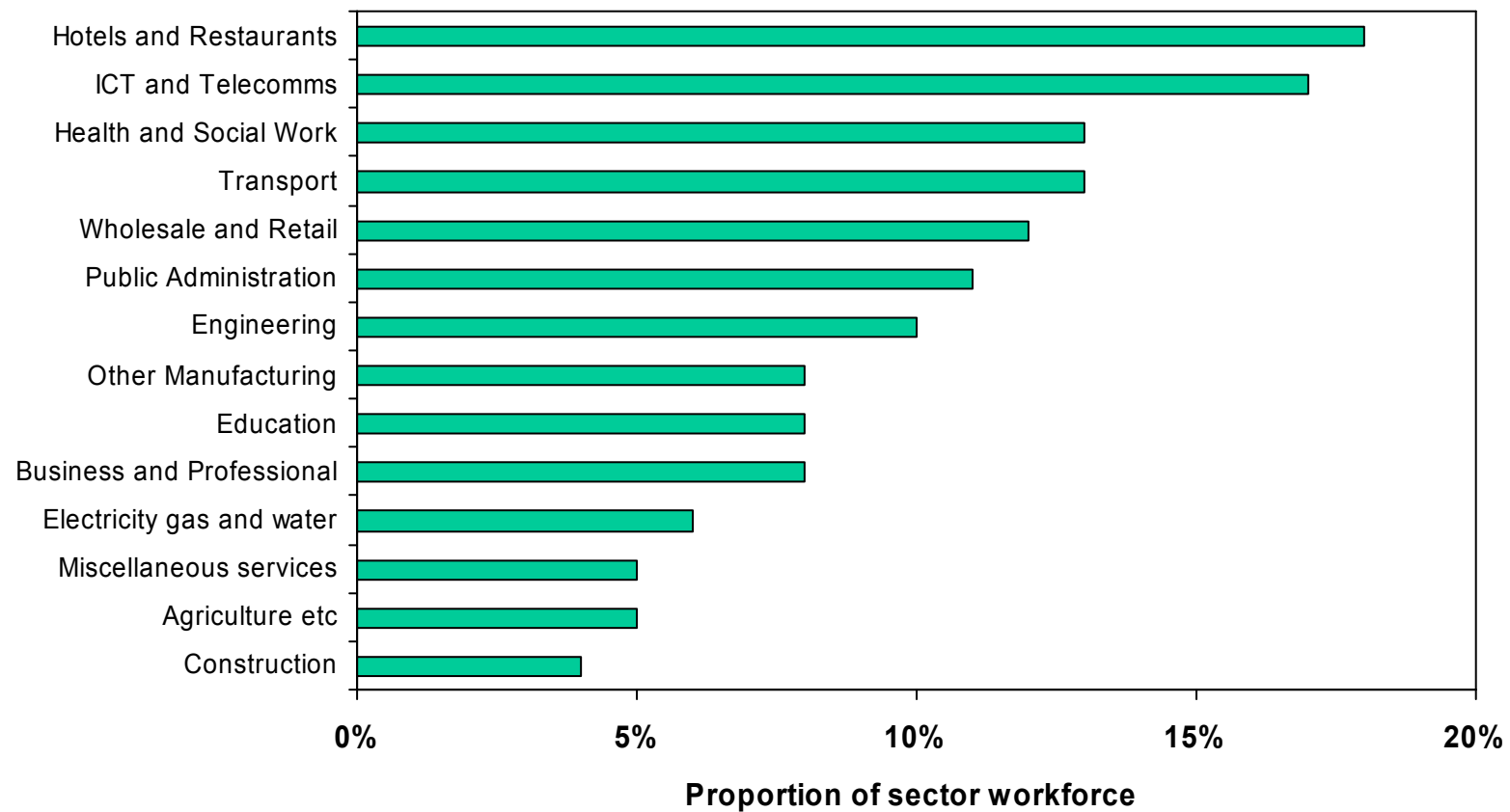
Unemployment rate of 16-24 year olds by sub-region



Employment of non-white groups concentrated within certain industries



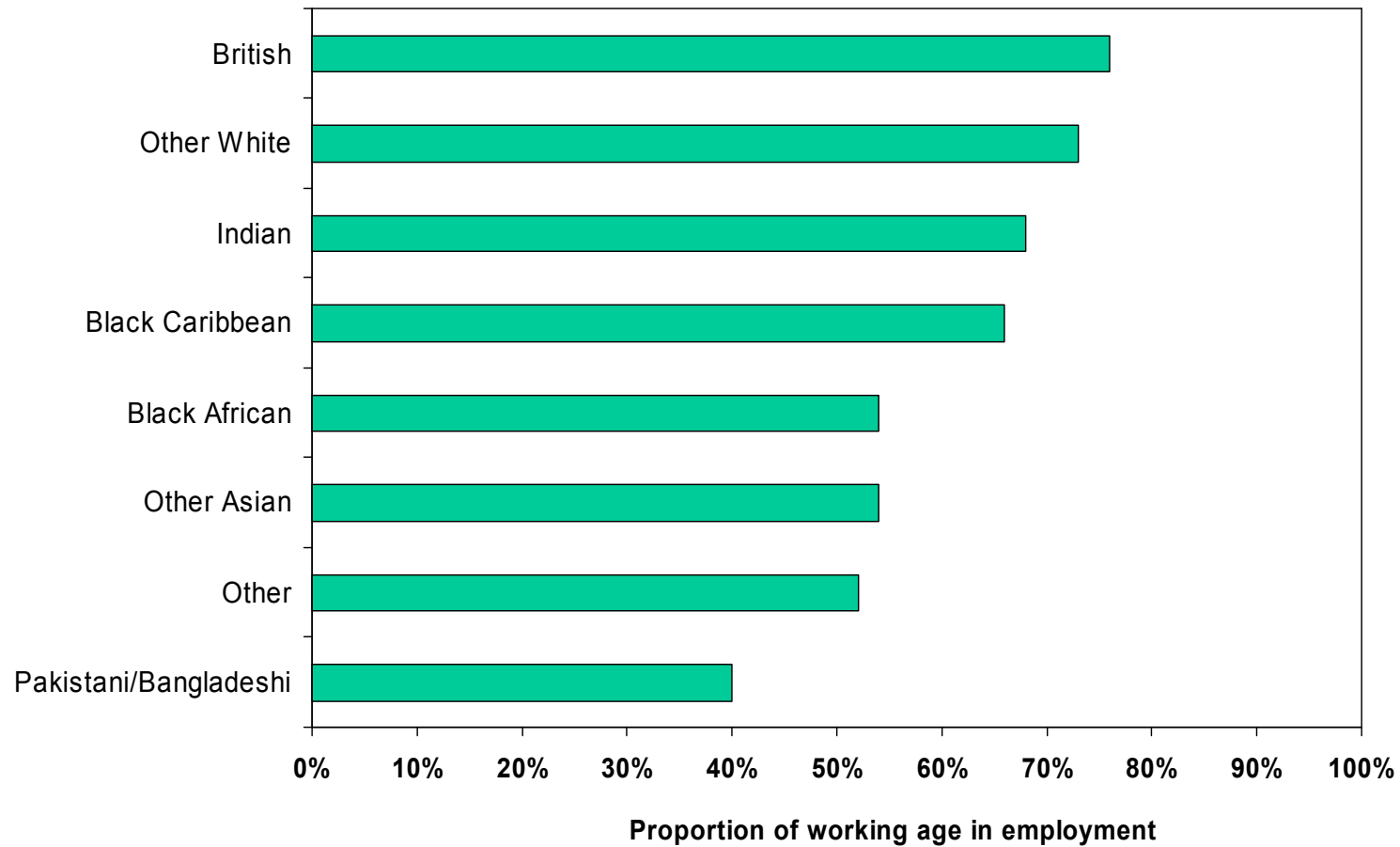
Proportion of sector workforce that is non-white



Employment rates among minority ethnic groups are low in the Region



Employment rate of ethnic groups in West Midlands



Skills issues for employers & Individuals

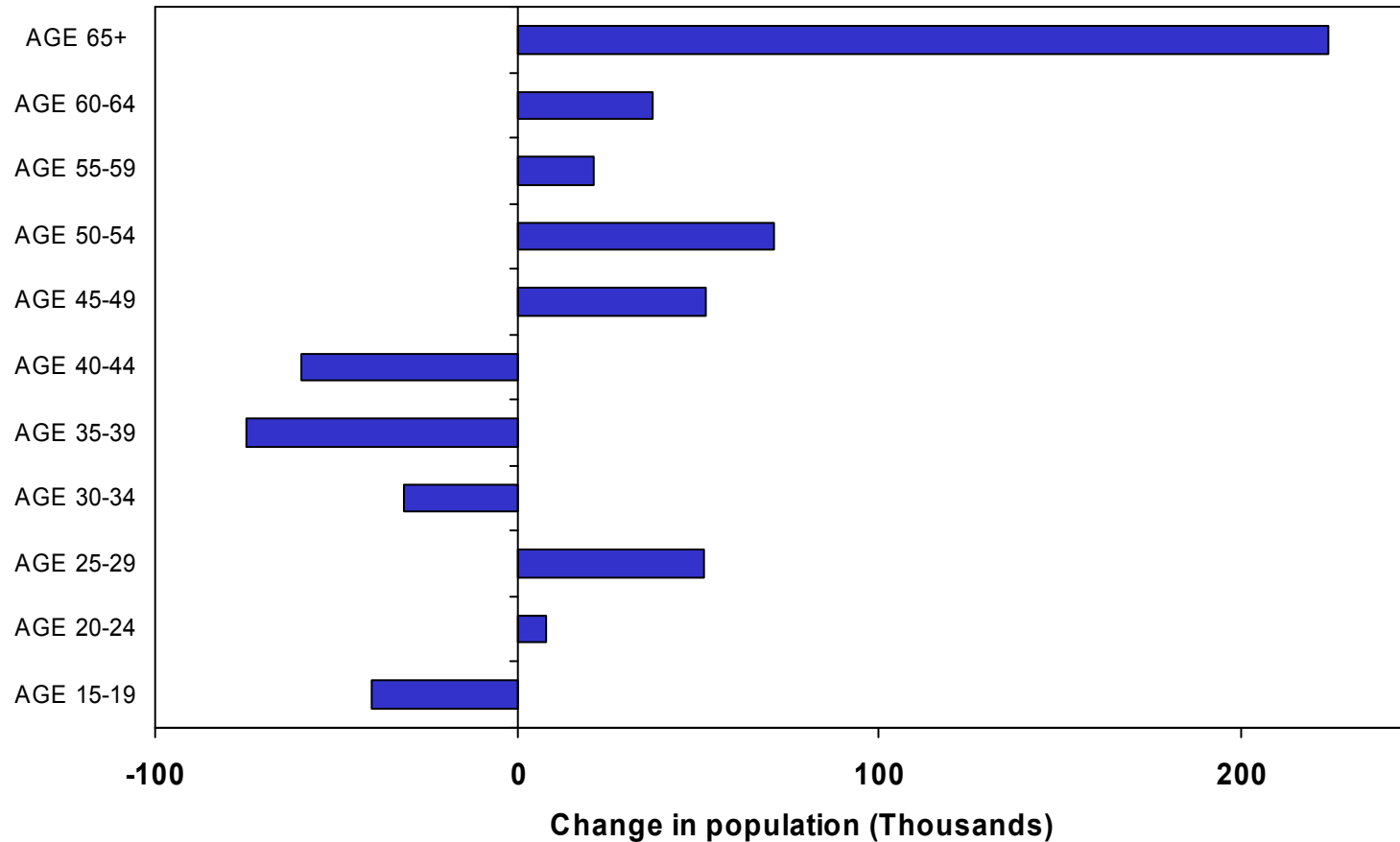


- Area Profile
- Economic Performance
- Skill gaps and deficiencies
- Recruitment problems and skill shortages
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The Region has an ageing population



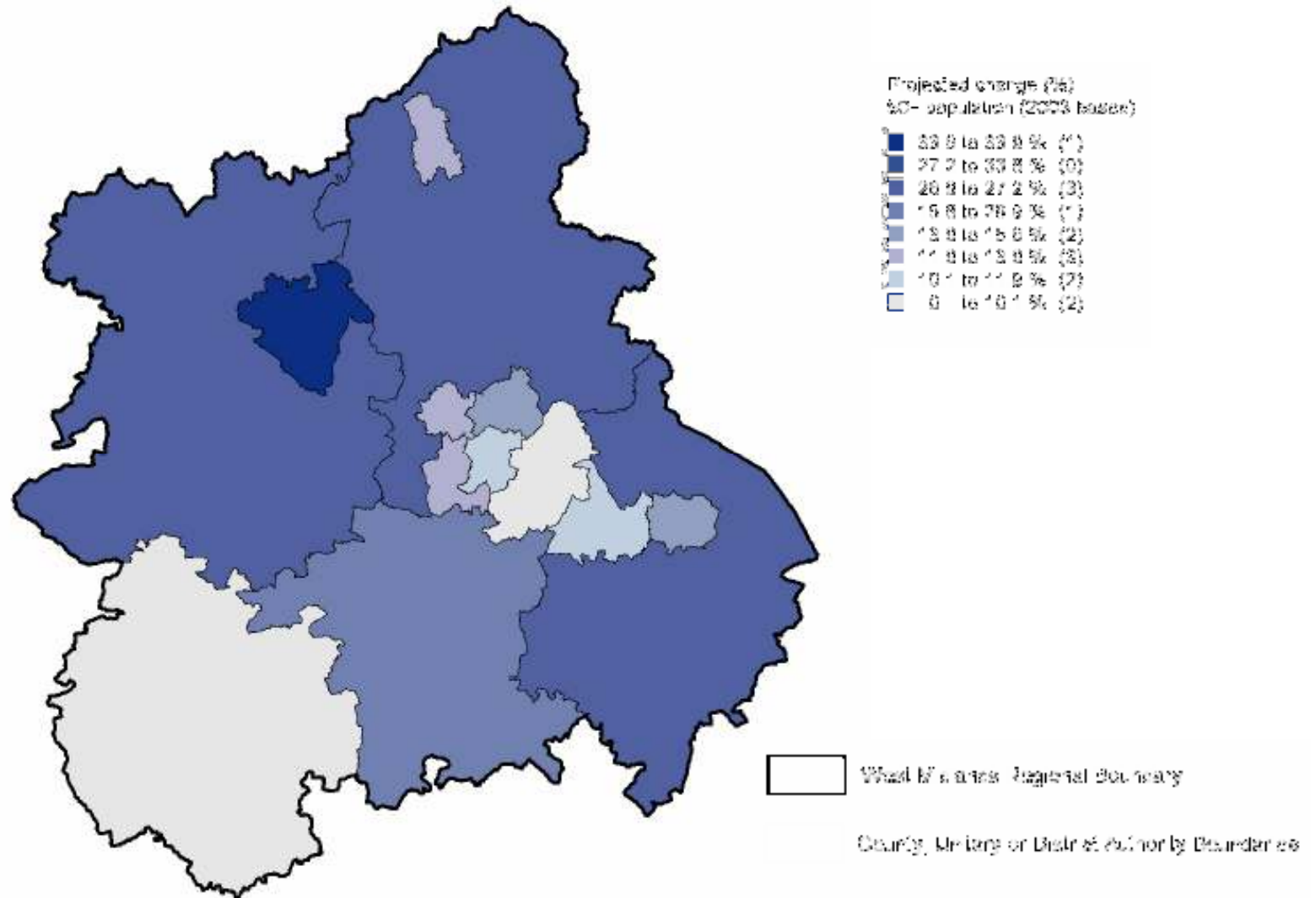
Change in population by age group in West Midlands 2003-2018



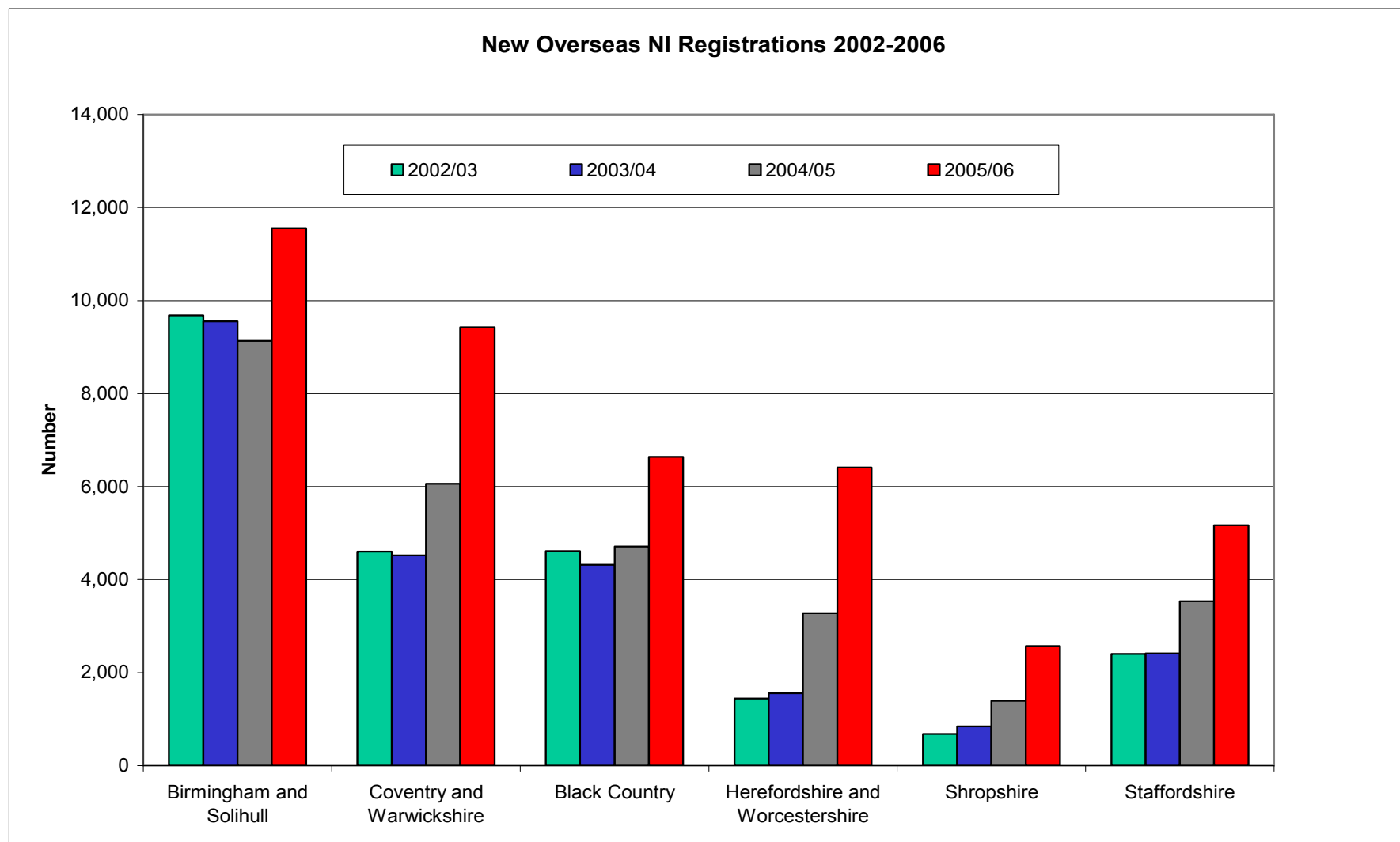
Demographic changes

- 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



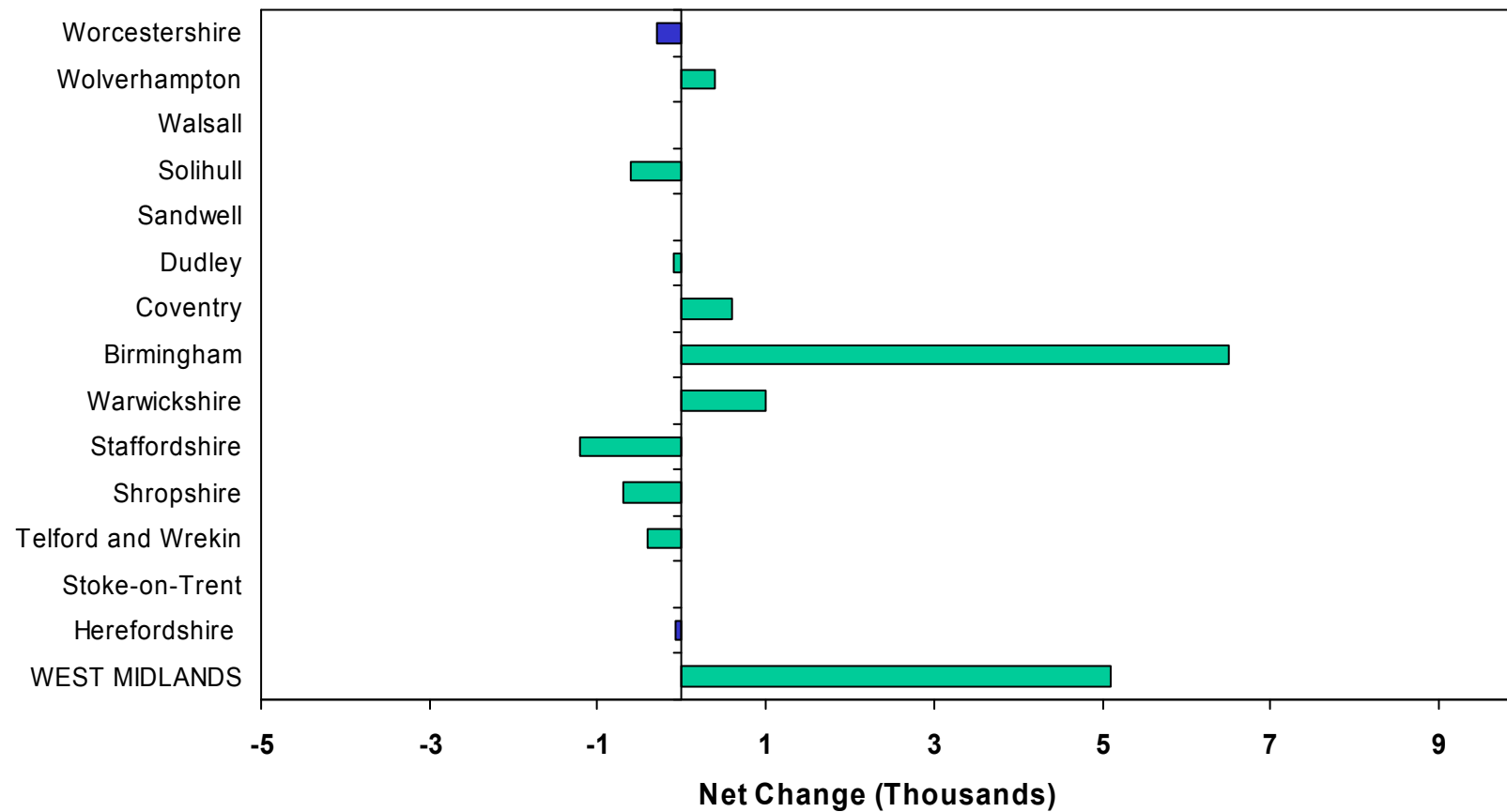
The number of migrant workers are growing



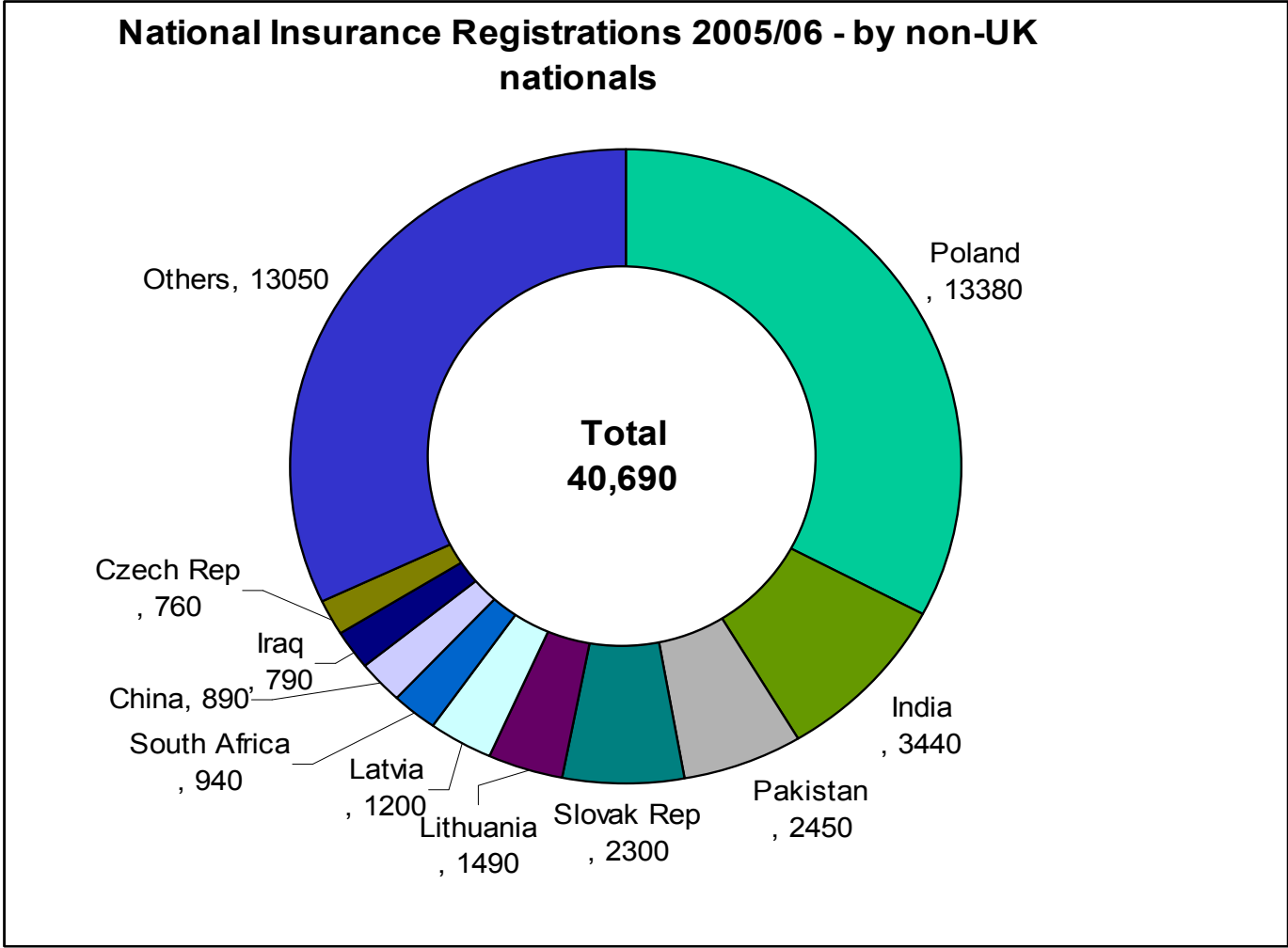
Herefordshire & Worcestershire are not a key centre for international migration



Net International migration in West Midlands 2004



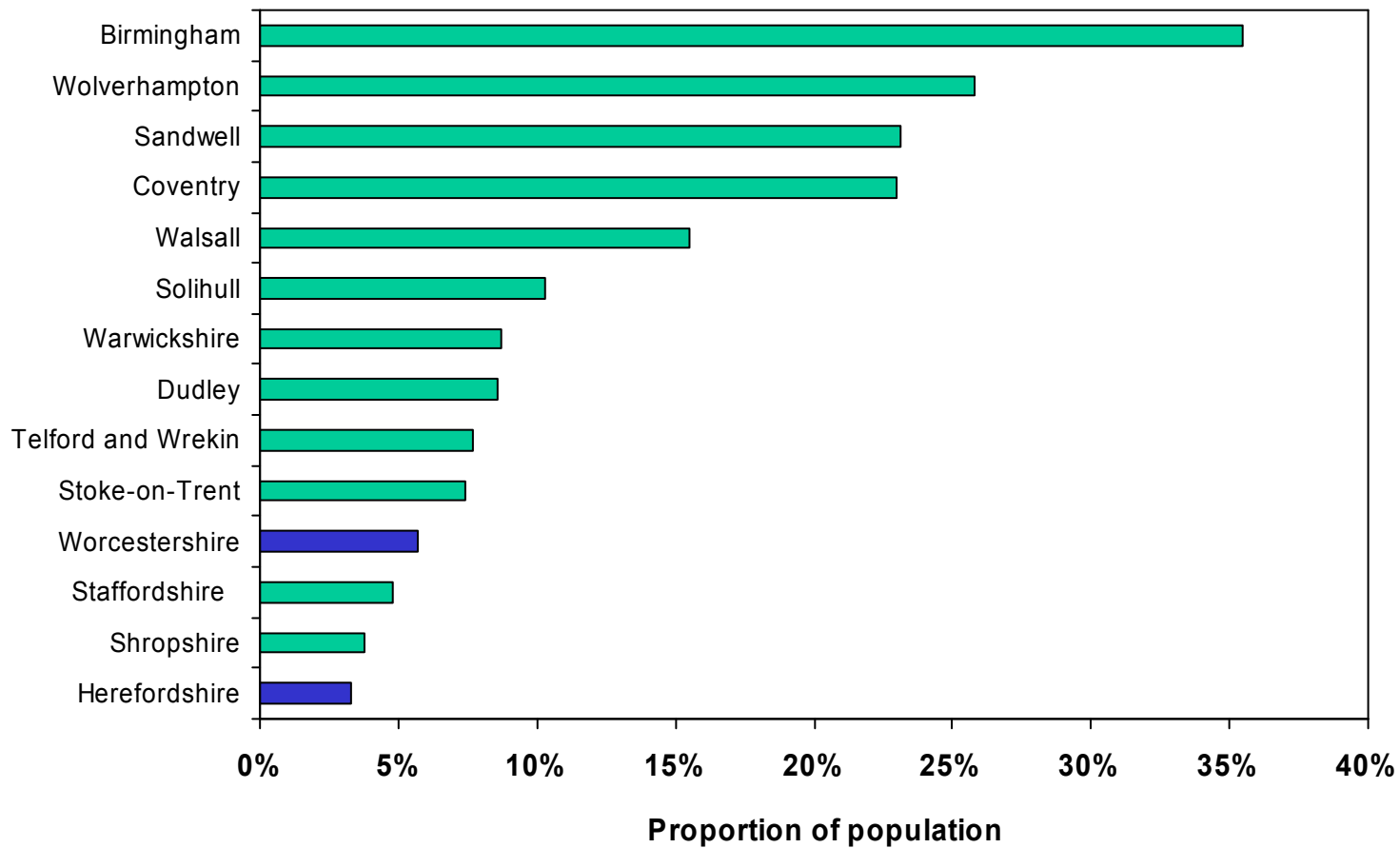
Polish Nationals account for a third of migrant workers



Low proportions of the population in Herefordshire & Worcestershire are from non-White British ethnic groups



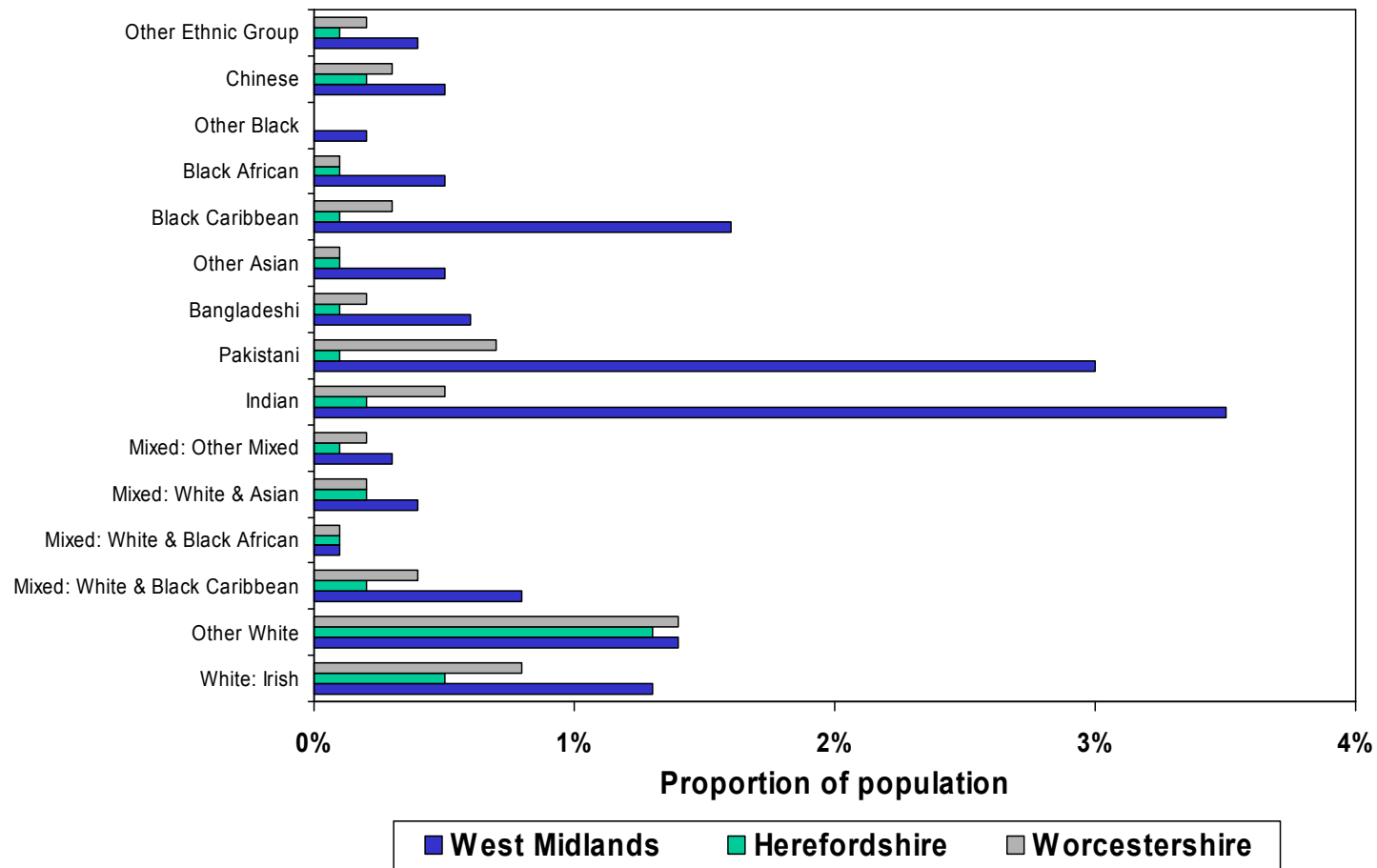
Proportion of population from an ethnic group other than White British, 2003



Herefordshire & Worcestershire have low numbers of minority ethnic communities



Minority ethnic composition of Herefordshire & Worcestershire



Key Issues



- Herefordshire & Worcestershire have relatively low levels of deprivation
- The sub-region is set to experience employment growth in key growth sectors of wholesale and retail, and business services
- The sub-region has the highest proportion of staff with skill gaps but skill shortages are less of an issue
- The sub-region has rates of qualification attainment slightly above the regional average
- Unemployment and youth unemployment rates are relatively low in the sub-region compared with the Region
- There are relatively few numbers of minority ethnic groups in Herefordshire & Worcestershire