

Skills and the West Midlands Economy

A Staffordshire 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

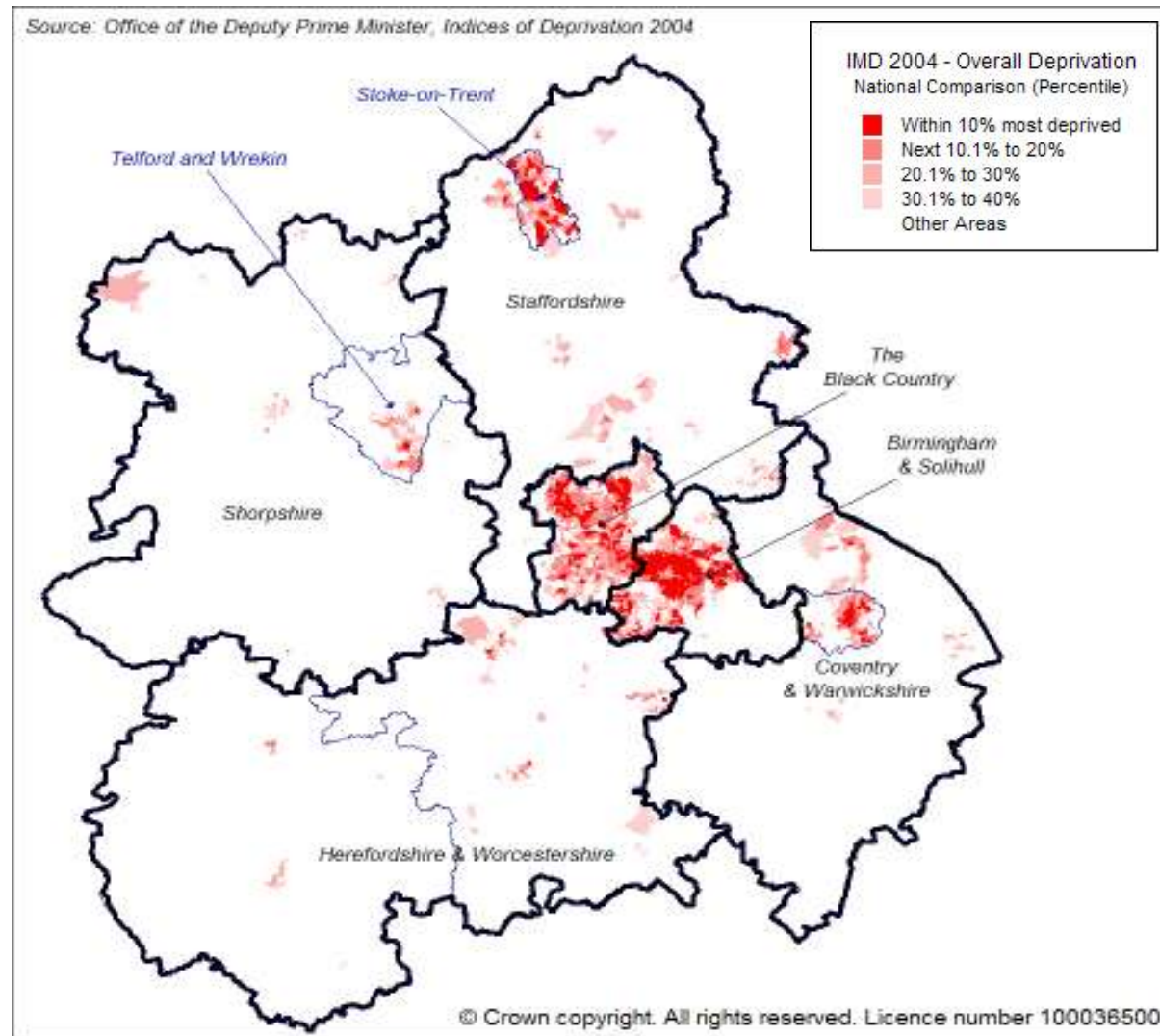
Local area profile for Staffordshire and Stoke-on-Trent



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

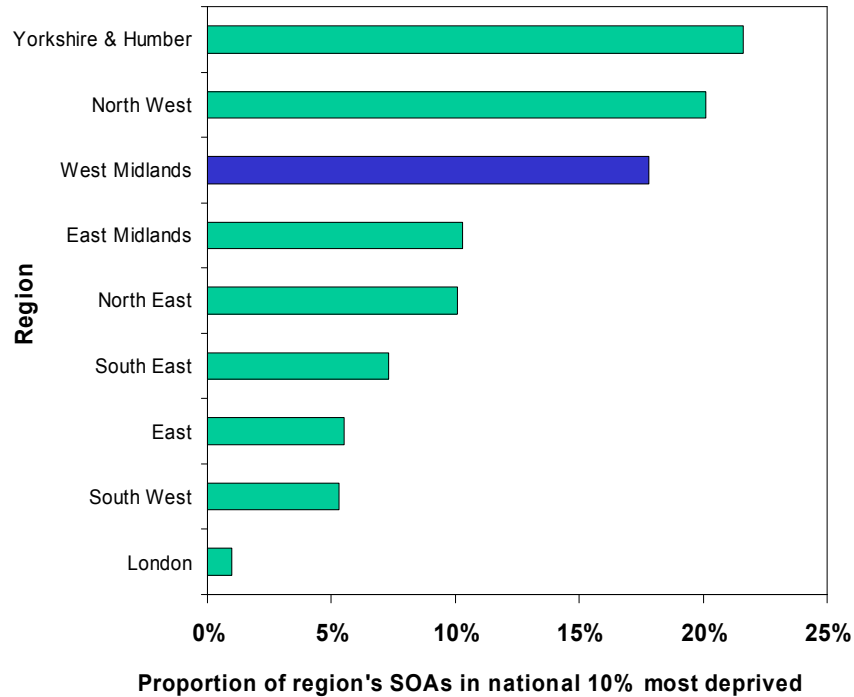


Staffordshire has relatively high levels of deprivation



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

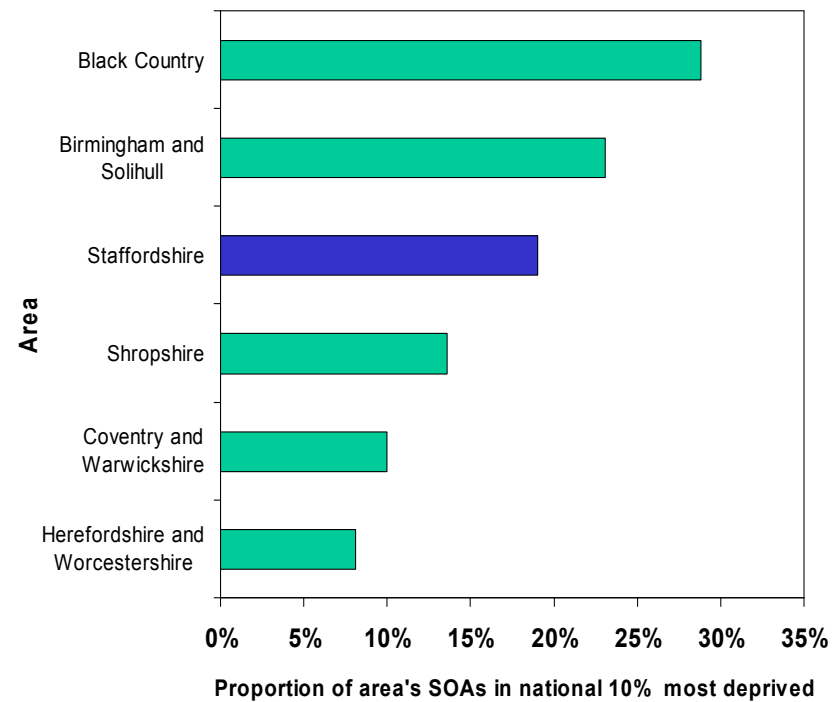
Share of national 10% most deprived



Source: IMD 2004

19% of Staffordshire'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

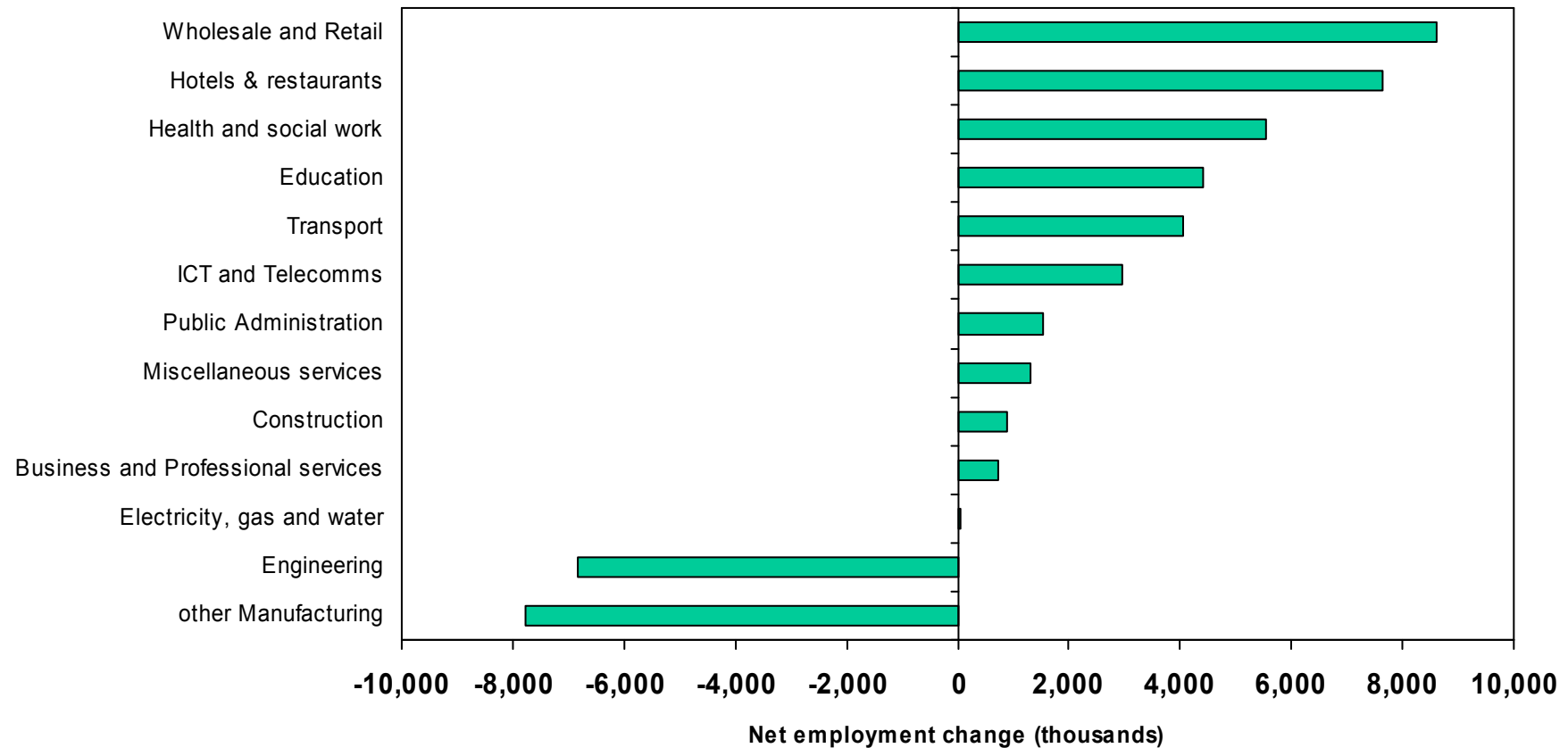


Title	West Midlands			Staffordshire			Stoke on Trent		
	1999	2003	2004	1999	2003	2004	1999	2003	2004
Agriculture etc..	1%	1%	1%	n/a	n/a	n/a	n/a	n/a	n/a
Engineering	13%	10%	9%	12%	9%	9%	8%	6%	6%
other Manufacturing	10%	8%	7%	11%	9%	8%	22%	17%	15%
Electricity, gas and water	1%	1%	1%	0%	0%	0%	0%	0%	0%
Construction	4%	4%	4%	5%	5%	5%	4%	4%	4%
Wholesale and Retail	15%	16%	16%	15%	17%	17%	15%	16%	17%
Hotels & restaurants	6%	6%	6%	6%	6%	8%	4%	4%	5%
Transport	7%	7%	7%	7%	8%	8%	6%	7%	7%
Business and Professional Services	14%	15%	16%	13%	12%	12%	11%	10%	10%
ICT and Telecomms	2%	2%	2%	2%	3%	2%	1%	2%	2%
Public Administration	4%	5%	5%	5%	5%	5%	3%	5%	5%
Education	8%	10%	10%	10%	11%	10%	10%	8%	8%
Health and social work	10%	11%	11%	9%	10%	10%	12%	14%	16%
Miscellaneous services	4%	5%	5%	5%	5%	5%	4%	5%	5%

In Staffordshire growth has been led by wholesale & retail and hotels & restaurants



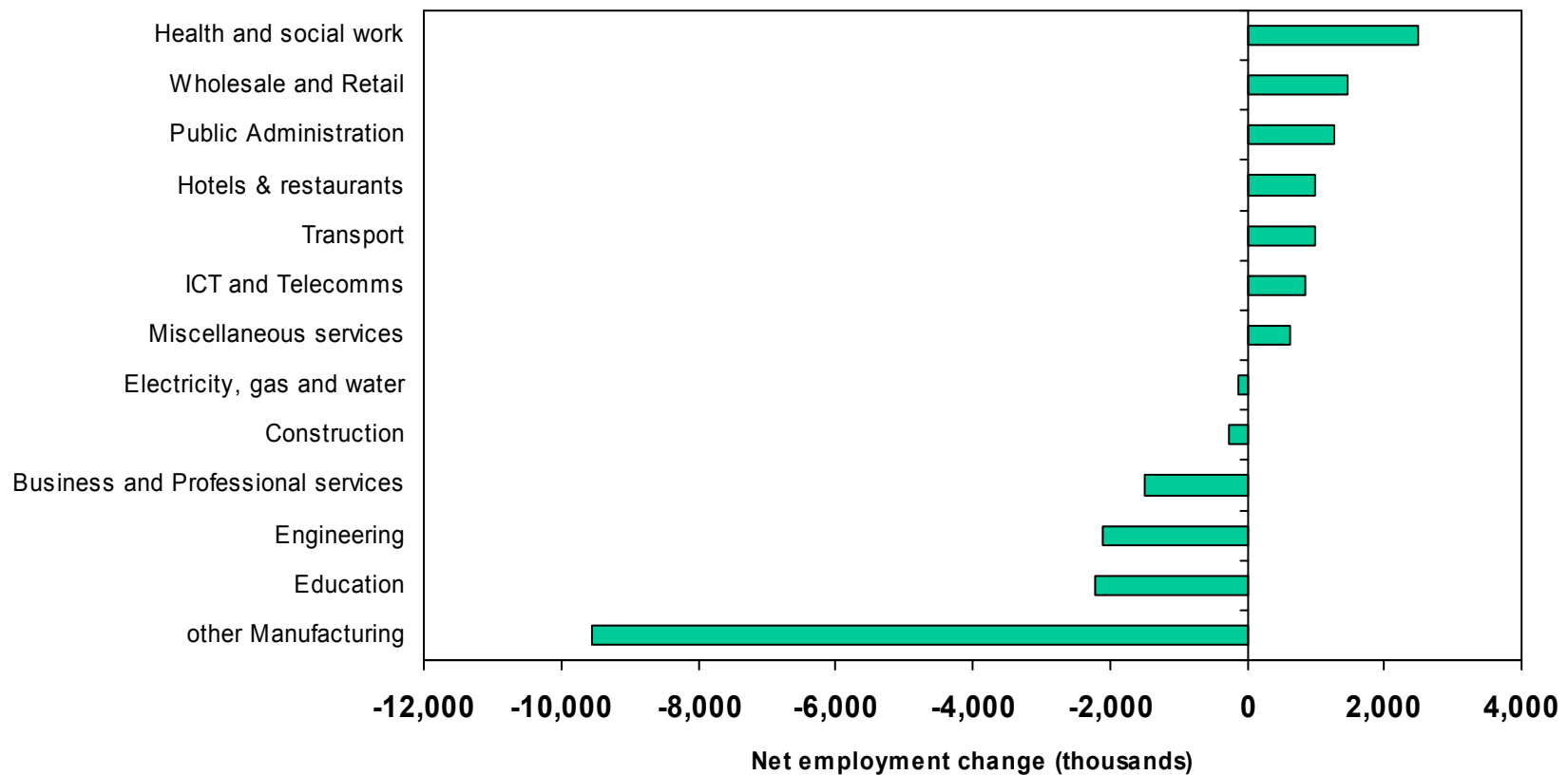
Net employment change in Staffordshire by sector: 1999-2004



In Stoke-on-Trent there has been a significant decline in other manufacturing since 1999



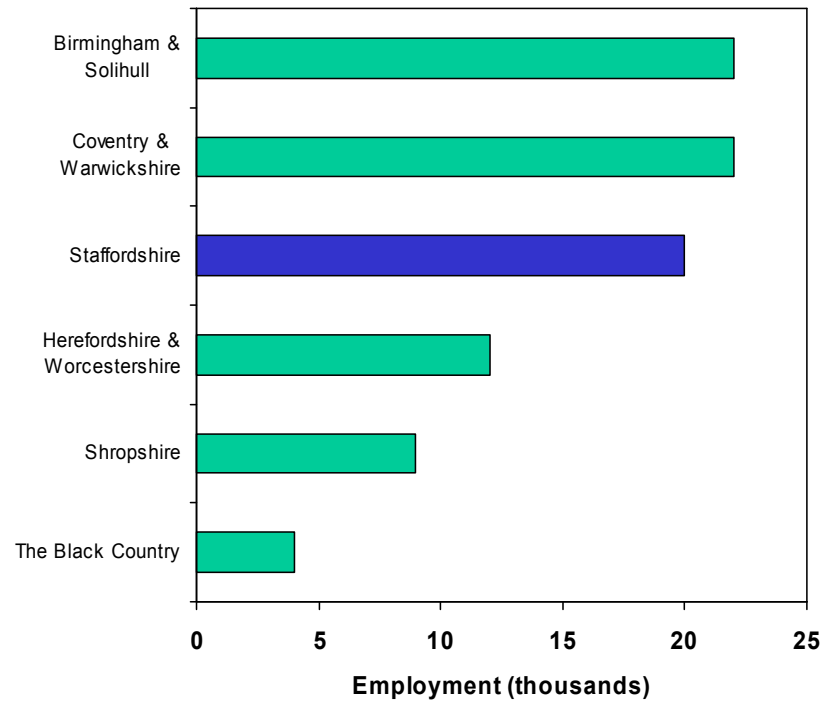
Net employment change in Stoke-on-Trent by sector: 1999-2004



Prospects for employment growth by sub-region

Staffordshire will be part of the focus for new job creation in the Region

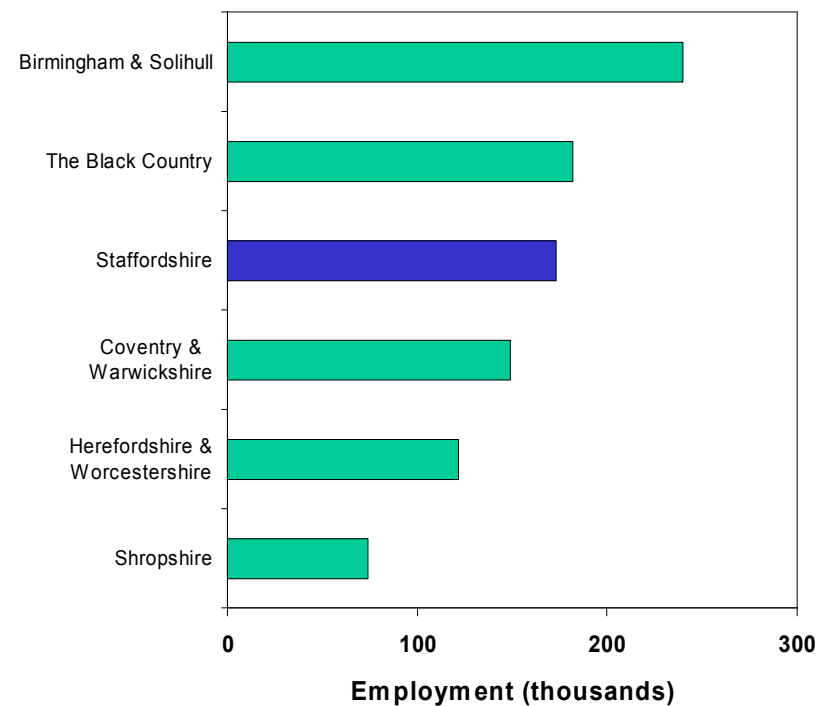
Projections of regional employment change
2004-2014: net new jobs



Source: Working Futures II

and for 'replacement demand'

Projections of regional employment change
2004-2014: replacement demand



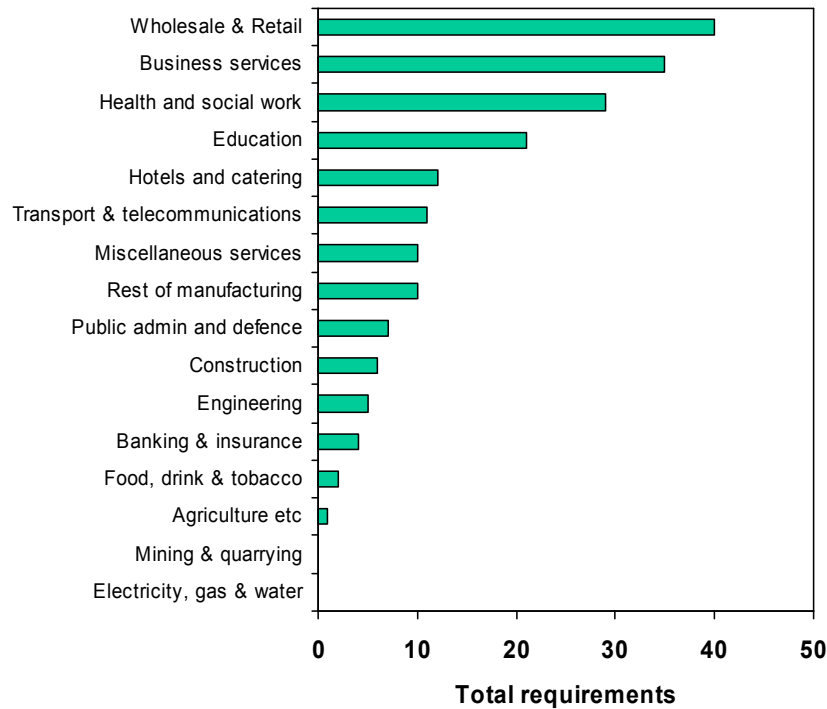
Source: Working Futures II

Forecast employment growth by sector and occupation – Staffordshire



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

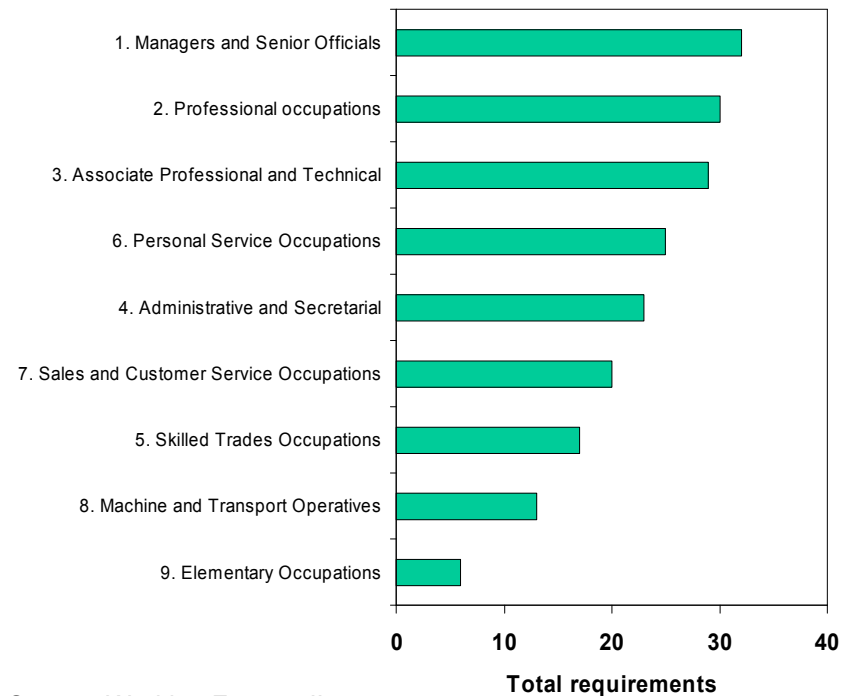
Projections of employment by sector 2004-2014: Staffordshire



Source: Working Futures II

And by higher level occupation

Projections of employment by occupation 2004-2014: Staffordshire

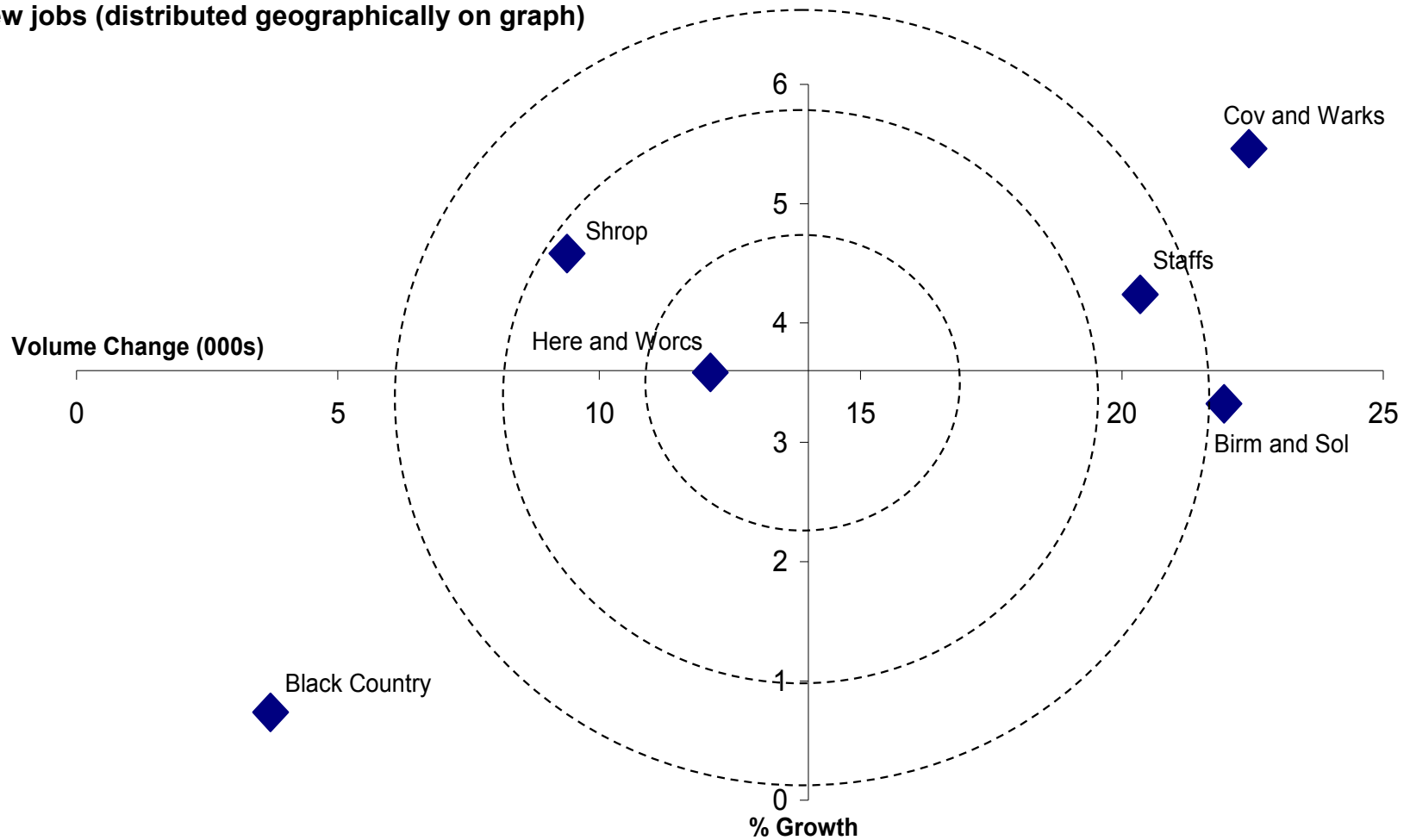


Source: Working Futures II

Employment Projections 2004-2014



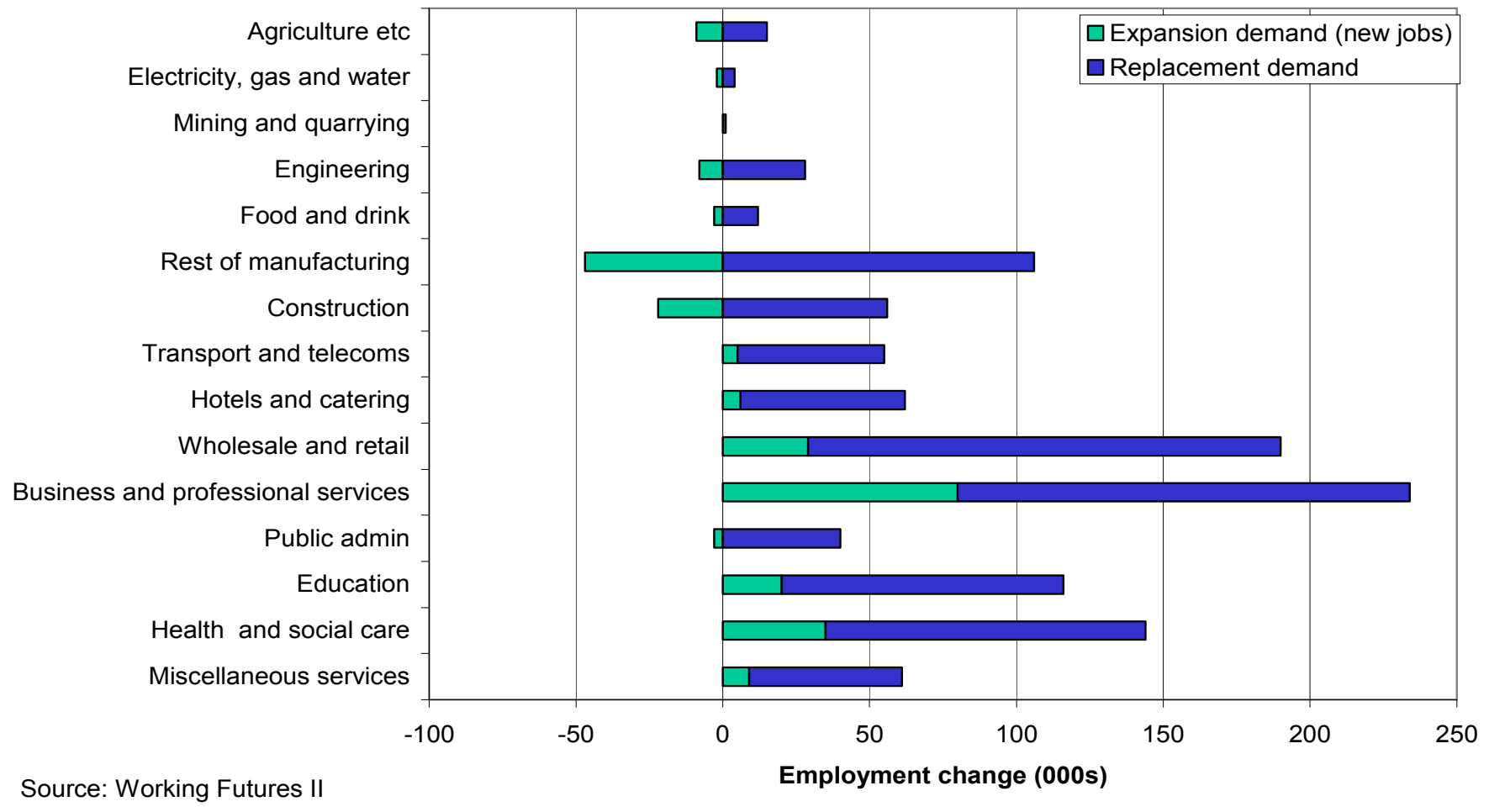
- 940,000 replacement jobs across the region
- 90,000 new jobs (distributed geographically on graph)



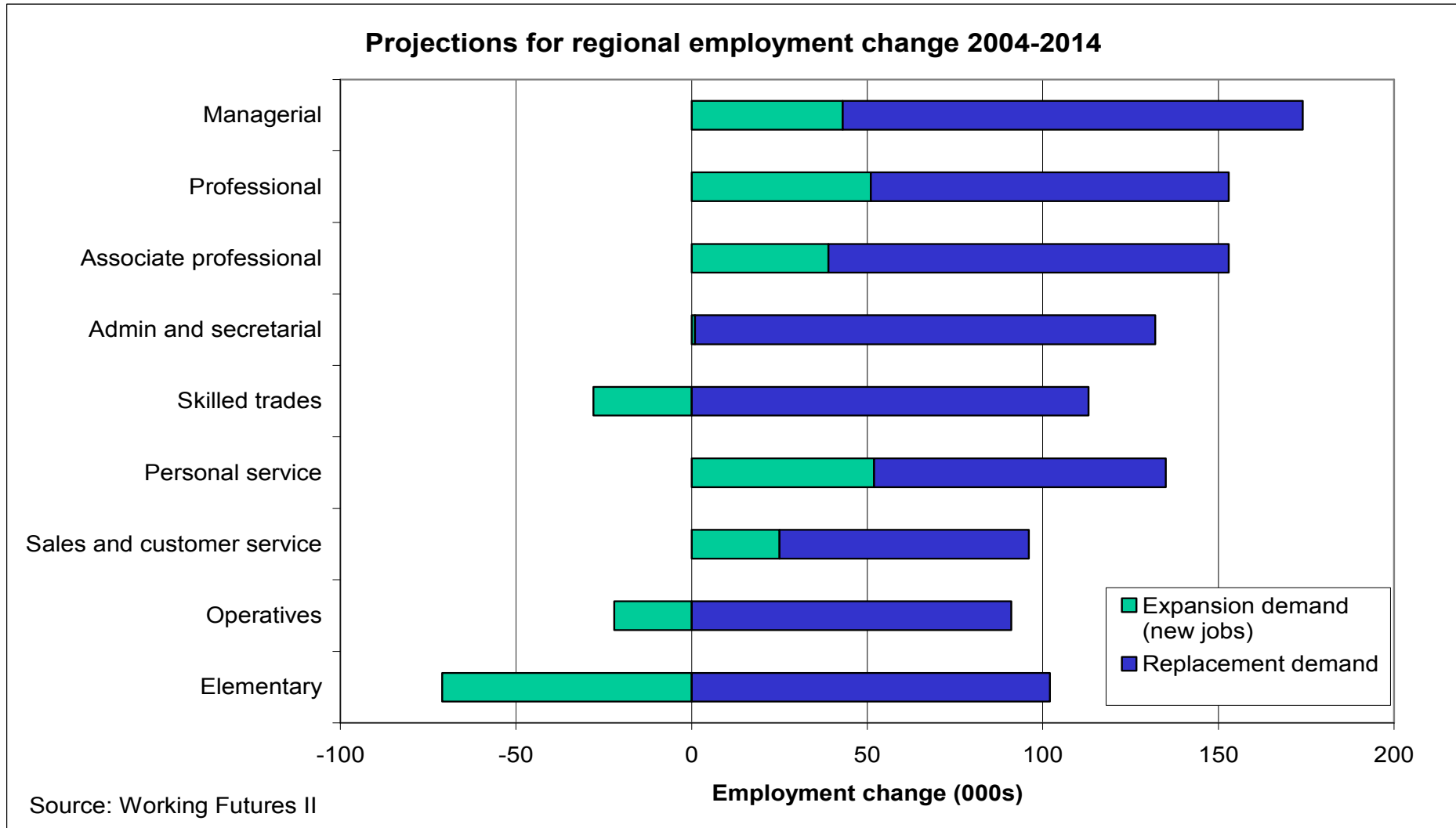
Forecast employment requirements by sector



Projections for regional employment change 2004-2014



Forecast employment requirements by occupation



Skills issues for employers & Individuals



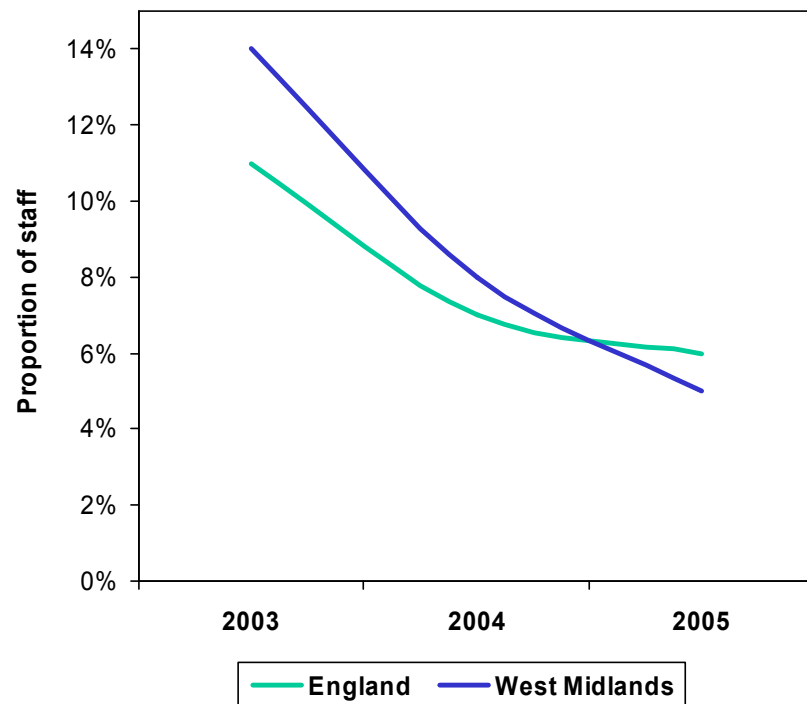
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Skill gaps have fallen markedly in the Region



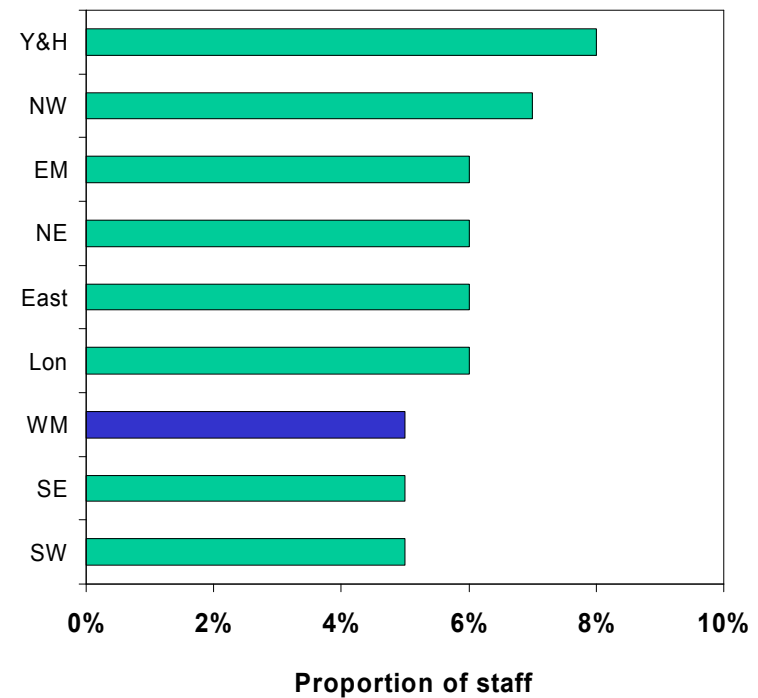
The proportion of staff with skill gaps is now below the national average

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

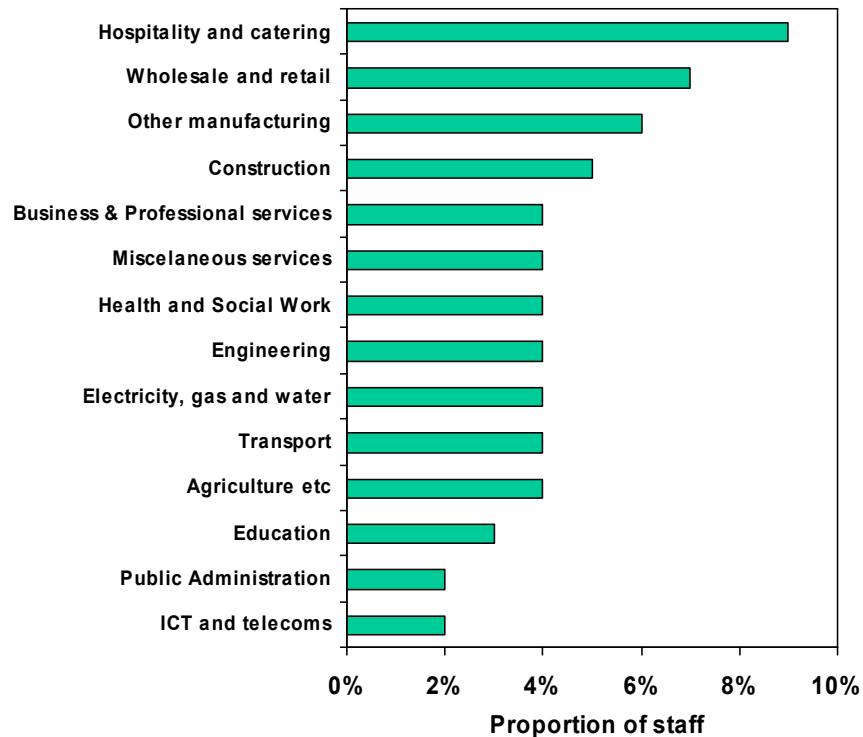


Problems with skill gaps are concentrated in particular sectors and occupations



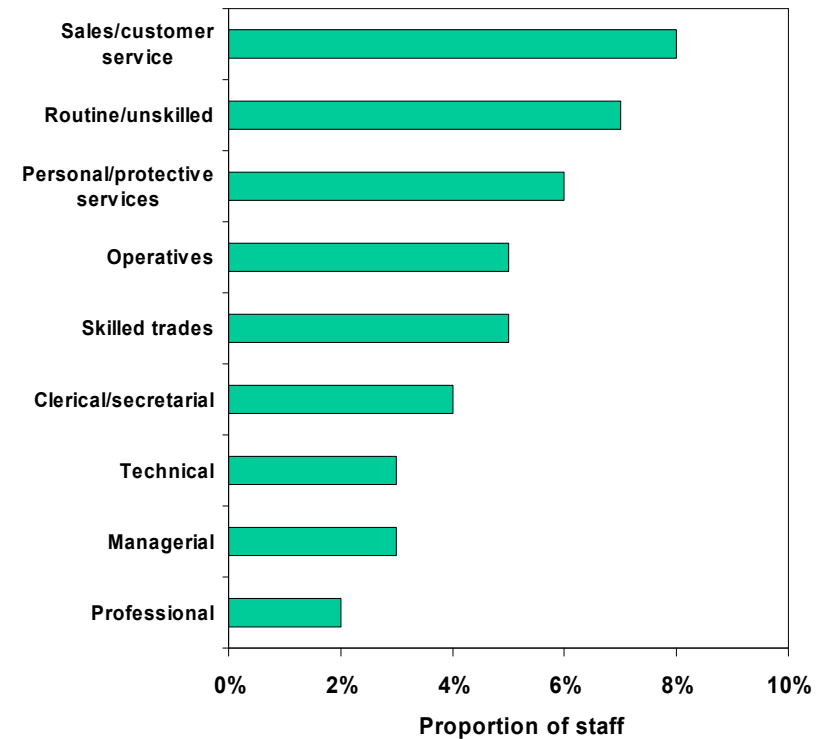
Skill gaps are more common in hospitality, catering, wholesale and retail

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



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

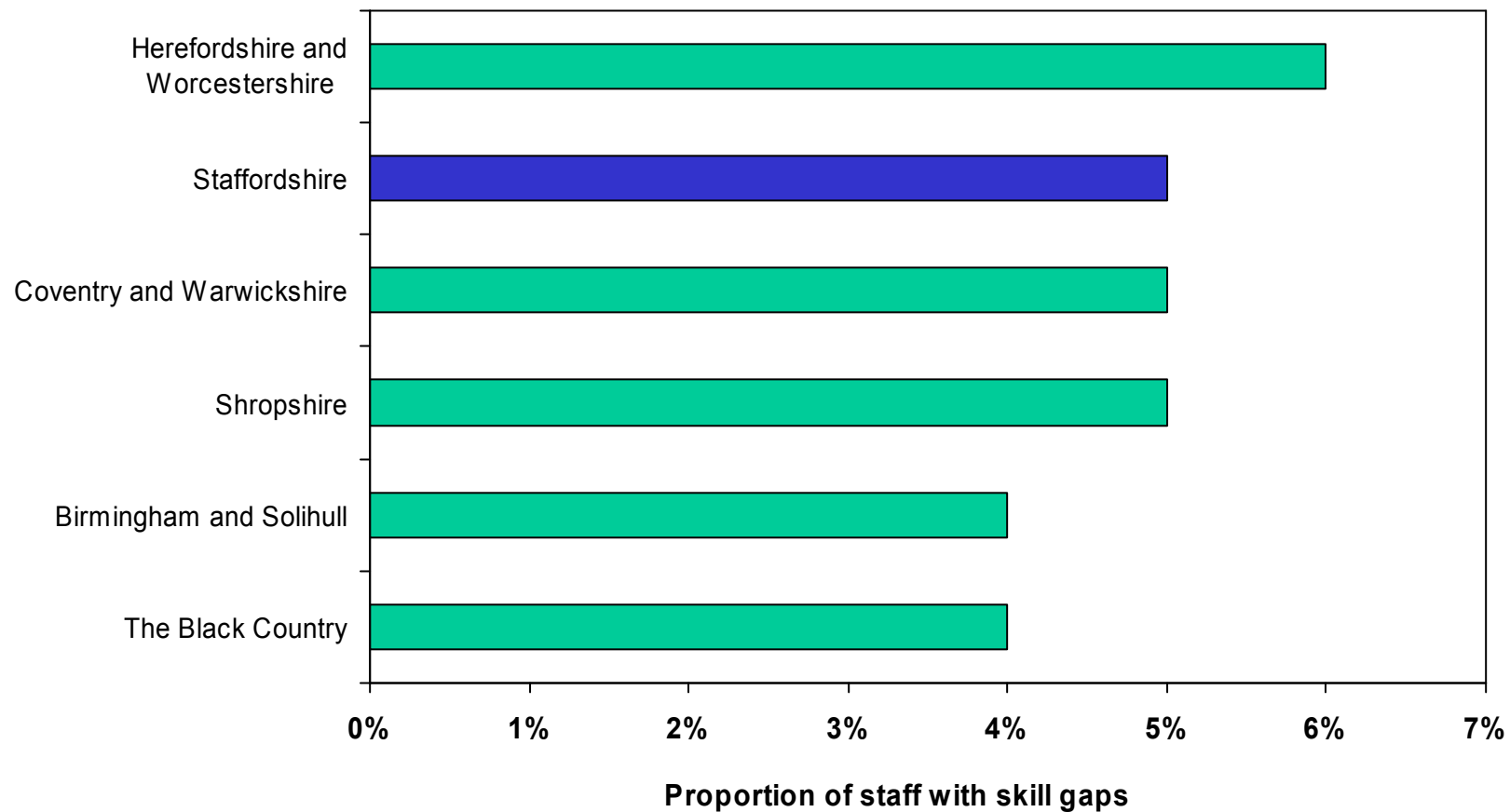
Proportion of staff with skill gaps by occupation:
West Midlands 2005



Skill gaps are most prevalent than other parts of the Region



Proportion of staff with skill gaps



Skills issues for employers & Individuals

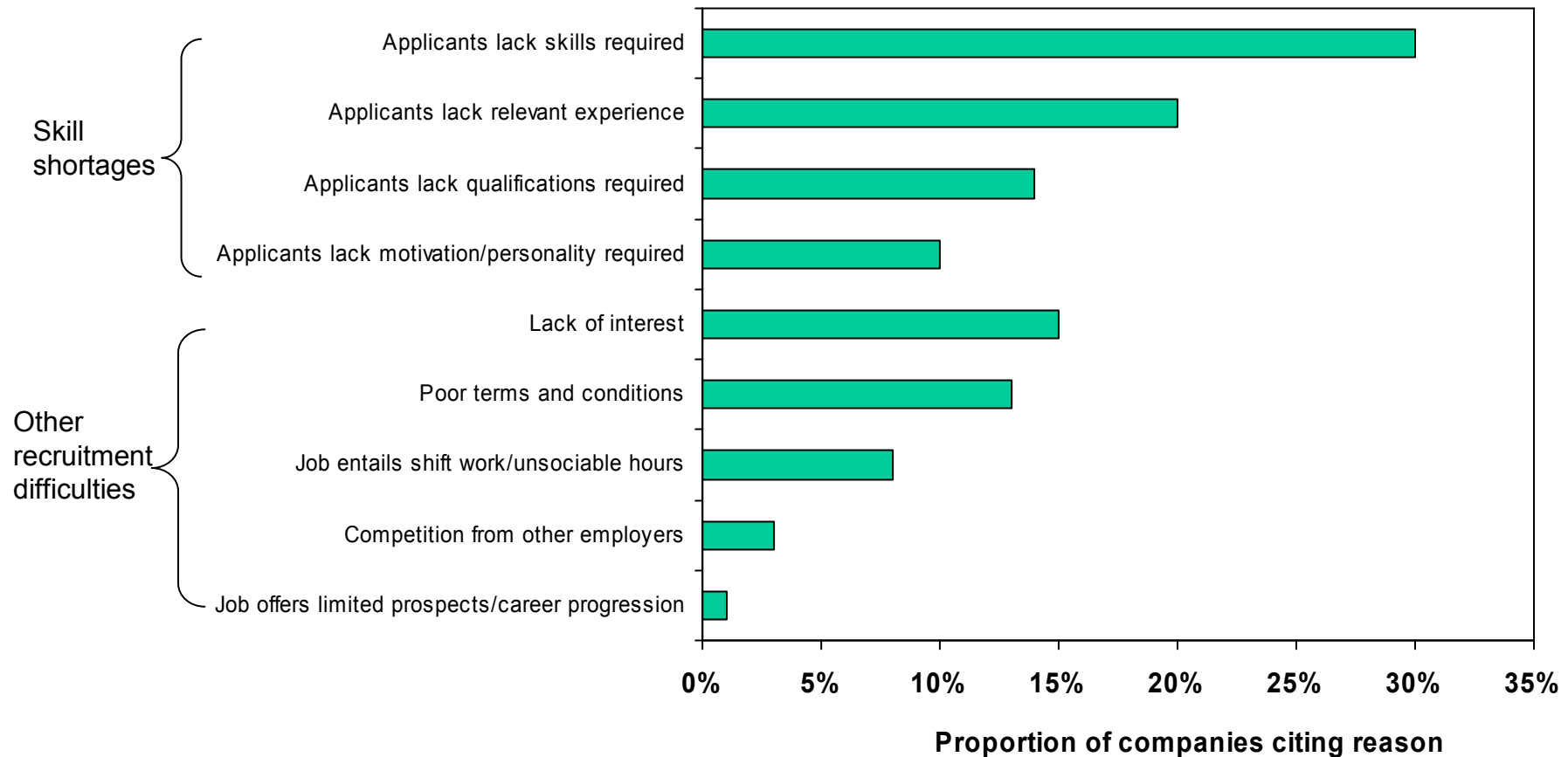


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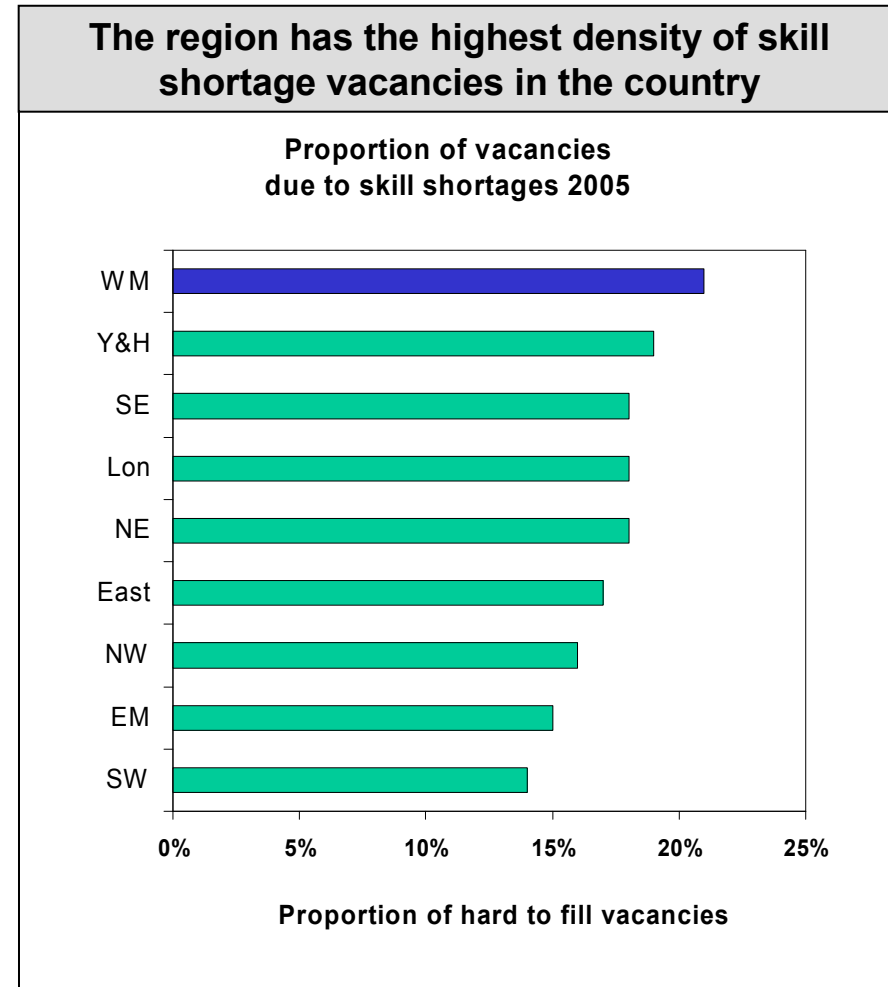
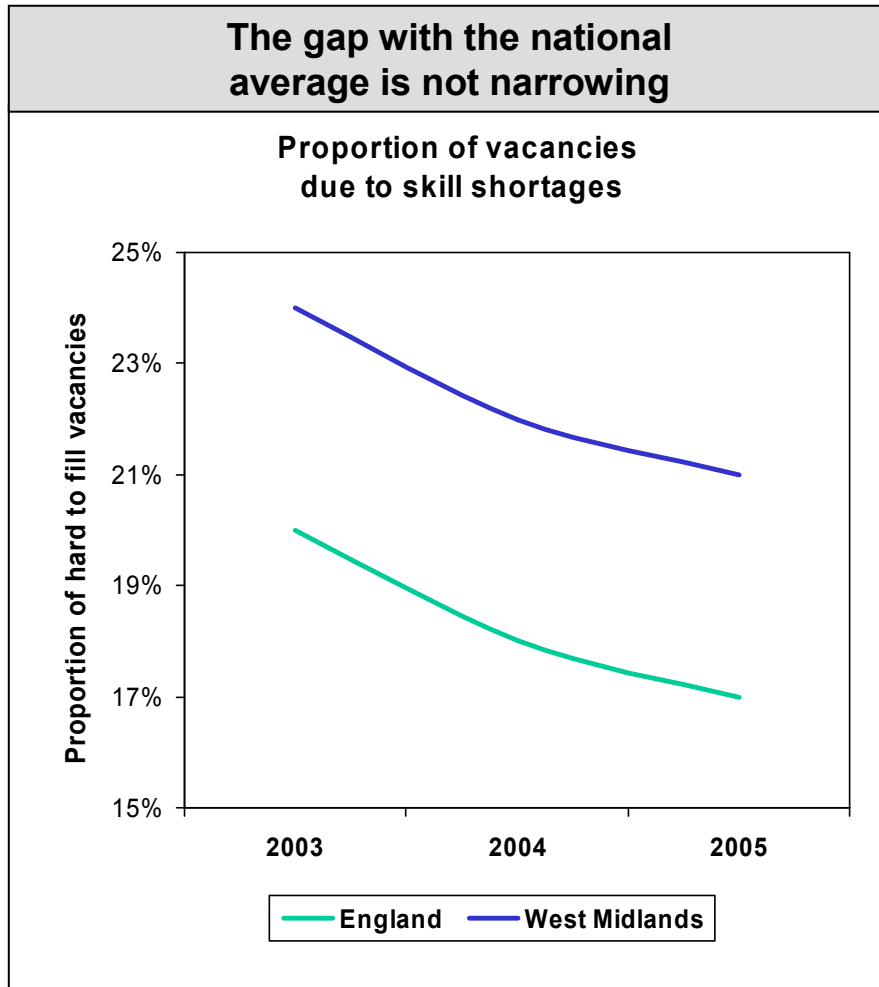
Skill shortages are the most common cause of recruitment difficulties in the Region



Reasons cited by companies with recruitment difficulties



The Region has the worst skill shortage problems in the country

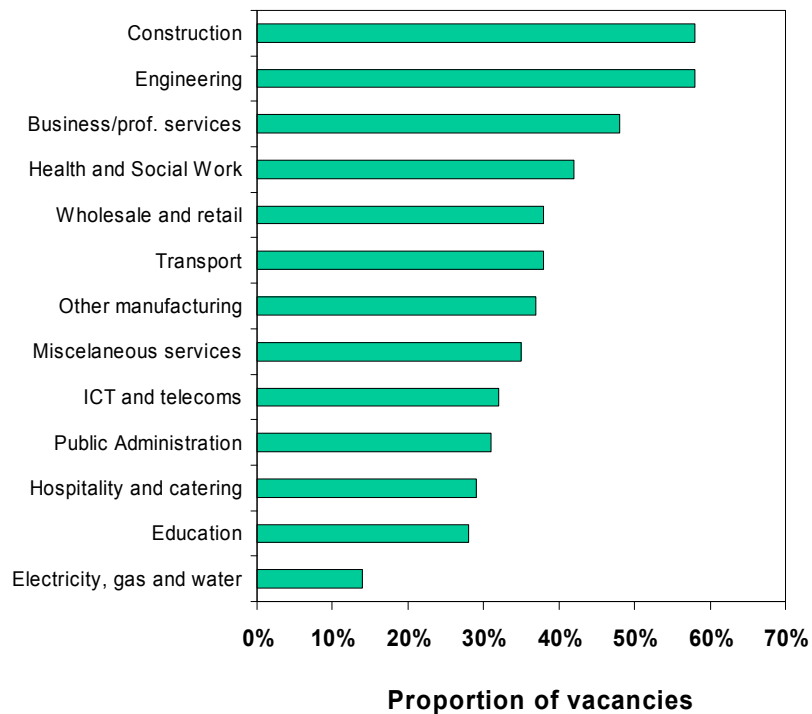


Acute recruitment problems in engineering, construction and business services



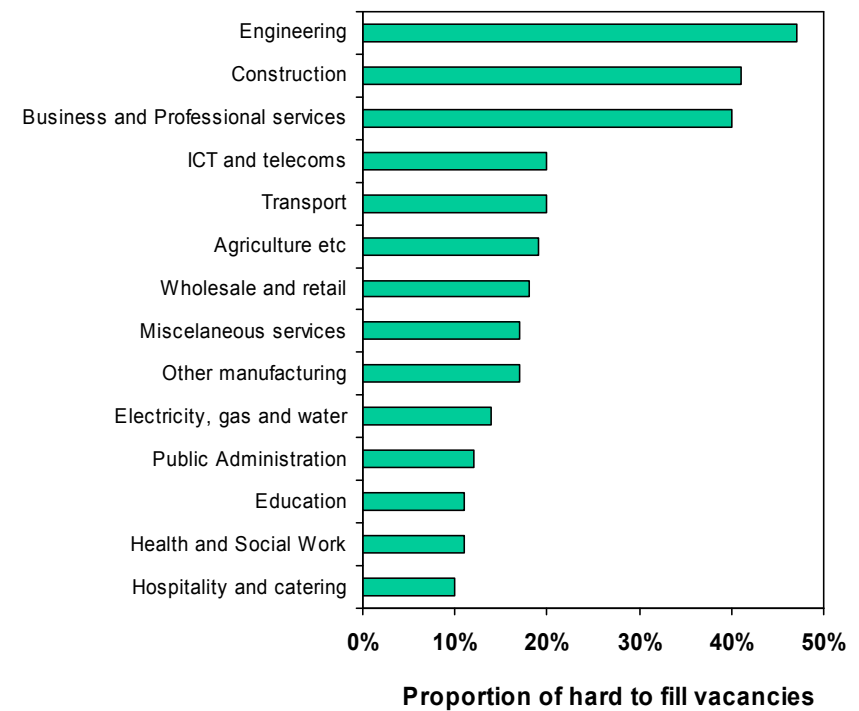
In terms of hard to fill vacancies

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



And in terms of skill shortages

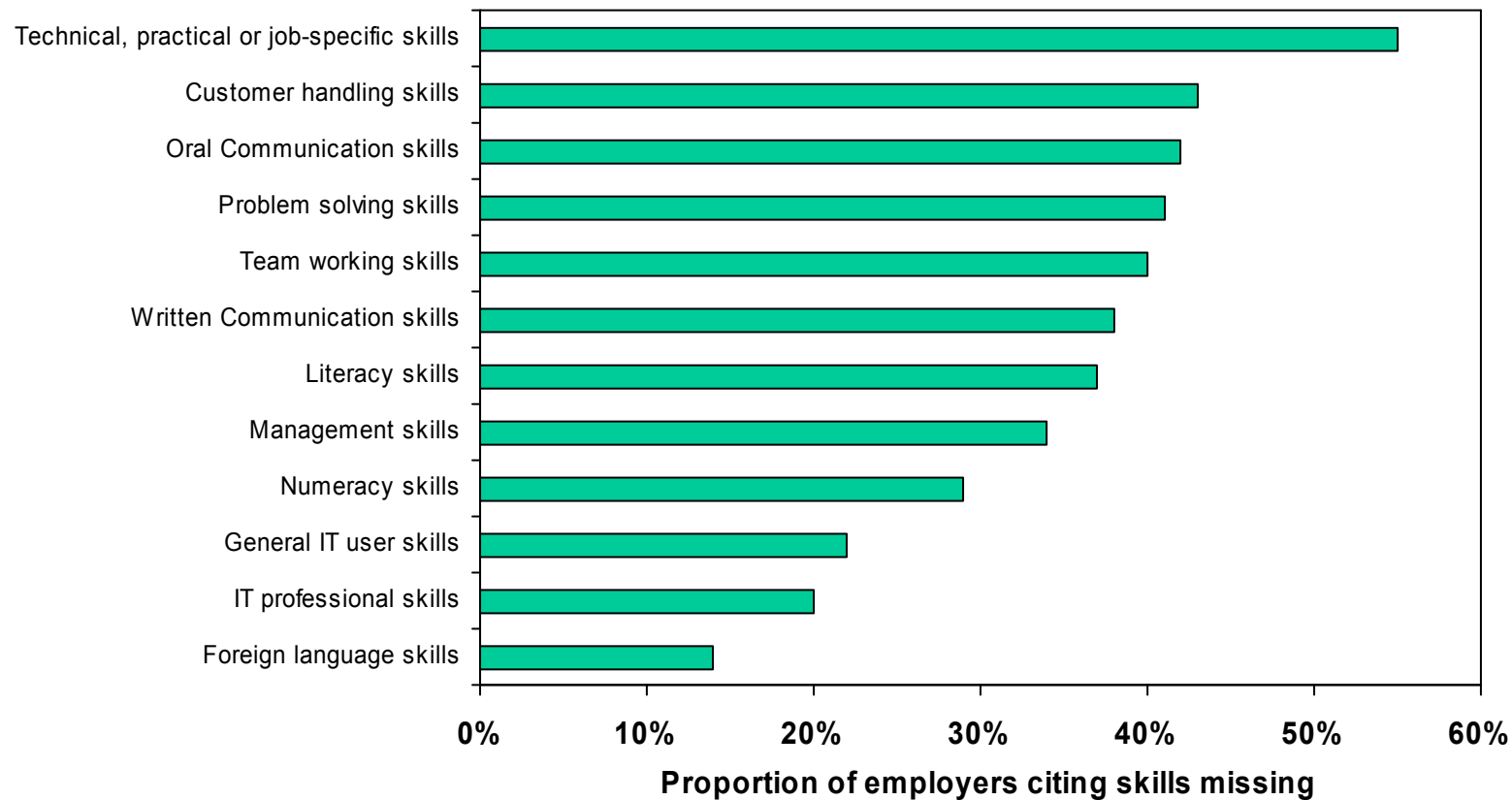
Proportion of vacancies due to skill shortages:
West Midlands 2005



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

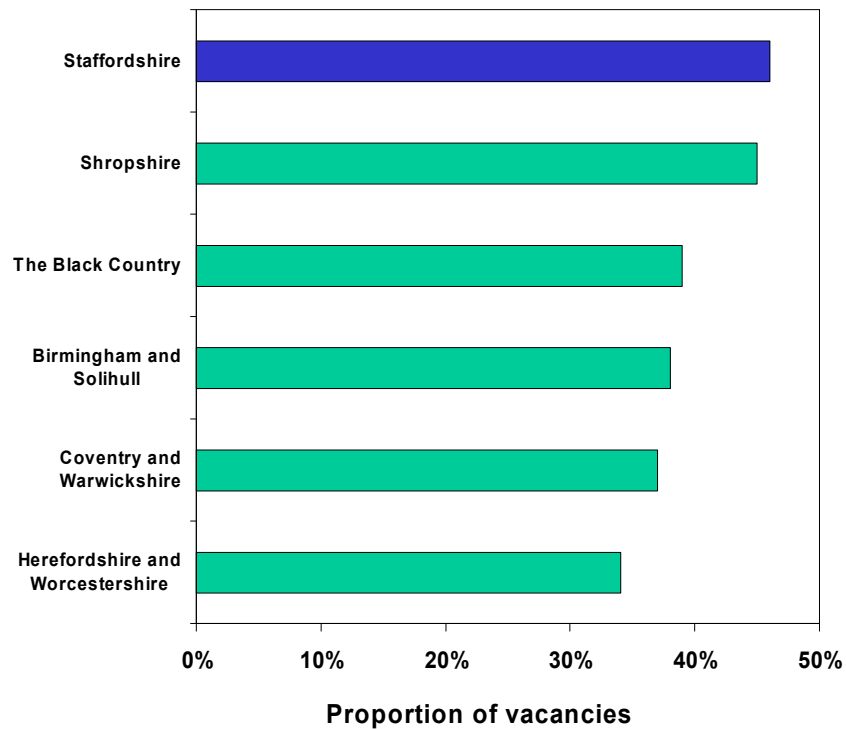


Recruitment problems and skill shortages by sub-region



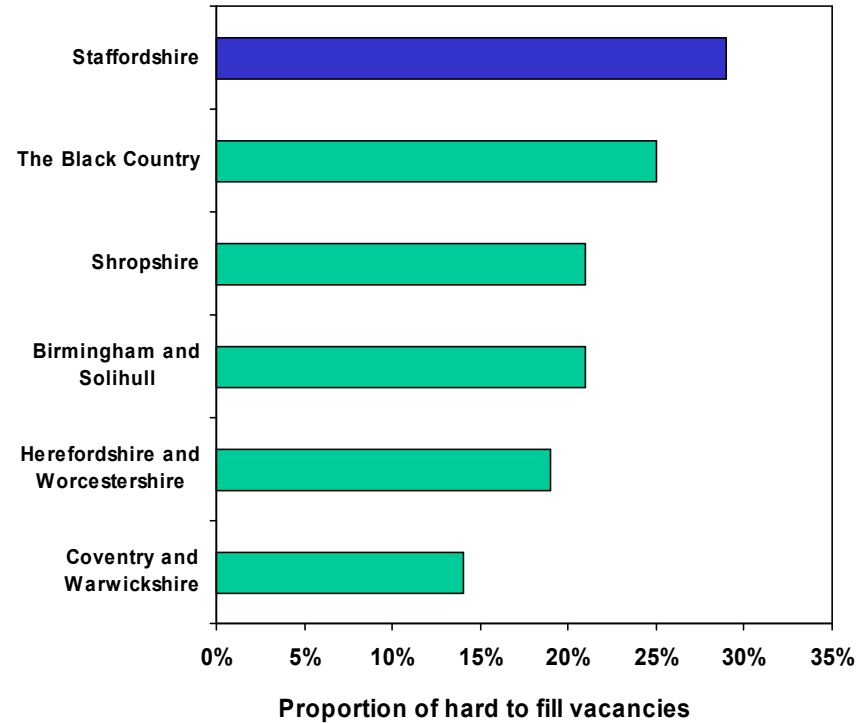
Recruitment problems are particularly acute in Staffordshire

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

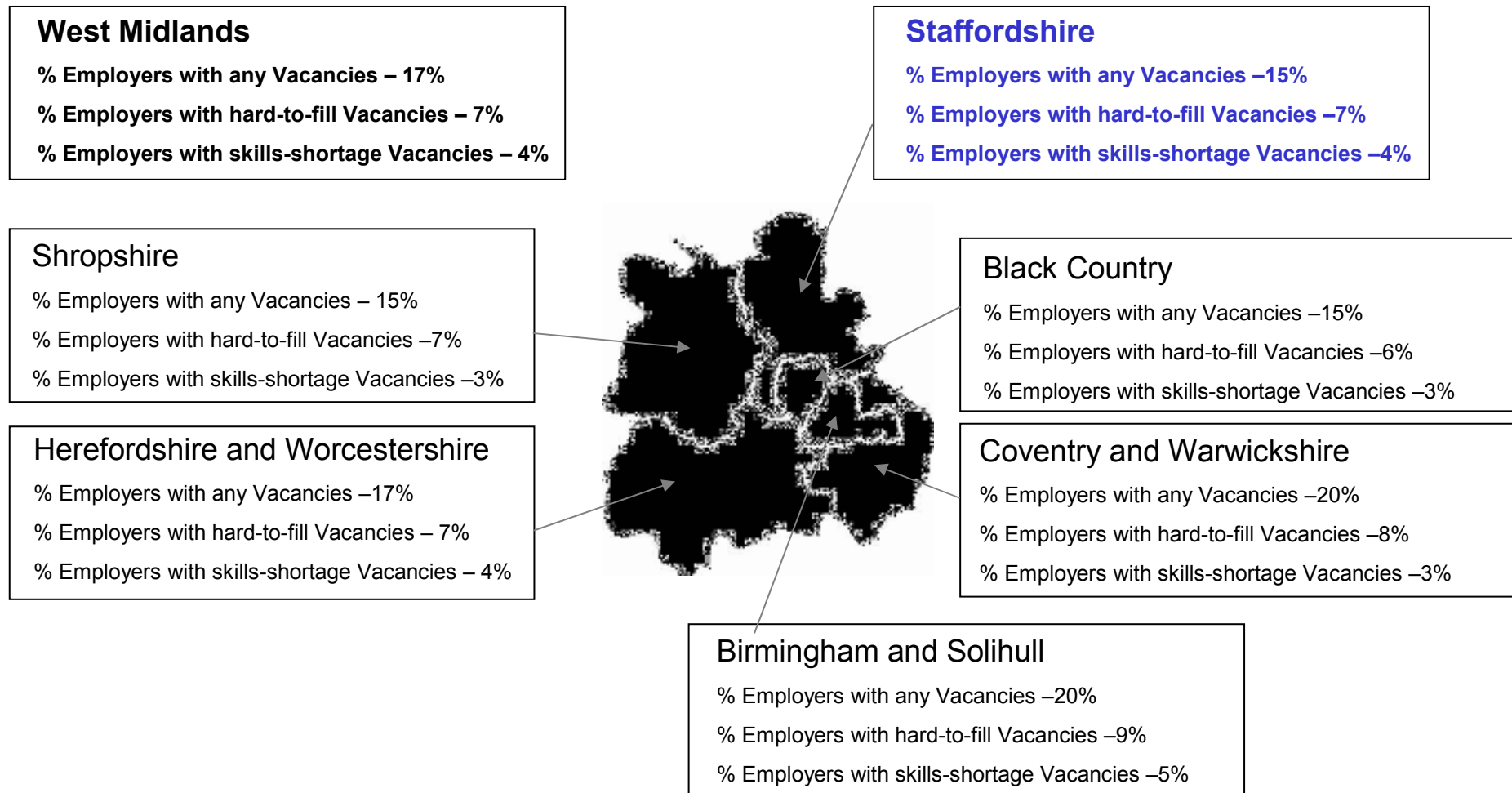


Skill shortages are a particular problem in Staffordshire

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

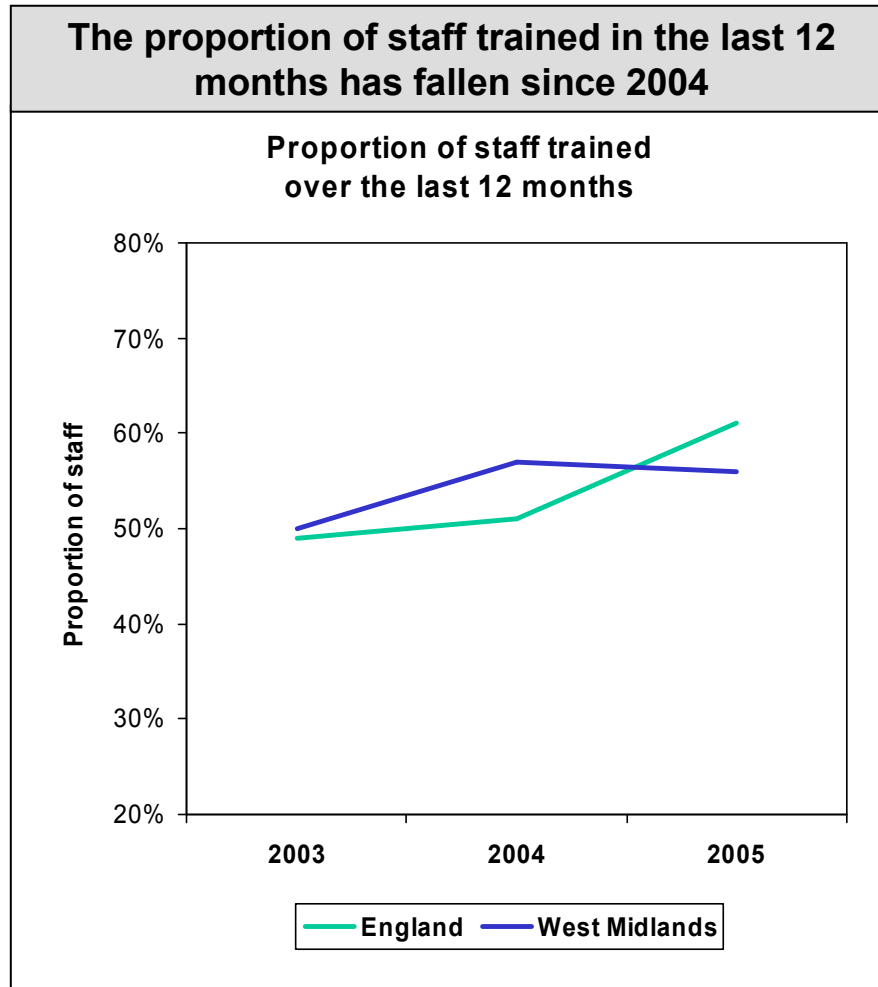


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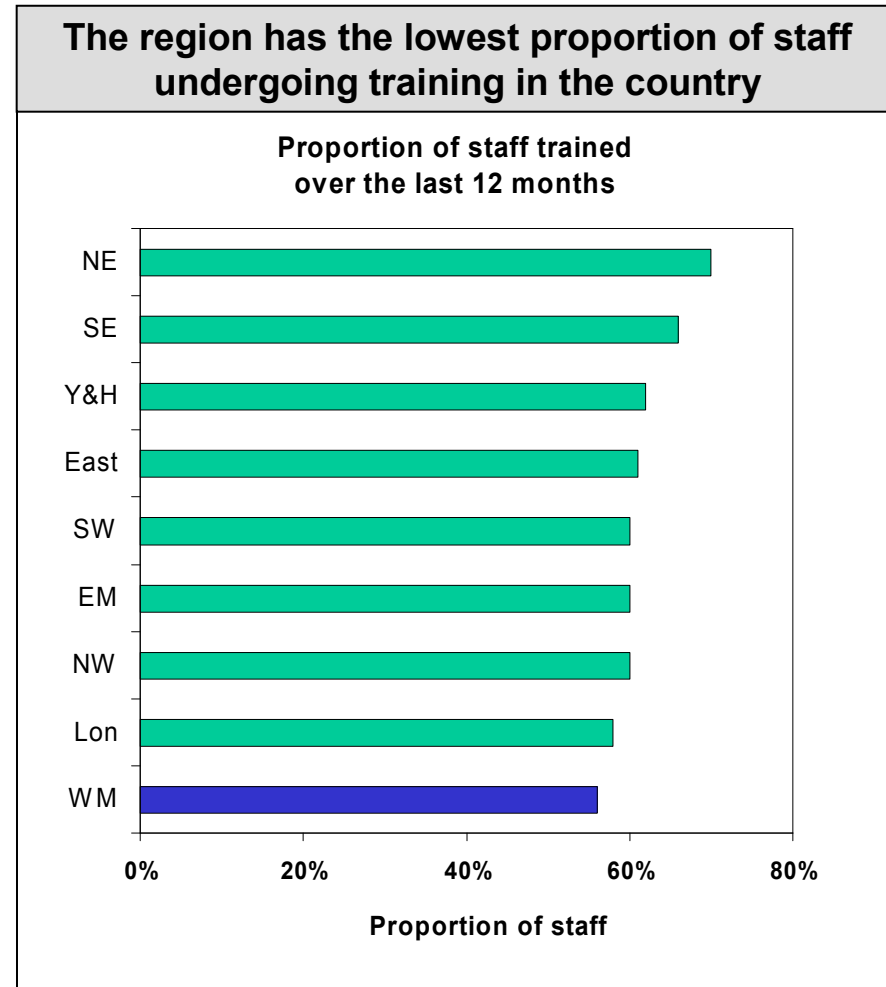
The proportion of companies investing in training is low relative to other regions



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



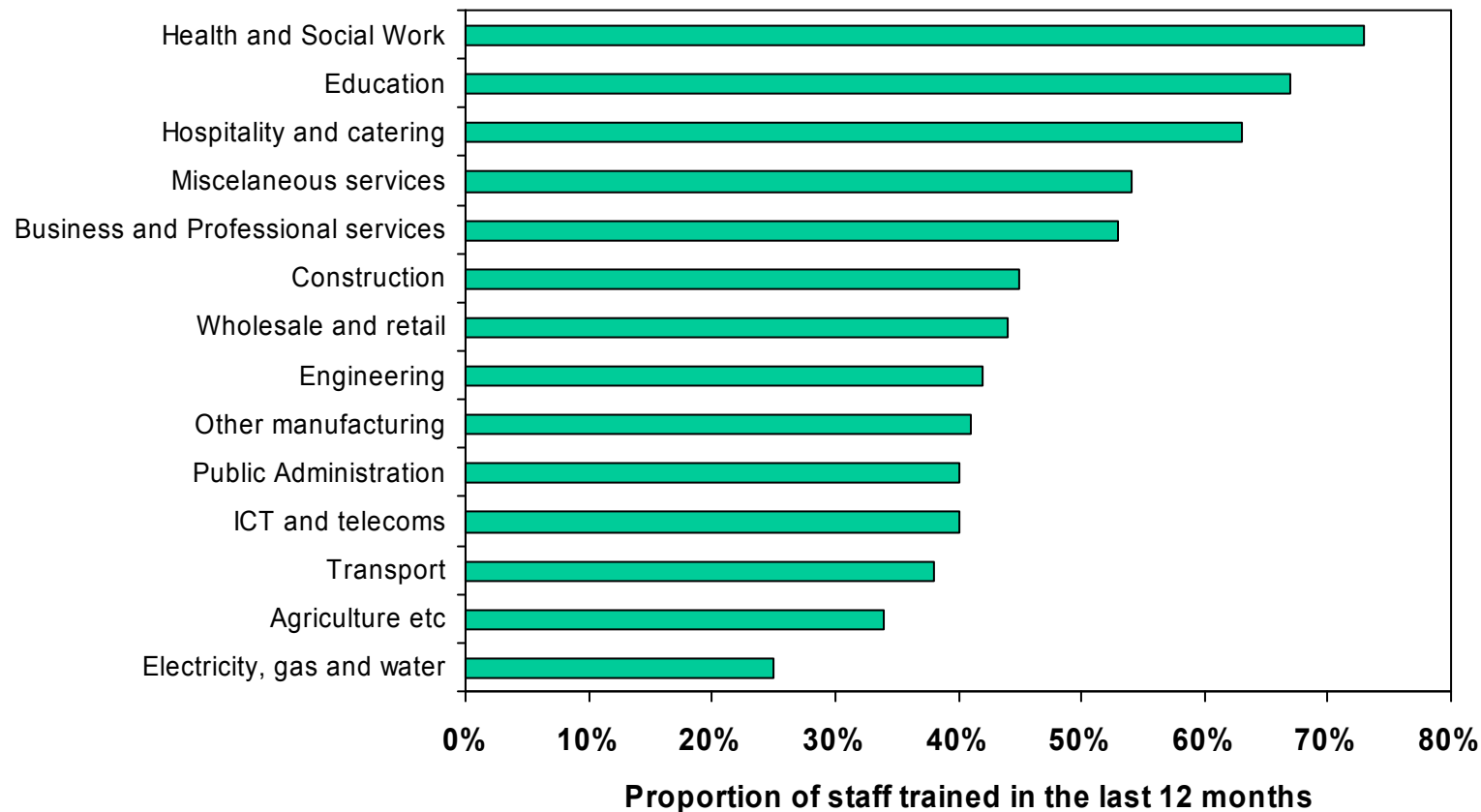
The region has the lowest proportion of staff undergoing training in the country



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



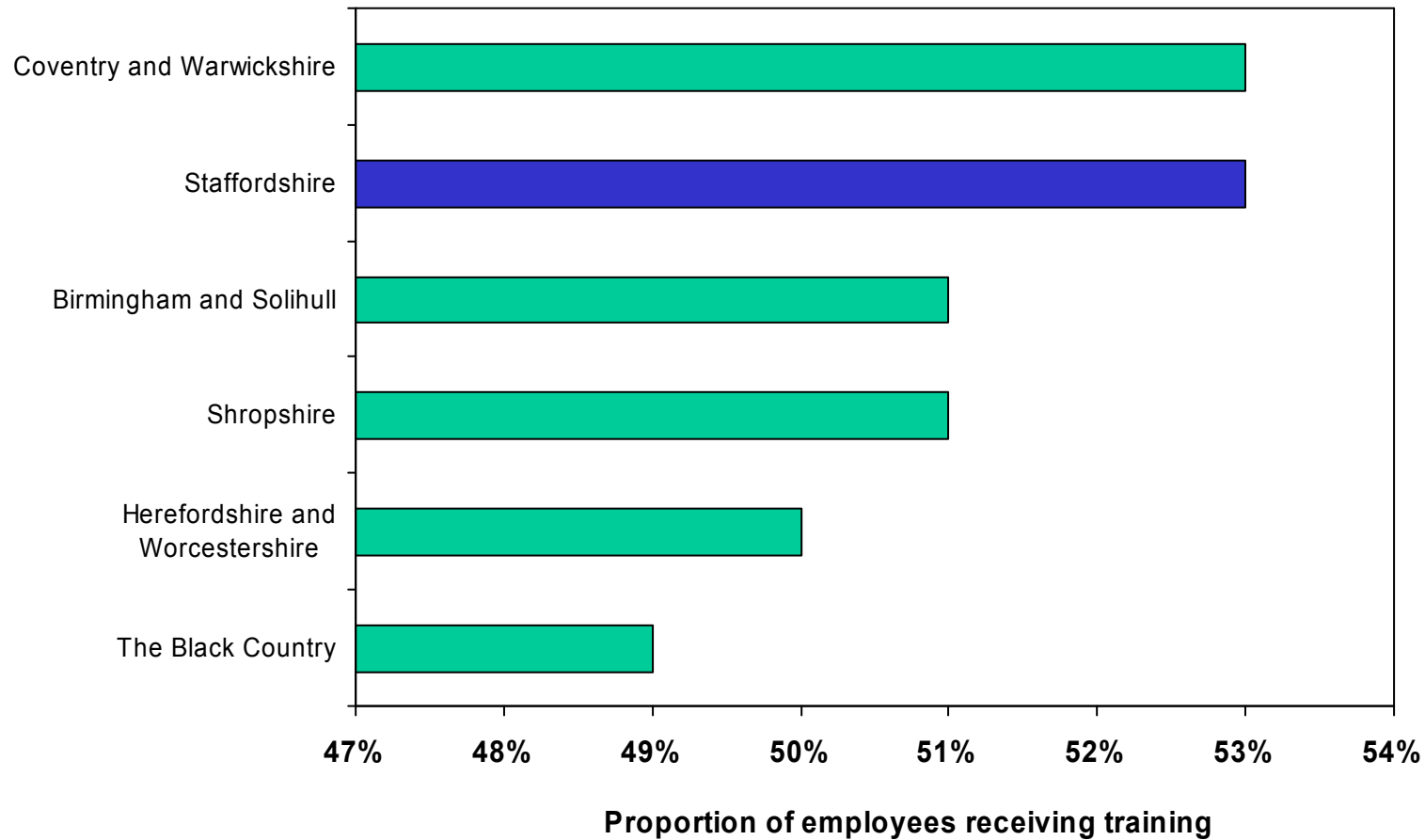
Proportion of staff trained in the last 12 months by sector:
West Midlands 2005



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

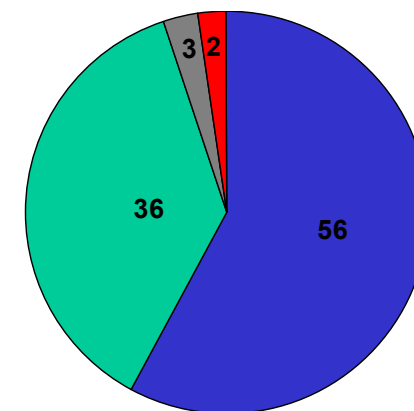
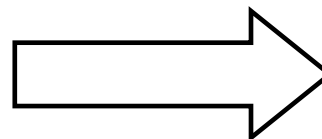
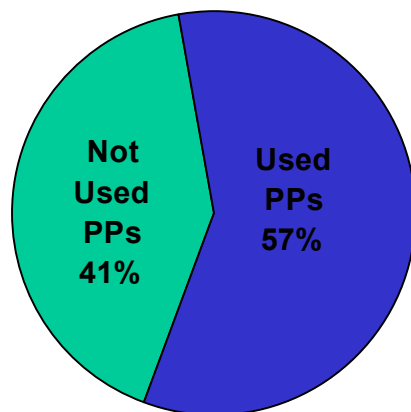
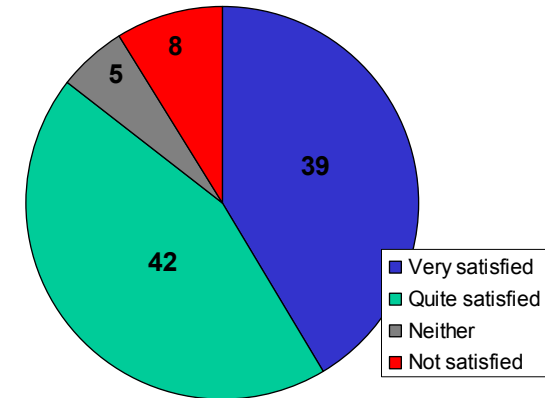
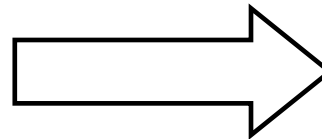
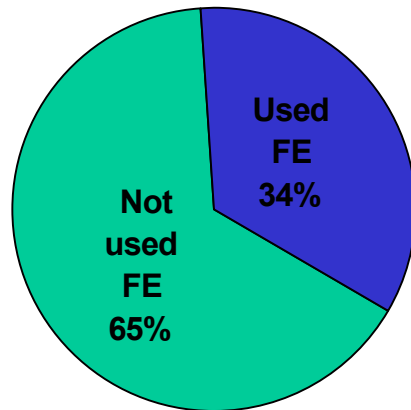


	WM £	WM %	England £	England %
Total	£2.8bn	100%	£33.3bn	100%
	Overall cost	%	Overall cost	%
Off-the-job training (Total)	£1.472bn	54%	£16.8bn	50%
Trainee labour costs	£595m	21%	£5961m	18%
Fees to external providers	£201m	7%	£2362m	7%
On-site training centre	£195m	7%	£2287m	7%
Off-site training centre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

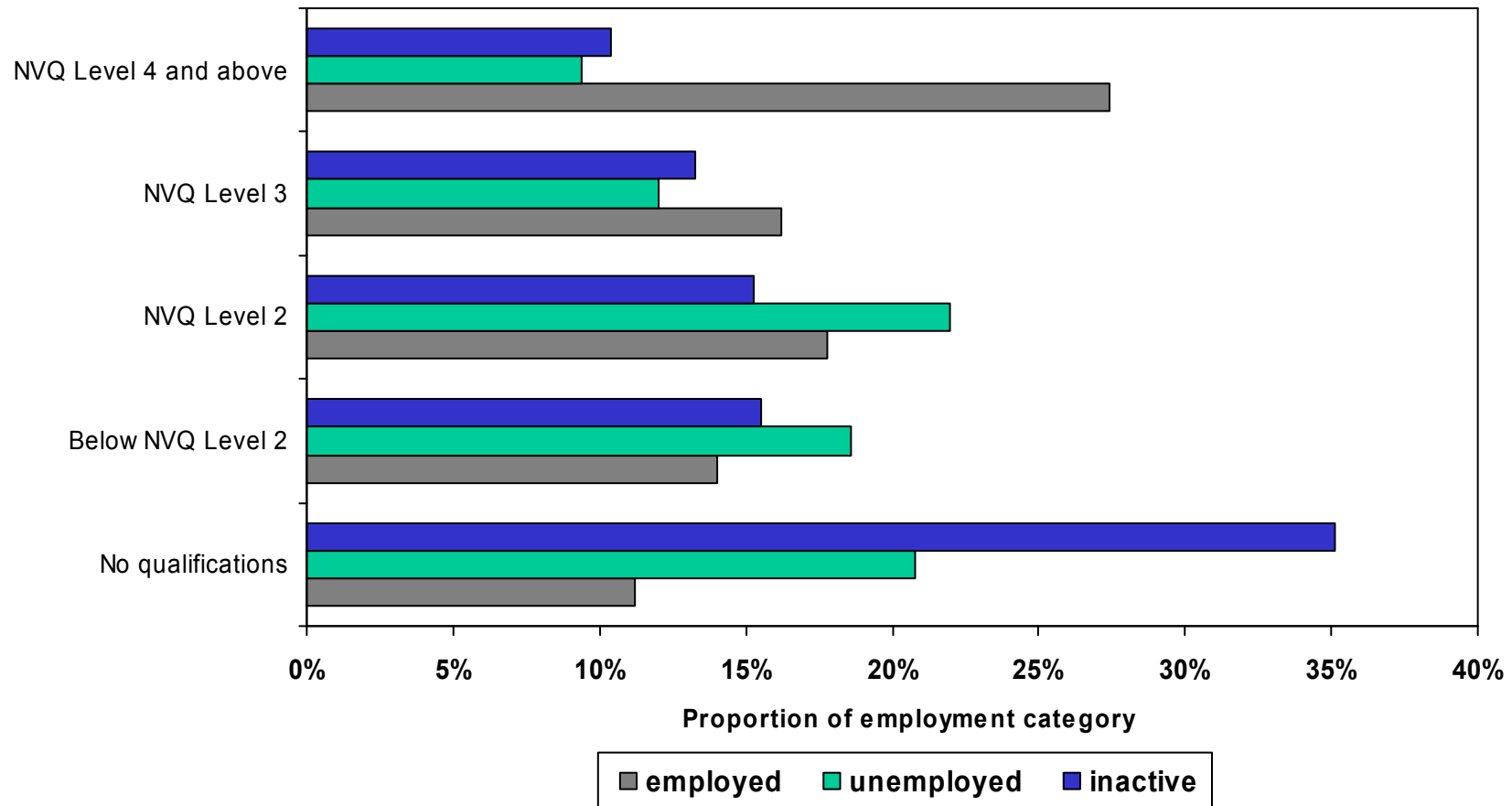


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Qualification attainment leads to increased employment prospects



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



Skills issues for employers & Individuals

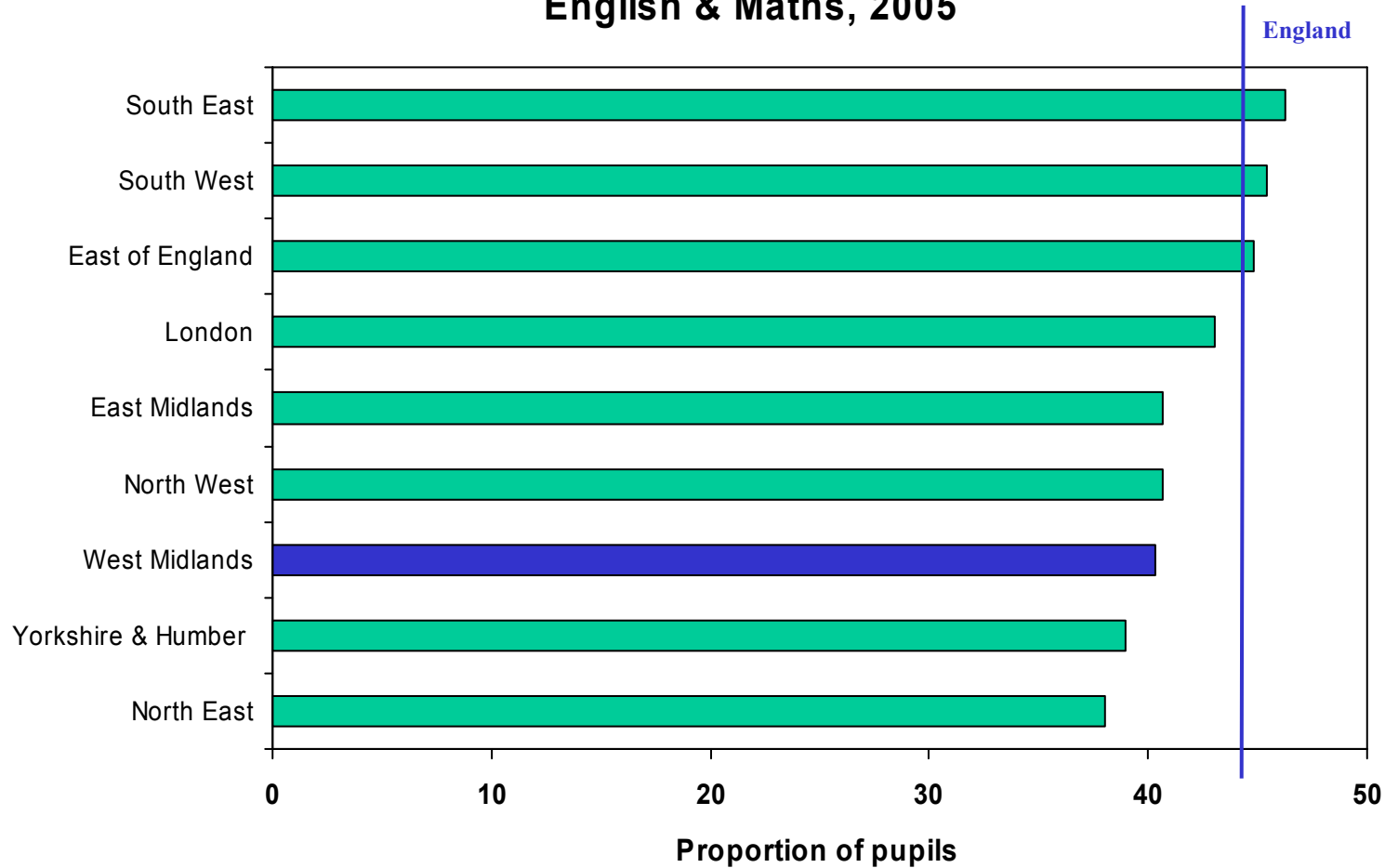


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Regional achievement at GCSE level is the third lowest in England



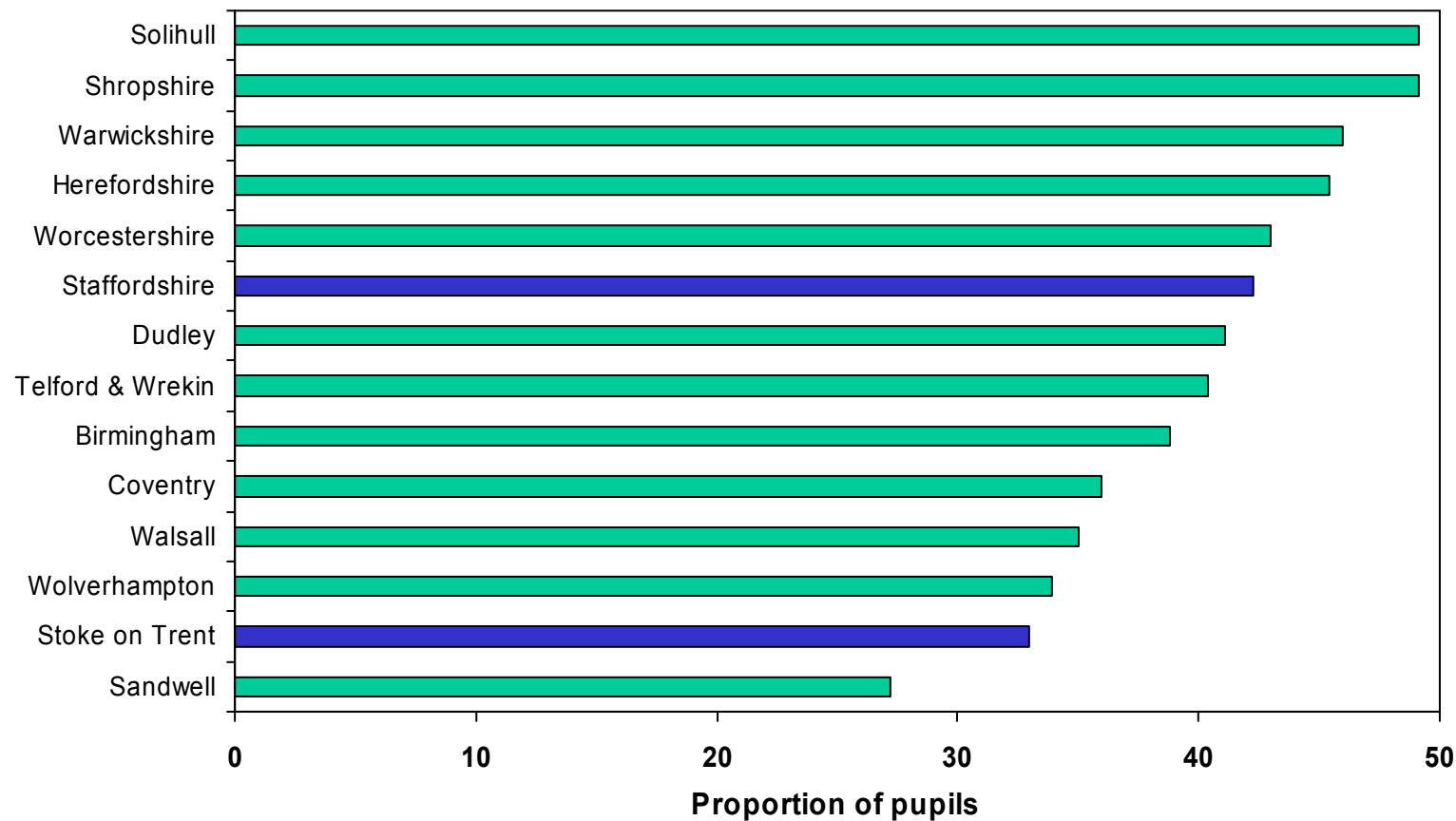
Proportion of pupils achieving 5 or more A*-C grades including English & Maths, 2005



Staffordshire has a higher level of GCSE attainment than Stoke-on-Trent



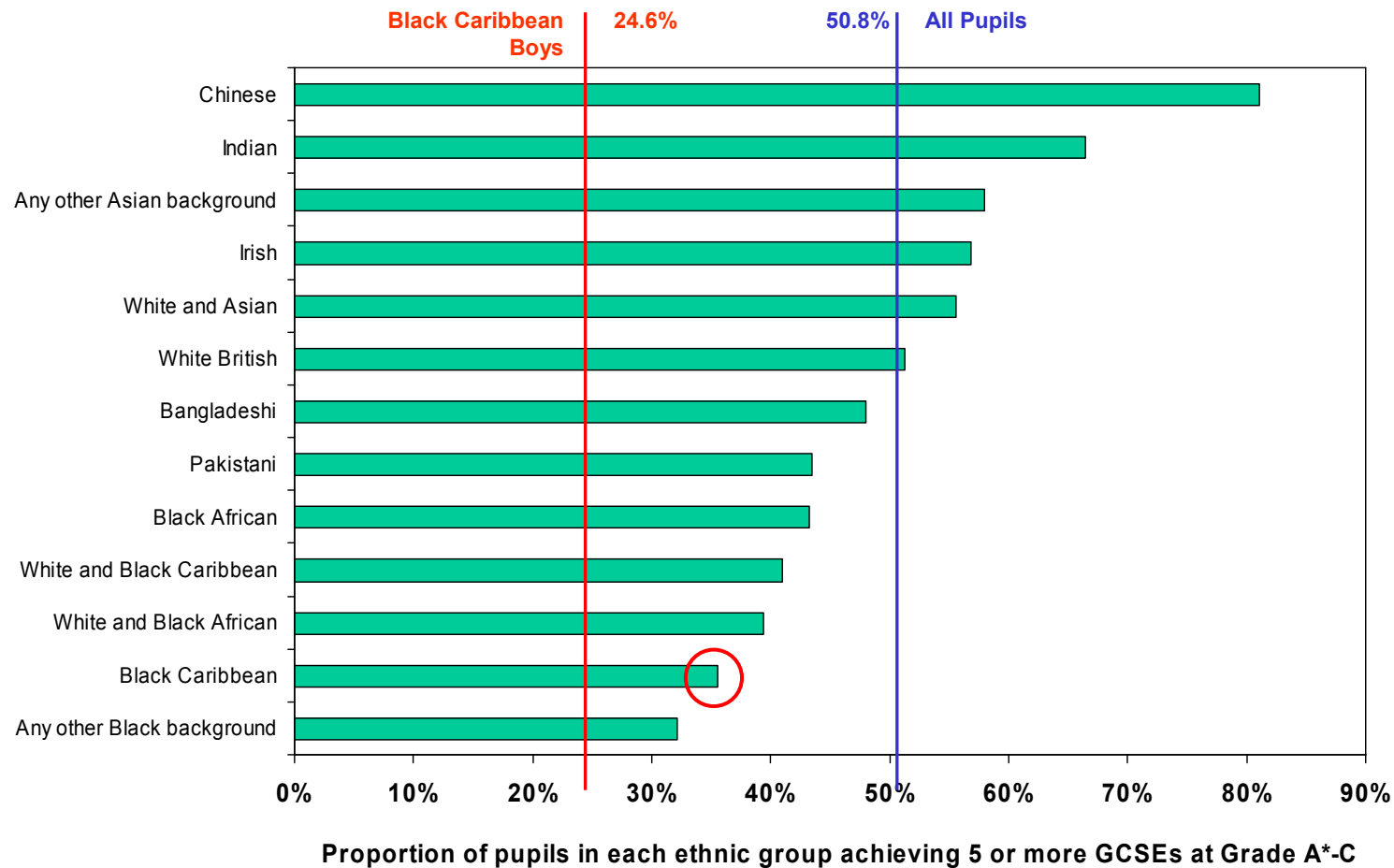
Proportion of pupils achieving 5 or more A*-C GCSE grades including English & Maths



Ethnicity has a major impact on success at school



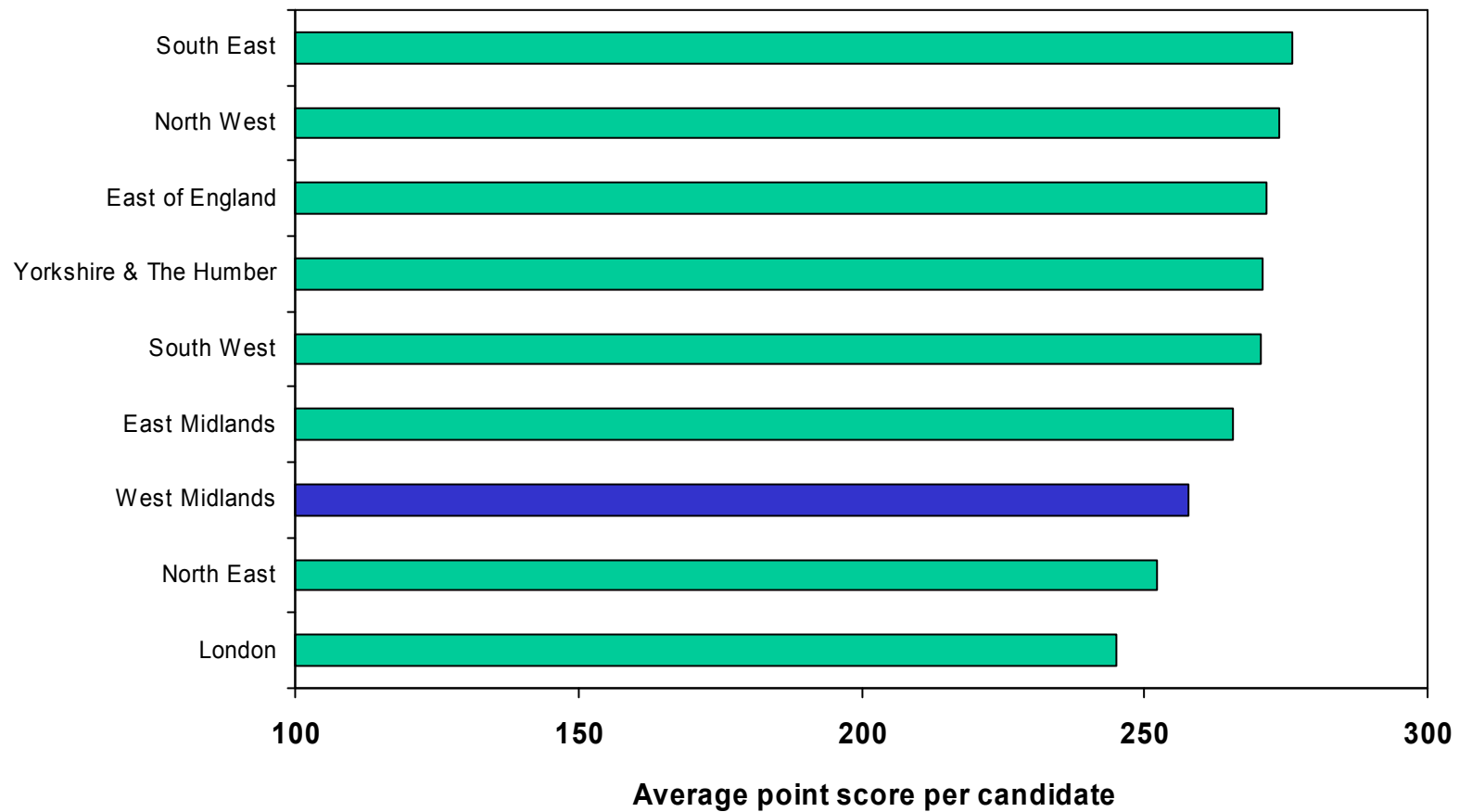
GCSE achievement of 15 year olds in the Region by ethnicity, 2004



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



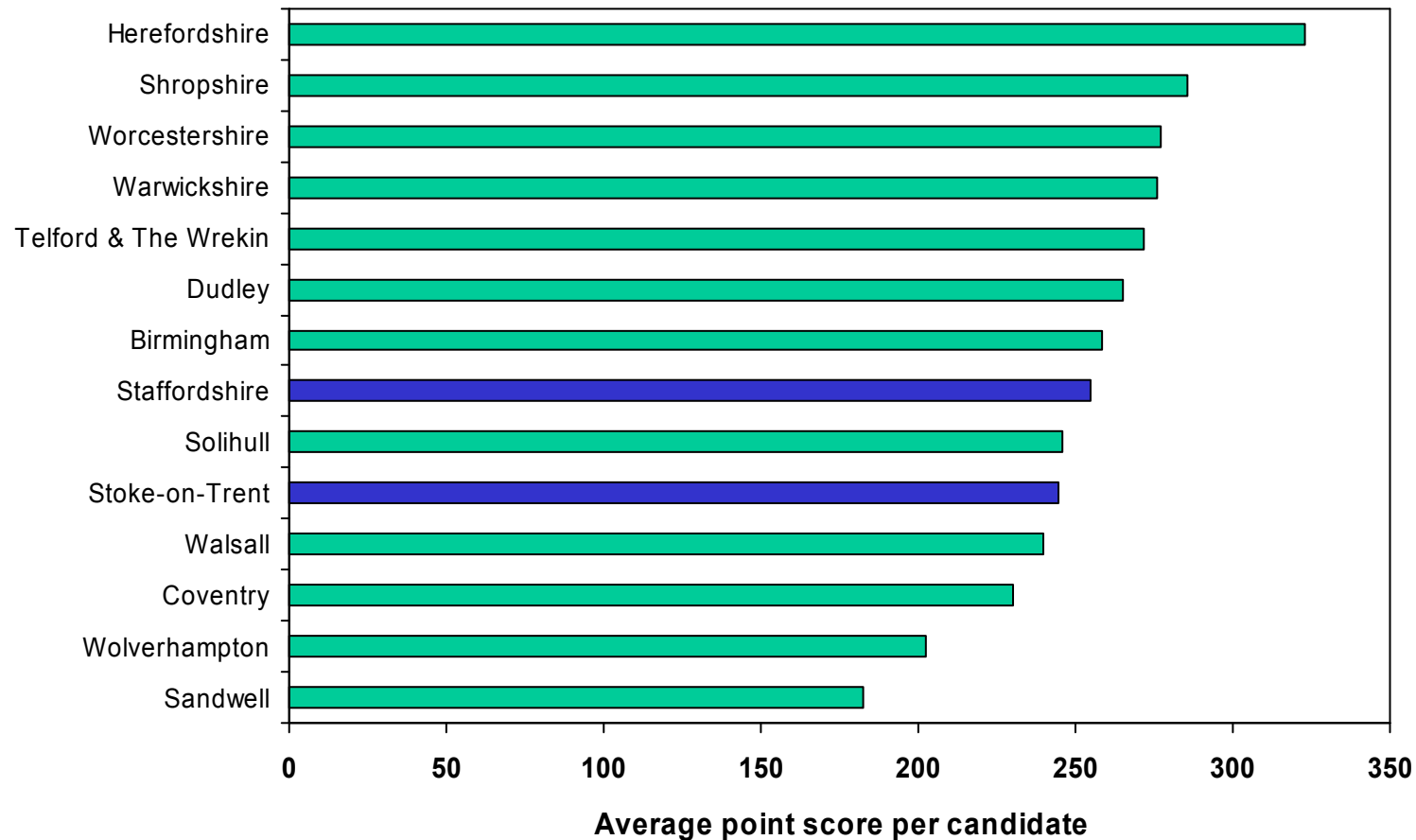
Average A-Level points score per candidate 2004/05



Stoke-on-Trent has lower A-Level achievement rates compared to Staffordshire



Average A-Level points score per candidate 2004/05



Staffordshire has low rates of qualification at all levels



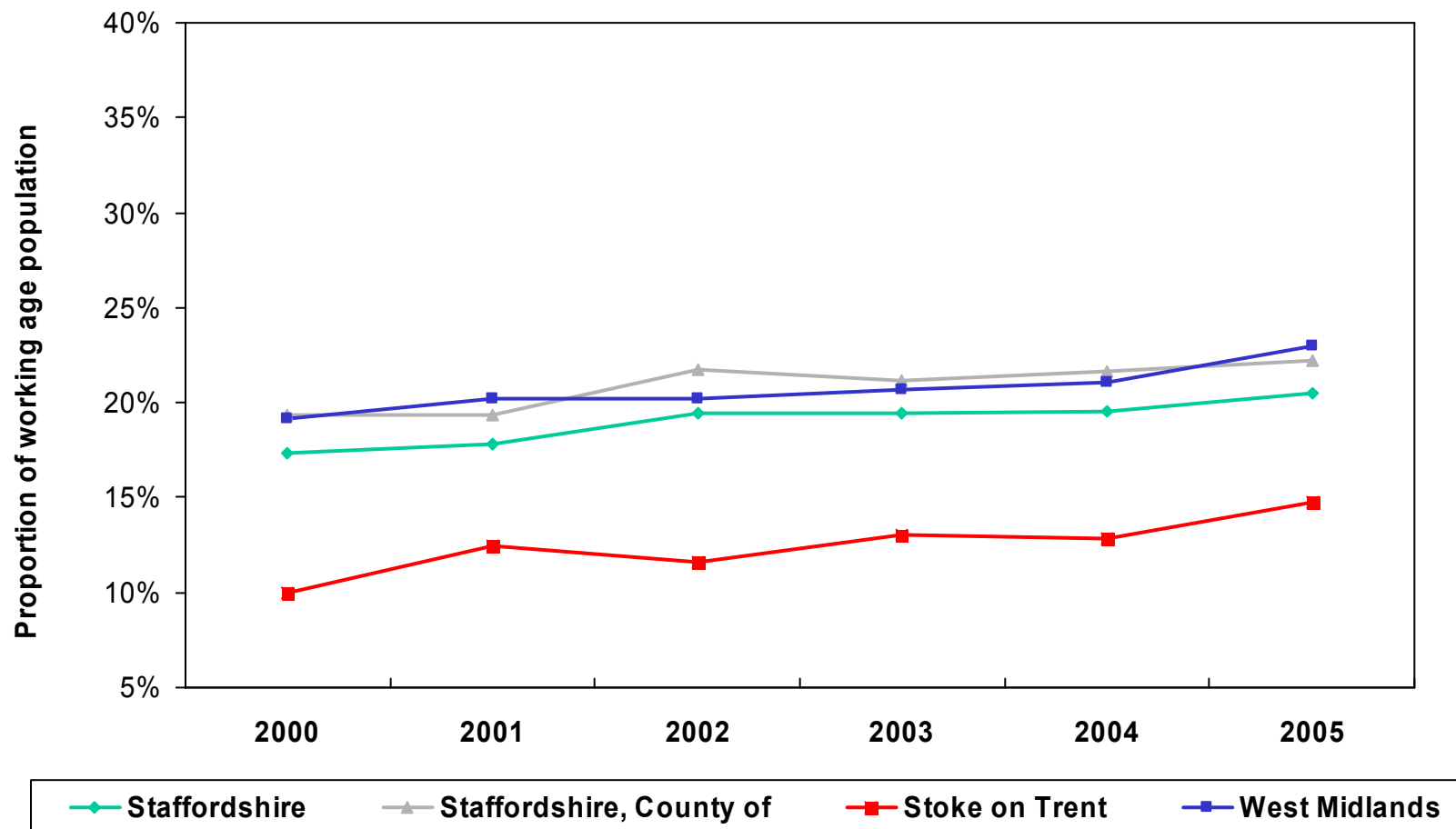
Workforce qualification levels

(%)	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
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+ in Staffordshire is increasing



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

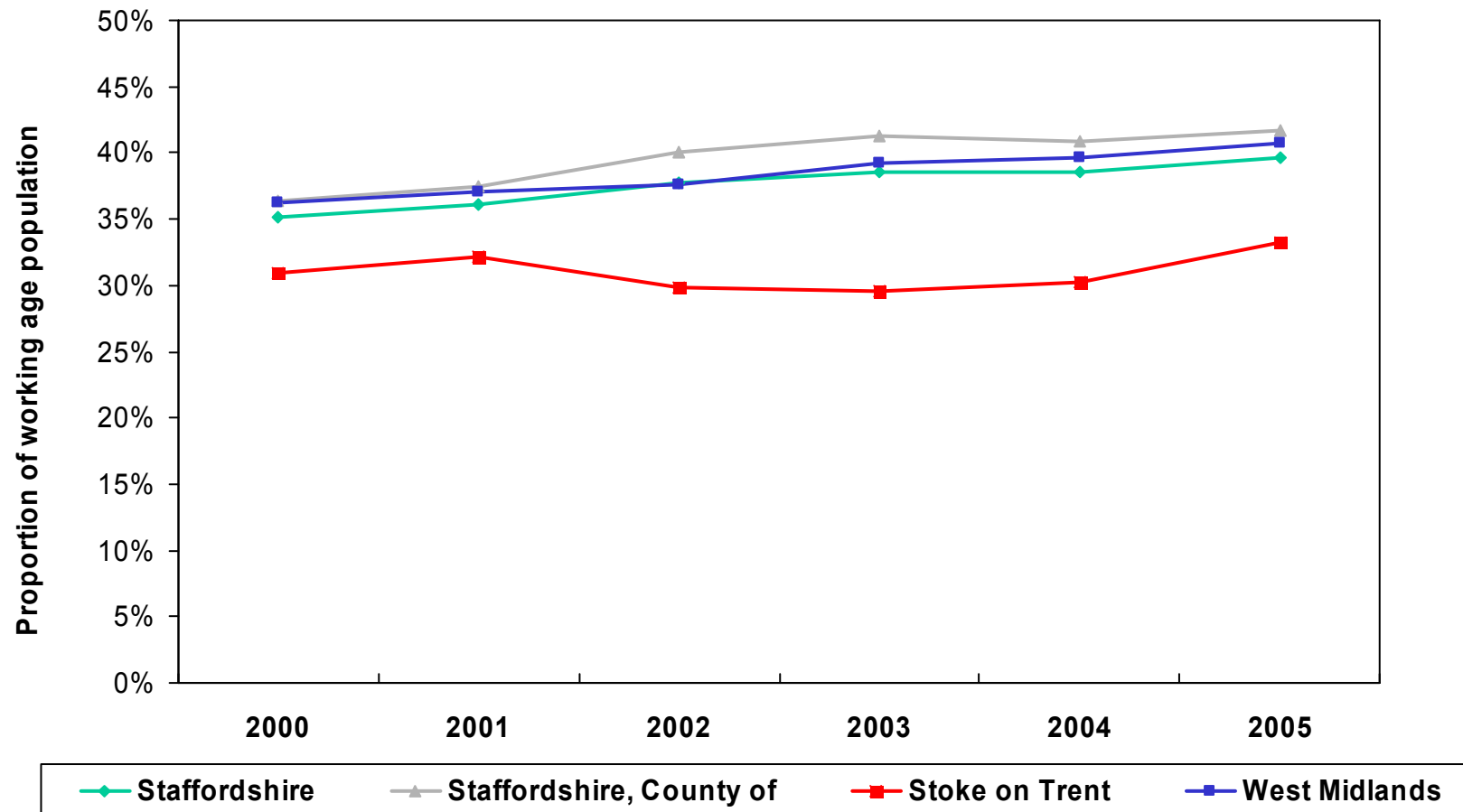


Area	2004	2005	Change
Shropshire	44.1%	47.9%	3.9%
Staffordshire	36.6%	40.6%	4.0%
The Black Country	33.5%	37.3%	3.7%
Birmingham and Solihull	39.1%	41.7%	2.6%
Herefordshire and Worcestershire	45.9%	49.9%	4.1%
Coventry and Warwickshire	46.0%	49.9%	3.9%
West Midlands	39.8%	43.4%	3.6%
England	42.4%	45.9%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

The proportion with at least Level 3 qualifications continues to increase



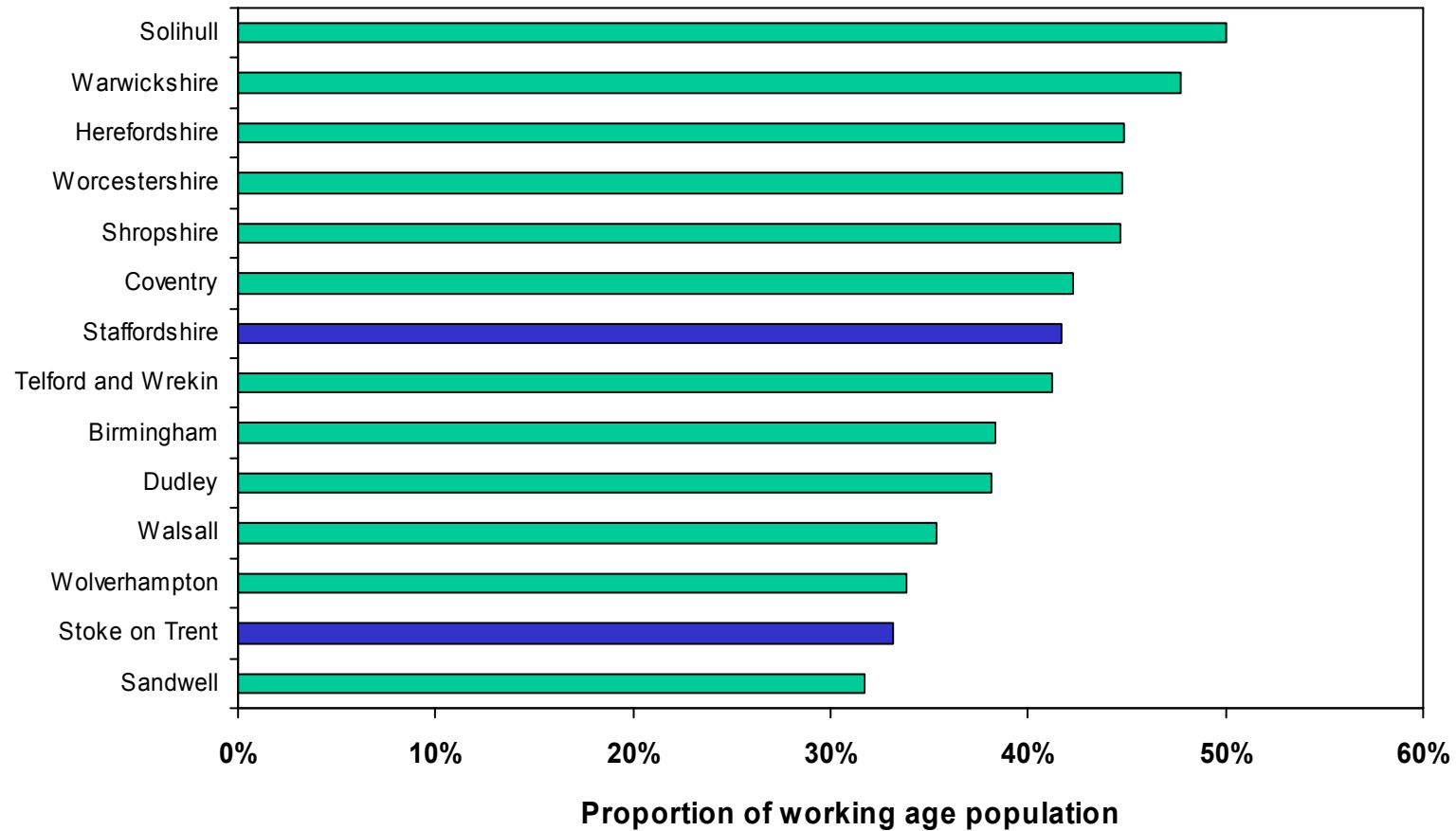
Proportion of working age population with 3+



Staffordshire has a high proportion of the population with Level 3+ qualifications compared to Stoke-on-Trent



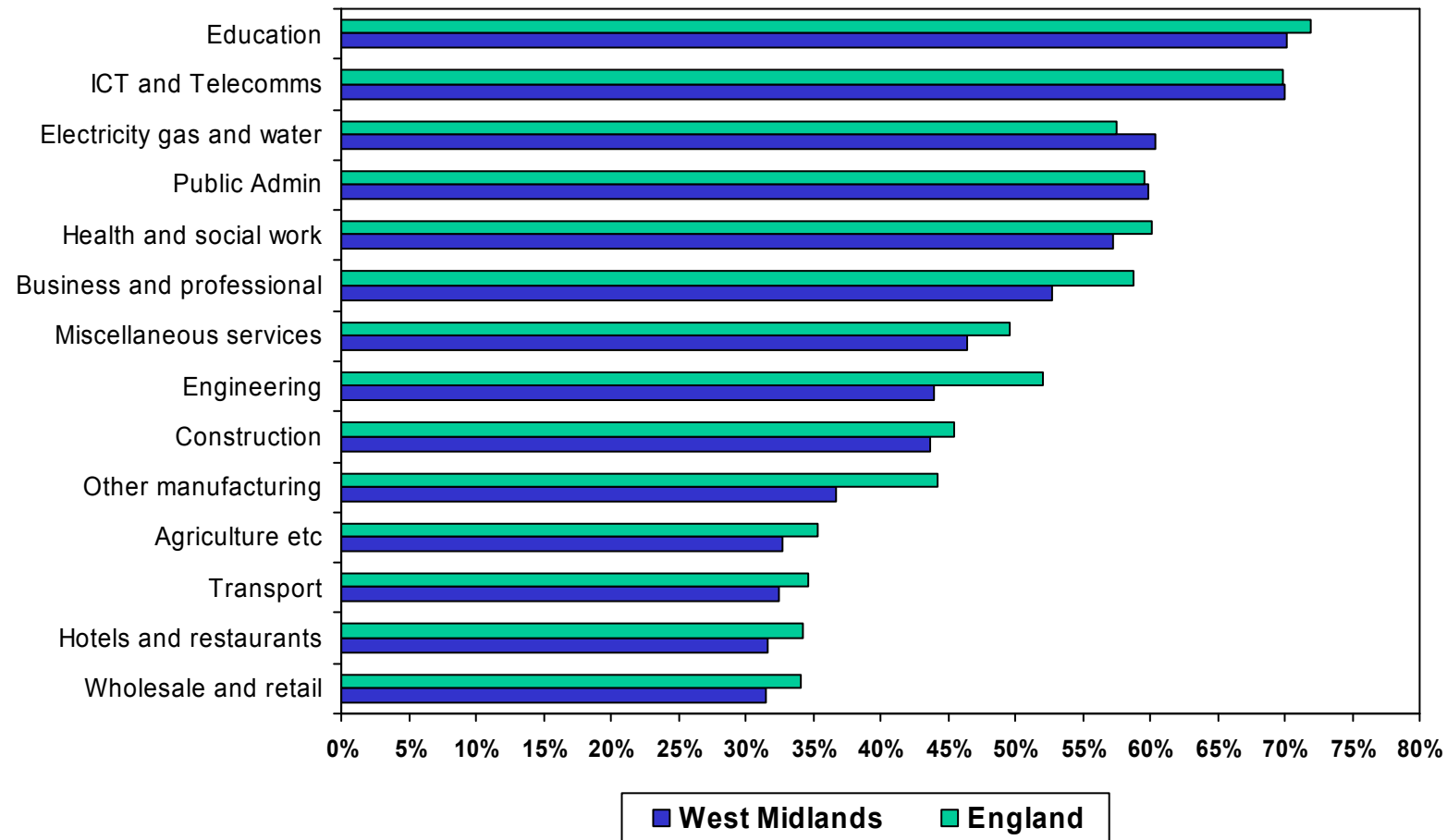
Proportion of working age population with Level 3+ qualifications



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

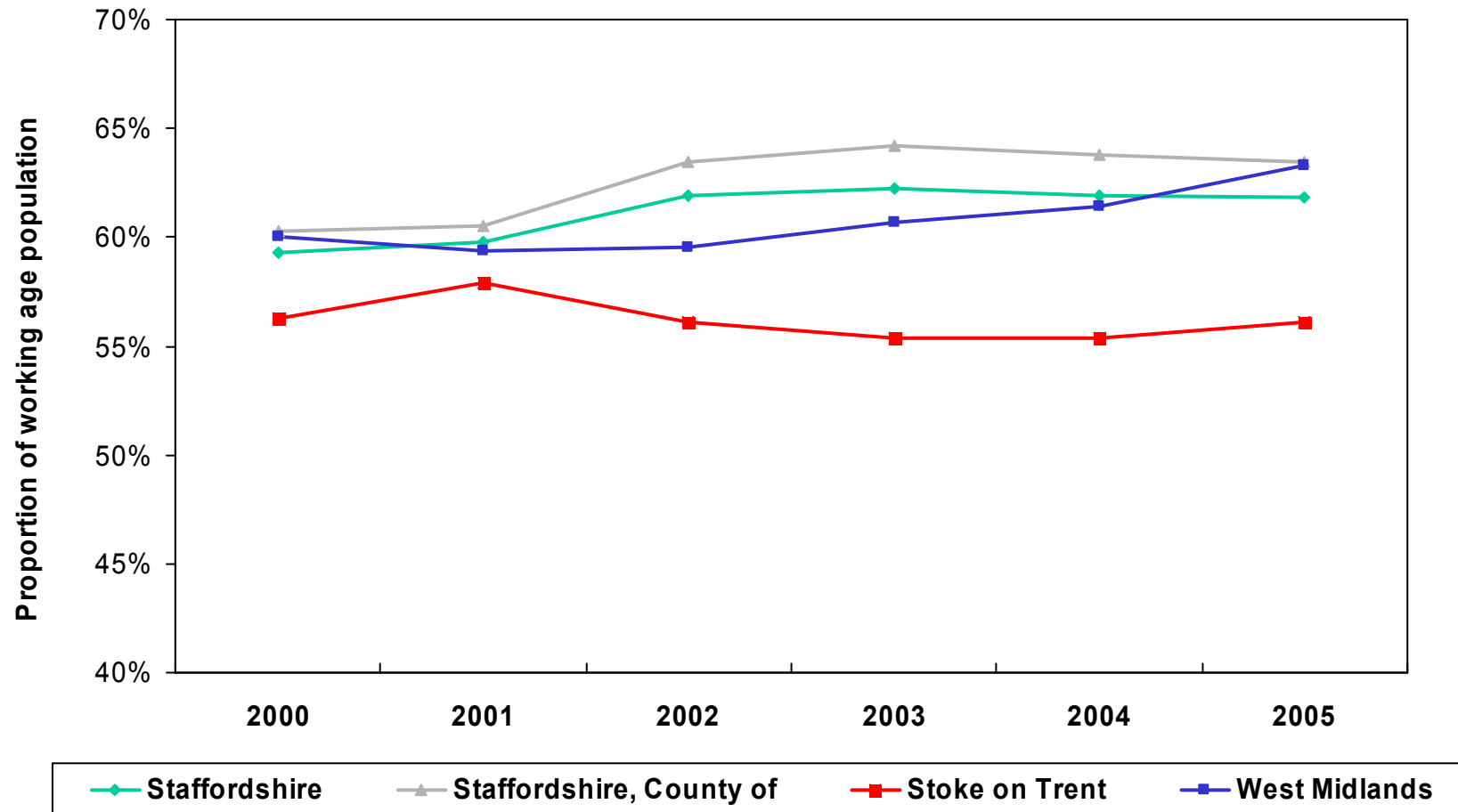


Area	2004	2005	Change
Shropshire	69.1%	73.2%	4.0%
Staffordshire	62.6%	66.8%	4.2%
The Black Country	59.8%	63.5%	3.7%
Birmingham and Solihull	61.8%	64.7%	2.9%
Herefordshire and Worcestershire	69.1%	73.0%	3.9%
Coventry and Warwickshire	68.5%	72.5%	4.1%
West Midlands	64.1%	67.8%	3.7%
England	66.8%	69.8%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

The proportion with at least Level 2 remains steady



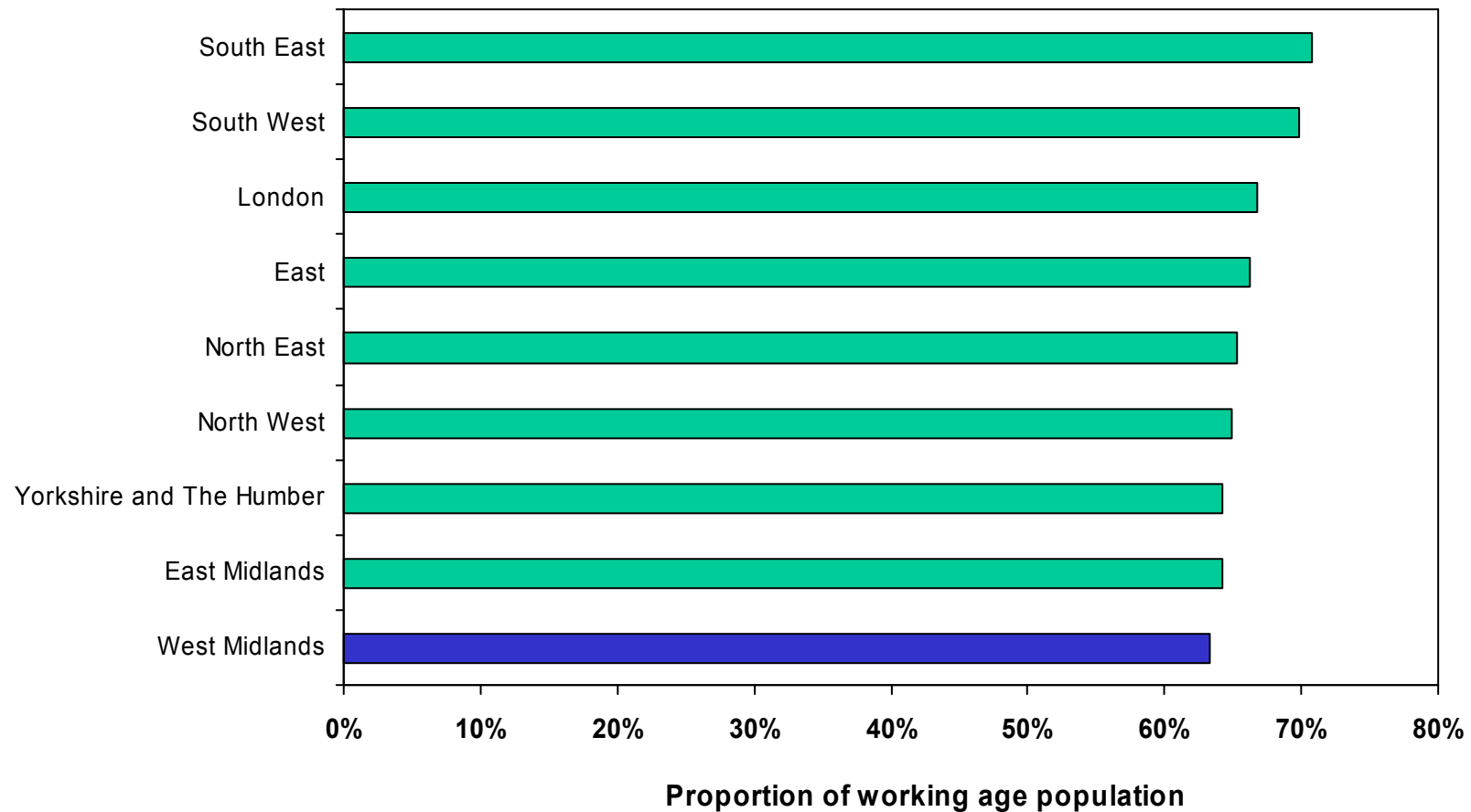
Proportion of working age population with 2+



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



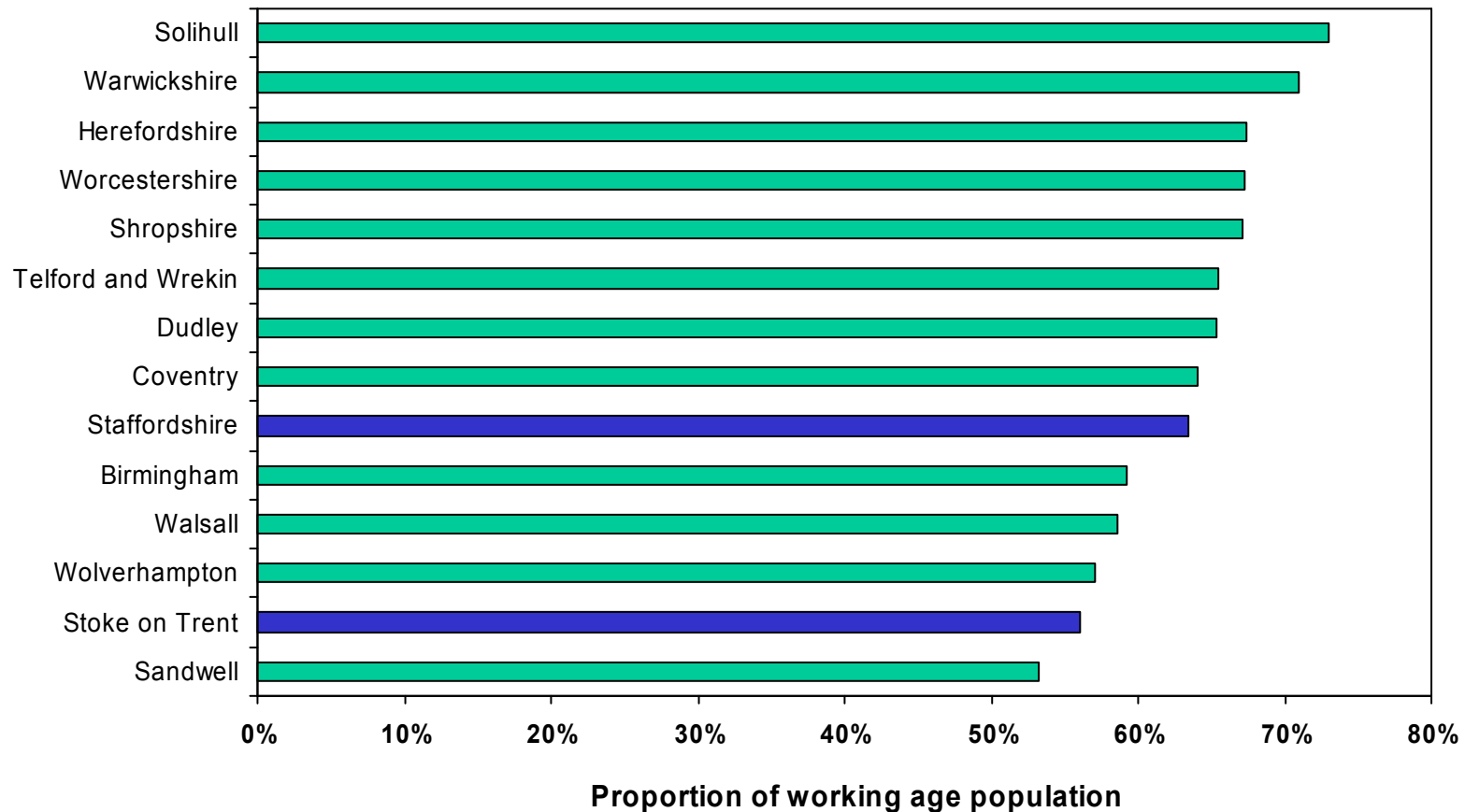
Proportion of working age population with Level 2+ qualifications



Stoke-on-Trent has particularly low proportions of people qualified to Level 2+



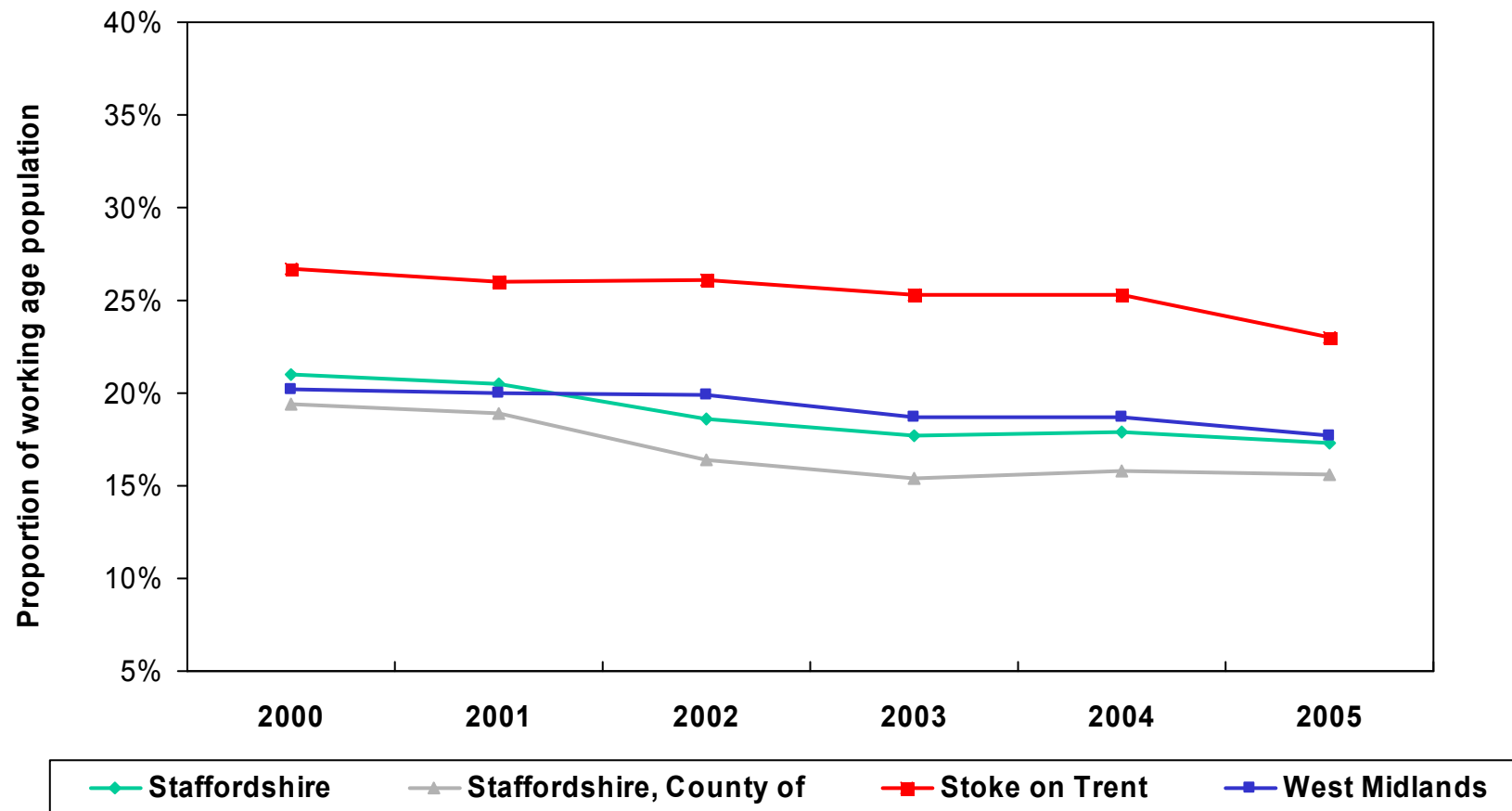
Proportion of working age population with Level 2+ qualifications



The proportion with no qualifications is decreasing in Staffordshire



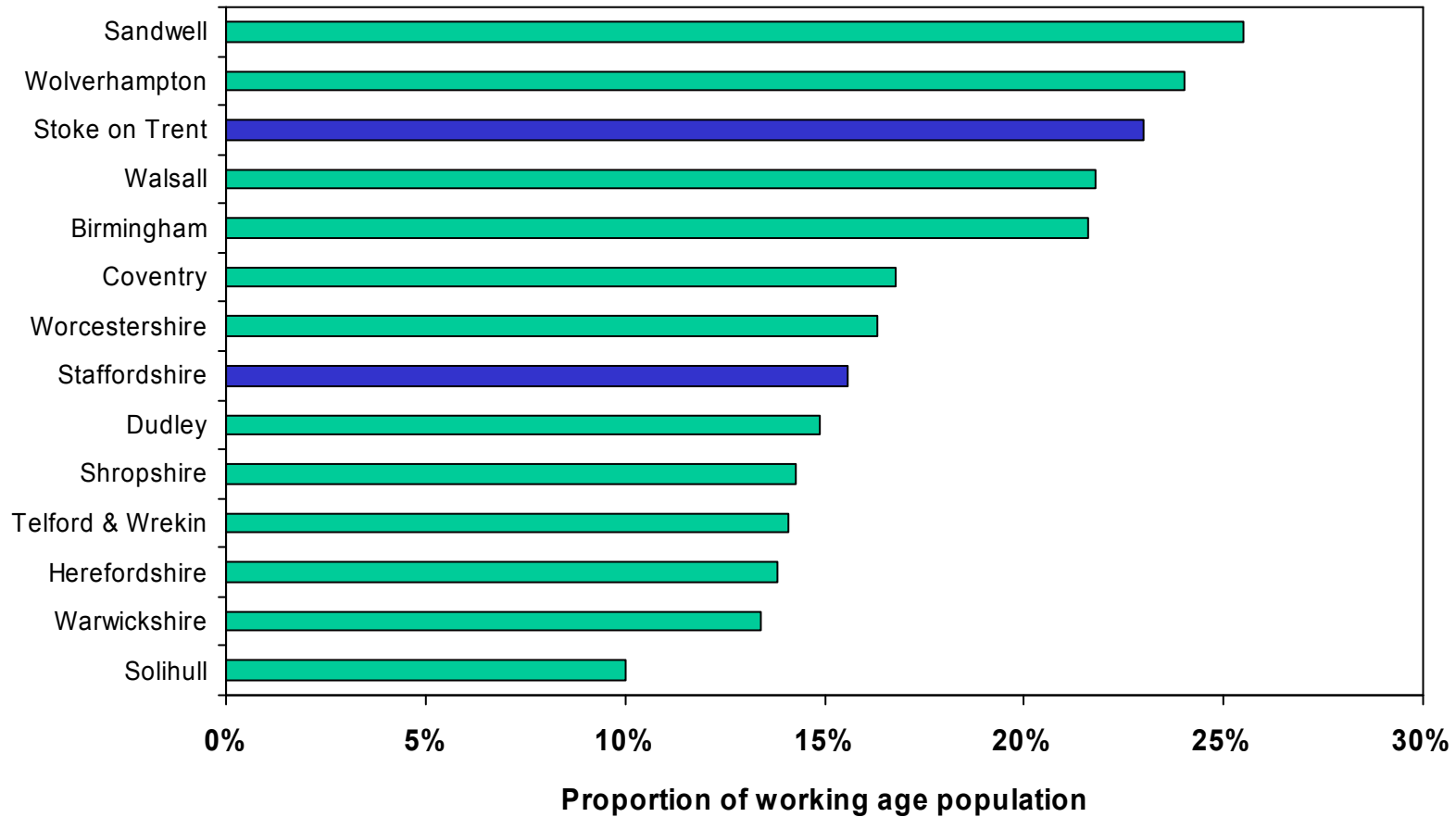
Proportion of working age population with no qualifications



Stoke-on-Trent has relatively high levels of people with no qualifications in comparison to Staffordshire



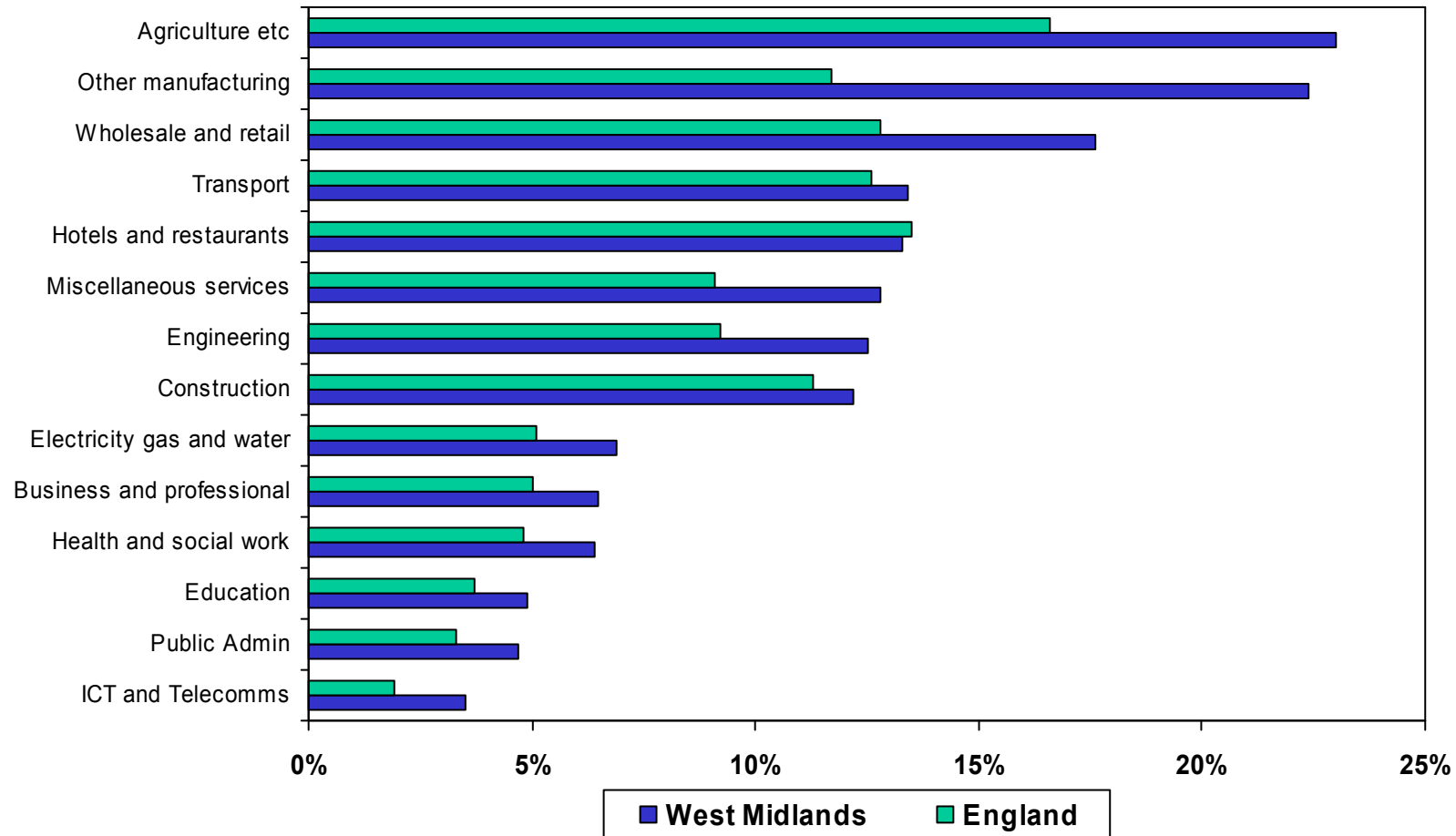
Proportion of working age population with no qualifications



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



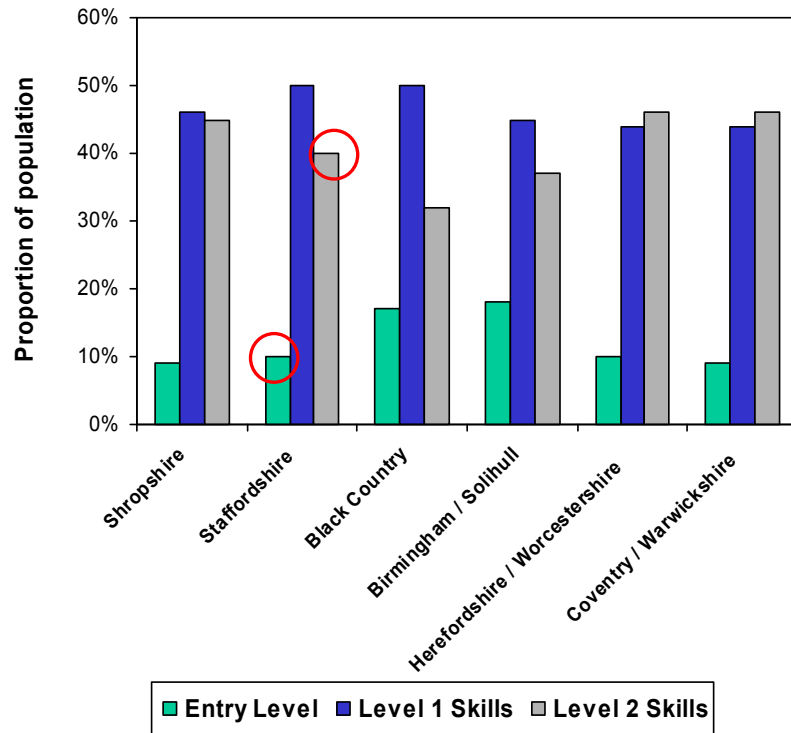
- **Older people** are less likely to hold qualifications – over 20% of over 50s hold no formal qualifications
- 38% of people from the Pakistani and Bangladeshi **ethnic groups** hold no formal qualifications, compared to 16% of the White British population
- Only 12 % of Pakistani/Bangladeshi people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

Staffordshire performs reasonably well within the Region but numeracy levels are low



Less than half of people in Staffordshire have level 2 literacy skills

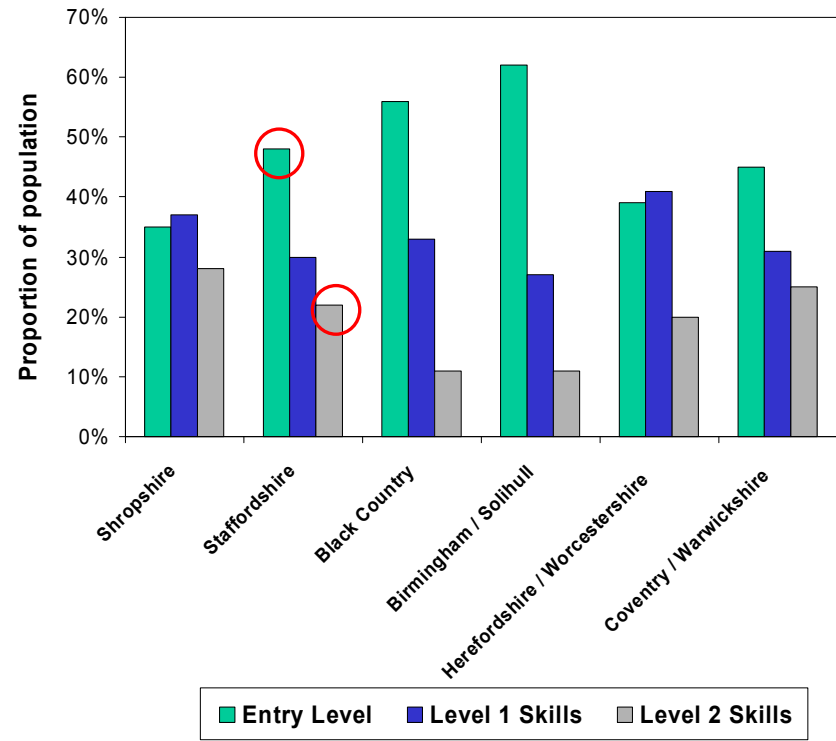
Basic literacy levels by sub-region



Source: DfES Skills for Life 2003

Almost half of people in Staffordshire have only entry level numeracy skills

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%

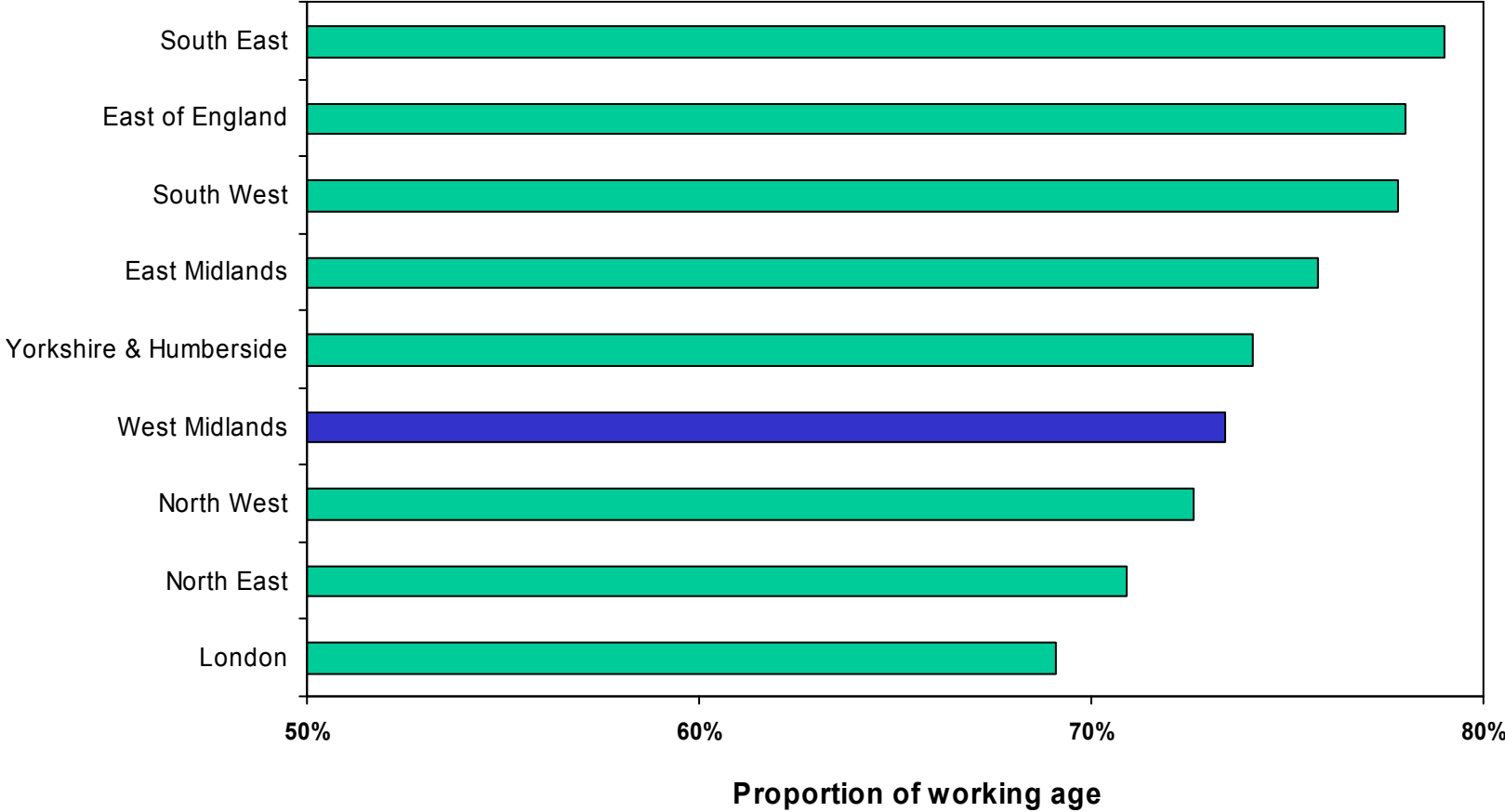
*Birmingham and Solihull Data not available at this time

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

The Region has the fourth lowest rate of employment



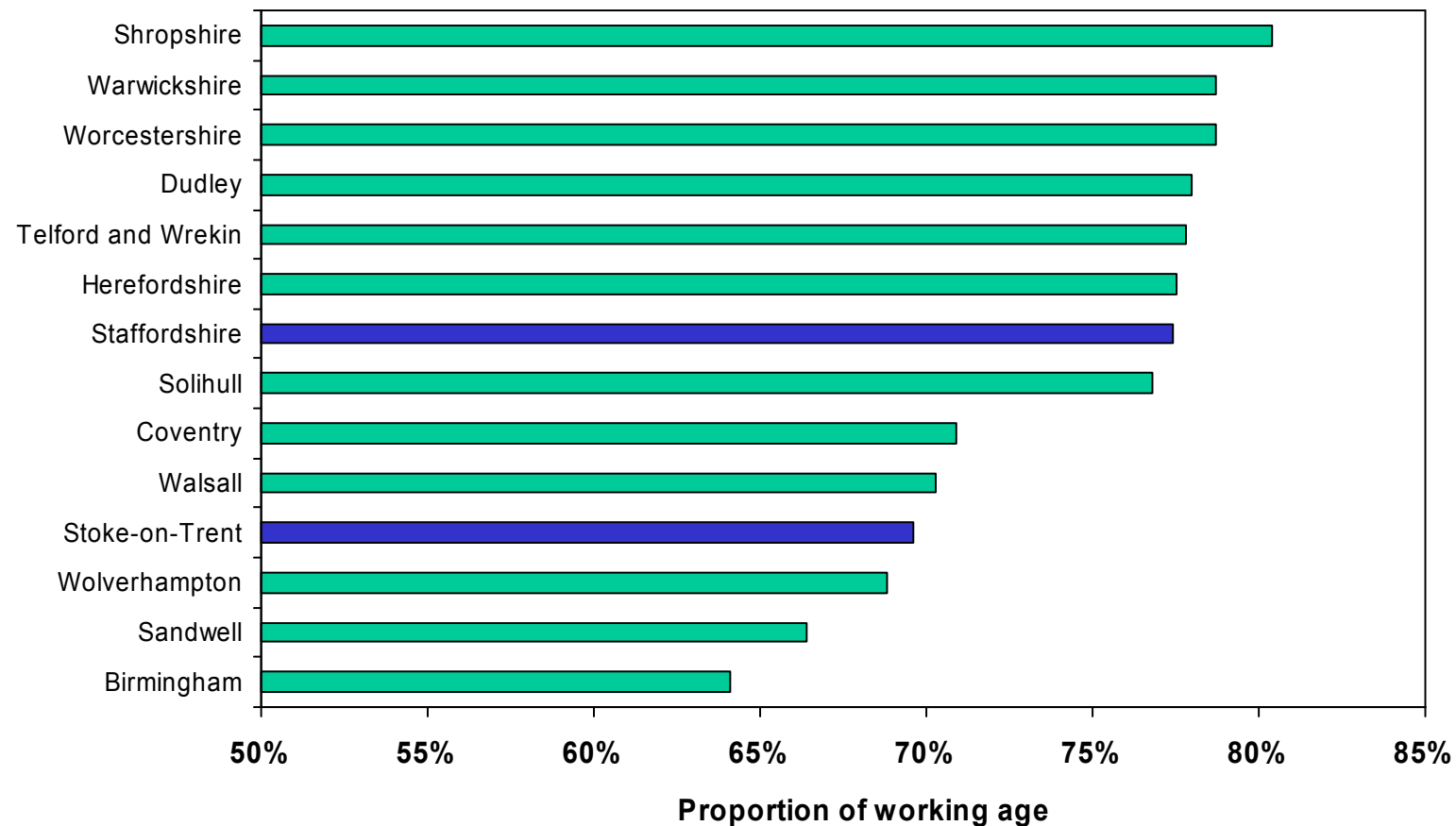
Employment rate of working age population



Stoke-on-Trent has relatively low rates of employment compared to Staffordshire



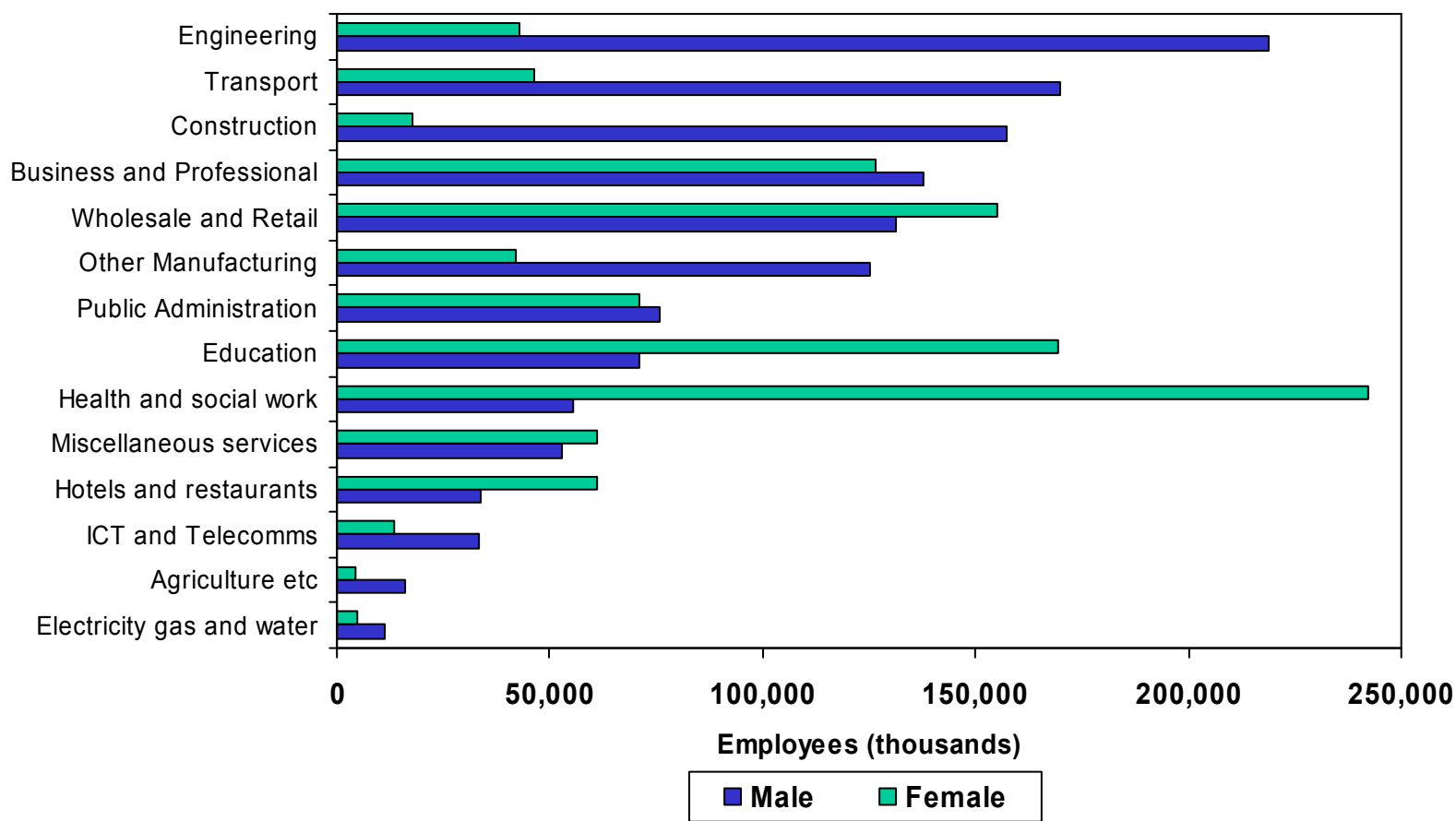
Employment rate in West Midlands sub-regions



Several industries still have a gender imbalance in their workforce



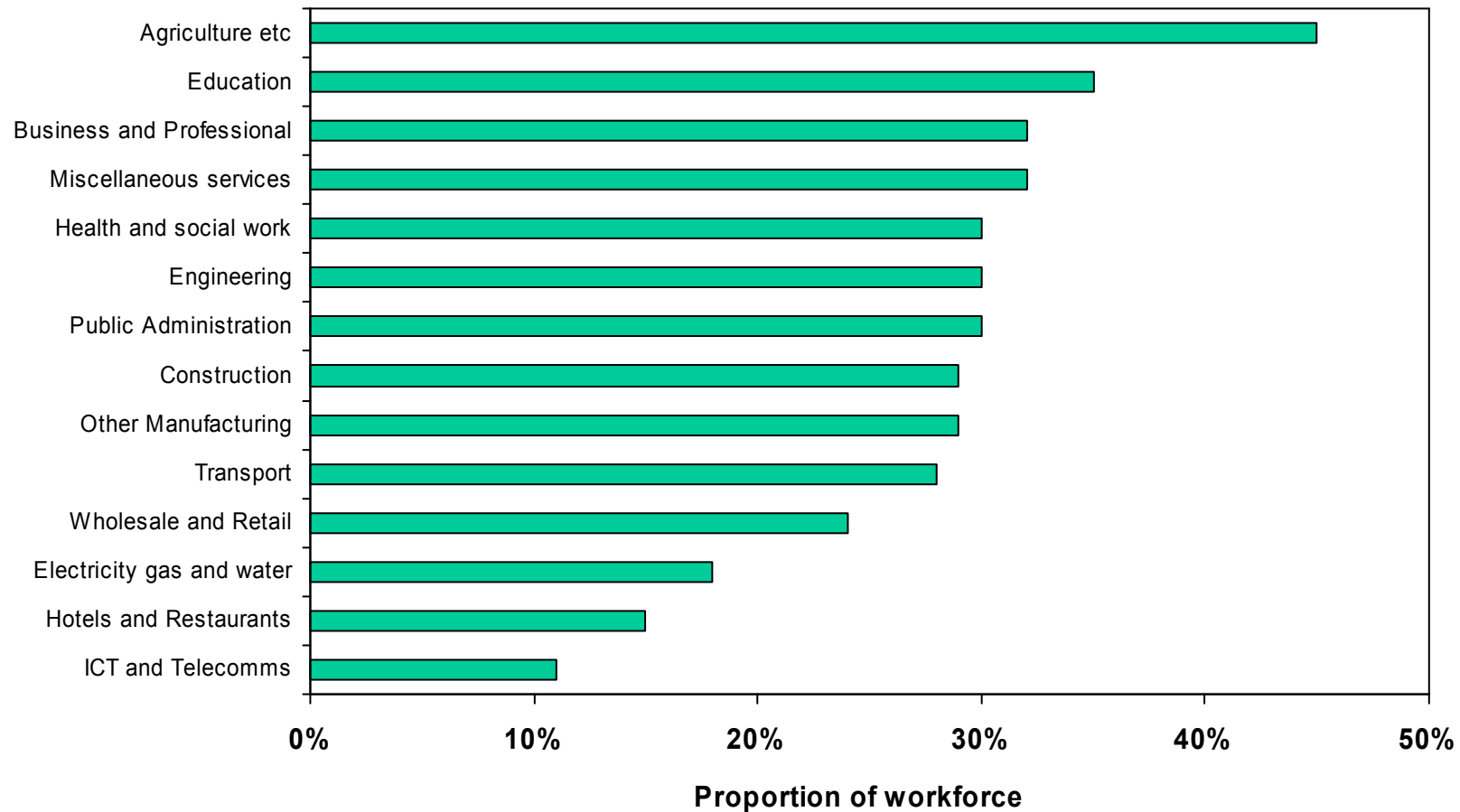
Regional employment of working age people by gender, West Midlands



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



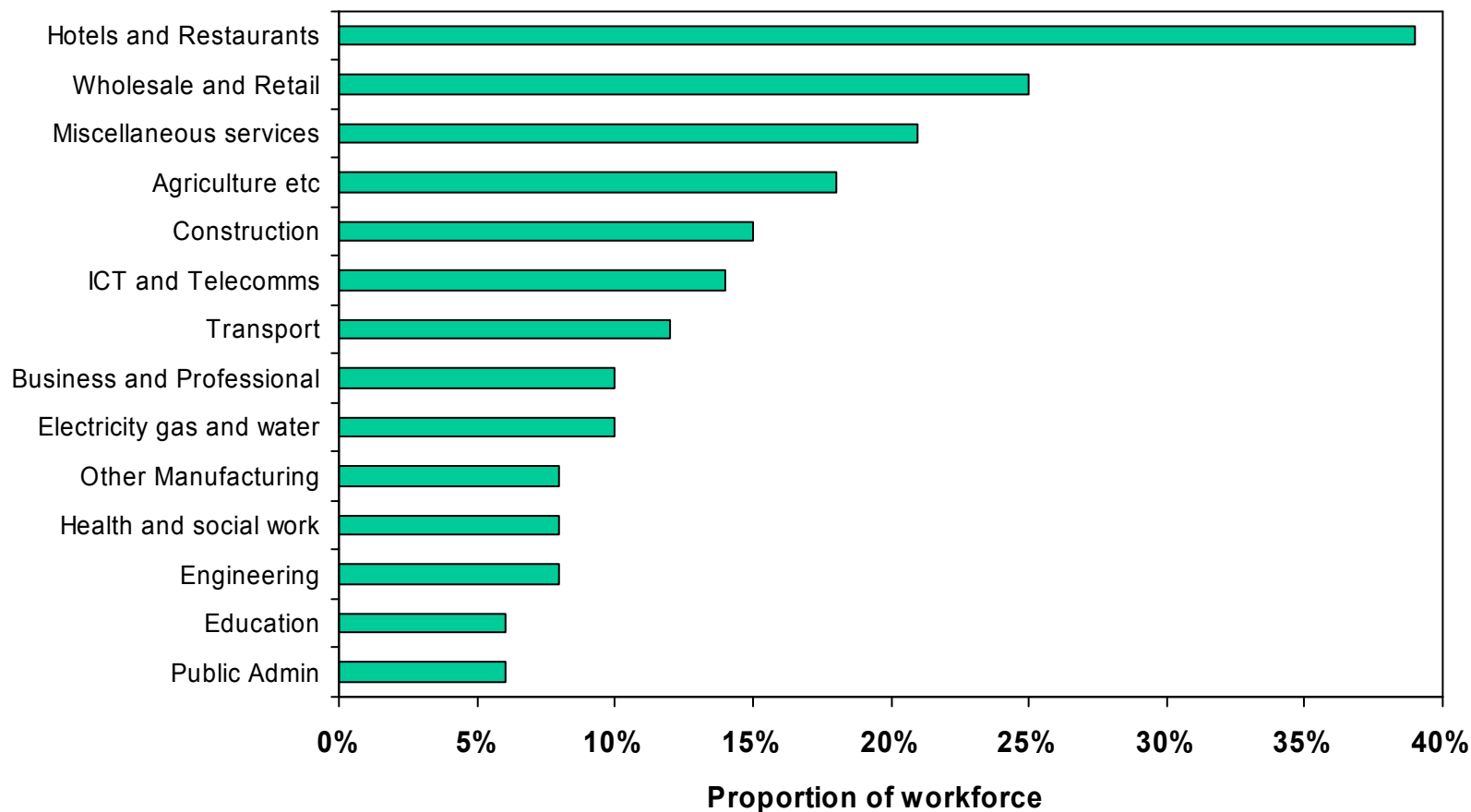
Proportion of sector workforce that is aged 50 to retirement



Young people are disproportionately employed in the Hotels and Retail industries



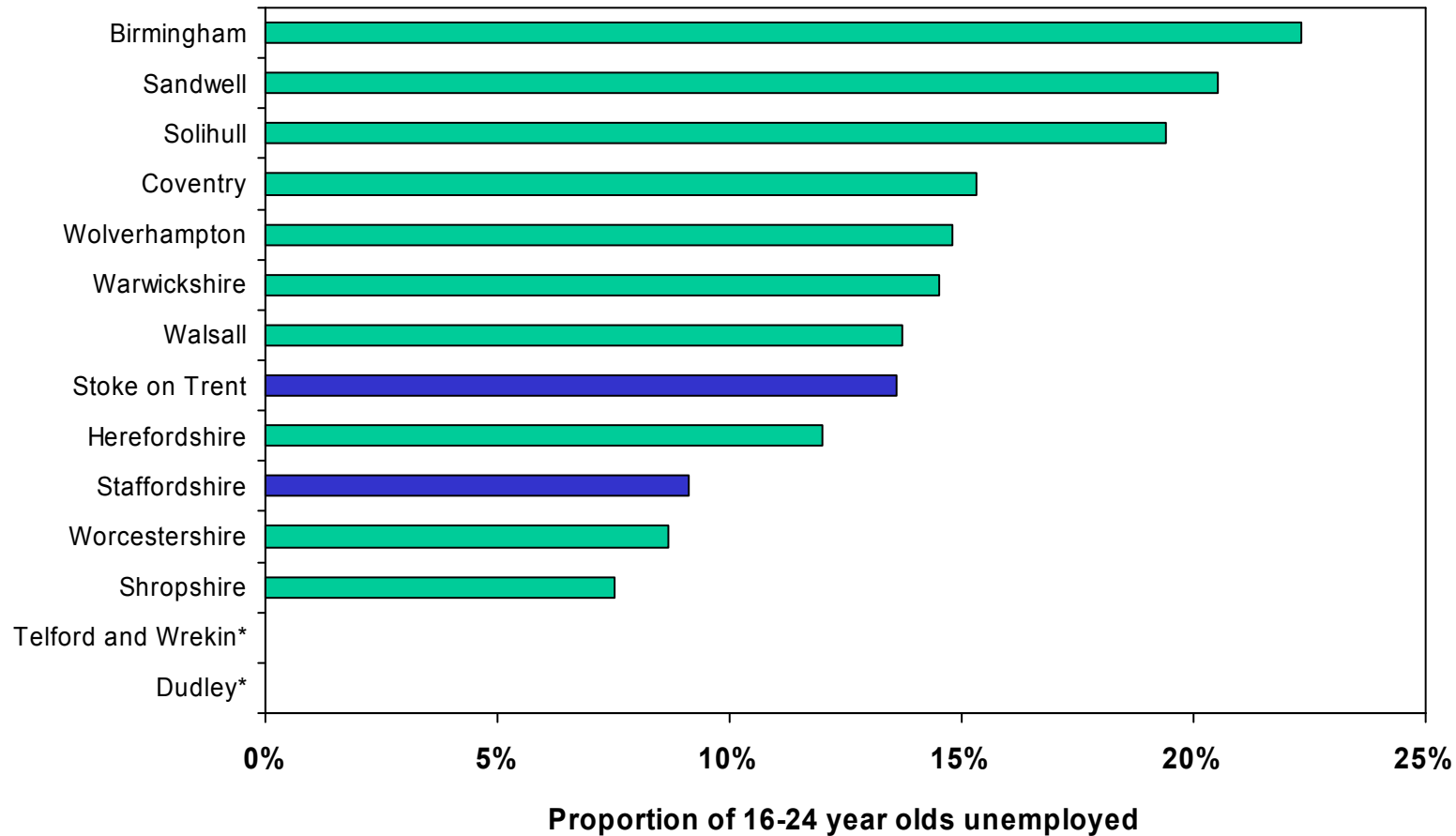
Proportion of workforce aged 16-24



Staffordshire and Stoke-on-Trent have relatively lower rates of youth unemployment



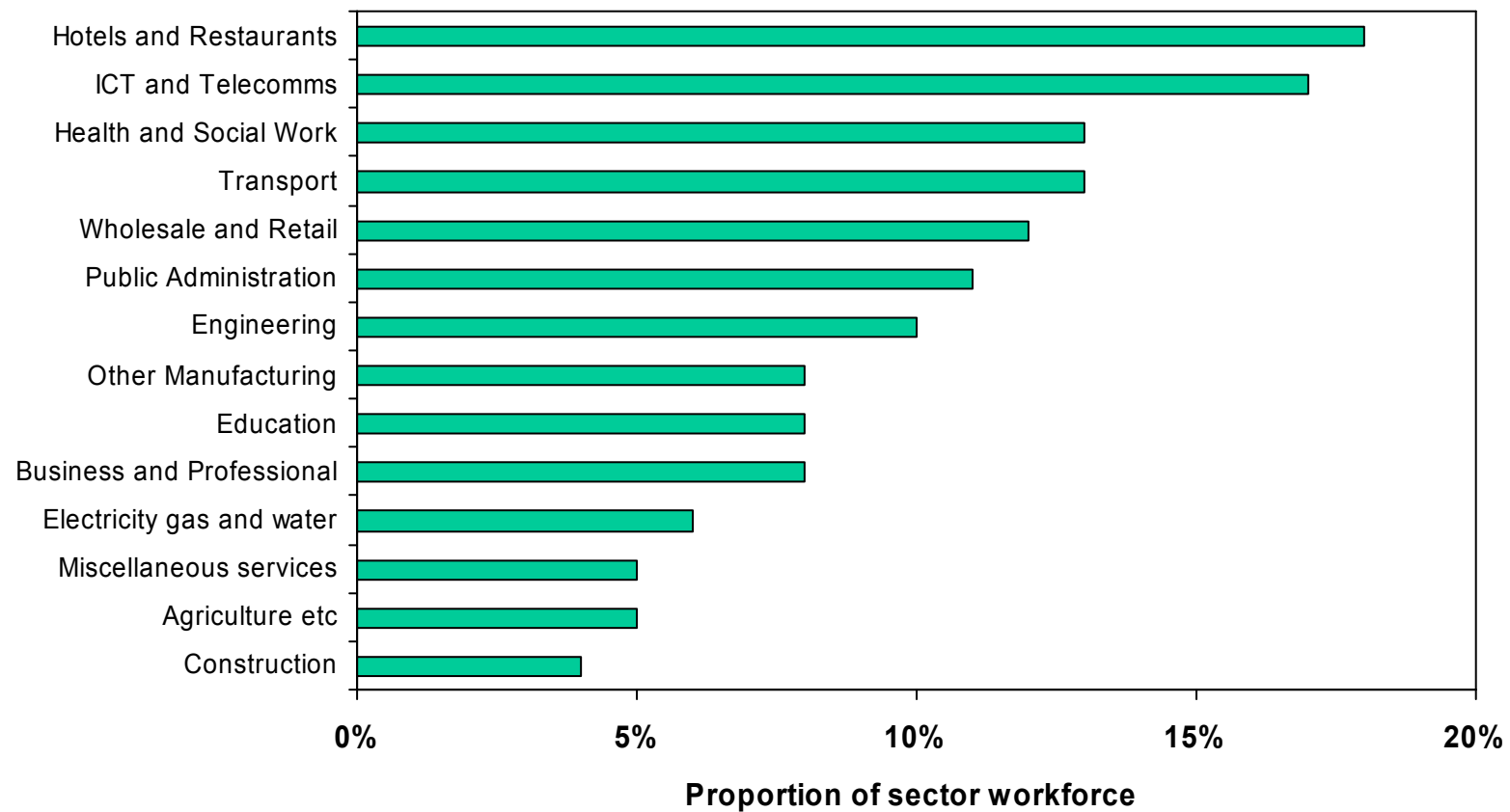
Unemployment rate of 16-24 year olds by sub-region



Employment of non-white groups concentrated within certain industries



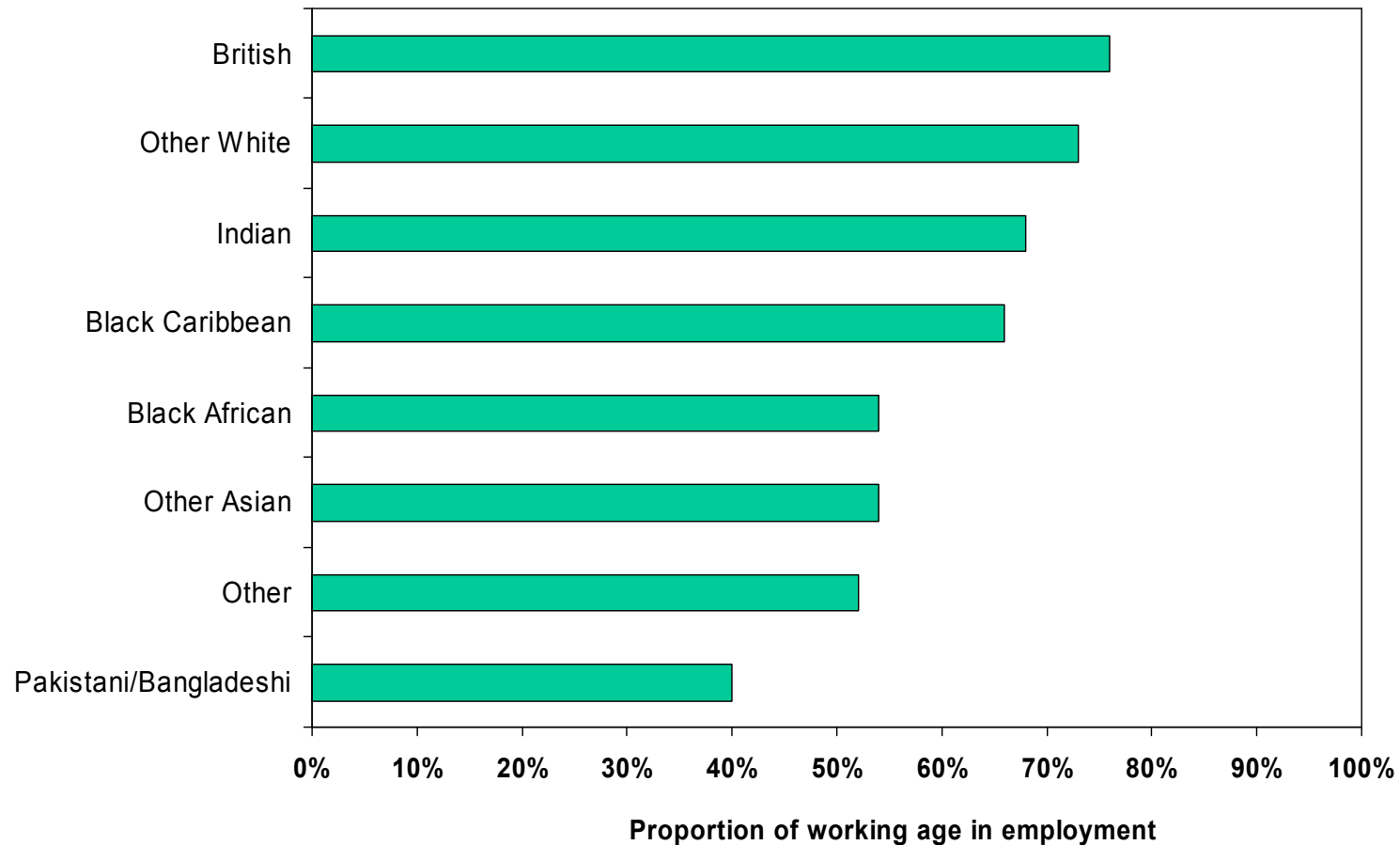
Proportion of sector workforce that is non-white



Employment rates among minority ethnic groups are low in the Region



Employment rate of ethnic groups in West Midlands



Skills issues for employers & Individuals

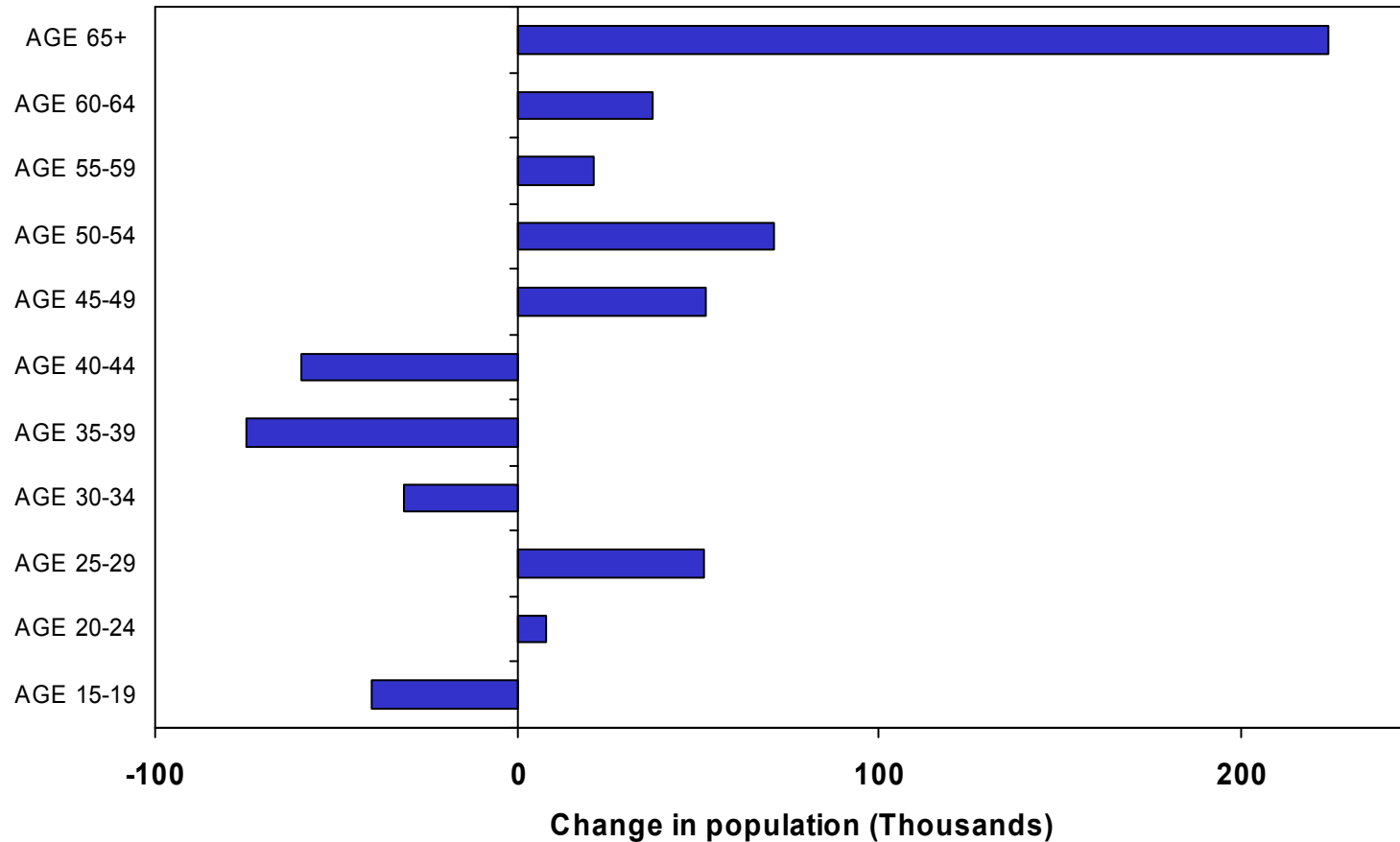


- Area Profile
- Economic Performance
- Skill gaps and deficiencies
- Recruitment problems and skill shortages
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- Changing regional demography

The Region has an ageing population



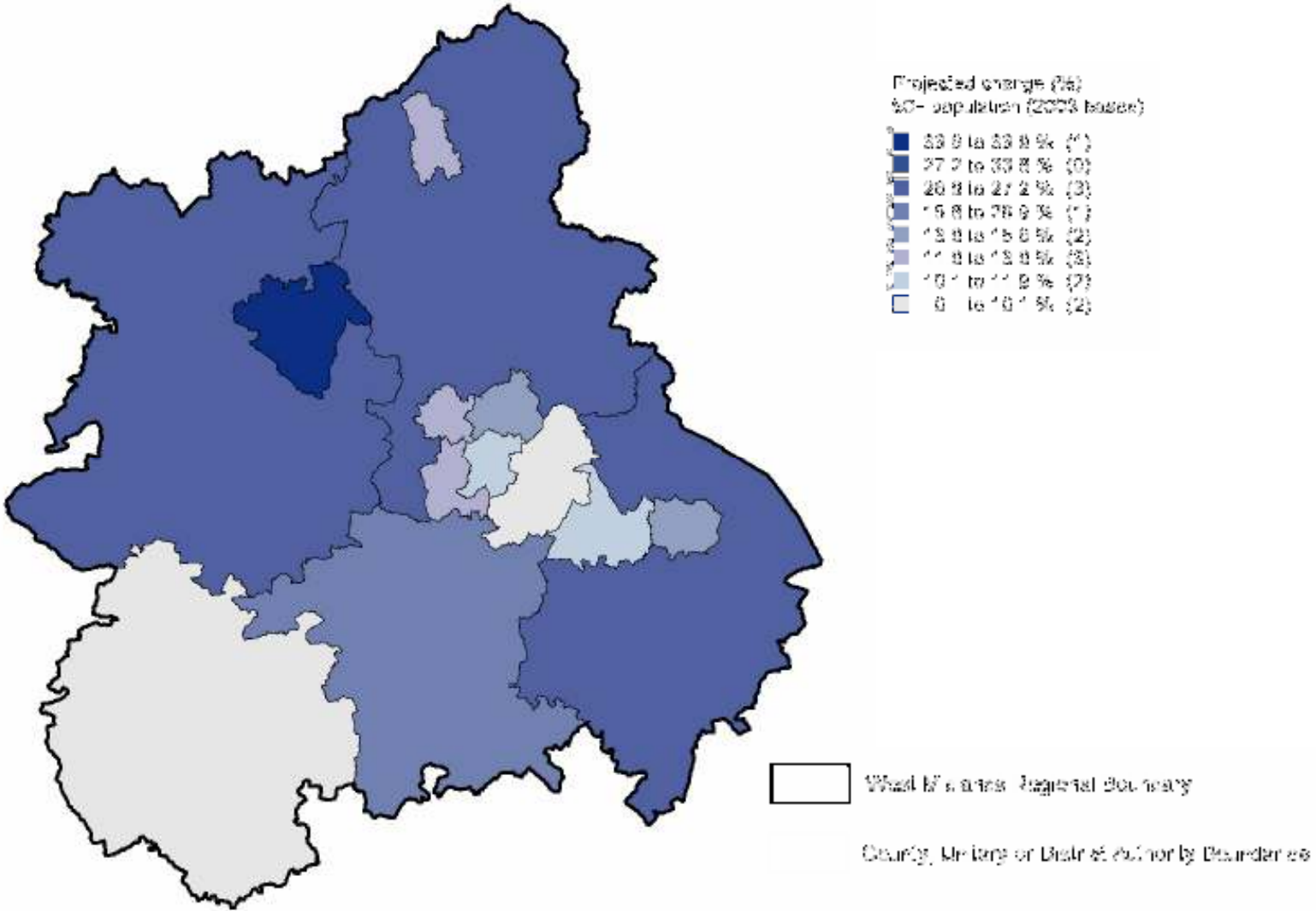
Change in population by age group in West Midlands 2003-2018



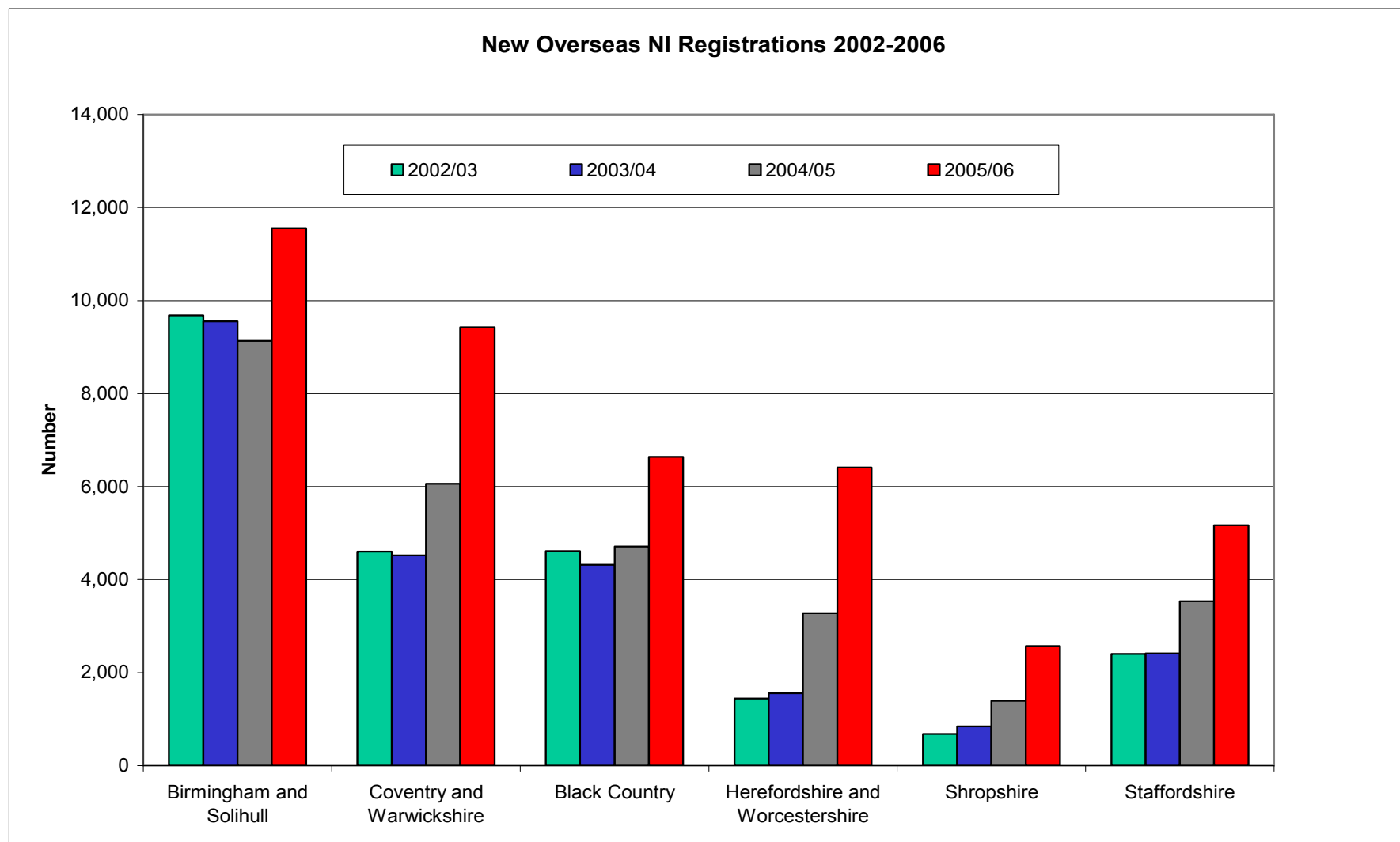
Demographic changes

- 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



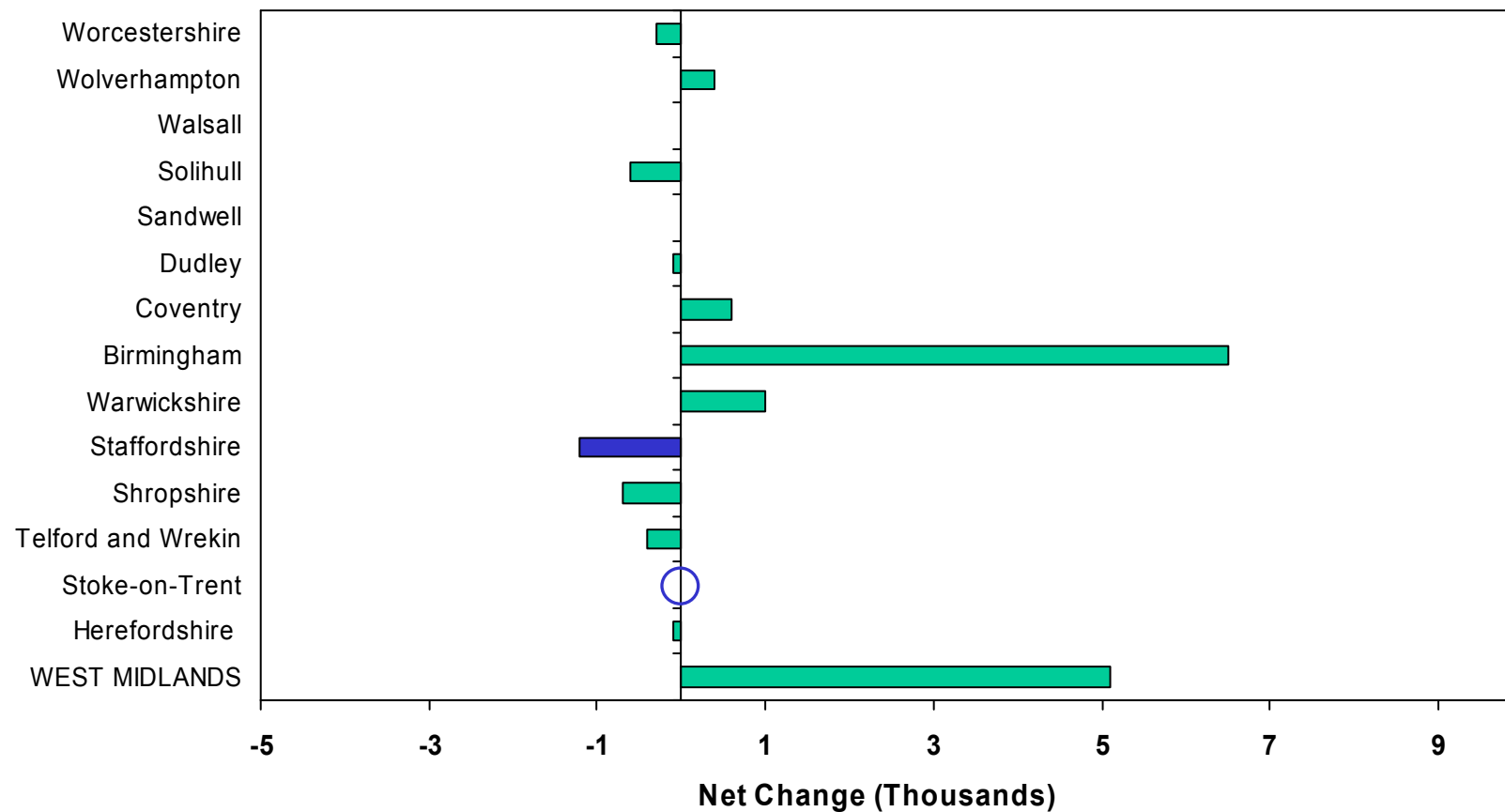
The number of migrant workers are growing



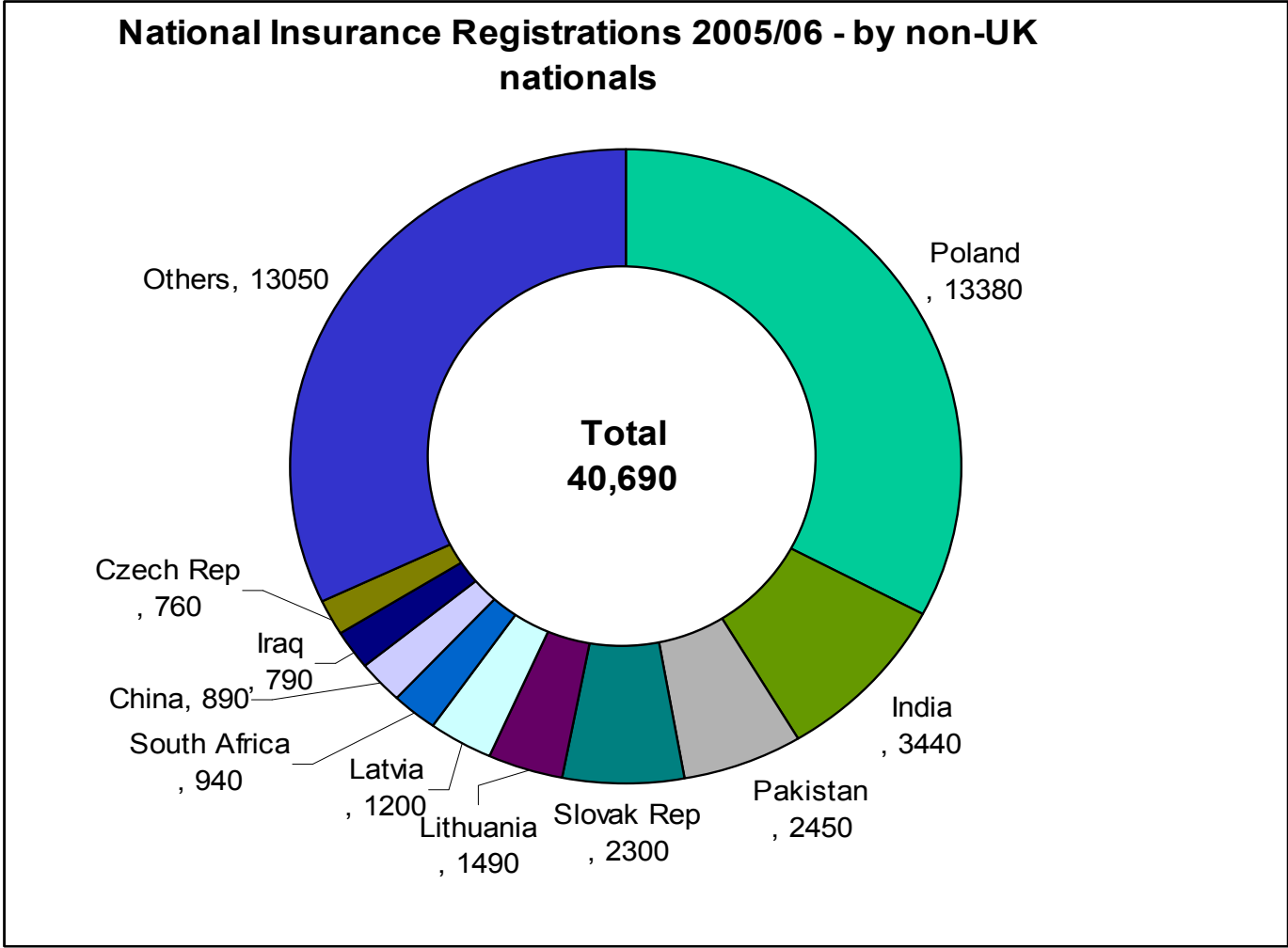
Staffordshire and Stoke-on-Trent are not key centres for international migration



Net International migration in West Midlands 2004



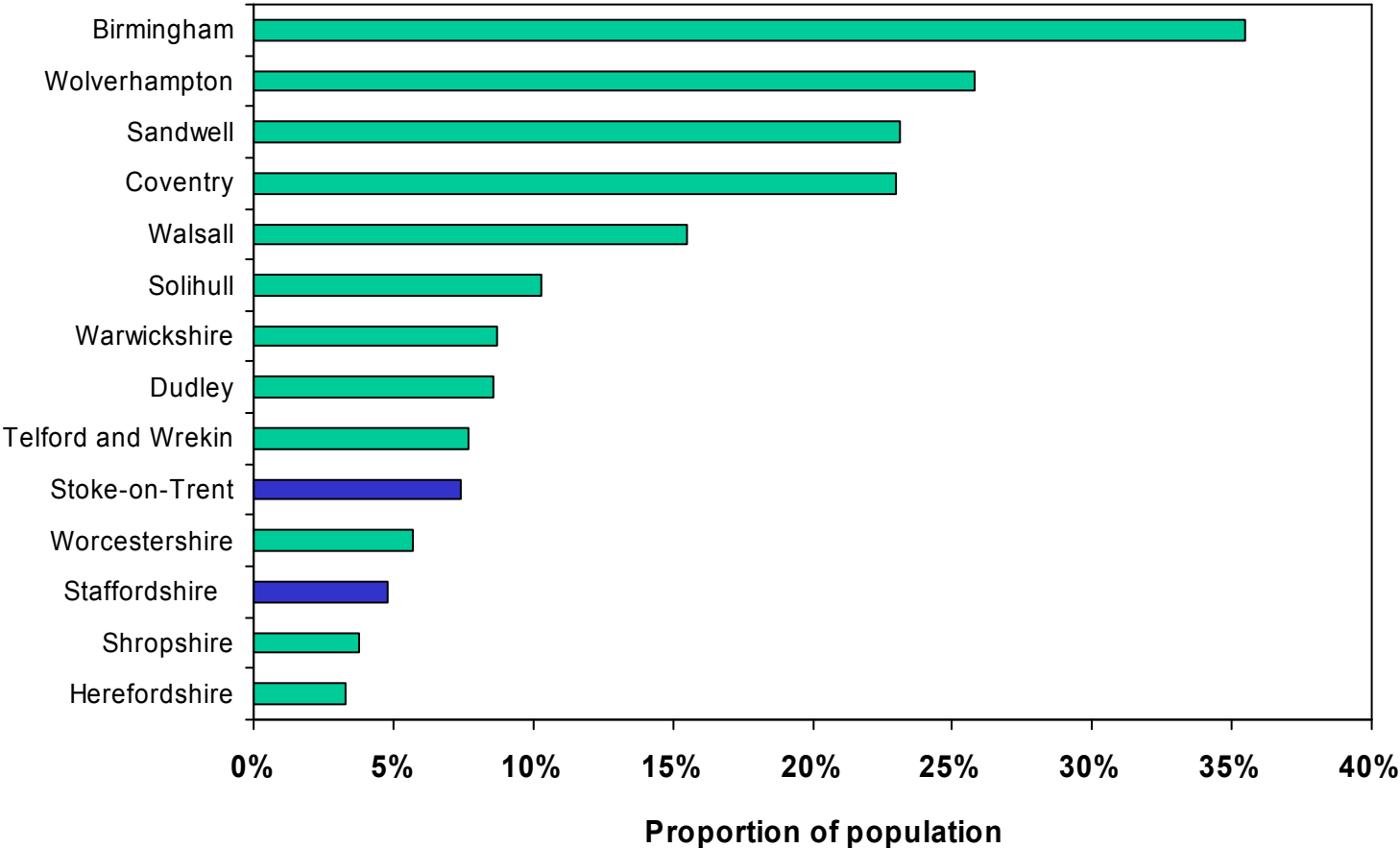
Polish Nationals account for a third of migrant workers



Low proportions of populations in Staffordshire & Stoke-on-Trent are from non-White British ethnic groups



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

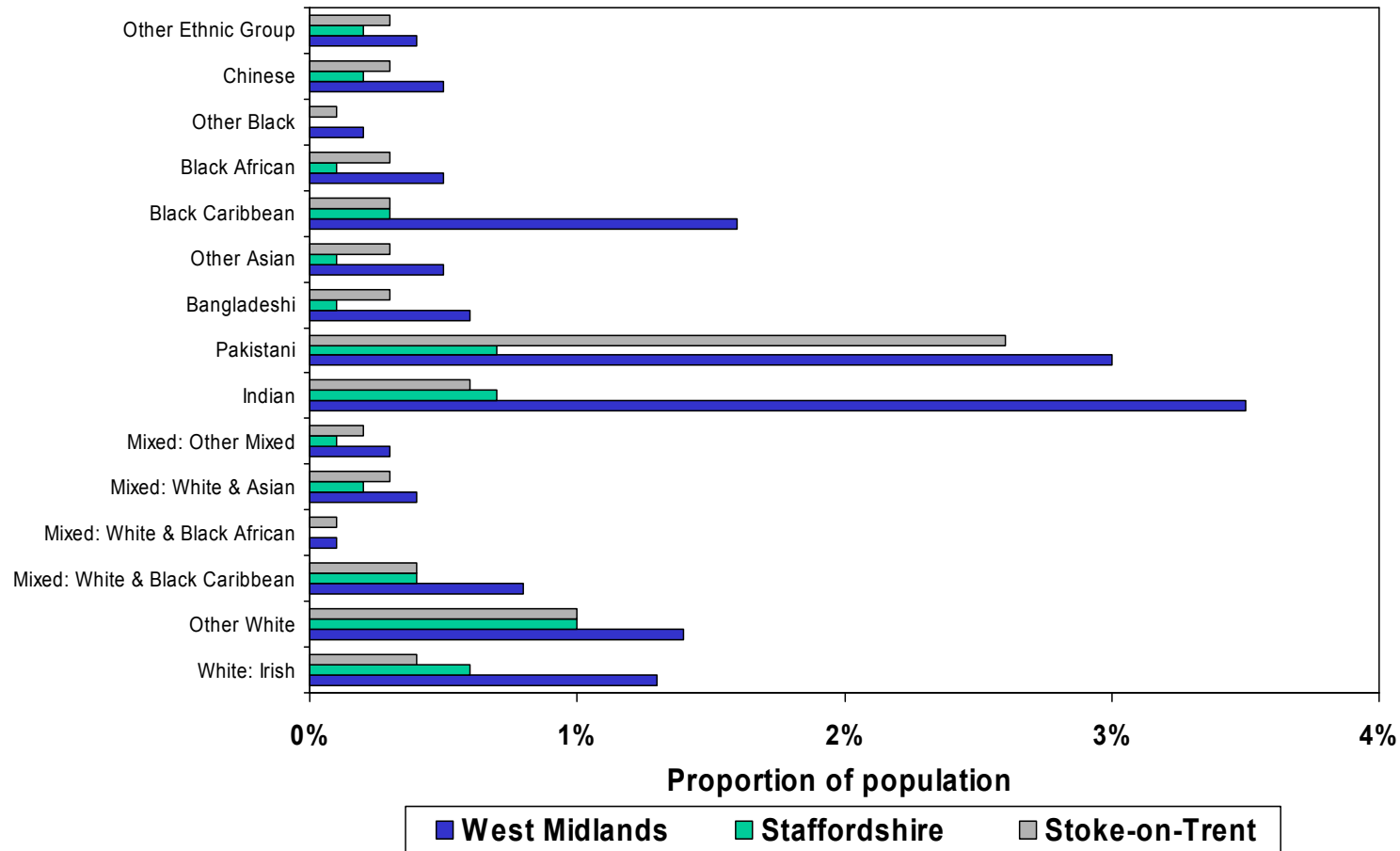


Source: ONS Resident population estimates

Stoke-on-Trent has a significant Pakistani community



Minority ethnic composition of Staffordshire & Stoke-on-Trent



Key Issues



- Staffordshire has relatively high levels of deprivation
- Employment in manufacturing has declined and new growth will be led by wholesale and retail and business services
- Skills gaps are a significant problem in Staffordshire, as are recruitment problems and skills shortages
- Qualification attainment in Stoke-on-Trent is significantly lower than Staffordshire
- The rate of employment in Stoke-on-Trent is significantly lower than in Staffordshire
- Youth unemployment rates are relatively low but still almost 15 % in Stoke-on-Trent
- Staffordshire loses people to international migration