



West Midlands  
Regional  
Observatory

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# West Midlands Skills Investment Priorities 2011-2012

## A framework for measuring Success Baseline Report

Draft 1.2  
15 October 2010

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## Introduction

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Following extensive consultation led by employers and a range of partners including local authorities, colleges and universities to establish a better understanding of how skills and education can help to create more and better jobs in the West Midlands, Advantage West Midlands has published the '*West Midlands Skills Investment Priorities 2011 - 12*'.

From this, partners have agreed two objectives for their collective work on skills, education and employment that will lead to more and better jobs at all levels:-

- **Businesses;** more existing businesses achieving higher growth and more high-growth businesses attracted to the region; and
- **Individuals;** individuals more able to exploit job opportunities throughout their working lives.

The purpose of the (*A framework for measuring success*) document is to consider and agree '*what success looks like*' in terms of delivering '*more jobs, better jobs*' in the region. It has been developed in two parts to reflect the objectives set in the '*West Midlands Skills Investment Priorities 2011 - 12*', namely, businesses and individuals.

The framework is not prescriptive. It supports the broad aims set out in the West Midlands statement of investment priorities rather than specific targets and sets out to provide management information that will help partners make informed decisions, focusing their priorities where they can make the biggest impact. At a 'macro' level, the suite of measures should highlight key statistics and trends that will be useful for policymakers. At a 'micro' level, individual measures should be helpful to local partners in prioritising their actions and resources to achieve maximum impact.

The framework incorporates a set of proposed measures mapped against the two strategic priorities mentioned above. These will build on the Regional Skills Index which has been in place for the last five years. They will focus on business impact measures and individuals' progression rather than purely qualification attainment. The proposed measures will be shared with the UK Commission for Employment and Skills to inform development of the national scorecard.

## Summary of Policy Implications

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### Businesses

1. West Midlands firms appear to be adopting the tools and techniques to help their businesses to grow (*see measure 1*), nevertheless, the findings from some of the other measures indicated in this document suggest that they may not be applying them to optimum effect.
2. The rate of growth of gross value-added (GVA) in the West Midlands has consistently fallen below the national average since the mid-1990s. The GVA gap can be attributed to a couple of significant factors. One is the fact that the West Midlands has relatively more of those industries which report lower productivity levels (traditional industries and manufacturing), whilst it has relatively fewer of those industries which tend to innovate and are more likely to grow (for example, digital media and ICT). The other comes from the fact that businesses in the West Midlands are less likely to create better jobs and demand better-qualified people, which is in itself exerting a downward pressure on regional productivity (*see measure 3*).

There is a strong rationale for concentrating business support activities on those businesses which have the highest propensity to grow and create new jobs, i.e. those which were set up with less than ten employees, have already gone through their initial growth spurt (which is likely to have taken place during the first three years after the business was established), and are now likely to employ 20 people or greater. Support (if given at the right time, possibly between three and five years after start-up, following the initial growth spurt), could help these businesses to continue growing and sustain their ambitions for growth (*evidence taken from: Who creates the jobs: Michael Anyadike-Danes, Mark Hart and Karen Bonner, October 2009*).

These businesses are likely to benefit the most from employing graduates (including short-term placements and internships) which may help them to realise their ambitions for growth.

These businesses are not sector-specific. They are spread across all sectors of the economy and their growth performance is commonly attributed to strong planning, leadership and management (*see measure 2*).

### Individuals

3. Whilst the population of working-age people has risen by 0.7m over the last six years, the number of jobs (as evidenced by the number of employed people in the region) has actually dropped by 0.07m. This means that there are fewer jobs to go round, with more people competing for them. Evidence (*source: West Midlands Skills Investment Priorities Statement 2011-2012*) suggests that this position is likely to worsen as the direct impact of public sector spending cuts results in job-losses in the public sector, with further job losses in the private sector as levels of business from public-sector contracts are cut back (*see measure 7*).

Adult levels of unemployment and economic inactivity are higher in the West Midlands than in other parts of the country, and the recession appears to have exacerbated the position - as the gap continues to widen. Qualification levels

appear to suggest that fewer adults are qualified to level 4 or above, while more opt for qualifications at the technician or apprenticeship level (level 3). This may indicate that the system is responding to labour market demand for more apprentices and technicians, especially in manufacturing sectors where they are most needed.

Levels of economic inactivity may suggest that employers are seeking people with higher levels of qualification, and this could be making it harder for some adults to get a job.

4. While the same proportion of young people opt stay in education and training in the West Midlands as they do nationally, young people in the West Midlands appear to be more likely to opt for further education or apprenticeships as their preferred method of study, rather than staying on at school (*see measure 6*).

Performance at GCSE level is consistently lower than the national average, while more young people are classified as 'not in education, employment or training' (NEET). Lower performance levels cannot be directly attributed to information, advice and guidance - there are many potential reasons for this variance, including:

- levels of aspiration among young people;
- levels of awareness amongst parents;
- quality of teaching in schools (exacerbated by shortage of maths and science teachers)

However, the above average level of NEET may suggest that young people are not receiving sufficient advice and guidance to help them understand the implications of their own study choices.

5. The data suggests that participation in training is not directly proportional to levels of employment within each of the main industrial sectors. It also appears to suggest that the education system is producing a surfeit of young people with the qualifications that are needed for smaller niche sectors such as arts and media; while producing a significant shortfall of young people with the qualifications that will fit them out for work in the sectors which are creating more jobs.

This could be attributed to a couple of significant factors.

One is the extent to which young people are given appropriate information advice and guidance to help them choose those areas of study that are most likely to help them get a job. The apparent mismatch between study choices and employment levels appears to suggest that significant numbers of young people are being encouraged to study in subject areas where employment levels are low, while insufficient young people are being encouraged to study those subjects which are most likely to improve their employment prospects.

The other is the extent to which employers operating within particular sectors are inclined to invest in training. This aspect is augmented by *Measure 5* which looks at the subject of employer investment in training for the economy as a whole.

# Part 1 Businesses - achieving higher growth and more high-growth businesses attracted to the region

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## Measure 1 - More businesses developing the skills they need

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### ***More businesses developing (and investing in) the (leadership and management) skills they need to deliver growth and create new jobs***

**Rationale:** The *West Midlands Skills Investment Priorities 2011 - 2012* statement makes it clear that in order to achieve our ambitions for growth, businesses need to grow more and better jobs. One indicator (*and by no means the only one*) of this is the extent to which businesses, their leaders and employees have the appropriate skills to make this happen.

**Choice of indicators:** There is no single indicator which will provide a comprehensive assessment of this measure. This is because there are various aspects to successful skills development within businesses - identifying current and future skill needs, having business plans, training plans and budgets to deliver the new skills, and having processes in place to ensure their staff's skills are monitored and utilised. Each of these aspects is covered by the National Employer Skills Survey run by the UK Commission for Employment and Skills. A range of relevant indicators from this survey have been selected.

#### **Data:**

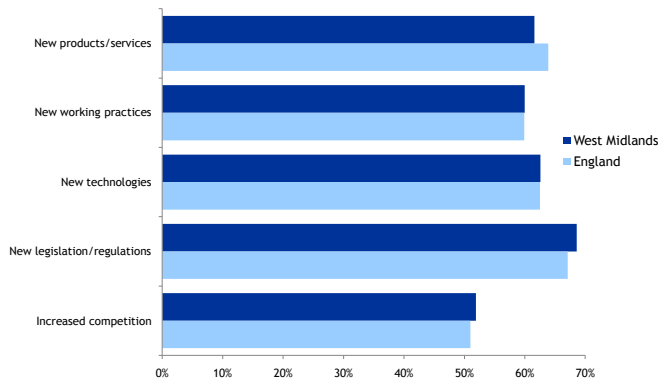
#### **Reasons employers expect staff will need to acquire new skills or knowledge in the next 12 months (2009)**

	West Midlands	England
The development of new products or services	61.6%	63.9%
The introduction of new working practices	60.0%	59.9%
The introduction of new technologies or equipment	62.6%	62.5%
New legislative or regulatory requirements	68.6%	67.1%
Increased competitive pressure	51.9%	51.0%
Personal/ professional development or promotions	1.9%	4.0%
Adapting to changing market conditions/economic climate/changes in industry	0.7%	1.2%
Re-structuring of job roles/need to multi-task/increased workload	0.5%	0.8%
Business expansion	0.4%	0.8%
Health and Safety	0.4%	0.6%
Other	0.1%	0.2%

## Percentage of businesses with different planning tools

		Business Plan	Training Plan	Training Budget
2005	West Midlands	55.9%	47.6%	35.4%
	England	55.4%	45.9%	34.4%
2007	West Midlands	54.9%	46.8%	34.4%
	England	56.8%	47.6%	35.4%
2009	West Midlands	58.5%	44.0%	34.6%
	England	57.3%	41.9%	34.6%

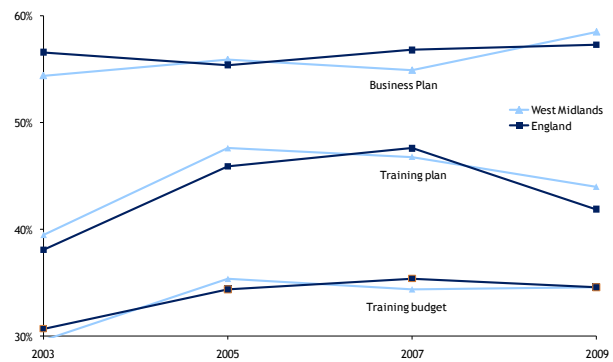
### Businesses reporting need for employees to develop new skills, by reason



Source: UKCES National Employer Skills Survey 2009

West Midlands Regional Observatory 2010

### Proportion of businesses using leadership and management tools relevant to skills development



Source: UKCES National Employer Skills Survey, 2009

West Midlands Regional Observatory 2010

## Share of businesses by proportion of staff with job descriptions & performance reviews (2009)

	Staff with formal job descriptions			Staff with annual performance reviews		
	West Midlands	England	South East (best performing region)	West Midlands	England	London (best performing region)
None	19.9%	19.9%	19.0%	37.3%	36.4%	30.4%
Some but fewer than half	3.4%	3.7%	3.1%	2.9%	3.4%	3.8%
Around half	3.2%	4.0%	3.4%	2.9%	3.1%	3.5%
More than half but not all	3.2%	4.2%	3.8%	1.9%	2.8%	3.8%
All	69.7%	67.0%	70.3%	54.6%	53.3%	56.6%
Don't know	0.7%	1.1%	0.4%	0.4%	1.0%	1.9%

### Proportion of firms that have attempted to recruit new staff

	Manufacturing		Services	
	Q3 2009	Q4 2009	Q3 2009	Q4 2009
West Midlands	30%	36%	29%	42%
England	53%	65%	58%	56%

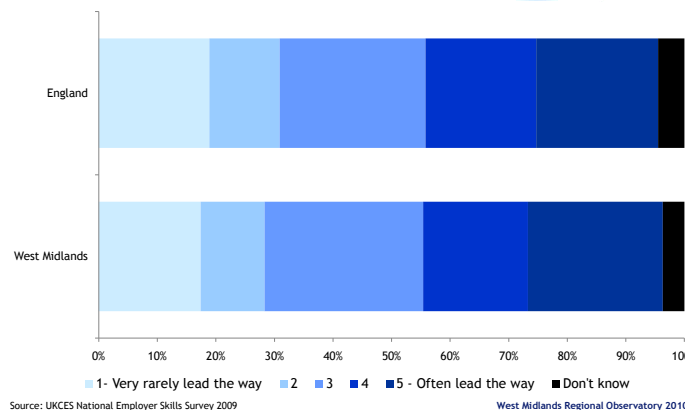
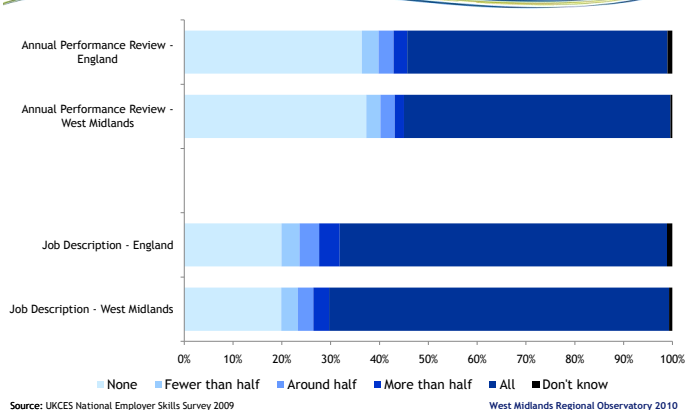
## Where businesses place themselves on development of new products and services

	West Midlands	England	South East (best performing region)
1 - Very rarely lead the way	17.4%	18.9%	19.0%
2	10.9%	12.0%	10.1%
3	27.1%	24.9%	25.2%
4	17.9%	18.9%	18.8%
5 - Often lead the way	23.0%	20.8%	23.6%
Don't know	3.7%	4.5%	3.3%

Proportion of staff in businesses who have formal job descriptions and annual performance reviews



Percentage of businesses saying they are leading the way in developing new products, services or techniques



## Observations from the data

The desired 'ideal' measurement would have been the extent to which businesses are investing in the leadership and management skills required to help businesses grow and create new jobs. However, there is no published data available to quantify this. Therefore, it has been necessary to look for other indicators that will act as a reasonable proxy measure for this. The following observations from the data available are:

- businesses in the West Midlands use planning tools (for example, business and training plans) to the same extent as their counterparts in other areas of the country. However, compared to the South-East (best-performing region), 80.3% of businesses provide formal job descriptions for all staff compared to 69.7% in the West Midlands. In addition, in London, 57% of businesses carry out annual performance reviews for all staff compared with 54.6% in the West Midlands;
- more businesses in the West Midlands report that they often lead the way in the development of new products and services than the English average;
- In Q4 2009: 36% of regional manufacturing firms attempted to recruit new staff; this compares to a national average of 65%\*
- In Q4 2009, 42% of regional service-sector firms attempted to recruit new staff; this compares to a national average of 56%\*

\*(source: British Chambers of Commerce & Industry Quarterly Economic Survey)

## Policy implications

Whilst the data shows that West Midlands firms appear to be adopting the tools and techniques to help their businesses to grow, nevertheless, the findings from some of the other measures indicated in this document suggest that the application of these tools and techniques might not be having the desired effect. For example, data in **Measure 2** shows

that the West Midlands has the lowest proportion of high-growth firms of all the English regions and in **Measure 3** that the rate of growth of gross value-added (GVA) has fallen below the national average since the mid-1990s.

These findings are supported by additional evidence from the Chambers of Commerce & Industry Quarterly Economic Survey, which suggests that recruitment levels within regional firms have been consistently below the national average (that is to be expected if levels of growth in GVA are below the national average).

Work is underway to find more data (which may include databases from: Investors in People (IiP), Investors in Excellence (IiE), ISO9000, Jobcentreplus) to quantify the extent to which businesses, both regionally and nationally, are:

- applying business planning and tools and techniques to help improve their performance (businesses which are aiming to achieve quality standards such as IiP, IiE and ISO9000 are required to provide evidence to show the effective use of such techniques); and,
- planning to recruit new employees over the next 12 months (planned recruitment is a good indicator of planned business growth),

#### Notes for UKCES

The indicators in this section are drawn from the UKCES National Employer Skills survey (NESS). Whilst the questions in this survey provide useful evidence for this measure, alternative questions could provide a closer match. In particular, the existing questions do not consider the extent to which leaders and managers are planning for growth and implementing the appropriate tools and techniques to help them achieve it. The UKCES is encouraged to consider developing some new questions to address this.

## Measure 2 - More businesses creating new and better jobs

### *More businesses creating new and better jobs*

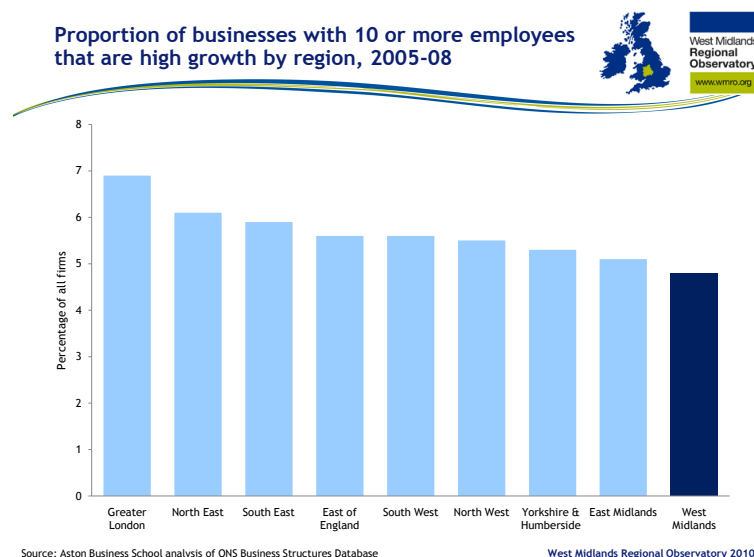
**Rationale:** There are two elements to this measure. The first involves the extent to which real jobs are or have been created whilst the second looks at the extent to which workforce qualification levels are changing (and hopefully, improving). An assumption is being made that an improvement in qualification levels suggests that businesses are either:

- employing better-qualified people;
- investing in or developing the skills of their workforce; or
- Creating better jobs (for which more highly qualified people are required).

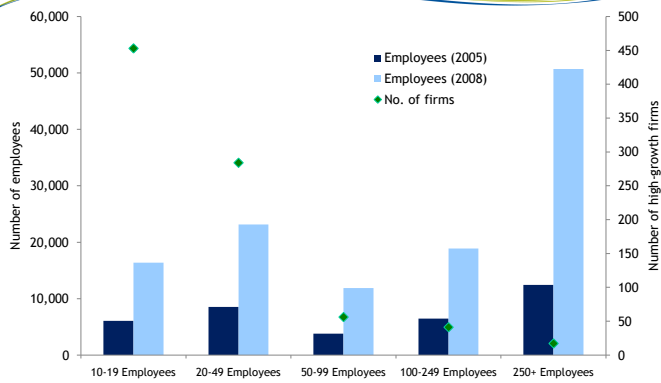
**Choice of indicators:** Measuring the number of new jobs being created is not straightforward. One option would be to just look at the total number of jobs in the regional economy. However, this fails to take account of the fact that jobs are being lost at the same time as others are being created. Therefore, we need to measure the number of jobs being created. One approach to this is to monitor the number of businesses creating significant numbers of new jobs. The way we have chosen to do this is by looking at “high growth businesses”, normally defined as those whose number of employees grows by an average of 20% per year over a 3 year period.

Measurement of the quality of jobs depends on the definition of “quality” to be used. We have used two approaches. The first is to look at the qualification levels required to do the jobs and the second at the occupations involved. Neither gives the full picture but together they provide a strong view of how the quality of jobs is changing.

#### Data:



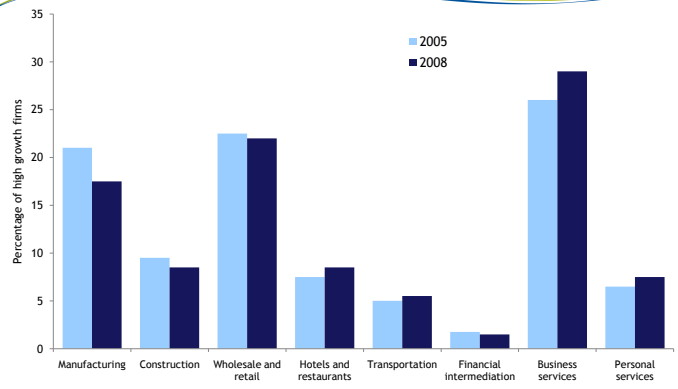
### Employment in high growth firms between 2005-08, by size of firm at start of period



Source: Aston Business School analysis of ONS Business Structures Database

West Midlands Regional Observatory 2010

### High growth firms in the West Midlands by sector



Source: Aston Business School analysis of ONS Business Structures Database

West Midlands Regional Observatory 2010

### Number and proportion of high growth firms by region

	2002-05		2005-08		Change in the number of firms between 2002-05 and 2005-08	% change in the number of firms between 2002-05 and 2005-08
	Number of firms	% of firms	Number of firms	% of firms		
North East	357	6.2%	389	6.1%	+32	+9.0%
North West	1,151	6.1%	1,199	5.5%	+48	+4.2%
Yorkshire & the Humber	879	6.1%	870	5.3%	(9)	(1.0%)
East Midlands	740	5.7%	720	5.1%	(20)	(2.7%)
West Midlands	904	5.6%	851	4.8%	(53)	(5.9%)
East of England	979	5.8%	1,025	5.6%	+46	+4.7%
London	2,103	7.5%	2,219	6.9%	+116	+5.5%
South East	1,583	6.2%	1,689	5.9%	+106	+6.7%
South West	883	6.2%	900	5.6%	+17	+1.9%
ENGLAND	9,579	6.3%	9,862	5.7%	+283	+3.0%

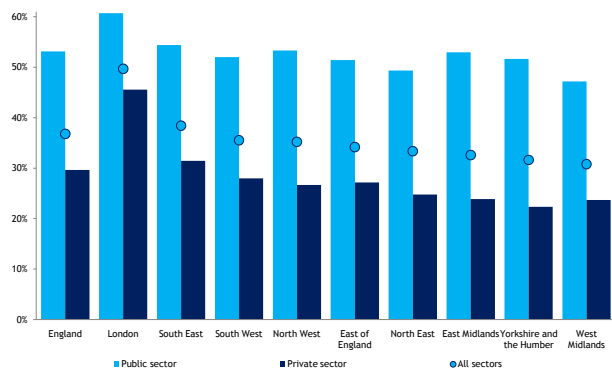
## Employment in high growth firms (2005-08) by size band at start of period

No of employees	No. of firms	Employees (2005)	Employees (2008)	Change in the no of employees between 05 & 08	% change in the no of employees between 05 & 08	Average no of employees per firm in 2005	Average number of employees per firm in 2008
10-49 Employees	737	14600	39530	24930	30%	20	54
50-99 Employees	56	3807	11874	8067	10%	68	212
100-249 Employees	41	6471	18875	12404	15%	158	460
250+ Employees	17	12440	50707	38267	46%	732	2983
<b>TOTAL</b>	<b>851</b>	<b>37318</b>	<b>120986</b>	<b>83668</b>	<b>100%</b>	<b>44</b>	<b>142</b>

## Employment in high growth firms (2005-08) in England and the West Midlands by size band

No of employees	% of High Growth Firms		% of Employees in High Growth Firms (2005)		% of Employees in High Growth Firms (2008)		% of Jobs Created 2005-2008	
	West Midlands	England	West Midlands	England	West Midlands	England	West Midlands	England
10-19 Employees	53%	53%	16%	12%	14%	13%	12%	14%
20-49 Employees	33%	31%	23%	15%	19%	17%	17%	18%
50-99 Employees	7%	8%	10%	9%	10%	9%	10%	10%
100-249 Employees	5%	5%	17%	11%	16%	12%	15%	13%
250+ Employees	2%	3%	33%	53%	42%	49%	46%	46%

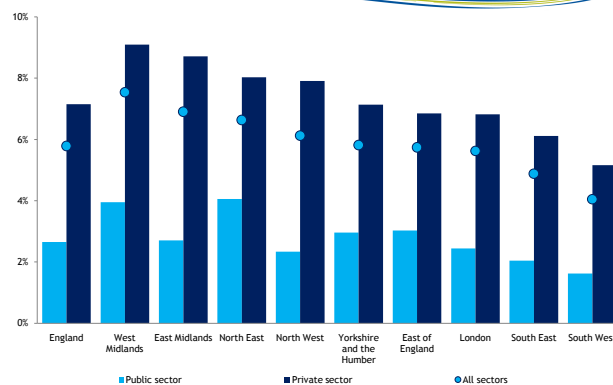
Proportion of employees qualified to NVQ level 4+, by sector and region



Source: ONS Labour Force Survey, April-June 2010

West Midlands Regional Observatory 2010

Proportion of employees with no qualifications, by sector and region



Source: ONS Labour Force Survey, April-June 2010

West Midlands Regional Observatory 2010

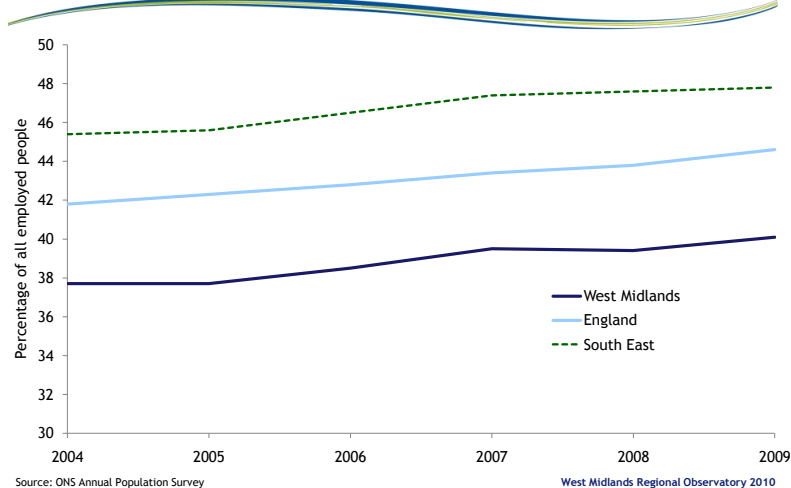
### Proportion of private sector employees by qualification level and region

Region	NQF Level 4+	NQF Level 3	Trade Apprenticeships	NQF Level 2	Below NQF Level 2	Other quals	No quals
North East	25%	20%	7%	20%	14%	7%	8%
North West	27%	18%	7%	18%	15%	8%	8%
Yorkshire & the Humber	22%	20%	6%	19%	16%	9%	7%
East Midlands	24%	18%	6%	18%	15%	10%	9%
West Midlands	24%	18%	6%	18%	16%	9%	9%
East of England	27%	17%	6%	18%	15%	9%	7%
London	46%	11%	2%	10%	8%	16%	7%
South East	31%	17%	5%	17%	13%	9%	6%
South West	28%	19%	7%	19%	14%	8%	5%
England	30%	17%	6%	17%	14%	10%	7%
England (excl. London)	27%	18%	6%	18%	15%	9%	7%

### Proportion of public sector employees by qualification level and region

Region	NQF Level 4+	NQF Level 3	Trade Apprenticeships	NQF Level 2	Below NQF Level 2	Other quals	No quals
North East	49%	18%	1%	16%	8%	3%	4%
North West	53%	17%	1%	15%	7%	4%	2%
Yorkshire & the Humber	52%	16%	1%	14%	10%	4%	3%
East Midlands	53%	17%	2%	14%	8%	4%	3%
West Midlands	47%	18%	1%	16%	10%	4%	4%
East of England	51%	14%	1%	14%	11%	6%	3%
London	61%	12%	1%	10%	5%	8%	2%
South East	54%	16%	1%	14%	8%	4%	2%
South West	52%	15%	2%	16%	9%	4%	2%
England	53%	16%	1%	14%	8%	5%	3%
England (excl. London)	52%	16%	1%	15%	9%	4%	3%

## Proportion of workers in managerial, professional and technical occupations



### Observations from the data

Research (source: *The Vital 6 per cent - how high-growth innovative businesses generate prosperity and jobs*, NESTA, October 2009) shows that half of all new jobs created are by high-growth businesses (i.e. those that which enjoy growth of at least 20% per annum over a three-year period - the official OECD definition). If more of our businesses aspire to become high-growth, this will stimulate real job growth with associated economic benefit for the West Midlands region. The following observations from the data available are:

#### (Jobs)

- the West Midlands has the lowest proportion of high-growth firms of all the English regions (851 or 4.8% of businesses in the period 2005-2008);
- in 2005 these businesses employed a total of 37,318 people; by 2008 this figure had grown to 120,986. The average number of jobs in each business rose from 44 to 142 over that three-year period;
- most of the reported job growth between 2005 and 2008 was observed in the small number (17) of high-growth businesses that employed 250 people or more (these accounted for 46% of the new jobs created), while the larger number (737) of small high-growth businesses employing fewer than 50 people accounted for just 30% of the reported job growth;
- whilst the proportion of high-growth-businesses has fallen across the country (0.6 percentage points), it has fallen faster in the West Midlands (by 0.8 percentage points from 5.6% to 4.8%) in the period 2005-2008;
- separate work on a cohort of business start-ups over a ten year period (source: *Who creates the jobs: Michael Anyadike-Danes, Mark Hart and Karen Bonner, October 2009*) suggests that the businesses which are expected to grow fastest and create the most new jobs are likely to be those which were set up with less than ten employees..

#### (Qualifications)

- the West Midlands has the lowest proportion of employees qualified to NQF Level 4 (or above) in the private sector (24%) compared to a national average of (30%) and in the public sector it is (47%) and (53%) respectively. This suggests that West Midlands'

employers tend to recruit fewer graduates than their counterparts elsewhere in the country. This is also reflected in the mix of occupations in the region, with fewer people employed in managerial, professional and technical jobs and more in the lower-skilled occupations. Over time, more jobs have been created in higher-skilled occupations, both regionally and nationally, but the West Midlands still lags and the gap is not closing; and

- the West Midlands has the highest proportion of unqualified employees in the private sector (9%) compared to a national average of (7%) and in the public sector it is (4%) and (3%) respectively

### Policy implications

There are discrete policy implications for small and larger businesses.

There is a strong rationale for concentrating business support activities on those businesses which have the highest propensity to grow and create new jobs, i.e. those which were set up with less than ten employees, have already gone through their initial growth spurt (which is likely to have taken place during the first three years after the business was established), and are now likely to employ 20 people or greater. Support (if given at the right time, possibly between three and five years after start-up, following the initial growth spurt), could help these businesses to continue growing and sustain their ambitions for growth. As a function of their growth potential, these businesses are more likely to create more and better jobs, providing a fertile market for graduate talent (including graduate placements, internships and full-time graduate jobs).

These businesses are not sector-specific. They are spread across all sectors of the economy and their growth performance is commonly attributed to strong planning, leadership and management.

As noted below, further work is required to explore the role of export activity and inward investment in driving business growth.

### Notes for UKCES

The data on high-growth businesses presented above is taken from work undertaken by Aston Business School on behalf of Advantage West Midlands, building on earlier, national work undertaken by NESTA. The data comes from the Business Structure Database (BSD) which is based on annual abstracts from the Inter-Departmental Business Register (IDBR) and is held in the Office for National Statistics (ONS) Virtual Micro-data Lab (VML). This information is not widely available and the UKCES should consider the case for making this data more accessible to partners, if it is considered to be of particular use.

The OECD definition of high-growth businesses has been adopted because it is the standard headline indicator. Work is needed to explore additional indicators that could be used to explore the role of export activity and inward investment in driving business growth.

## Measure 3 - More businesses reporting an increase in value-added

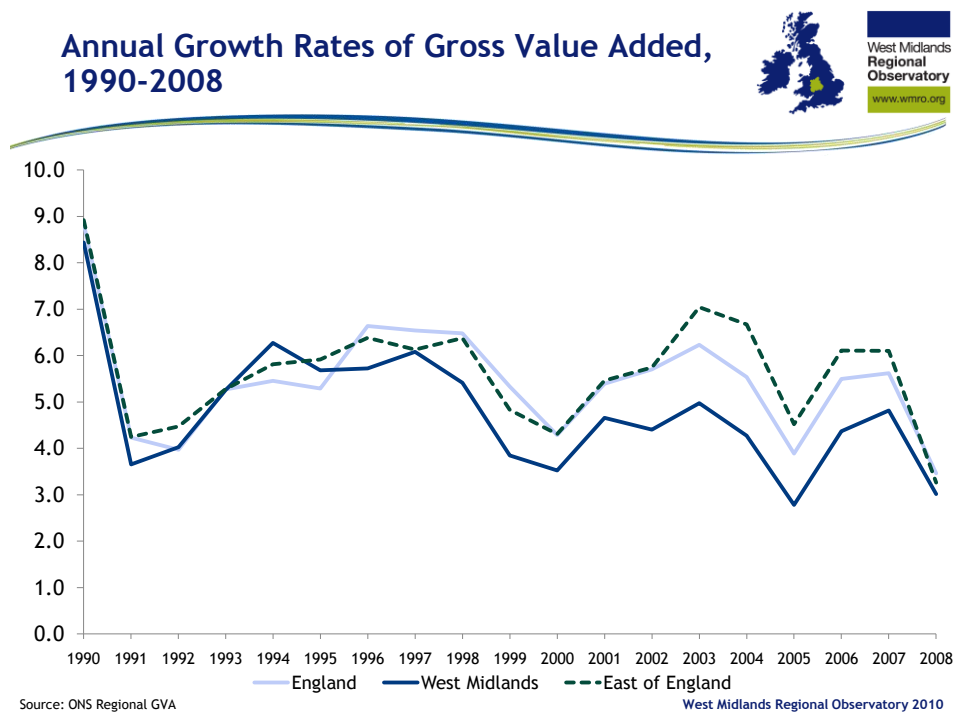
### More businesses reporting an increase in value-added

**Rationale:** The assumption is made that those businesses which report an improvement in their productivity are more likely than others to have a higher propensity to grow and create new jobs.

**Choice of indicators:** We do not have data about individual businesses so we can't directly measure the number of businesses seeing an increase in value-added. Therefore, we need to use measures which cover all businesses. The standard indicator is Gross Value Added (GVA), which measures total economic output.

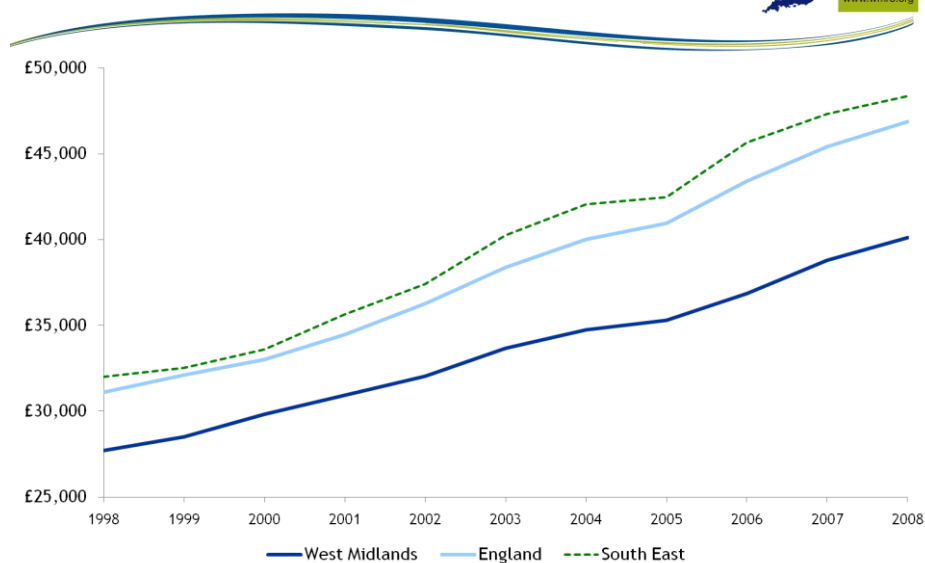
However, GVA alone is not ideal for comparative purposes given the different sizes of different economies, so we also need to use indicators which take account of these differences. One standard measure is GVA per head of population. However, this is not ideal because it is influenced by factors such as commuting, worklessness rates and age profiles as well as by productivity. Therefore, we are using GVA per employee, which is a better measure of labour productivity.

**Data:**



	GVA (2008)	GVA (2007)	GVA (1998)	% change 98-08	% change 07-08
West Midlands	£94.5bn	£91.7bn	£63.5bn	+48.9%	+3.0%
England	£1,081.4bn	£1,045.3bn	£769.6bn	+64.3%	+3.5%
England (excl. London)	£994.5bn	£961.9bn	£622.0bn	+59.9%	+3.4%
East of England	£111.6bn	£108.0bn	£65.9bn	+69.2%	+3.3%

## GVA per employee, 1998-2008



Source: ONS Regional GVA, Annual Business Inquiry

West Midlands Regional Observatory 2010

	GVA per employee (2008)	GVA per employee (2007)	GVA per employee (1998)	% change 98-08	% change 07-08
West Midlands	£40,119	£38,801	£27,700	+44.8%	+3.4%
England	£46,868	£45,436	£31,114	+50.6%	+3.2%
England ex London	£43,182	£41,816	£29,364	+47.1%	+3.3%
South East	£48,367	£47,326	£31,998	+51.2%	+2.2%

## Gross Value Added per employee by industrial sector (2007)

Sector	West Midlands	England	West Midlands proportion of England total
Agriculture, hunting, forestry and fishing	£32,991	£34,295	96%
Mining and quarrying	£75,832	£96,782	78%
Manufacturing	£44,822	£53,103	84%
Electricity, gas and water supply	£178,522	£187,900	95%
Construction	£53,995	£61,640	88%
Wholesale and retail trades (including motor)	£29,786	£31,814	94%
Hotels and restaurants	£19,186	£19,807	97%
Transport, storage and communication	£47,494	£55,345	86%
Financial intermediation	£70,698	£99,233	71%
Real estate, renting and business activities	£52,311	£61,903	85%
Public administration and defence	£34,691	£40,760	85%
Education	£27,486	£29,057	95%
Health and social work	£25,085	£26,790	94%
Other services	£36,487	£45,519	80%

## Observations from the data

The following observations from the data available are:

- the rate of growth of GVA in the West Midlands has consistently fallen below the national average since the mid-1990s;
- the growth rate of GVA fell both regionally and nationally during 2008, the year which saw the onset of the recent recession and the gap between regional and national growth also reduced in size. Data for 2009 (to be released in 2010) is expected to show the full impact of the recession;
- outside of London, growth in GVA over the last decade has been strongest in the East of England region, allowing its economy to grow from a size similar to that of the West Midlands from the outset of the decade to become £20 billion larger now; and
- labour productivity rates (GVA per employee) over the last decade have grown faster in other regions than they have in the West Midlands. As a result, the productivity gap between the West Midlands and the English average has arisen from ca £3,500 per worker to more than £6,500 per worker over the same period (removing London from the national figures reduces the gap by approximately 50%).
- labour productivity rates (GVA per employee) vary significantly by industrial sector. For most public sector occupations (for example health and social work and education) there is little difference between the West Midlands and the English average. However, this is not the case for private sector occupations, where there are significant variances. The biggest differences tend to be seen in sectors such as financial intermediation and business services, with variances of 20% or greater being observed.

## Policy implications

The GVA gap can be attributed to a couple of significant factors. One is the fact that the West Midlands has relatively more of those industries which report lower productivity levels (traditional industries and manufacturing), whilst it has relatively fewer of those industries which tend to innovate and are more likely to grow (for example, digital media and ICT). The other comes from the fact that businesses in the West Midlands are less likely to create better jobs and demand better-qualified people, which is in itself exerting a downward pressure on regional productivity.

In order to address these problems:

- inward investment activities should focus on attracting strong, productive and growing businesses from specific sectors (including: environmental technologies, advanced manufacturing, low carbon construction and digital media) which are expected to grow significantly on the back of new and emerging market opportunities;
- the market should encourage existing businesses to become more efficient and productive (the presence of new and efficient inward investors could provide a catalyst for this to happen);
- referring to the policy implications from **measure 1**, business support activities should be concentrated on those businesses which have the highest propensity to grow and create new jobs, specifically those operating in high-growth sectors which are currently under-represented in the West Midlands region. For example, research\* suggests that up to 15,000 new jobs (the majority of them at graduate and apprentice level) could be created in the Digital Media sector alone, if employment levels in the sector could be raised in line with the national average). Significant opportunities also exist in other sectors.

*\* (source: investing in skills for business clusters: opportunities for maximising our potential for growth, Advantage West Midlands, 2010)*

#### Notes for UKCES

The Commission is to note that the current range of data and indicators available to measure overall GVA is restricted to sector level and does not allow access to more specific GVA information relating to individual businesses. This data would be very useful (it is acknowledged that it would have to be ‘anonymised’).

## Measure 4 - More investment in qualifications and programmes

### *More investment in qualifications and programmes relevant to business goals and target markets*

**Rationale:** The assumption is made that those businesses which invest in qualifications and programmes relevant to their business goals and target markets are more likely than others to have a higher propensity to grow and create new jobs.

**Choice of indicators:** There are no suitable indicators of the level of business investment in staff development which can be used to inform this measure, although the indicators under measure 1 provide some useful information.

We do have information about public investment in learning programmes such as further education, apprenticeships and Train to Gain. Investment in these programmes doesn't necessarily mean they are relevant to business goals. However, we have compared levels of investment in different sector areas with current employment levels and with future projections of employment, to assess whether investment matches with business needs.

The comparisons we have presented are complicated by the different sectoral definitions used by different sources. We have matched these as closely as possible but the match isn't perfect. Details are provided in the interpretation section below. In particular, some types of learning programme relate to occupations which can be found across several different industrial sectors (e.g. Business Administration and Law or ICT).

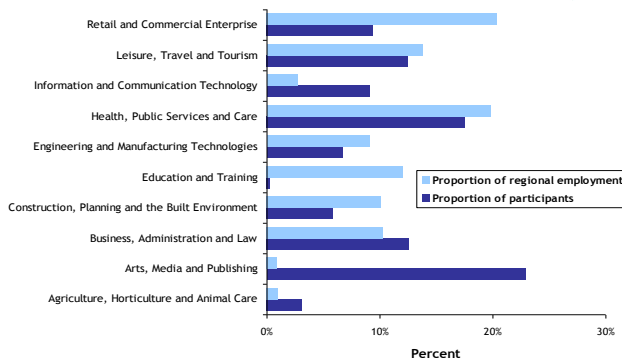
**Data:**

#### Starts and Participation of learners by programme type - West Midlands

Sector subject area	FE under 19	FE 19+	Apps	TTG
Agriculture, Horticulture and Animal Care	3,582	3,582	534	1,006
Arts, Media and Publishing	26,292	17,774	21	31
Business, Administration and Law	14,419	14,829	6,578	16,194
Construction, Planning and the Built Environment	6,732	6,681	2,997	8,189
Education and Training	380	8,507	123	1,816
Engineering and Manufacturing Technologies	7,697	8,271	3,797	10,119
Health, Public Services and Care	20,104	32,398	3,582	15,937
History, Philosophy & Theology	7,512	3,653	0	0
Information & Communication Technology	10,375	24,106	903	2,730
Languages, Literature and Culture	14,316	12,746	0	10
Leisure, Travel and	14,275	6,845	1,160	1,837

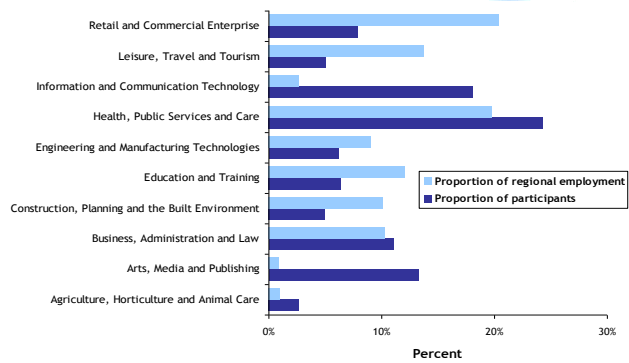
Tourism				
Preparation for Life and Work	103,393	89,775	0	14,819
Retail and Commercial Enterprise	10,755	10,529	4,926	11,165
Science and Mathematics	26,959	4,454	0	10
Social Sciences	7,974	821	0	0
Unknown / Not Applicable	69,035	7,389	0	21
Total Aims	343,798	252,361	24,619	83,884

Learners by programme type and regional employment: young people in FE



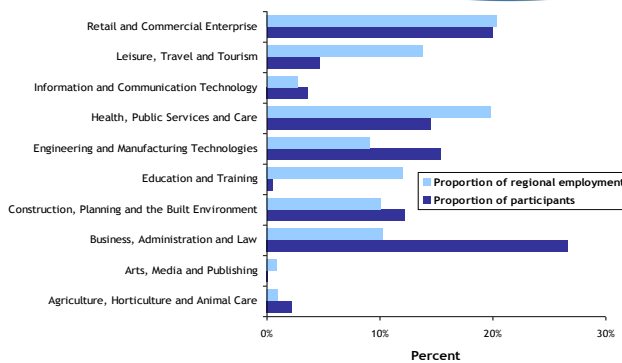
Source: SFA national data 2008/2009, ONS Annual Business Inquiry regional data 2008

Learners by programme type and regional employment: adults in FE



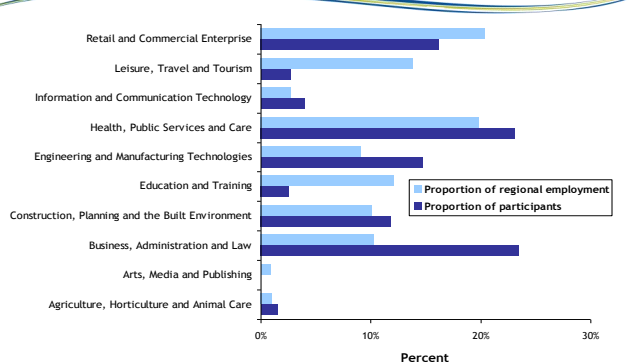
Source: SFA national data 2008/2009, ONS Annual Business Inquiry regional data 2008

Learners by programme type and regional employment: Apprenticeship starts



Source: SFA national data 2008/2009, ONS Annual Business Inquiry regional data 2008

Learners by programme type and regional employment: Train to Gain starts



Source: SFA national data 2008/2009, ONS Annual Business Inquiry regional data 2008

Observations from the data

In a perfect market, it would be reasonable to expect that levels of participation in training should reflect the overall make-up of the economy. For example, if a particular sector

comprises 10% of regional employment, then it would be reasonable to expect that it should attract 10% of regional investment in training, i.e. 10% of all regional learners.

The data referred to below relates purely to public-subsidised training provision as it is impossible to obtain accurate data to quantify levels of investment and participation in training that is paid for by the private sector.

The data is of particular relevance for sectors which rely on young people leaving further education, completing apprenticeship programmes, or adults in further education. Work is in progress to provide similar data and analysis for higher education programmes which is of particular relevance for sectors that rely on graduate level skills (e.g. advanced manufacturing, digital media, ICT, business & professional services and environmental technologies).

For a given sector:

- where the proportion of regional learners is less than the proportion of regional employment, the data suggests that there is a regional skills gap i.e. there are less people training to enter the sector, than the expected number of available jobs
- conversely, where the proportion of regional learners is greater than the proportion of regional employment, the data suggests that there could be a resulting skills surplus, i.e. there are more people training to enter the sector, than the expected number of available jobs

The following observations from the data available are:

- 2.0 million people were employed in the West Midlands (across all sectors of the economy) in 2008;
- in the same year, 344,000 young people and 253,000 adults participated in some kind of further education, a further 25,000 people took part in apprenticeship programmes, and 84,000 people undertook some training through the Government backed Train to Gain scheme.

Young people in further education

The data suggests that (for many sectors) the observed take up rates for training differ significantly from the level that would be expected in a perfect market. Here are two examples to highlight the most significant differences:

- retail and commercial enterprise accounts for 20.4% of regional employment (407,000 people), but only 9.4% of further education learners (10,800 people). This suggests that levels of training may be insufficient to meet the continuing demand for jobs in this sector;
- arts, media and publishing account for 0.9% of regional employment (17,000 people), but attracts more than its fair share of learners at 22.9% (26,300 people). This suggests that far more young people are being attracted to study these subjects than the number of expected available jobs;
- health, public services and care account for 19.8% of regional employment (394,000 people), but attracts 17.5% of further education learners (20,100 people). This suggests that fewer young people are being attracted to study these subjects than the number of expected available jobs.

## Adults in further education

As with young people, the data suggests that (for many sectors) the observed take up rates for training differ significantly from the level that would be expected in a perfect market. Some of the differences are similar to those observed for young people in further education:

- retail and commercial enterprise accounts for 20.4% of regional employment (407,000 people), but only 7.9% of further education learner (10,500 people). This suggests that levels of training may be insufficient to meet the continuing demand for jobs in this sector;
- arts, media and publishing account for 0.9% of regional employment (17,000 people), but 13.3% of further education learners (17,800 people). This suggests that far more adults are being attracted to study these subjects than the number of expected available jobs;
- health, public services and care account for 19.8% of regional employment (394,000 people), but attracts 24.3% of further education learners (32,400 people). This suggests that more adults are being attracted to study these subjects than the number of expected available jobs.

## Apprenticeship starts

The data suggests that the following sectors attract the highest proportion of apprenticeship starts:

- business administration and law accounts for 10.3% of regional employment, and 26.7% of apprenticeship starts;
- engineering and manufacturing technologies account for 9.1% of regional employment, and 15.4% of apprenticeship starts;
- construction, planning and the built environment account for 10.1% of regional employment, and 12.2% of apprenticeship starts

Whilst the following sectors attract the lowest proportion of apprenticeship starts:

- leisure, travel and tourism account for 13.8% of regional employment, and just 4.7% of apprenticeship starts;
- health, public services and care account for 19.8% of regional employment, and just 14.5% of apprenticeship starts

## Policy implications

The data suggests that participation in training is not directly proportional to levels of employment within each of the main economic sectors. It also appears to suggest that the education system is producing a surfeit of young people with the qualifications that are needed for smaller niche sectors such as arts and media; while producing a significant shortfall of young people with the qualifications that will fit them out for work in the sectors which are creating more jobs.

This could be attributed to a couple of significant factors. One is the extent to which young people are given appropriate information advice and guidance to help them choose those areas of study that are most likely to help them get a job. The apparent mismatch between study choices and employment levels appears to suggest that significant numbers of young people are being encouraged to study in subject areas where employment levels are low,

while insufficient young people are being encouraged to study those subjects which are most likely to improve their employment prospects.

The other is the extent to which employers operating within particular sectors are inclined to invest in training. This aspect is augmented by Measure 5 which looks at the subject of employer investment in training for the economy as a whole.

#### Notes for UKCES

The data for proportion of regional learner starts is actually a proxy extracted from national figures supplied by the Skills Funding Agency. It has not been possible to obtain regional data because it is not published.

This measure could be developed to a greater level of accuracy if the following data could be made available:

- Learner start data by subject area and sector - further education, apprenticeships and higher education

## Part 2 Individuals - more able to exploit job opportunities throughout their working lives

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# Measure 5 - More individuals receiving training from their employers

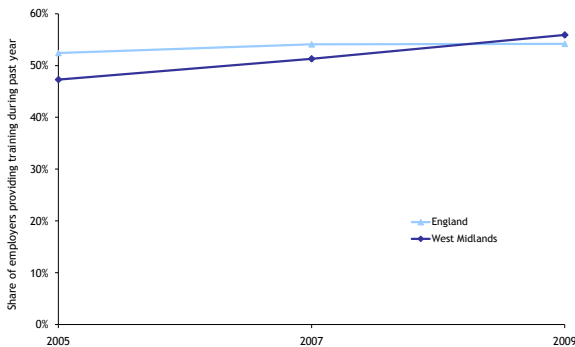
## More individuals receiving training from their employers

**Rationale:** The assumption is that if employees receive appropriate training they will acquire more and relevant skills and become better qualified. As a result, they are likely to be more productive and contribute to their employers' ability to create more jobs. There are two ways to look at this indicator. One being from the employers' perspective and the extent to which they are investing in the skills of their staff; the other being from the employees' perspective and the extent to which they have or will be offered training from their employers.

**Choice of indicators:** As indicated above this measure can be considered from both the employer's and the individual's perspective. We have used indicators covering both perspectives. From the employer's point-of-view we have used evidence about the number of employers providing training of different kinds for their employees over the past year. From the individual's perspective we have indicators of the proportion of people who received job-related training in the previous quarter.

**Data:**

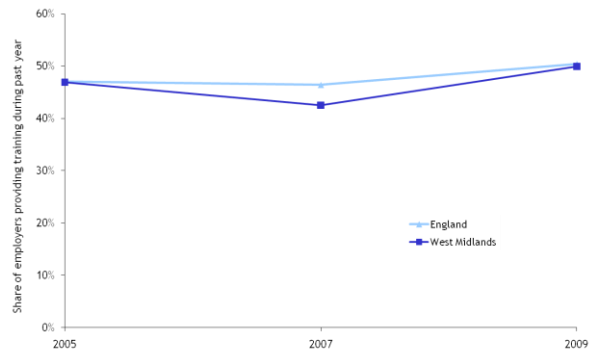
Proportion of employers providing on-the-job training provision for their staff



Source: UKCES/LSC National Employer Skills Survey

West Midlands Regional Observatory 2010

Proportion of employers providing off-the-job training provision for their staff



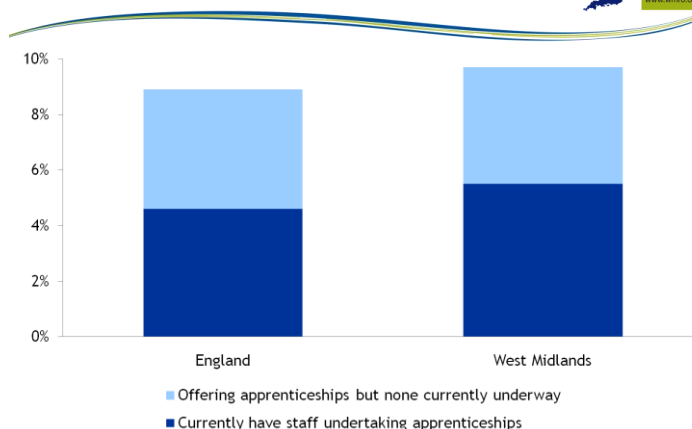
Source: UKCES/LSC National Employer Skills Survey

West Midlands Regional Observatory 2010

### Percentage of employers providing training for their employees in the last year

		On-the-job	Off-the-job
2005	West Midlands	47.3%	46.9%
	England	52.4%	47.0%
2007	West Midlands	51.3%	42.5%
	England	54.1%	46.4%
2009	West Midlands	55.9%	49.9%
	England	54.2%	50.4%

### Proportion of employers offering apprenticeships



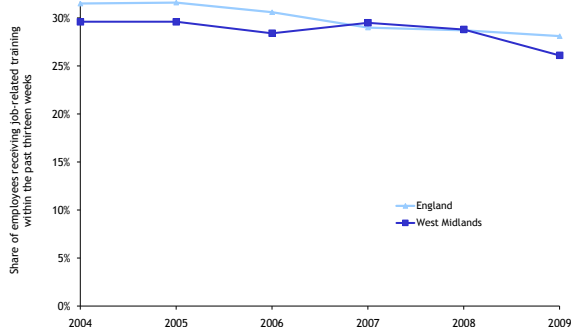
Source: UKCES National Employer Skills Survey 2009

West Midlands Regional Observatory 2010

### Percentage of employers offering apprenticeships (2009)

	West Midlands	England (including London)	England (excluding London)
Currently have staff undertaking apprenticeships	5.5%	4.6%	4.8%
Offering apprenticeships but none currently	4.2%	4.3%	4.4%
Offer apprenticeships for 16-18 year olds	6.6%	6.6%	7.0%
Offer apprenticeships for 19-24 year olds	7.0%	6.9%	7.3%
Offer apprenticeships for 25+ year olds	4.7%	5.2%	5.4%

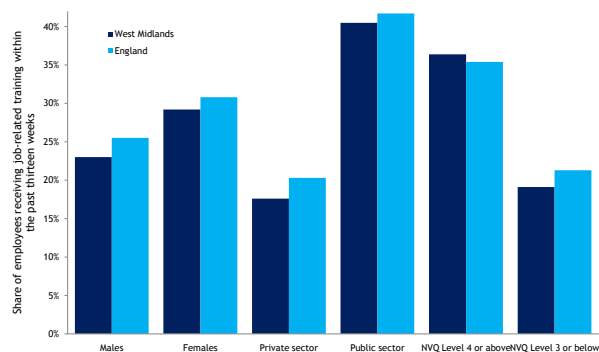
### Percentage of employees receiving job-related training in last 13 weeks



Source: ONS Annual Population Survey

West Midlands Regional Observatory 2010

### Percentage of employees receiving job-related training in last 13 weeks



Source: ONS Annual Population Survey 2009

West Midlands Regional Observatory 2010

### Percentage of employees receiving job-related training in the last 13 weeks

		2004	2005	2006	2007	2008	2009
All people	West Midlands	29.6%	29.6%	28.4%	29.5%	28.8%	26.1%
	England	31.5%	31.6%	30.6%	29.0%	28.7%	28.1%
Males	West Midlands	25.7%	27.3%	25.9%	27.1%	26.0%	23.0%
	England	28.9%	29.0%	28.3%	26.6%	26.3%	25.5%
Females	West Midlands	33.9%	32.2%	31.0%	32.1%	31.7%	29.2%
	England	34.4%	34.4%	33.1%	31.6%	31.2%	30.8%
Private sector	West Midlands	21.4%	21.0%	20.9%	21.7%	20.8%	17.6%
	England	23.8%	23.7%	22.9%	21.6%	21.1%	20.3%

Public sector	West Midlands	45.4%	47.3%	43.0%	43.3%	43.3%	40.5%
	England	45.9%	46.1%	44.7%	42.8%	42.5%	41.7%
NVQ Level 4 or above	West Midlands	41.9%	42.2%	39.5%	38.8%	39.1%	36.4%
	England	41.4%	40.5%	39.1%	37.2%	36.7%	35.4%
NVQ Level 3 or below	West Midlands	23.0%	22.8%	21.8%	22.8%	21.9%	19.1%
	England	24.3%	24.5%	23.8%	22.2%	21.9%	21.3%

### Observations from the data

The following observations from the data available are:

- over the last five years the proportion of employers providing on-the-job training for employees has grown, both regionally and nationally. The rate of regional growth has surpassed the national figure, and (for the first time as reported in 2009) the proportion of regional businesses providing on-the-job training has now overtaken the English average;
- the proportion of employers providing off-the-job training is just below the English average, with very little reported change over the last five years;
- compared to the English average, proportionally more businesses in the West Midlands either already employ an apprentice or offer apprentice-level jobs. This is not unexpected given the regional industrial heritage, and concentration of manufacturing businesses;
- whilst regional businesses offer proportionally more apprentice-level jobs than is the case in other regions, they are offered by as little as five per cent of businesses (one in twenty);
- whilst more businesses report that they are investing in training, the data suggests that employees do not always recognise this to be the case. Data extracted from the Labour Force Survey (LFS) which is produced annually by the ONS suggests that falling numbers of employees (both regionally and nationally) are reporting that they have received any training from their employer. This would appear to suggest that employers might be investing in some (but not all) of their employees. It might also suggest that on-the-job training is not always perceived to have any real value from an employee's perspective or that employees do not recognise that they are receiving training, even though this might, in fact, be the case;
- LFS data provides interesting insight into employer choices about their investment in training. Over the last five years, twice as many employees, who are qualified to graduate level or higher, consistently report that they have received training from their employer, than their lower-qualified counterparts; and
- LFS data also suggests that public sector employees are twice as likely to be offered training as their counterparts in the private sector. This factor may explain why women are more likely to receive training than men, since they are also more likely to be employed in the public sector.

### Policy implications

Consideration should be given as to the most effective way to support and encourage employers from within the private sector to understand the benefits to their business of investment in training. This could also include support to develop and implement training plans. Evidence presented in **measure 1** suggests that businesses in the West Midlands use planning tools (including training plans) to the same extent as their counterparts in other areas of the country. However, the data presented in this measure (**measure 5**) suggests that

falling numbers of employees are reporting that they have received training from their employer - which indicates that training plans are not always being implemented, and may be indicative of weaknesses in leadership and management.

Given that public sector employment and spending are expected to contract significantly, it will become increasingly difficult for employers to receive training subsidies. However, in order to maintain their productivity and competitiveness, the need for employers to invest training is likely to increase.

Considering the increased importance placed by Government on improving the take-up of apprenticeship programmes, attention must focus on supporting businesses (especially the smaller ones which often lack the resources to recruit and develop apprentices) to create more apprenticeship jobs and placements.

The statement of investment priorities recommends “Continue and put **more emphasis on support for all types of apprenticeships** in small and medium sized businesses (not just the traditional trade/craft apprenticeships) and there needs to be more flexibility for employers to offer apprenticeships for limited trial or fixed term periods before making a commitment to full employment status.”

#### Notes for UKCES

It would be helpful to obtain more detailed information about the nature and extent of training provided by employers, as this would help to add some context to the issue.

## Measure 6 - More young people accessing high-quality, independent advice & guidance

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### ***More young people accessing high-quality, independent advice and guidance***

**Rationale:** Young people who have access to better information, advice and guidance are more likely to:

Assumption 1: Seek qualifications and employment in sectors where job growth is more likely to take place

Assumption 2: Make informed education and career choices which give them a better chance of gaining employment

**Choice of indicators:** We have also been unable to obtain data which directly measures the number of young people accessing advice and guidance. Therefore, we are using indicators which illustrate the choices which young people make as, or shortly after, they leave compulsory education. This is based on the assumption that young people accessing advice and guidance will be more likely to make choices which will lead to the best employment opportunities.

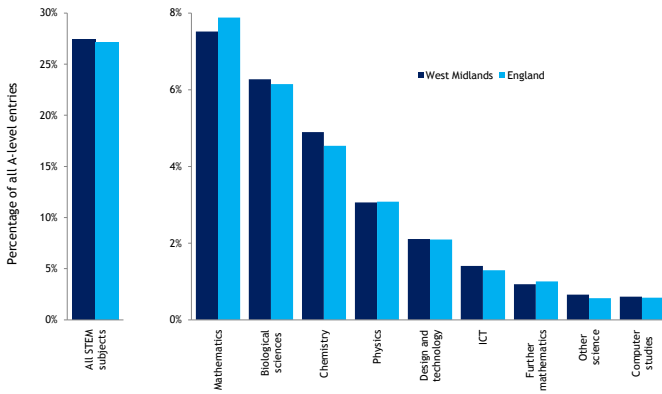
There are many indicators of this kind that we could have chosen. The ones we have used cover young people's choice of A-level subjects, focusing on those choosing Science, Technology, Engineering and Mathematics subjects, the intended destinations of school leavers and the activities of 16 and 17 year olds, particularly whether they were participating in education and training.

We are again required to use proxy measures which assess the results of the choices that young people make, not the reasons for those choices.

There are a wide range of indicators which we could have chosen under this measure, including some which feature under other measures, notably measure 6. The ones chosen here include the percentage of young people who are not in employment, education or training (known as NEET), the proportion achieving 5 good grades at GCSE including English and Maths, and the proportion of 19-year-olds who have achieved qualifications at level 2 and level 3.

Data:

A-level entries in STEM subjects



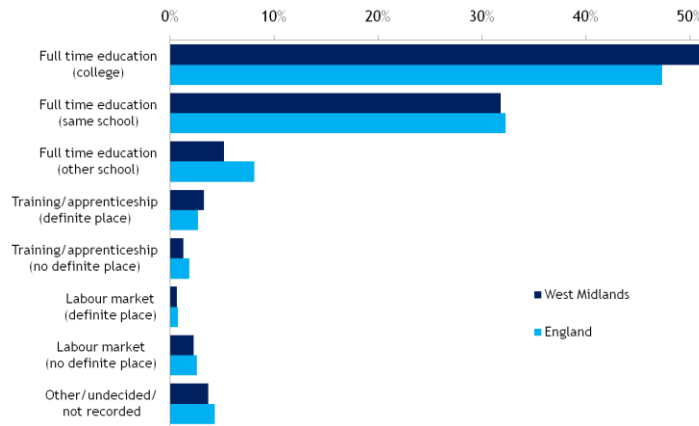
Source: DCSF Exam Results Statistics

West Midlands Regional Observatory 2010

Number of A-level entries in STEM subjects

	West Midlands	England
Biological Sciences	4,237	39,530
Chemistry	3,306	29,173
Physics	2,068	19,824
Other Science	443	3,626
Mathematics	5,077	50,701
Further Mathematics	628	6,435
Design and Technology	1,421	13,488
Computer Studies	408	3,720
ICT	950	8,315
<b>TOTAL STEM SUBJECTS</b>	<b>18,538</b>	<b>174,812</b>
All A-level subjects	67,511	643,296
<b>% STEM SUBJECTS</b>	<b>27.5</b>	<b>27.2</b>

Intended destinations of school leavers



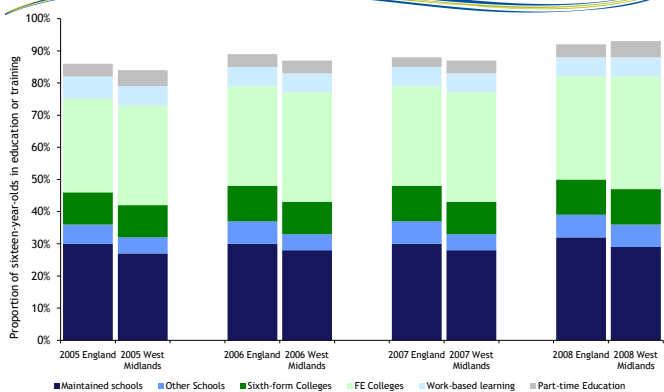
Source: National Connexions Customer Information System

West Midlands Regional Observatory 2010

## Intended Destinations of School leavers

		West Midlands	England
Full time education	Staying in same school	31.8%	32.3%
	Other school	5.2%	8.1%
	College	51.6%	47.3%
Training/Apprenticeship	Definite place	3.3%	2.7%
	No definite place	1.3%	1.9%
Labour Market	Definite place	0.7%	0.8%
	No definite place	2.3%	2.6%
Other		0.4%	0.4%
Undecided		1.9%	1.8%
Total intended destinations recorded		98.6%	97.9%
Intended destination not Recorded		1.4%	2.1%

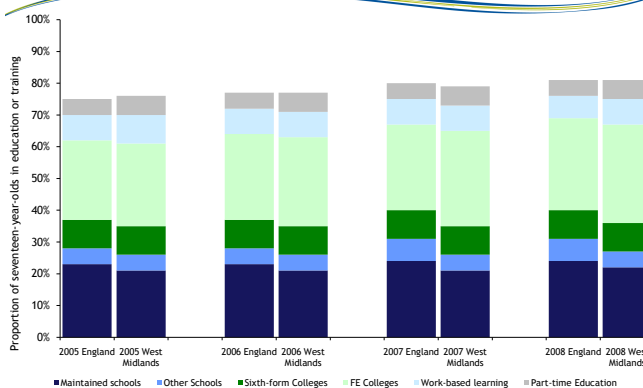
### Participation in education and training amongst sixteen-year-olds



Source: DCSF Statistical First Release

West Midlands Regional Observatory 2010

### Participation in education and training amongst seventeen-year-olds



Source: DCSF Statistical First Release

West Midlands Regional Observatory 2010

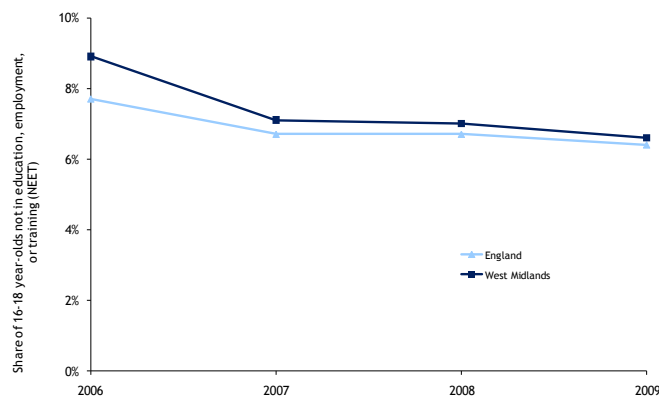
### Participation in education and training amongst 16 year olds

	2005		2006		2007		2008	
	West Mids	England	West Midl	England	West Mids	England	West Mids	England
Maintained schools	27%	30%	28%	30%	28%	30%	29%	32%
Academies & CTCs	1%	0%	1%	1%	1%	1%	2%	1%
Independent schools	4%	6%	4%	6%	4%	6%	5%	6%
Sixth form colleges	10%	10%	10%	11%	10%	11%	11%	11%
Other FE colleges	31%	29%	34%	31%	34%	31%	35%	32%
Work-based learning	6%	7%	6%	6%	6%	6%	6%	6%
Part-time education	5%	4%	4%	4%	4%	3%	5%	4%
Total in education & training	86%	86%	88%	87%	89%	88%	92%	92%

## Participation in education and training amongst 17 year olds

	2005		2006		2007		2008	
	West Mids	England	West Mids	England	West Mids	England	West Mids	England
Maintained schools	21%	23%	21%	23%	21%	24%	22%	24%
Academies & CTCs	1%	0%	1%	0%	1%	1%	1%	1%
Independent schools	4%	5%	4%	5%	4%	6%	4%	6%
Sixth form colleges	9%	9%	9%	9%	9%	9%	9%	9%
Other FE colleges	26%	25%	28%	27%	30%	27%	31%	29%
Work-based learning	9%	8%	8%	8%	8%	8%	8%	7%
Part-time education	6%	5%	6%	5%	6%	5%	6%	5%
<b>Total in education &amp; training</b>	<b>76%</b>	<b>76%</b>	<b>77%</b>	<b>77%</b>	<b>78%</b>	<b>78%</b>	<b>80%</b>	<b>80%</b>

### Proportion of young people aged 16-18 who are not in education, employment or training



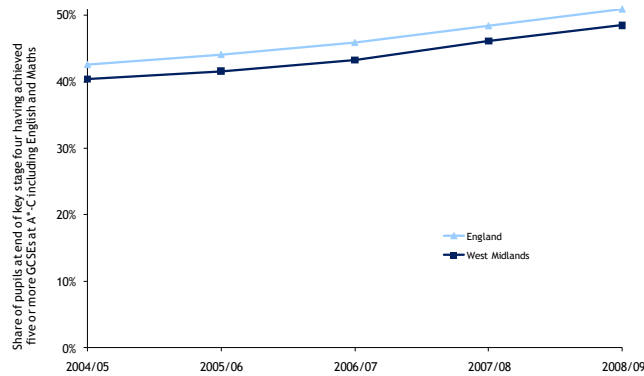
Source: DCSF Statistical First Release

West Midlands Regional Observatory 2010

### Young people (16-18) who are not in Employment, Education or Training (NEET)

	West Midlands		England	
	Number	Percentage	Number	Percentage
2006	16,190	8.9%	126,150	7.7%
2007	12,320	7.1%	109,300	6.7%
2008	13,000	7.0%	110,890	6.7%
2009	11,930	6.6%	104,120	6.4%

### Percentage of pupils achieving 5 or more GCSEs at grade A\*-C including English and Maths



Source: DCSF Statistical First Release

West Midlands Regional Observatory 2010

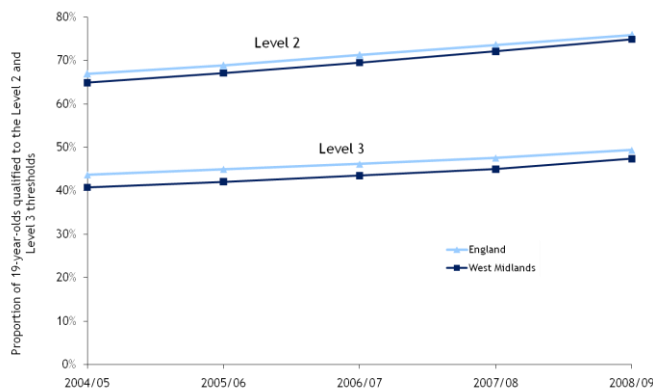
### Percentage of maintained school pupils at the end of Key Stage 4 achieving 5+ A\*-C grades at GCSE (or equivalent) including English and Mathematics

	2004/05	2005/06	2006/07	2007/08	2008/09
West Midlands	40.4%	41.6%	43.3%	46.1%	48.5%
England	42.6%	44.1%	45.9%	48.4%	50.9%

### Overall percentage of maintained school pupils at the end of Key Stage 4 achieving 5+ A\*-C grades at GCSE (or equivalent)

	2004/05	2005/06	2006/07	2007/08	2008/09
West Midlands	54.3%	56.4%	59.3%	64.1%	70.1%
England	55.0%	57.5%	60.1%	64.6%	70.0%

### Nineteen-year-olds qualified to level 2 or 3



Source: DCSF Statistical First Release

West Midlands Regional Observatory 2010

### Proportion of 19 year olds qualified to the Level 2 and Level 3 thresholds

		2004/05	2005/06	2006/07	2007/08	2008/09
Level 2	West Midlands	64.9%	67.1%	69.5%	72.1%	74.9%
	England	67.0%	68.9%	71.3%	73.6%	75.9%
Level 3	West Midlands	40.8%	42.1%	43.5%	45.0%	47.4%
	England	43.7%	45.0%	46.2%	47.6%	49.4%

## Observations from the data

The following observations from the data available are:

- 27.5% of all A-level entries in the West Midlands are for STEM subjects; this compares to the national average of 27.2%;
- 37% of school leavers in the West Midlands intend to stay on at the same or another school, compared to the national average of 47.4%;
- 51.6% of school leavers in the West Midlands intend to enter full-time further education, compared to the national average of 40.4%;
- 4.6% of school leavers in the West Midlands intend seek an apprenticeship programme, the same as the national average. However, while 3.3% of regional school leavers have secured a definite place, this compares to just 1.9% nationally. This may reflect the fact that there are currently a large number of 'programme-led' apprenticeships (i.e. apprenticeship placements without an employer to sponsor them and with no job or placement attached) offered in the region. The imminent withdrawal of programme-led apprenticeships may affect future take-up levels;
- the proportion of 16 and 17 year olds in the West Midlands participating in education and training is consistently in line with the national average;
- the proportion of young people aged between 16 and 18 who are classified as NEET has been consistently higher than the national average for the last four years (6.6% regional average compared to 6.4% national average in 2009)
- the percentage of maintained school pupils achieving 5 (or more) A\* - C GCSE's including English and Mathematics has been consistently below (circa. two percentage points lower) the national average for the last five years. The gap is slightly less (circa. one percentage point) for the percentage of maintained school pupils achieving 5 (or more) A\* - C GCSE's, excluding English and Mathematics.
- the proportion of 19 year olds qualified to level 2 and level 3 thresholds has fallen below the national average for the last five years. However, the gap has closed from 2.1 percentage points to 1.0 percentage point for level 2; and from 2.9 percentage points to 2.0 percentage points for level 3.

## Policy implications

While the same proportion of young people opt stay in education and training in the West Midlands as they do nationally, young people in the West Midlands appear to be more likely to opt for further education or apprenticeships as their preferred method of study, rather than staying on at school.

Performance at GCSE level is consistently lower than the national average, while more young people are classified as NEET. Lower performance levels cannot be directly attributed to information, advice and guidance - there are many potential reasons for this variance, including:

- levels of aspiration among young people;
- levels of awareness amongst parents;

- quality of teaching in schools (exacerbated by shortage of maths and science teachers)

However, the above average level of NEET may suggest that young people are not receiving sufficient advice and guidance to help them understand the implications of their own study choices.

### Notes for UKCES

The indicators in this section are drawn from the national school-leaver data. The data provides some useful statistics that have helped to analyse subject preferences, intended destinations for young people (i.e. whether they are planning to stay on at school after the age of 16, become an apprentices, take further training or find a job), and the propensity of young people to become 'classified as 'not in education, employment or training' (NEET).

The NEET figures are a useful proxy for the extent to which information advice and guidance has failed to have the desired effect, i.e. if a young person becomes NEET, this would appear to suggest that information advice and guidance has not been effective.

In order to develop a more robust set of indicators, it would be necessary to have access to consistent local, regional and national data to show take-up levels for careers advice, and some indicator of aspiration (how many young people want to leave school at 16, complete some kind of further education or go to University).

## Measure 7 - More adults accessing high-quality, independent advice & guidance

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*More adults accessing high-quality, independent advice and guidance and understanding the benefits they can derive through acquiring new and higher-level skills*

### Rationale:

**Assumption 1:** If adults are able to receive high-quality, independent advice and guidance they will be more able to exploit job opportunities throughout their working lives and, where appropriate, acquire new and relevant skills.

**Assumption 2:** Obtaining new or higher-level skills leads to a greater awareness of opportunities and enables individuals to become more 'employable', attracting better salaries.

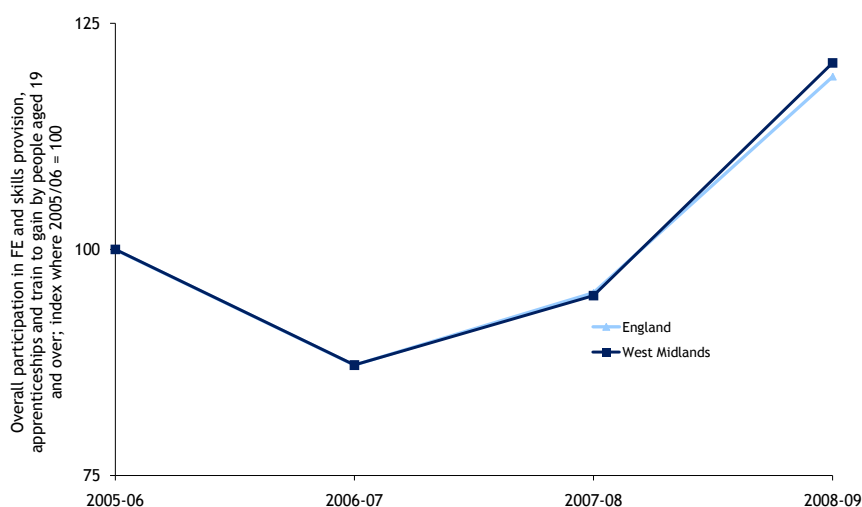
**Choice of indicators:** Many of the indicators relevant to this measure are included under other measures, notably measure 2. One additional indicator is included under this measure, showing the economic activity of the working age population, including the proportion who are in employment. **Additional sources may need to be identified.**

### Data:

#### Working age population by economic activity status

		2004	2005	2006	2007	2008	2009
Employed	West Midlands	71.5%	71.5%	71.2%	70.6%	69.9%	68.2%
	England	72.8%	72.8%	72.6%	72.6%	72.3%	70.9%
Unemployed	West Midlands	5.3%	5.2%	5.6%	6.0%	7.1%	9.6%
	England	4.8%	4.9%	5.5%	5.3%	5.9%	7.8%
Economically inactive	West Midlands	24.5%	24.6%	24.6%	24.9%	24.8%	24.6%
	England	23.6%	23.4%	23.2%	23.4%	23.2%	23.1%

## Participation in further education and skills provision, apprenticeships, and train to gain



Source: The Data Service Statistical First Release

West Midlands Regional Observatory 2010

### Overall participation in FE and skills provision, apprenticeships and train to gain by people aged 19 and over

		2005/06	2006/07	2007/08	2008/09	2008/09 as % of 19+ popn
FE and skills	West Midlands	448,400	367,000	377,700	435,200	10.5%
	England	3,776,700	3,105,900	3,242,000	3,682,100	9.3%
Apprenticeships	West Midlands	9,300	8,800	14,000	16,500	0.4%
	England	74,500	77,600	115,500	138,900	0.3%
Train to Gain	West Midlands	5,100	27,800	47,400	106,600	2.6%
	England	31,100	201,800	338,200	803,800	2.0%

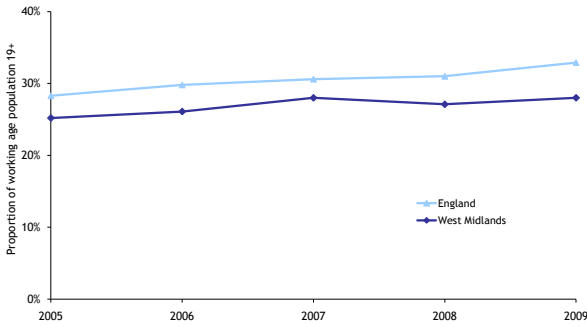
### Number of first-year students at HE institutions in the region who are above the expected starting age for those progressing from compulsory education

	Undergraduate (21 and over)		Postgraduate (25 and over)	
	Full-time	Part-time	Full-time	Part-time
West Midlands	11,710	23,195	5,050	8,340
England	116,815	264,755	65,150	94,405

### Awards of National Vocational Qualifications and Vocationally Related Qualifications by region and age group (2008/09)

		Under 19	19-24	25-40	41-59	60 and over
NVQs	West Midlands	16,400	20,120	37,580	32,190	2,750
	England	140,540	176,030	283,570	231,140	17,030
VRQs	West Midlands	125,970	30,520	44,190	34,580	3,120
	England	1,013,650	257,490	359,090	262,780	23,590

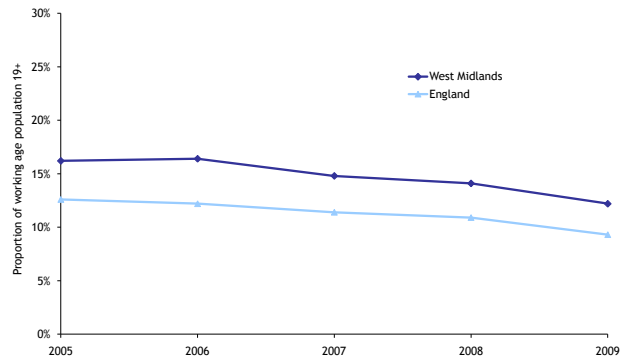
Proportion of the working age population aged 19 and over with qualifications to NQF level 4 or above



Source: ONS Labour Force Survey (Oct - Dec )

West Midlands Regional Observatory 2010

Proportion of the working age population aged 19 and over with no formal qualifications



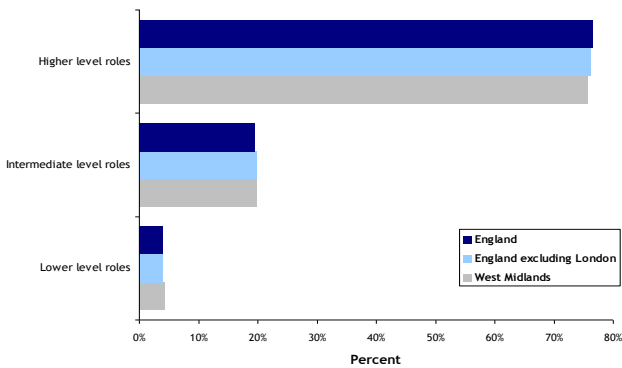
Source: ONS Labour Force Survey (Oct - Dec )

West Midlands Regional Observatory 2010

Proportion of the working age population aged 19 and above by qualification level

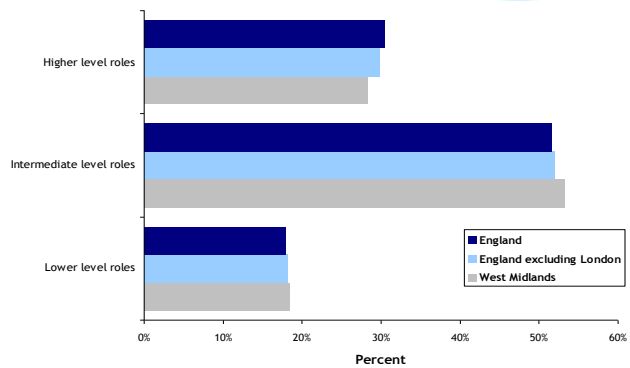
		2005	2006	2007	2008	2009
Level 4+	West Midlands	25.2%	26.1%	28.0%	27.1%	28.0%
	England	28.3%	29.8%	30.6%	31.0%	32.9%
Level 3	West Midlands	18.5%	18.5%	18.3%	19.4%	19.2%
	England	19.4%	18.9%	19.4%	19.2%	19.6%
Level 2	West Midlands	21.5%	21.3%	20.4%	20.8%	21.7%
	England	20.5%	20.4%	19.9%	20.2%	20.3%
Below Level 2	West Midlands	18.6%	17.7%	18.5%	18.6%	18.9%
	England	19.2%	18.7%	18.7%	18.7%	17.9%
No qualifications	West Midlands	16.2%	16.4%	14.8%	14.1%	12.2%
	England	12.6%	12.2%	11.4%	10.9%	9.3%

Workers qualified to NVQF level 4 and above: job roles



Source: ONS Labour Force Survey (Oct-Dec 2010)

Workers with NVQF level 2 or 3 or a Trade Apprenticeship: job roles



Source: ONS Labour Force Survey (Oct-Dec 2010)

Observations from the data

The following observations from the data available are:

- in 2004, the working age population was 3.37m comprising 2.41m people in work, 0.13m unemployed and 0.83m economically inactive. By 2009, the working age population had risen to 3.44m comprising 2.34m people in work, 0.25m unemployed and 0.85m economically inactive;

- the proportion of working age people in employment within the West Midlands has been consistently lower than the national average for each of the last six years. From 2004 to 2009 the gap has widened from 1.3 percentage points (during the pre-recession years before 2007) to 2.1 percentage points at the height of the recession in 2009. ;
- the proportion of working age people classified as unemployed within the West Midlands has been consistently greater than the national average for each of the last six years. In the same period the gap has widened from 0.5 percentage points (during the pre-recession years before 2007) to 1.8 percentage points at the height of the recession in 2009;
- the proportion of working age people classified as economically inactive within the West Midlands has been consistently greater than the national average for each of the last six years. In the same period the gap has widened from 1.1 percentage points (during the pre-recession years before 2007) to 1.5 percentage points at the height of the recession in 2009;
- over the last five years, participation in further education, apprenticeships and Train to Gain programmes has exceeded the national average;
- the proportion of the working age population skilled to level 4 or above in the West Midlands is consistently below the national average, whilst the converse is true at level 3, where the West Midlands is consistently above the national average.

### Policy implications

Whilst the population of working-age people has risen by 0.7m over the last six years, the number of jobs (as evidenced by the number of employed people in the region) has actually dropped by 0.07m. This means that there are fewer jobs to go round, with more people competing for them. Evidence (*source: West Midlands Skills Investment Priorities Statement 2011-2012*) suggests that this position is likely to worsen as the direct impact of public sector spending cuts results in job-losses in the public sector, with further job losses in the private sector as levels of business from public-sector contracts are cut back.

Adult levels of unemployment and economic inactivity are higher in the West Midlands than in other parts of the country, and the recession appears to have exacerbated the position - as the gap continues to widen. Qualification levels appear to suggest that fewer adults are qualified to level 4 or above, while more opt for qualifications at the technician or apprenticeship level (level 3). This may indicate that the system is responding to labour market demand for more apprentices and technicians, especially in manufacturing sectors where they are most needed.

Levels of economic inactivity may suggest that employers are seeking people with higher levels of qualification, and this could be making it harder for some adults to get a job.

The statement of investment priorities recommends “LEPS need to **focus on the skills to grow more jobs** not just skills for short term, unsustainable employment for unemployed people. LEPS also need to align training unemployed people with identified growth points of the local economy.”

## Notes for UKCES

There is a shortage of data to show levels of take-up and effectiveness of information, advice and guidance services for adults.