West Midlands Skills Assessment 2010

Achieving transformational change – implications for the economy, jobs and skills

Sub-regional profiles

Draft report

October 2010

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1 Introduction

The 2010 West Midlands Skills Assessment builds on work we have already done during the year to inform the West Midlands Skills Partnership (WMSP) in the development of Skills Investment Priorities for the region, which highlights a need for urgent, radical, transformational change to deliver the skills needed to support the creation of more and better jobs.

These sub-regional profiles seek to inform the strategic thinking and priority setting of the new Local Enterprise Partnerships. Utilising our forecasting system, the Policy Assessment Model, along with some customised scenarios, we explore the potential for growth in Gross Value Added (GVA) and new skilled jobs if this transformational change can be achieved.

Specifically we assess the potential for GVA and new job growth given the likely impact of the impending cuts in public sector spending. We then explore the potential impact of up-skilling the workforce across the West Midlands to match skill levels across England as a whole, and of combining this with a strategy to diversify the economy by attracting and developing businesses in high growth, high value added sectors. We identify the high value added industries that would spearhead growth in GVA and jobs and the likely key ‘growth points’ for GVA and new skilled jobs at a sub-regional and local level.

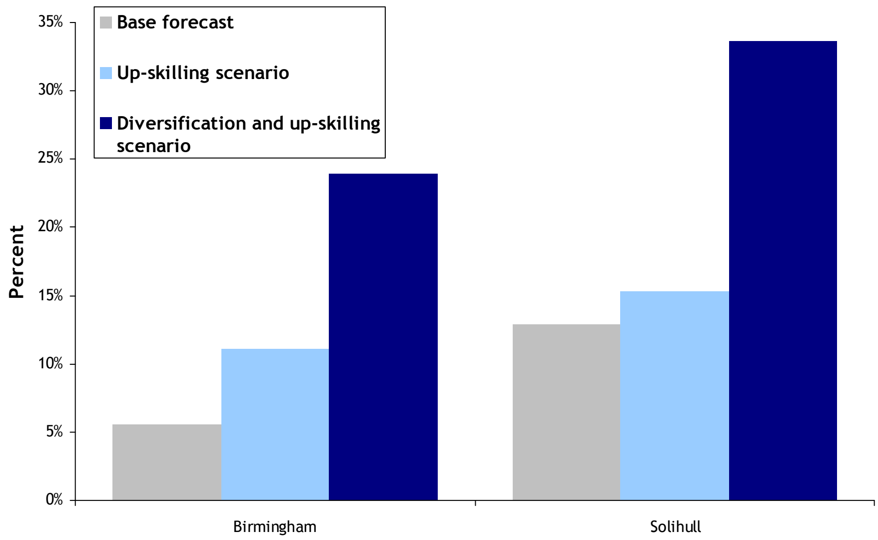
For a regional and sub-regional overview, and a review of the key skill sets that will be required, to both initiate this transformational change and support subsequent business growth, see the main briefing paper which accompanies this report.

2 Birmingham & Solihull

2.1 Baseline forecast[1]

Our baseline forecast indicates that GVA in Birmingham & Solihull will grow by just under 7% over the 2010-2015 period – slightly lagging the figure of just over 8% across the West Midlands as a whole. Within the sub-region healthy growth of nearly 13% in Solihull contrasts with a figure of just 6% in Birmingham (see chart 1).

1. GVA growth in Birmingham & Solihull to 2015 - alternative scenarios



Source: Cambridge Econometrics/Observatory analysis

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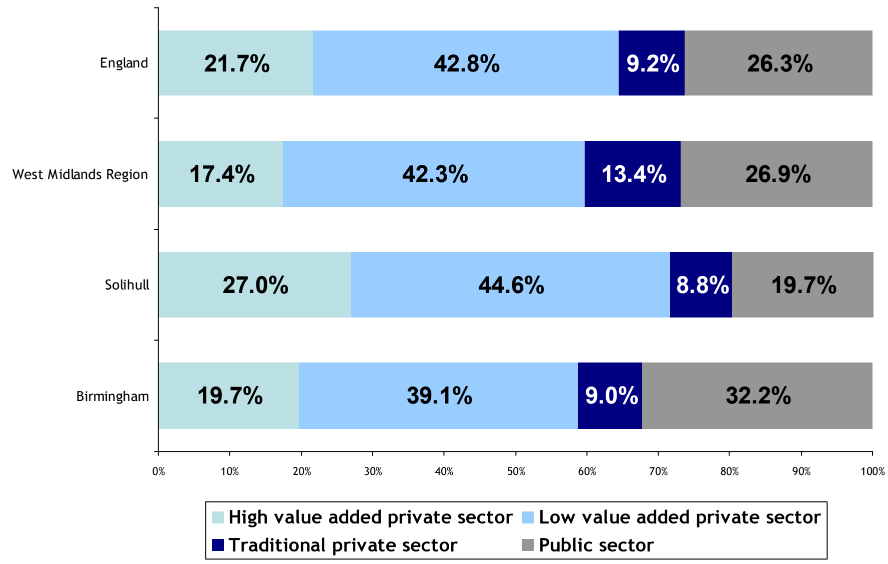
[1] This forecast has been developed using the baseline projections from our Policy Assessment Model, combined with a scenario we have developed modeling the potential impact on the West Midlands economy of the cuts in public spending announced by the government

These trends reflect variations in the structure of each area's economy. As chart 2 shows at 27% the proportion of jobs in Solihull that were in high value added industries with strong growth prospects such as advanced manufacturing, ICT & digital media and business & professional services in 2008 (latest available figures) was the highest in the West Midlands and well above the England average of just under 22%. However while in Birmingham just under 20% of jobs were in these industries, which is well above the regional average of 17.4%, more than 32% of employment was in public sector activities - the third highest figure in the region. These are expected to contract significantly in the next few years due to the cuts in public expenditure announced by the government and offset any growth in the private sector[2].

2. Employment by broad sector in 2008 - Birmingham & Solihull



Source: ONS Annual Business Inquiry 2008 West Midlands Regional Observatory 2010 2

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[2] For further details see the first briefing paper in this series which explores the likely impact of the public sector cuts across the West Midlands, which can be downloaded by clicking here.

As a result while a modest net increase in employment of just under 1,800 is forecast for Solihull between now and 2015 a net loss of nearly 13,000 jobs is expected in Birmingham. In addition, based on the ratio of the number of private sector jobs dependent on public sector spending and the associated supply chain nationally, a further 90,000 jobs[3] are at risk across the sub-region at private sector firms directly or indirectly reliant on public sector spending[4][5].

2.2 Up-skilling scenario

Our first scenario illustrates the potential impact on GVA and job growth of raising workforce skill levels across the West Midlands to match the England average by 2015.

A five percentage point increase in GVA growth in Birmingham & Solihull to 12% is projected over the 2010-2015 period (see figure 1) – a rate of growth in line with that expected across the West Midlands as a whole. Growth would rise sharply to more than 15% in Solihull as private sector businesses constrained by skill gaps and shortages start to achieve their growth potential. Growth is projected to be more modest at 11% in Birmingham, however. As noted in section 2.1 the public sector accounts for a much greater share of the economy in the area and the impact of cuts in expenditure would be more significant – offsetting growth in the private sector.

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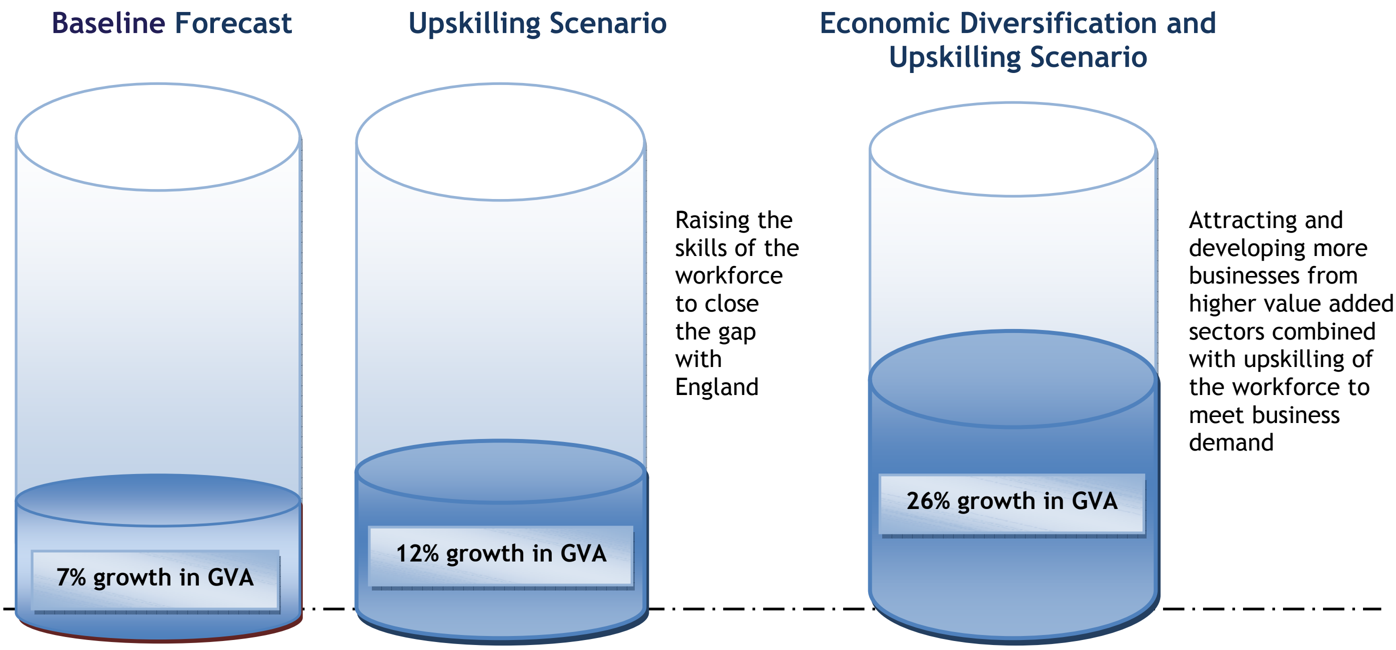
[3] Based on the ratio of the number of private sector jobs dependent on public sector spending and the associated supply chain nationally (Source: The Work Foundation and Oxford Economics, June 2010)

[4] It should be noted that this forecast does not take account of any private sector job creation that might be stimulated by new market opportunities arising due to the withdrawal of public sector services

[5] It should be noted that this figure represents the number of jobs **at risk** and that not all will necessarily be lost

Figure 1: forecast GVA growth 2010-2015: alternative scenarios for Birmingham & Solihull



Source: Cambridge Econometrics/Observatory analysis

As a result a net increase in employment of just over 2,000 is projected for Solihull –which compares with the increase of just under 1,800 predicted in our base forecast. In Birmingham a net loss of just over 10,000 jobs is expected, albeit down from the 13,000 in our base forecast.

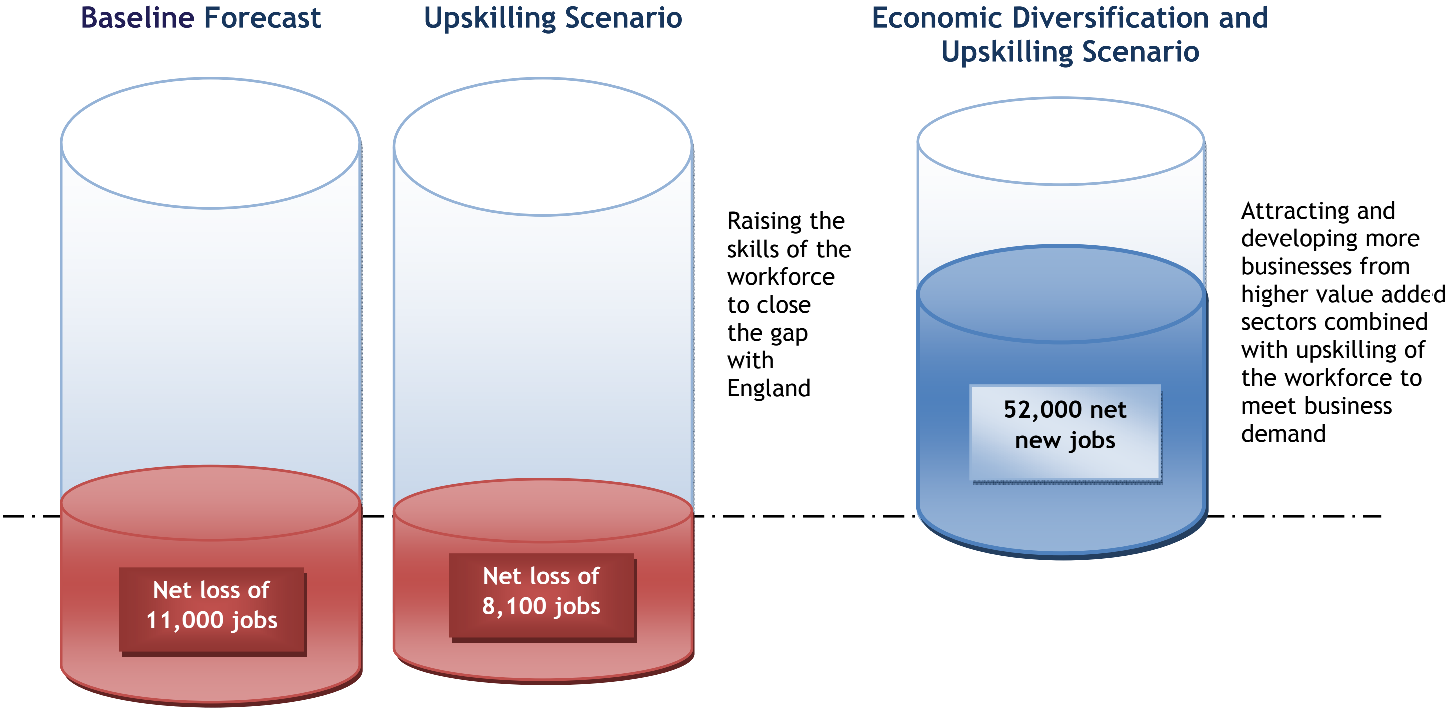
2.3 Up-skilling and diversification scenario

Our second scenario illustrates the potential impact of combining this up-skilling with a strategy to attract more businesses in higher value added private sector industries to the West Midlands such that their share of GVA matches the England average by 2015.

A much more significant growth in GVA and new jobs is projected in both Birmingham and Solihull. This reflects, as noted in section 2.1, that a number of high value added industries with strong growth prospects have a growing presence in the sub-region. GVA growth of nearly 34% is forecast for Solihull over the 2010-2015 period – the highest in the West Midlands, while growth of nearly 24% is expected in Birmingham – well above the regional average of 23%.

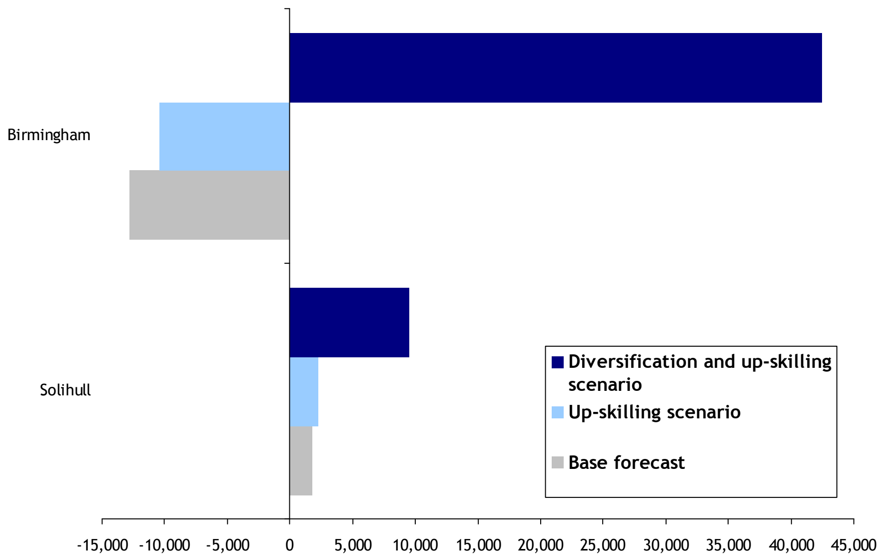
As a result, even factoring in the impact of the public sector cuts more than 50,000 net new jobs would be created across the sub-region (see figure 2). Of these more than 40,000 would be created in Birmingham and nearly 10,000 would be created in Solihull (see chart 3). While many of these would be created in lower value added activities such as retail, hospitality & leisure, transport, low value business services and some elements of manufacturing, some 20,000 would be higher skilled jobs in higher value added activities.

Figure 2: forecast employment trends 2010-2015: alternative scenarios for Birmingham & Solihull



Source: Cambridge Econometrics/Observatory analysis

3. Net new jobs in Birmingham & Solihull to 2015 - alternative scenarios



Source: Cambridge Econometrics/Observatory analysis

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In particular, as table 1 shows, advanced manufacturing (transport technologies in both areas and medical technologies in Birmingham), which employed more than 12,000 people across the area in 2008 (latest available figures), would create nearly 7,000 net new jobs by 2015. ICT & digital media (ICT in both areas and digital media in Birmingham), which supported employment of more than 21,000 in 2008, would create nearly 7,000 net new jobs by 2015. Business & professional services, meanwhile, which supported nearly 28,000 jobs in 2008, would create up to 6,000 net new jobs by 2015.

There are a number of key investment sites in the area (notably Birmingham Gateway, Eastside, Longbridge and Solihull Town Centre) that are being developed to accommodate new and growing businesses.

Table 1: High value added sectors and growth points in Birmingham & Solihull

<table>
<tr><th>Local Authority area</th><th>Key growth sectors linked to local priorities[6]</th><th>Employment in 2008[7]</th><th>Employment growth 2010-2015: diversification and up-skilling scenario[8]</th><th>Related key investment sites[9]</th></tr>
<tr><td>Birmingham</td><td>Advanced manufacturing
ICT & digital media
Business & professional services</td><td>6,400
14,800
22,800</td><td>5,600
4,100
7,000</td><td rowspan="2">Birmingham Gateway

Longbridge

Eastside

Solihull town centre</td></tr>
<tr><td>Solihull</td><td>Advanced manufacturing
Building technologies
ICT& digital media
Business & professional services</td><td>6,400
8,600
6,300
5,500</td><td>1,000
300
2,500
1,000</td></tr>
</table>

2.4 The role of skills

To support this transformation of regional, sub-regional and local economic and employment prospects businesses will need leaders and managers that can their businesses grow and exploit new opportunities. They will also need to ensure that their workforces acquire the skills needed to foster an entrepreneurial culture and promote innovation.

Subsequently, if efforts to transform the economy are successful, new and growing businesses in high value added industries will need to access specific skill sets in order to exploit the business and market opportunities on offer. For example ICT & digital media firms will need to source technical skills in software development, applications, digital technology, broadcasting and computer generated processes – as well as a range of creative management and more general business skills. In low carbon construction, meanwhile, there will be a growing demand for architects and product designers familiar with new building fabrics and materials, planners with skills relating to low carbon buildings and retro-fitting and for expertise in off-site manufacture.

[6] Source: local authority position statements on skills priorities, June 2010
[7] Source: ONS Annual Business Inquiry, 2008
[8] Source: Cambridge Econometrics and Observatory analysis, September 2010
[9] Source: West Midlands Regional Observatory - review of employment and skill needs at Impact Investment sites, June 2010 and local authority position statements on skills priorities, June 2010

In advanced manufacturing industries such as transport technologies businesses need to attract more specialist professional electrical and electronic technicians and engineers. In low carbon and environmental technologies businesses have identified a need for specialist skills in areas such as design, power, process, Computer Aided Design and process, mechanical, chemical and electrical engineering, waste treatment and fuel cell technology. In medical technologies, meanwhile, businesses need to recruit individuals with higher level technical skills and shortages of engineers with specific skills that are relevant to new medical technologies need to be addressed.

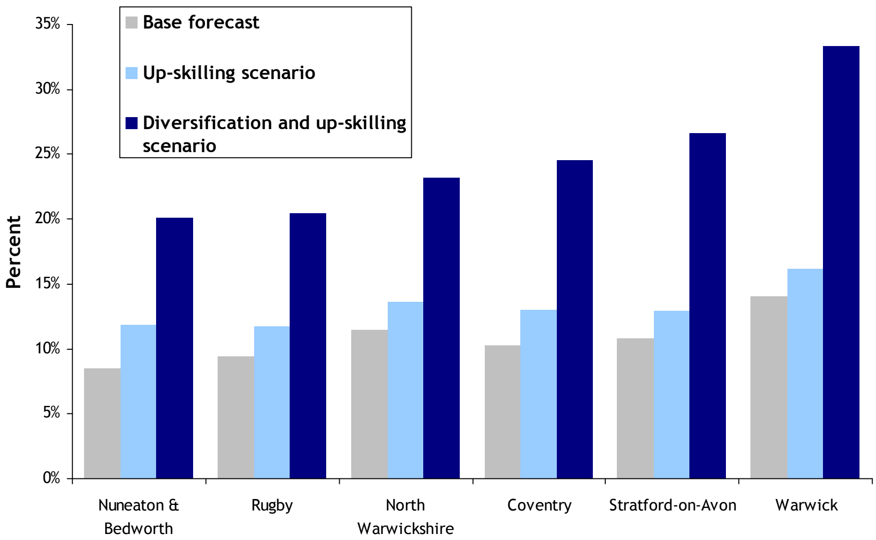
Businesses across these high value added industries, meanwhile, are highlighting a range of common issues that need to be addressed to help them to access the skills they need to develop new products, services and markets. These include the need for a more flexible and innovative approach to apprenticeships to make it easier for smaller firms to recruit them. Businesses also want a stronger influence on education and training provision to ensure that it keeps pace with innovation and market developments and for mechanisms to help match graduate skills with graduate jobs.

3 Coventry & Warwickshire

3.1 Baseline forecast[10]

Our baseline forecast indicates that GVA will grow by 11% in Coventry & Warwickshire over the 2010-2015 period – a rate significantly higher than the average for the West Midlands as a whole (just over 8%). As chart 4 shows the strongest growth will be in Warwick (more than 14% - the second highest in the West Midlands) and Stratford-on Avon and North Warwickshire (both around 11%).

4. GVA growth in Coventry & Warwickshire to 2015 - alternative scenarios



Source: Cambridge Econometrics/Observatory analysis

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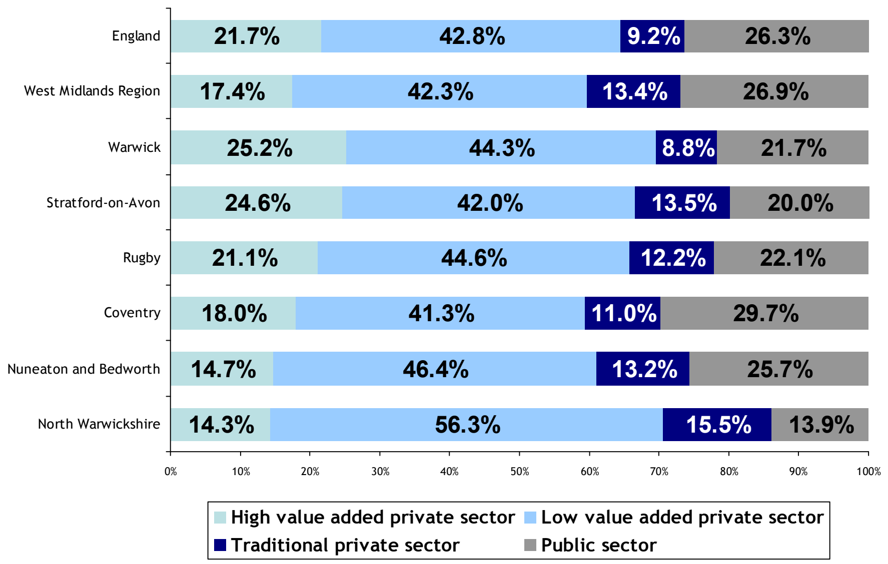
[10] This forecast has been developed using the baseline projections from our Policy Assessment Model, combined with a scenario we have developed modeling the potential impact on the West Midlands economy of the cuts in public spending announced by the government

The strong performance of these areas reflects the structure of their economies. As chart 5 shows in both Stratford-on-Avon and Warwick around a quarter of jobs were in high value added private sector industries with strong growth prospects such as advanced manufacturing, ICT & digital media and business & professional services in 2008 (latest available figures). This is the second highest figure in the West Midlands (neighbouring Solihull has the highest share of jobs in these industries at 27%) and well above the England average of just under 22%.

In contrast at less than 15% employment in these activities in North Warwickshire was well below the regional average of 27%. But at the same time less than 14% of employment (the lowest proportion in the West Midlands) was in public sector activities. As a result while growth in private sector industries is expected to be more modest the area will be less affected than most by the significant contraction of the public sector over the next few years due to cuts in expenditure. In contrast Coventry is likely to be significantly affected by the spending cuts with nearly 30% of jobs in the public sector[11].

5. Employment by broad sector in 2008 - Coventry & Warwickshire



Source: ONS Annual Business Inquiry 2008 West Midlands Regional Observatory 2010 5

[11] For further details see the first briefing paper in this series which explores the likely impact of the public sector cuts across the West Midlands, which can be downloaded by clicking here.

Modest increases in net new jobs are expected between now and 2015 in Warwick (around 800) and North Warwickshire (around 300). Elsewhere, however, the contraction of the public sector is expected to lead to a modest net fall in employment. In addition, based on the ratio of the number of private sector jobs dependent on public sector spending and the associated supply chain nationally, a further 40,000 jobs[12] are at risk across the sub-region at private sector firms directly or indirectly reliant on public sector spending[13] [14].

3.2 Up-skilling scenario

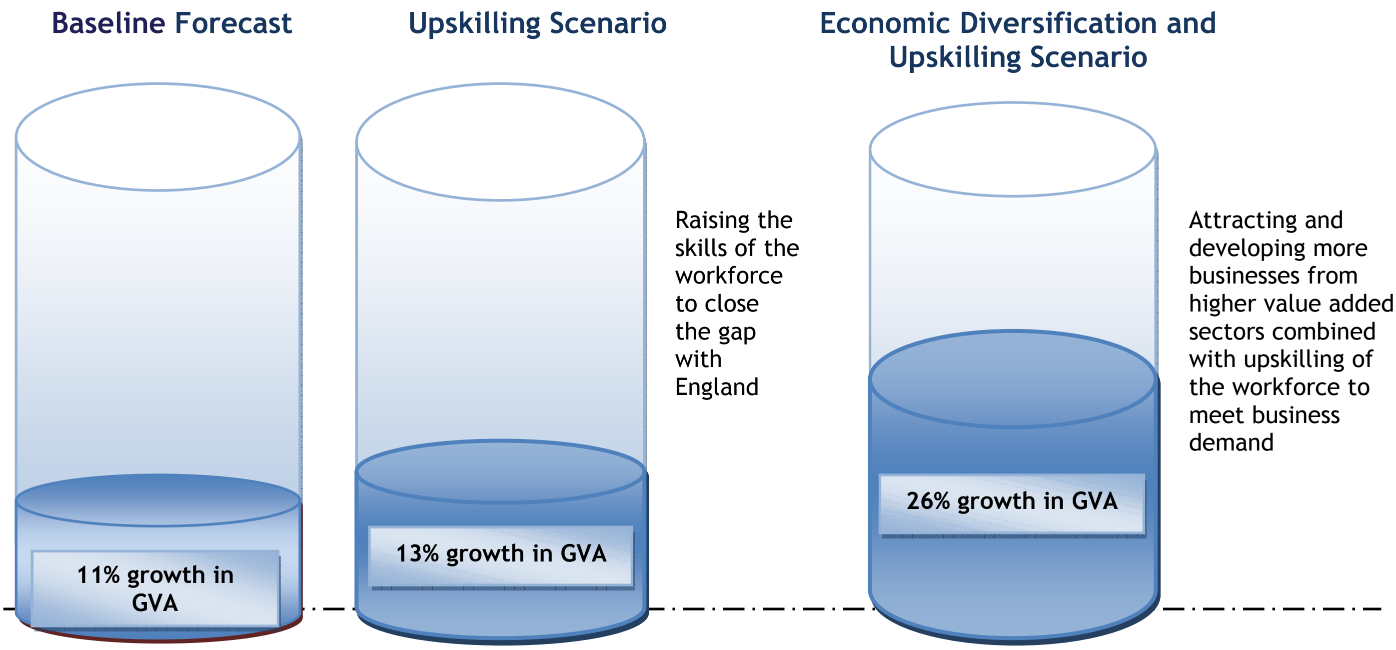
Our first scenario illustrates the potential impact on GVA and job growth of raising workforce skill levels across the West Midlands to match the England average by 2015. A two percentage point increase in GVA growth in Coventry & Warwickshire to 13% is forecast over the 2010-2015 period as private sector businesses constrained by skill gaps and shortages start to achieve their growth potential (see figure 3). Growth is forecast to be led by Warwick (more than 16%) and Stratford-on-Avon (just over 13%) where high value added, high growth industries are well represented and North Warwickshire (nearly 14%) which is less exposed to the impact of the public sector cuts than other areas.

[12] Based on the ratio of the number of private sector jobs dependent on public sector spending and the associated supply chain nationally (Source: The Work Foundation and Oxford Economics, June 2010)

[13] It should be noted that this forecast does not take account of any private sector job creation that might be stimulated by new market opportunities arising due to the withdrawal of public sector services

[14] It should be noted that this figure represents the number of jobs **at risk** and that not all will necessarily be lost

Figure 3: forecast GVA growth 2010-2015: alternative scenarios for Coventry & Warwickshire



Source: Cambridge Econometrics/Observatory analysis

However only 1,000 net new jobs are expected to be created between now and 2015 as losses in the public sector offset any gains in the private sector. While a net increase in employment is expected in Warwick (more than 1,000), Coventry (around 800) and North Warwickshire (around 500) there would be a net loss of around 800 jobs in Nuneaton & Bedworth, around 300 in Stratford-on-Avon and around 200 in Rugby.

3.3 Up-skilling and diversification scenario

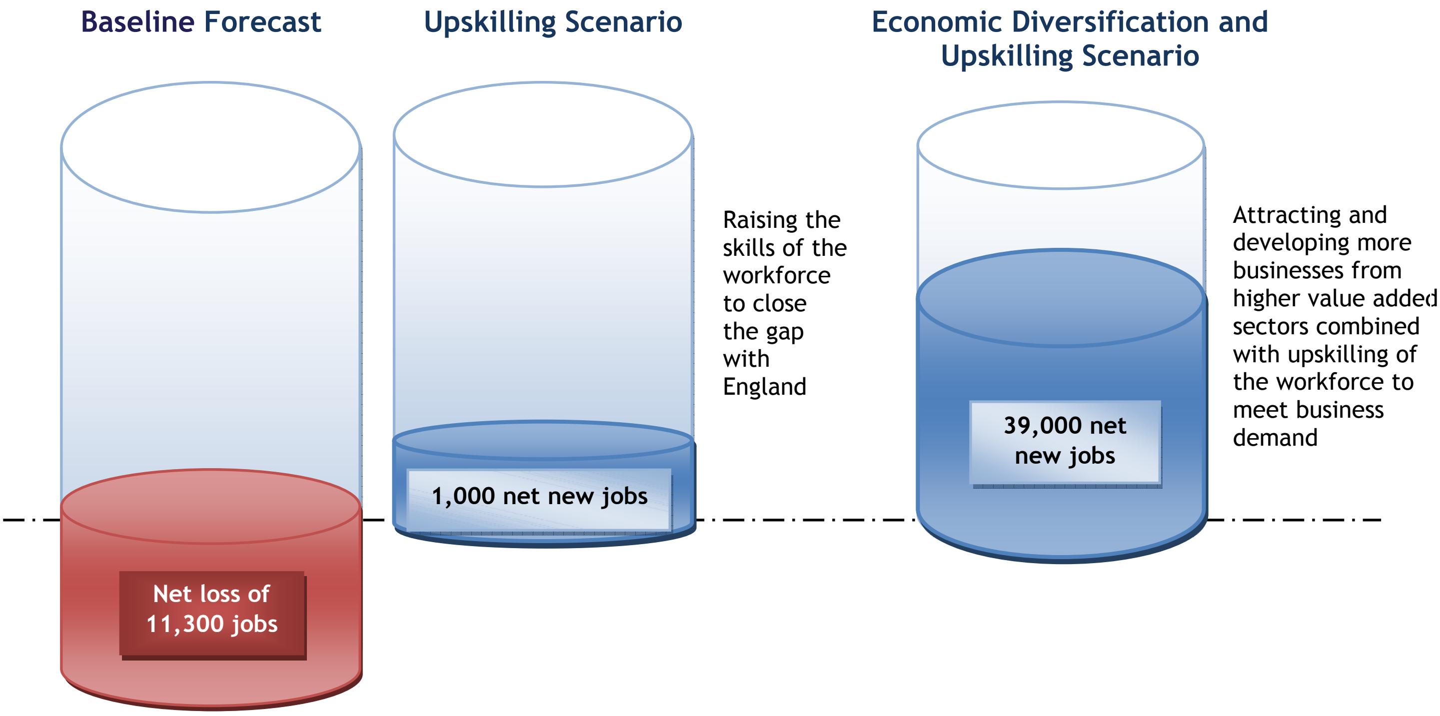
Our second scenario illustrates the potential impact of combining this up-skilling with a strategy to attract more businesses in higher value added private sector industries to the region such that their share of GVA matches the England average by 2015.

A much more significant growth in GVA and new jobs is projected across Coventry & Warwickshire. GVA is would grow by more than 20% in Nuneaton & Bedworth and Rugby, by around 25% in Coventry, North Warwickshire and Stratford-on-Avon (well above the average of 23% across the West Midlands as a whole) and some 33% in Warwick (the highest rate of growth in the Region after Solihull).

This reflects, as noted in section 3.1, that a number of high value added industries with strong growth prospects are well established in the sub-region and, as shown in table 2, have been highlighted in local authorities' position statements on skills priorities.

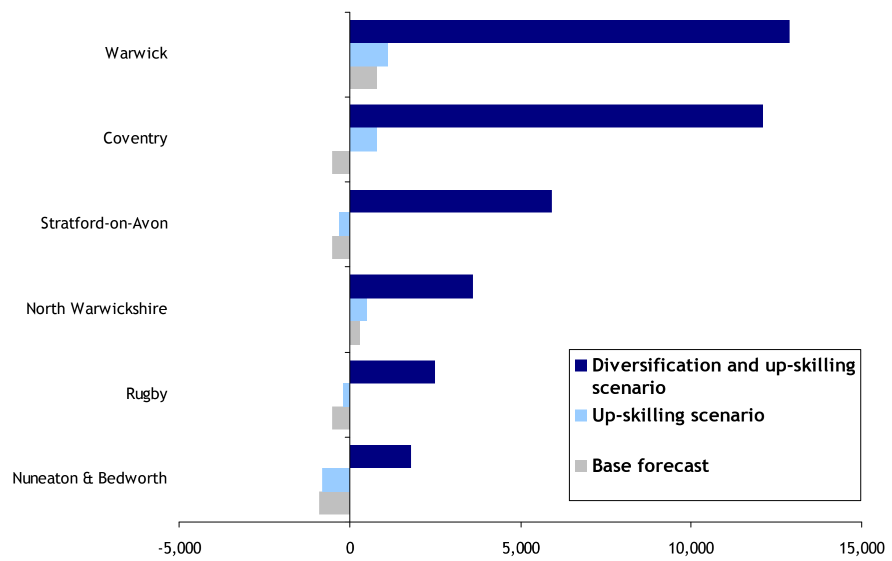
As a result, even factoring in the impact of the public sector cuts it is forecast that nearly 40,000 net new jobs would be created across Coventry & Warwickshire (see figure 4). As chart 6 shows of these around 6,000 are expected to be created in Stratford-on-Avon, more than 12,000 are expected to be created in Coventry and nearly 13,000 are expected to be created in Warwick. While many of these would be created in lower value added activities such as retail, hospitality & leisure, transport, low value business services and some elements of manufacturing up to 12,000 would be higher skilled jobs in higher value added activities.

Figure 4: forecast employment trends 2010-2015: alternative scenarios for Coventry & Warwickshire



Source: Cambridge Econometrics/Observatory analysis

6. Net new jobs in Coventry & Warwickshire to 2015 - alternative scenarios



Source: Cambridge Econometrics/Observatory analysis

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As table 2 shows ICT & digital media, which supported employment of nearly 16,000 in 2008 (latest available figures), would create around 8,000 net new jobs by 2015. Business & professional services, which supported nearly 15,000 jobs in 2008, would forecast to create 5,000 net new jobs by 2015. Advanced manufacturing industries such as transport technologies and environmental technologies, meanwhile, which employed more than 22,000 people across Coventry & Warwickshire in 2008, would create more than 2,000 net new jobs by 2015.

There are a number of key investment sites in the area (notably Ansty Business Park, Coventry City Centre & Coventry North and Friargate) that are being developed to accommodate new and growing businesses.

Table 2: High value added sectors and growth points in Coventry & Warwickshire

Local Authority area	Key growth sectors linked to local priorities[15]	Employment in 2008[16]	Employment growth 2010-2015: diversification and up-skilling scenario[17]	Related key investment sites[18]
Coventry	Advanced manufacturing ICT & digital media Business & professional services	9,600 4,200 4,200	1,200 2,200 3,000	Ansty Business Park Coventry City Centre & Coventry North Friargate
Warwickshire	Advanced manufacturing ICT & digital media Business & professional services	12,900 11,500 10,400	1,100 5,800 2,000	

3.4 The role of skills

To support this transformation of regional, sub-regional and local economic and employment prospects businesses will need leaders and managers that can their businesses grow and exploit new opportunities. They will also need to ensure that their workforces acquire the skills needed to foster an entrepreneurial culture and promote innovation.

[15] Source: local authority position statements on skills priorities, June 2010
[16] Source: ONS Annual Business Inquiry, 2008
[17] Source: Cambridge Econometrics and Observatory analysis, September 2010
[18] Source: West Midlands Regional Observatory - review of employment and skill needs at Impact Investment sites, June 2010 and local authority position statements on skills priorities, June 2010

Subsequently, if efforts to transform the economy are successful, new and growing businesses in high value added industries will need to access specific skill sets in order to exploit the business and market opportunities on offer. For example ICT & digital media firms will need to source technical skills in software development, applications, digital technology, broadcasting and computer generated processes – as well as a range of creative management and more general business skills. In low carbon construction, meanwhile, there will be a growing demand for architects and product designers familiar with new building fabrics and materials, planners with skills relating to low carbon buildings and retro-fitting and for expertise in off-site manufacture.

In advanced manufacturing industries such as transport technologies businesses need to attract more specialist professional electrical and electronic technicians and engineers. In low carbon and environmental technologies businesses have identified a need for specialist skills in areas such as design, power, process, Computer Aided Design and process, mechanical, chemical and electrical engineering, waste treatment and fuel cell technology.

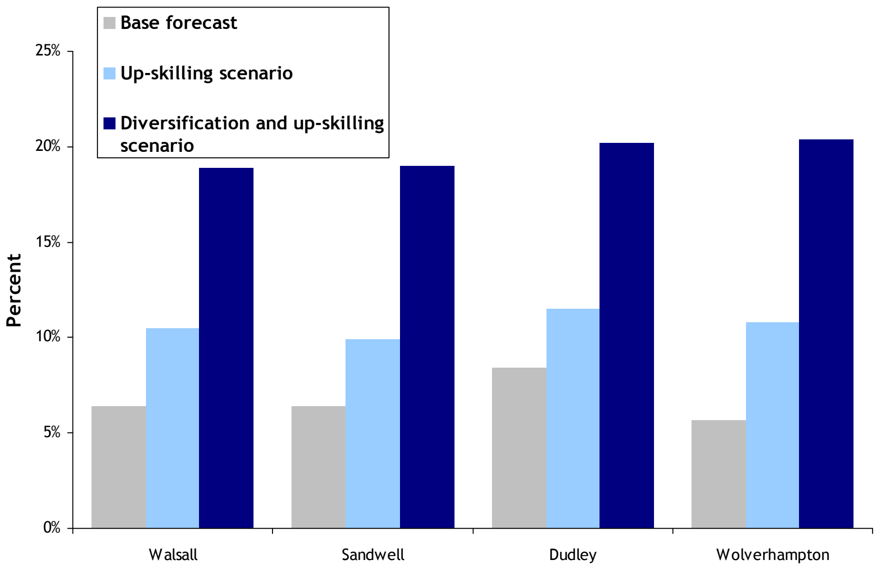
Businesses across these high value added industries, meanwhile, are highlighting a range of common issues that need to be addressed to help them to access the skills they need to develop new products, services and markets. These include the need for a more flexible and innovative approach to apprenticeships to make it easier for smaller firms to recruit them. Businesses also want a stronger influence on education and training provision to ensure that it keeps pace with innovation and market developments and for mechanisms to help match graduate skills with graduate jobs.

4 The Black Country

4.1 Baseline forecast[19]

Our baseline forecast indicates that only modest growth in GVA of 7% is expected across the Black Country over the 2010-2015 period – which compares with a figure of 8% across the West Midlands as a whole. As chart 7 shows, while at just over 8% a slightly higher rate of growth is forecast for Dudley, growth of just 6% is expected in Sandwell, Walsall and Wolverhampton.

7. GVA growth in the Black Country to 2015 - alternative scenarios



Source: Cambridge Econometrics/Observatory analysis West Midlands Regional Observatory 2010 7

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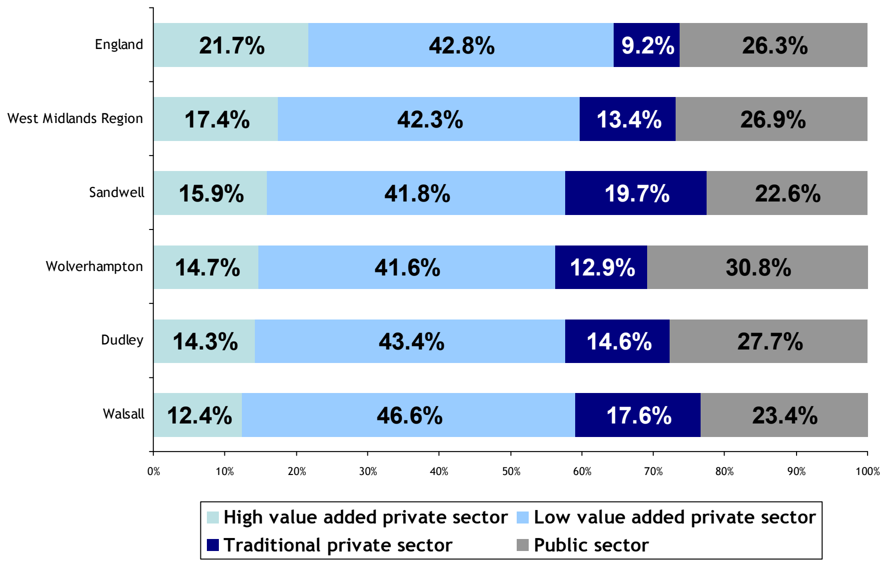
[19] This forecast has been developed using the baseline projections from our Policy Assessment Model, combined with a scenario we have developed modeling the potential impact on the West Midlands economy of the cuts in public spending announced by the government

This sluggish growth reflects weaknesses in the structure of each area's economy. As shown in chart 8 the proportion of jobs in high value added industries with strong growth prospects such as advanced manufacturing, ICT & digital media and business & professional services in Solihull in was just 16% in Sandwell, 15% in Wolverhampton, 14% in Dudley and Just 12% in Walsall in 2008 (latest available figures) – below the figure for the West Midlands as a whole of 17.4% and the England average of 22%. Meanwhile in Wolverhampton (nearly 31%) and Dudley (nearly 28%) the share of jobs in public sector activities was well above that across the region (27%) and England (26%). These are expected to contract significantly in the next few years due to cuts in expenditure and offset any growth in the private sector[20].

8. Employment by broad sector in 2008 - the Black Country



Source: ONS Annual Business Inquiry 2008 West Midlands Regional Observatory 2010 8

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[20] For further details see the first briefing paper in this series which explores the likely impact of the public sector cuts across the West Midlands, which can be downloaded by clicking here.

A combination of weak growth in the private sector and a contraction of public sector activities is forecast to lead to a net loss of around 10,000 jobs across the Black Country between now and 2010. There are expected to be net losses of just under 3,000 jobs in both Sandwell and Wolverhampton, 2,500 jobs in Dudley and 2,000 jobs in Walsall. In addition, based on the ratio of the number of private sector jobs dependent on public sector spending and the associated supply chain nationally, a further 50,000 jobs[21] are at risk across the Black Country at private sector firms directly or indirectly reliant on public sector spending[22] [23].

4.2 Up-skilling scenario

Our first scenario illustrates the potential impact on GVA and job growth of raising workforce skill levels across the West Midlands to match the England average by 2015.

As figure 5 shows a four percentage point increase in GVA growth in the Black Country to 11% is projected over the 2010-2015 period, as private sector businesses constrained by skill gaps and shortages start to achieve their growth potential – but this would still lag the rate across the West Midlands as a whole of 12%. Growth would rise to nearly 12% in Dudley but to only 10% in Walsall and Wolverhampton.

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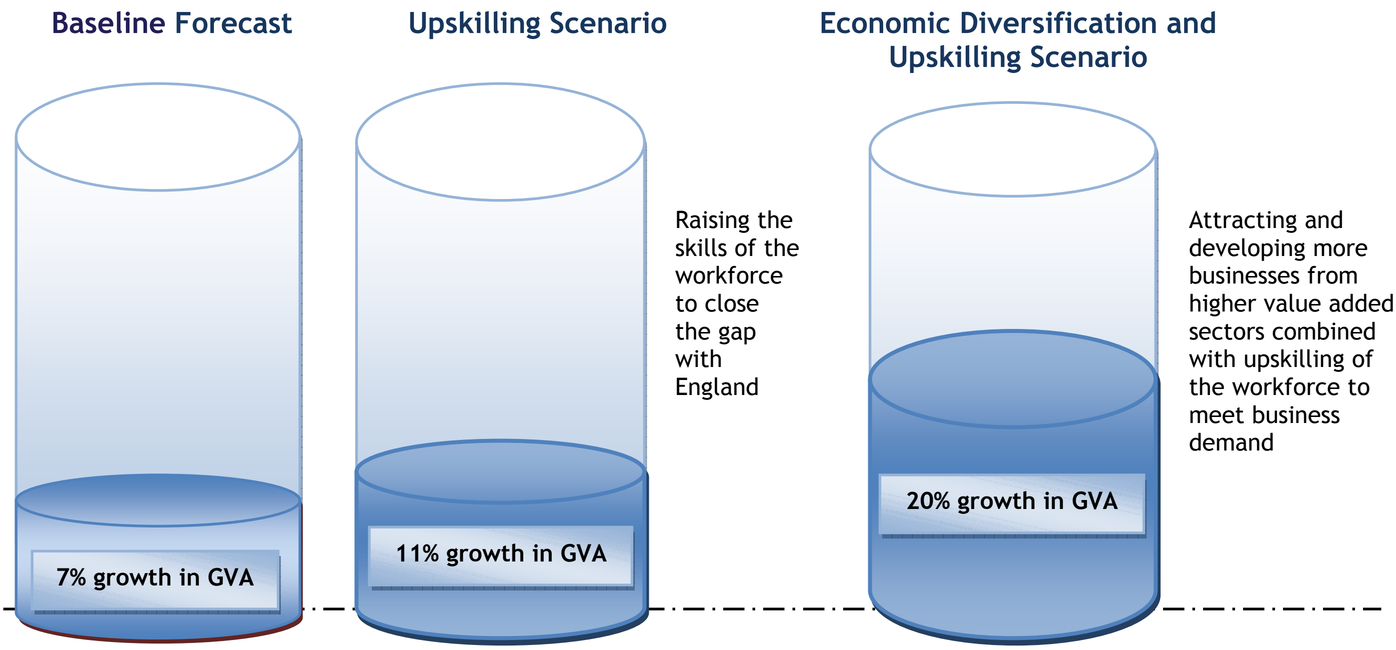
[21] Based on the ratio of the number of private sector jobs dependent on public sector spending and the associated supply chain nationally (Source: The Work Foundation and Oxford Economics, June 2010)

[22] It should be noted that this forecast does not take account of any private sector job creation that might be stimulated by new market opportunities arising due to the withdrawal of public sector services

[23] It should be noted that this figure represents the number of jobs **at risk** and that not all will necessarily be lost

Figure 5: forecast GVA growth 2010-2015: alternative scenarios for the Black Country



Source: Cambridge Econometrics/Observatory analysis

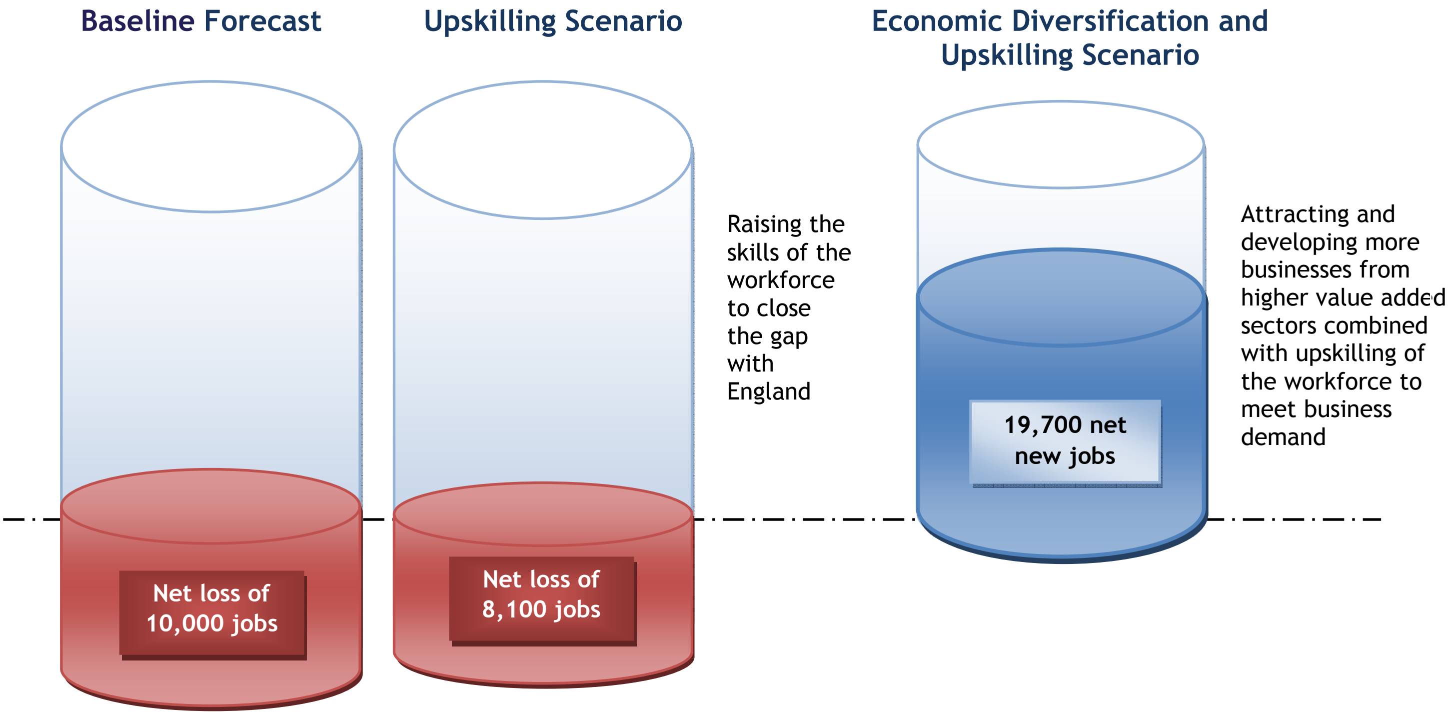
As noted in section 4.31 high value added industries with strong growth prospects are relatively poorly represented in the Black Country and there is a significant degree of dependence on contracting public sector activities. As a result any job gains in the private sector are projected to be offset by losses in the public sector. While employment prospects are a little more favourable than those predicted in our base forecast, a net loss of more than 8,000 jobs is still expected across the Black Country.

4.3 Up-skilling and diversification scenario

Our second scenario illustrates the potential impact of combining this up-skilling with a strategy to attract more businesses in higher value added private sector industries to the region such that their share of GVA matches the England average by 2015.

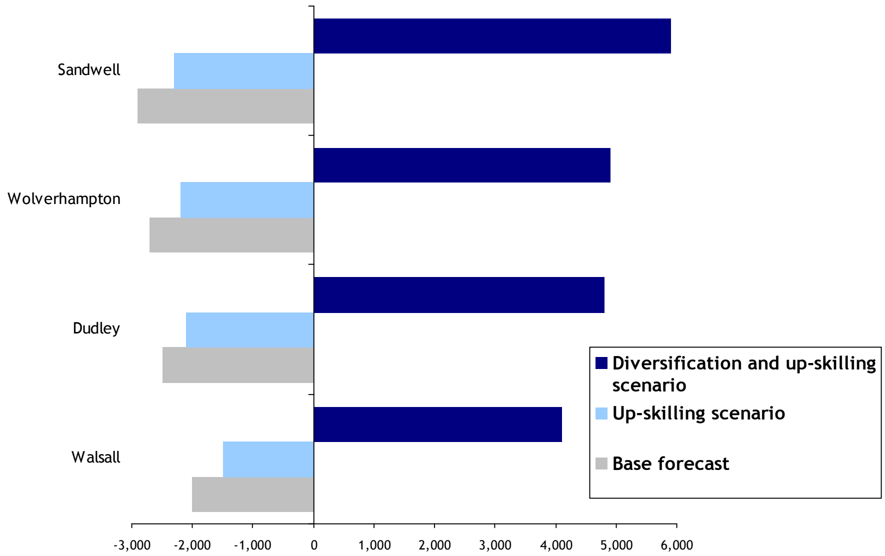
A more significant growth in GVA of 20% is projected for the Black Country, although this will still lag the figure across the West Midlands as a whole of 23%. At the same time, as figure 6 shows, nearly 20,000 net new jobs are expected to be created between now and 2015. Of these nearly 6,000 would be created in Sandwell, nearly 5,000 are would be created in both Dudley and Wolverhampton and just over 4,000 would be created in Walsall (see chart 9).

Figure 6: forecast employment trends 2010-2015: alternative scenarios for the Black Country



Source: Cambridge Econometrics/Observatory analysis

9. Net new jobs in the Black Country to 2015 - alternative scenarios



Source: Cambridge Econometrics/Observatory analysis

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While as noted in section 4.1 high value added industries with strong growth prospects have historically been relatively poorly represented in the area, some have gained a foothold in recent years. While many of the new jobs created by 2015 would be in lower value added activities such as retail, hospitality & leisure, transport, low value business services and some elements of manufacturing, some 12,000 would be higher skilled jobs in higher value added activities.

As table 3 shows building technologies & low carbon construction, which supported employment of more than 40,000 in 2008 (latest available figures), would create more than 5,000 net new jobs over the next 5 years. ICT & digital media, which supported nearly 5,000 jobs in Dudley and Wolverhampton, would create nearly 4,000 net new jobs and business & professional services, which supported more than 3,000 jobs in 2008 in Dudley and Wolverhampton, would create up to 2,000 net new jobs by 2015. Advanced manufacturing (transport technologies in Dudley, Walsall and Wolverhampton and environmental technologies in Walsall), meanwhile, which employed nearly 17,000 people across the area in 2008, would create around 1,000 net new jobs by 2015.

There are a number of key investment sites in the area (notably Dudley Waterfront and Walsall Waterfront) that are being developed to accommodate new and growing businesses.

Table 3: High value added sectors and growth points in the Black Country

<table>
<tr><th>Local Authority area</th><th>Key growth sectors linked to local priorities[24]</th><th>Employment in 2008[25]</th><th>Employment growth 2010-2015: diversification and up-skilling scenario[26]</th><th>Related key investment sites[27]</th></tr>
<tr><td>Dudley</td><td>Advanced manufacturing
Building technologies & low carbon construction
ICT & digital media
Business & professional services</td><td>3,500
9,700
3,300
2,000</td><td>200
1,500
1,700
1,500</td><td rowspan="4">Dudley waterfront

Walsall waterfront</td></tr>
<tr><td>Sandwell</td><td>Advanced manufacturing
Building technologies & low carbon construction</td><td>2,800
15,100</td><td>100
1,600</td></tr>
<tr><td>Walsall</td><td>Advanced manufacturing
Building technologies & low carbon construction
Business & professional services</td><td>6,100
8,800
1,400</td><td>500
1,000
500</td></tr>
<tr><td>Wolverhampton</td><td>Advanced manufacturing
Building technologies & low carbon construction
ICT & digital media</td><td>4,500
6,700
1,600</td><td>200
1,100
2,000</td></tr>
</table>

4.4 The role of skills

To support this transformation of regional, sub-regional and local economic and employment prospects businesses will need leaders and managers that can their businesses grow and exploit new opportunities. They will also need to ensure that their workforces acquire the skills needed to foster an entrepreneurial culture and promote innovation.

Subsequently, if efforts to transform the economy are successful, new and growing businesses in high value added industries will need to access specific skill sets in order to exploit the business and market opportunities on offer. For example ICT & digital media firms will need to source technical skills in software development, applications, digital technology, broadcasting and computer generated processes – as well as a range of creative management and more general business skills. In low carbon construction, meanwhile, there will be a growing demand for architects and product designers familiar with new building fabrics and materials, planners with skills relating to low carbon buildings and retro-fitting and for expertise in off-site manufacture.

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[24] Source: local authority position statements on skills priorities, June 2010
[25] Source: ONS Annual Business Inquiry, 2008
[26] Source: Cambridge Econometrics and Observatory analysis, September 2010

In advanced manufacturing industries such as transport technologies businesses need to attract more specialist professional electrical and electronic technicians and engineers. In low carbon and environmental technologies businesses have identified a need for specialist skills in areas such as design, power, process, Computer Aided Design and process, mechanical, chemical and electrical engineering, waste treatment and fuel cell technology.

Businesses across these high value added industries, meanwhile, are highlighting a range of common issues that need to be addressed to help them to access the skills they need to develop new products, services and markets. These include the need for a more flexible and innovative approach to apprenticeships to make it easier for smaller firms to recruit them. Businesses also want a stronger influence on education and training provision to ensure that it keeps pace with innovation and market developments and for mechanisms to help match graduate skills with graduate jobs.

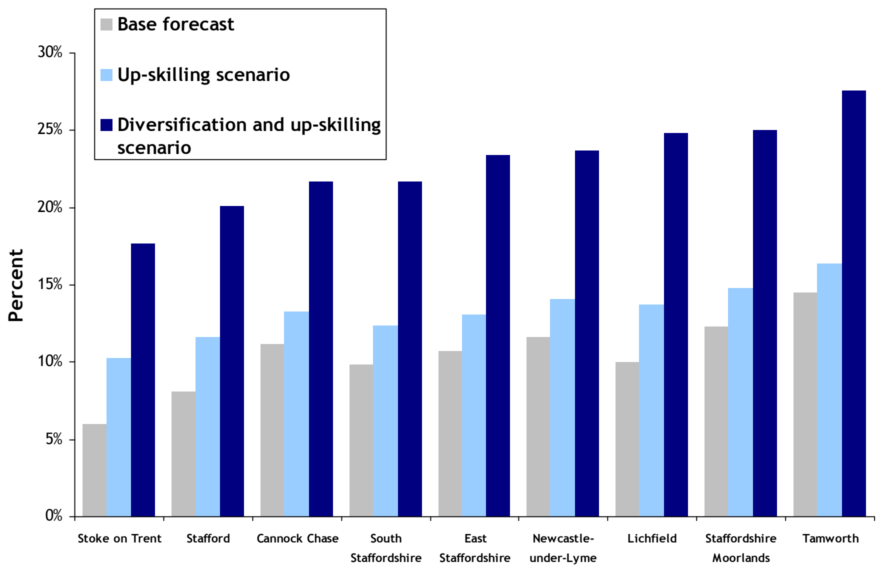
[27] Source: West Midlands Regional Observatory - review of employment and skill needs at Impact Investment sites, June 2010 and local authority position statements on skills priorities, June 2010

5 Stoke & Staffordshire

5.1 Baseline forecast[28]

Our baseline forecast indicates that GVA will grow by just under 10% across Stoke & Staffordshire over the 2010-2015 period – outstripping the rate of just over 8% forecast for the West Midlands as a whole. As chart 10 shows, within the sub-region prospects vary significantly, with strong growth of nearly 15% in Tamworth (the highest rate in the region) and 12% in Staffordshire Moorlands contrasting with 8% in Stafford and just 6% in Stoke-on-Trent.

10. GVA growth in Stoke & Staffordshire to 2015 - alternative scenarios



Source: Cambridge Econometrics/Observatory analysis

West Midlands Regional Observatory 2010 10

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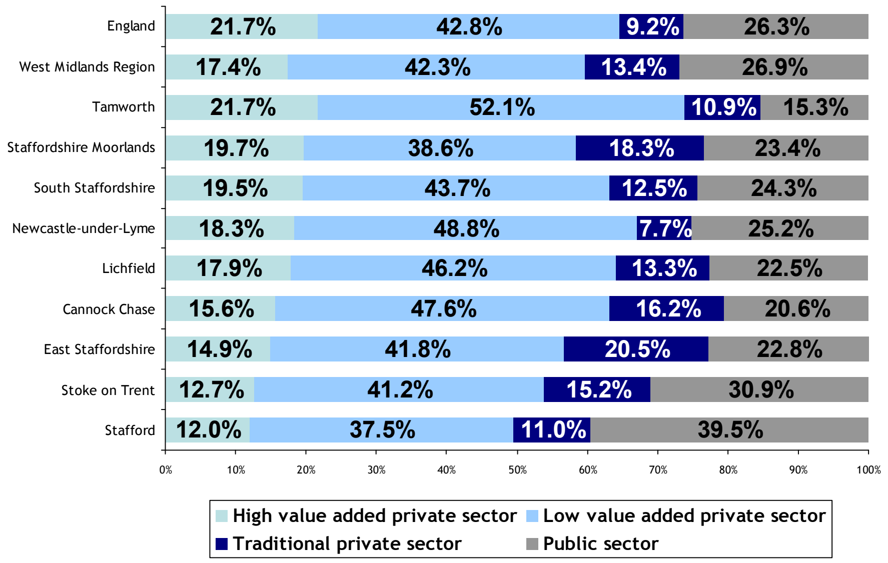
[28] This forecast has been developed using the baseline projections from our Policy Assessment Model, combined with a scenario we have developed modeling the potential impact on the West Midlands economy of the cuts in public spending announced by the government

These differences trends reflect variations in the structure of each area's economy. For example as chart 11 shows in Tamworth nearly 22% of jobs were in high value added industries with strong growth prospects such as advanced manufacturing, ICT & digital media and business & professional services in 2008 (latest available figures) – matching the England average. The figure was also nearly 20% in Staffordshire Moorlands - well above the figure of just over 17% across the West Midlands as a whole. In contrast only 13% of employment in Stoke-on-Trent and just 12% of employment in Stafford was in these activities. At the same time some 31% of jobs in Stoke-on-Trent and nearly 40% of jobs in Stafford (the highest proportion in the West Midlands) were in public sector activities which compares with 27% regionally and 26% nationally. These are expected to contract significantly in the next few years due to cuts in expenditure and offset any growth in the private sector[29].

11. Employment by broad sector in 2008 - Stoke & Staffordshire



Source: ONS Annual Business Inquiry 2008

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[29] For further details see the first briefing paper in this series which explores the likely impact of the public sector cuts across the West Midlands, which can be downloaded by clicking here.

Overall a net loss of nearly 5,000 jobs is forecast across Stoke & Staffordshire between now and 2015. While modest net increases in employment of around 1,000 in Tamworth, 300 in both Cannock Chase and South Staffordshire, 200 in Staffordshire Moorlands and 100 in Lichfield are expected, net losses of nearly 2,000 jobs in Stafford and some 3,000 in Stoke-on-Trent are forecast. In addition, based on the ratio of the number of private sector jobs dependent on public sector spending and the associated supply chain nationally, a further 50,000 jobs[30] are at risk across the sub-region at private sector firms directly or indirectly reliant on public sector spending[31] [32].

5.2 Up-skilling scenario

Our first scenario illustrates the potential impact on GVA and job growth of raising workforce skill levels across the West Midlands to match the England average by 2015.

As figure 7 shows a three percentage point increase in GVA growth in Stoke & Staffordshire to just under 13% is projected over the 2010-2015 period as private sector businesses constrained by skill gaps and shortages start to achieve their growth potential. The strongest growth is expected to be in Tamworth (more than 16%), Staffordshire Moorlands (nearly 15%) and in Lichfield and Newcastle-under-Lyme (both around 14%). However growth would be more modest in Stafford (just under 12%) and Stoke-on-Trent (just over 10%). As noted in section 5.1 the public sector accounts for a much greater share of the economy in these areas and the impact of cuts in expenditure is expected to be more significant – offsetting growth in the private sector.

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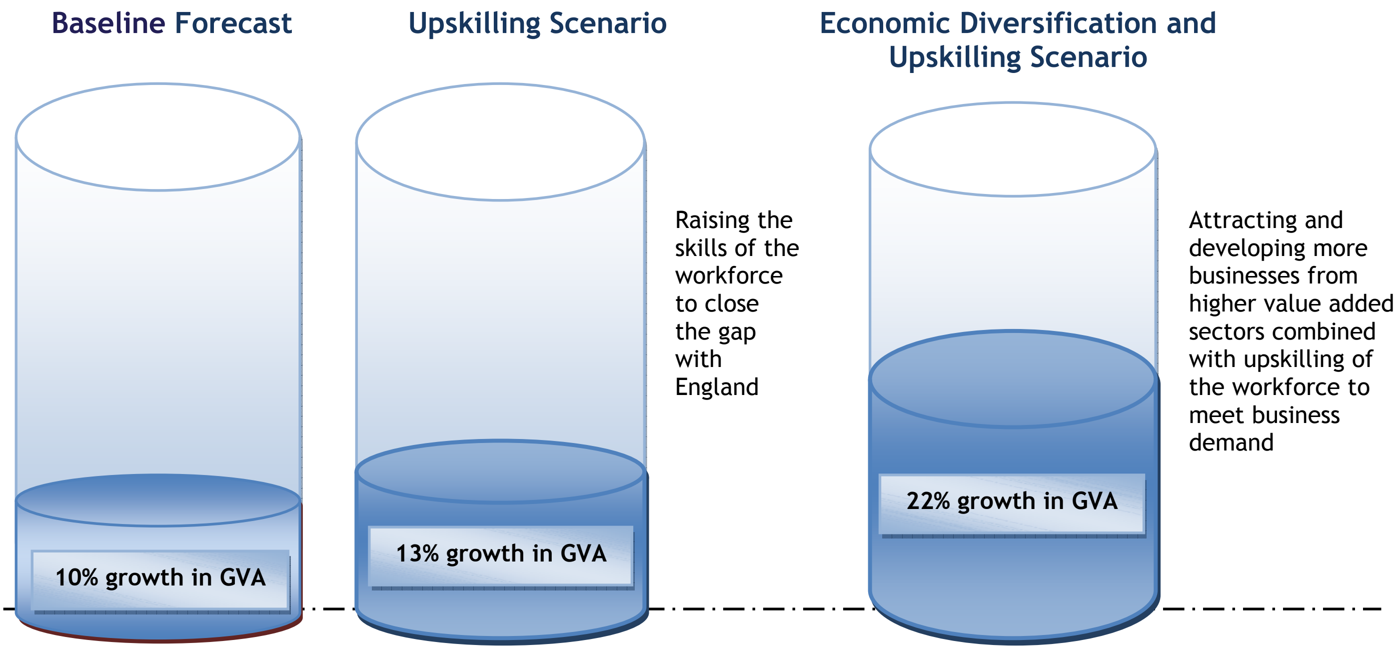
[30] Based on the ratio of the number of private sector jobs dependent on public sector spending and the associated supply chain nationally (Source: The Work Foundation and Oxford Economics, June 2010)

[31] It should be noted that this forecast does not take account of any private sector job creation that might be stimulated by new market opportunities arising due to the withdrawal of public sector services

[32] It should be noted that this figure represents the number of jobs **at risk** and that not all will necessarily be lost

Figure 7: forecast GVA growth 2010-2015: alternative scenarios for Stoke & Staffordshire



Source: Cambridge Econometrics/Observatory analysis

While employment prospects are a little more favourable than those predicted in our base forecast, a net loss of more than 3,000 jobs is still expected across the area between now and 2015 as any job gains in the private sector are offset by losses in the public sector. While there would be modest net increases in employment of around 1,200 in Tamworth, 500 in both South Staffordshire and Staffordshire Moorlands, 400 in Cannock Chase and 200 both Newcastle-under-Lyme and Lichfield, net losses of around 1,600 jobs in Stafford and 2,600 in Stoke-on-Trent are still expected.

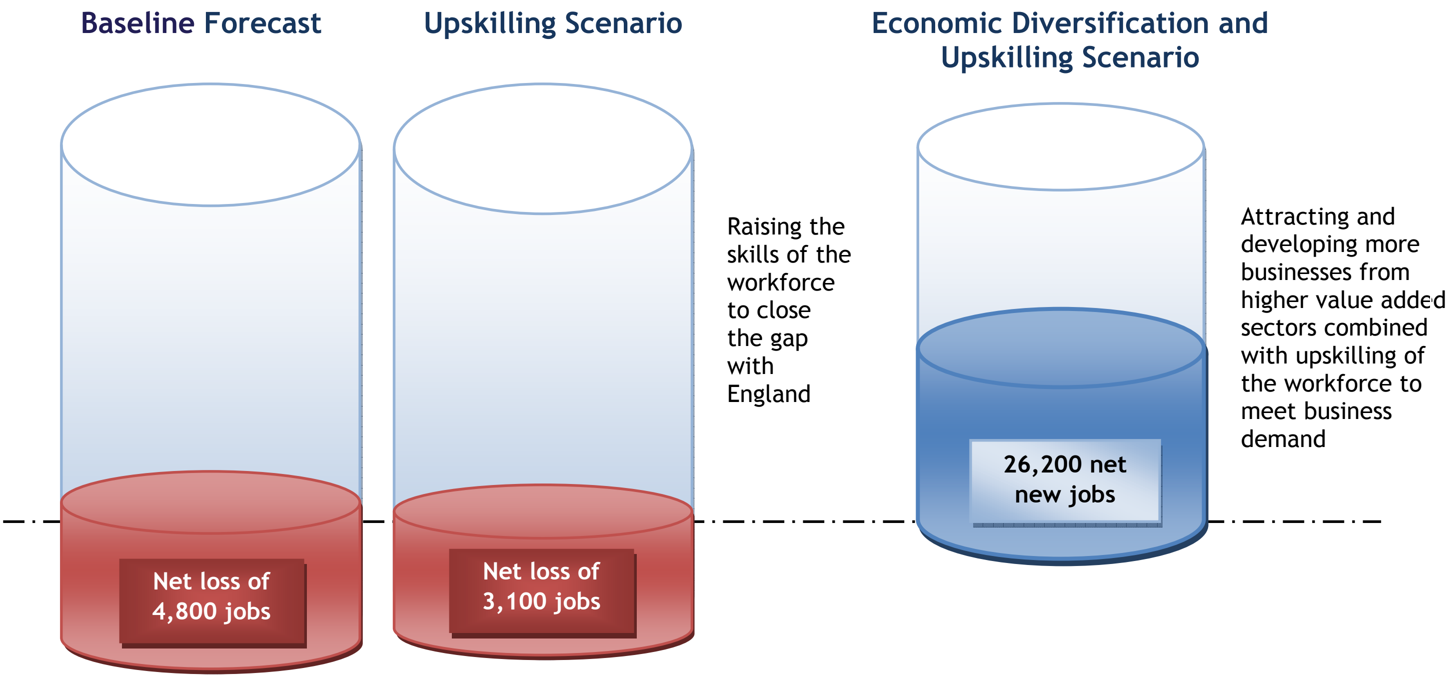
5.3 Up-skilling and diversification scenario

Our second scenario illustrates the potential impact of combining this up-skilling with a strategy to attract more businesses in higher value added private sector industries to the region such that their share of GVA matches the England average by 2015.

A much more significant growth in GVA of 22% is projected for Stoke & Staffordshire - although this is lower that the figure of 23% expected across the West Midlands as a whole. Again there are expected to be significant variations in growth across the area. Growth would be strongest in Tamworth (nearly 28%), Staffordshire Moorlands and Lichfield (both 25%) and Newcastle-under-Lyme (24%). In contrast, however, growth of just 20% is expected in Stafford and growth of less than 18% is expected in Stoke-on-Trent as the impact of cuts in public sector expenditure still offsets growth in the private sector.

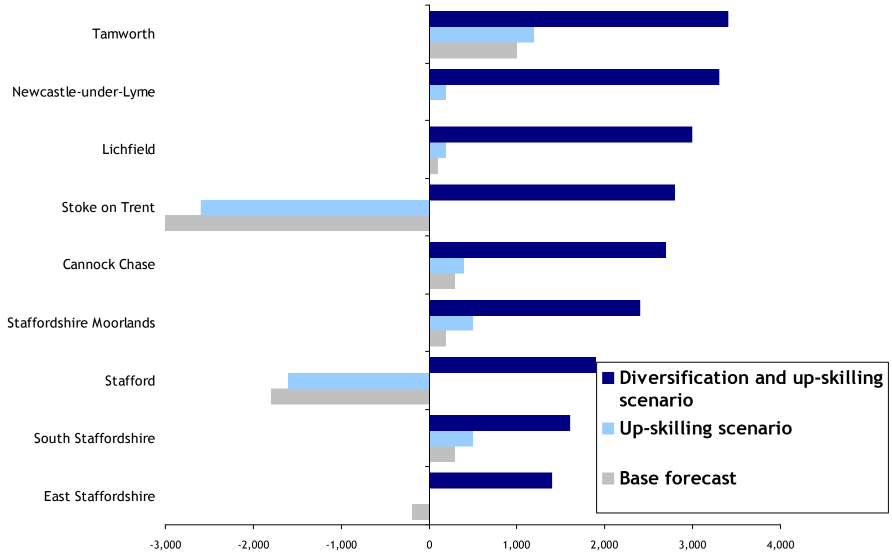
Nevertheless as figure 8 shows even factoring in the impact of the public sector cuts it is forecast that more than 26,000 net new jobs would be created across the area. Of these nearly 3,500 are expected to be created in Tamworth and more than 3,000 are expected to be created in Lichfield and Newcastle-under-Lyme (see chart 12). While many of these would be created in lower value added activities such as retail, hospitality & leisure, transport, low value business services and some elements of manufacturing more than 13,000 would be higher skilled jobs in higher value added activities.

Figure 8: forecast employment trends 2010-2015: alternative scenarios for Stoke & Staffordshire



Source: Cambridge Econometrics/Observatory analysis

12. Net new jobs in Stoke & Staffordshire to 2015 - alternative scenarios



Source: Cambridge Econometrics/Observatory analysis

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As table 4 shows ICT & digital media, which supported employment of nearly 10,000 in 2008 (latest available figures), would create nearly 5,000 net new jobs by 2015. Building technologies & low carbon construction, meanwhile, which supported nearly 26,000 jobs in 2008, and business & professional services, which employed more than 6,000 people in 2008, would each create up to 4,000 net new jobs by 2015. Advanced manufacturing (and transport technologies in particular), meanwhile, which employed nearly 6,000 people across the area in 2008, would create around 500 net new jobs by 2015.

There are a number of key investment sites in the area (notably i54, Chatterley Valley and Keele Science Park) that are being developed to accommodate new and growing businesses.

Table 4:High value added sectors and growth points in Stoke & Staffordshire

Key growth sectors linked to local priorities[33]	Employment in 2008[34]	Employment growth 2010-2015: diversification and up-skilling scenario[35]	Related key investment sites[36]
Advanced manufacturing	5,700	500	i54
Building technologies & low carbon construction	25,800	3,900	Chatterley Valley
ICT & digital media	9,900	4,700	
Business & professional services	6,300	4,000	Keele Science Park

5.4 The role of skills

To support this transformation of regional, sub-regional and local economic and employment prospects businesses will need leaders and managers that can their businesses grow and exploit new opportunities. They will also need to ensure that their workforces acquire the skills needed to foster an entrepreneurial culture and promote innovation.

Subsequently, if efforts to transform the economy are successful, new and growing businesses in high value added industries will need to access specific skill sets in order to exploit the business and market opportunities on offer. For example ICT & digital media firms will need to source technical skills in software development, applications, digital technology, broadcasting and computer generated processes – as well as a range of creative management and more general business skills. In low carbon construction, meanwhile, there will be a growing demand for architects and product designers familiar with new building fabrics and materials, planners with skills relating to low carbon buildings and retro-fitting and for expertise in off-site manufacture.

In advanced manufacturing industries such as transport technologies businesses need to attract more specialist professional electrical and electronic technicians and engineers. In low carbon and environmental technologies businesses have identified a need for specialist skills in areas such as design, power, process, Computer Aided Design and process, mechanical, chemical and electrical engineering, waste treatment and fuel cell technology.

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[33] Source: local authority position statements on skills priorities, June 2010
[34] Source: ONS Annual Business Inquiry, 2008
[35] Source: Cambridge Econometrics and Observatory analysis, September 2010
[36] Source: West Midlands Regional Observatory - review of employment and skill needs at Impact Investment sites, June 2010 and local authority position statements on skills priorities, June 2010

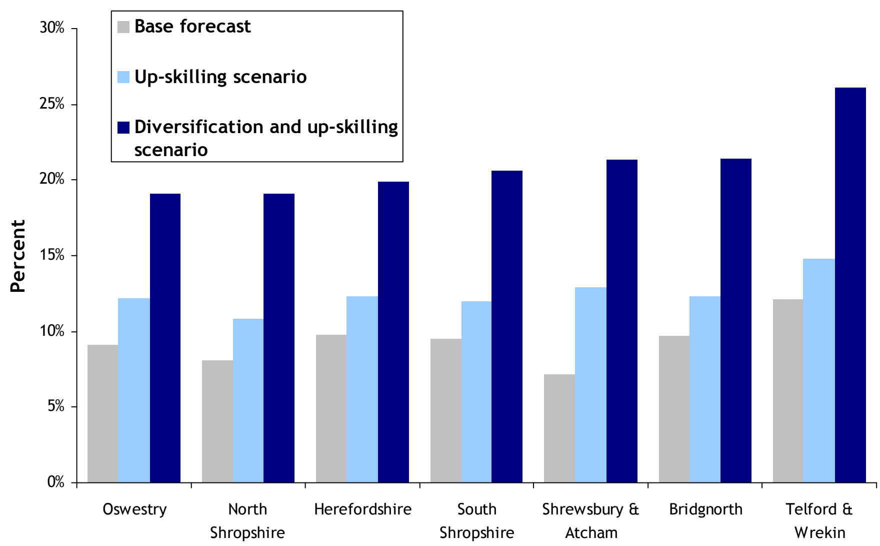
Businesses across these high value added industries, meanwhile, are highlighting a range of common issues that need to be addressed to help them to access the skills they need to develop new products, services and markets. These include the need for a more flexible and innovative approach to apprenticeships to make it easier for smaller firms to recruit them. Businesses also want a stronger influence on education and training provision to ensure that it keeps pace with innovation and market developments and for mechanisms to help match graduate skills with graduate jobs.

6 The Marches

6.1 Baseline forecast[37]

Our baseline forecast indicates that GVA will grow by just under 10% across the Marches area[38] over the 2010-2015 period – outstripping the rate of just over 8% across the West Midlands as a whole. As chart 13 shows within the sub-region prospects vary significantly, with strong growth of more than 12% in Telford & Wrekin contrasting with just over 9% in Oswestry, just over 8% in North Shropshire and just over 7% in Shrewsbury & Atcham.

13. GVA growth in the Marches to 2015 - alternative scenarios



Source: Cambridge Econometrics/Observatory analysis

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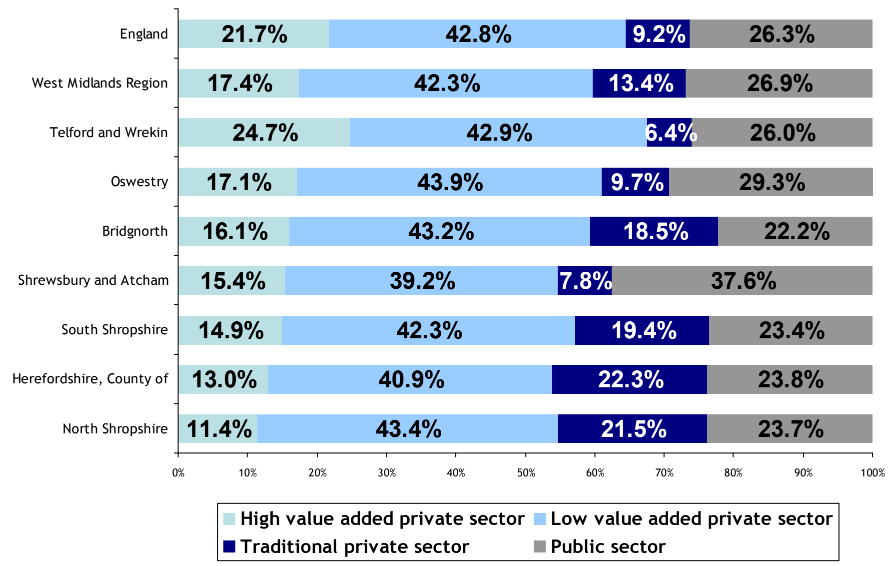
[37] This forecast has been developed using the baseline projections from our Policy Assessment Model, combined with a scenario we have developed modeling the potential impact on the West Midlands economy of the cuts in public spending announced by the government

[38] This area comprises Herefordshire, Shropshire and Telford

These variations reflect differences in the structure of each area's economy. As chart 14 shows at nearly 25% the proportion of employment in high value added industries with strong growth prospects such as advanced manufacturing, ICT & digital media and business & professional services in Telford & Wrekin was well above the figure for the West Midlands as a whole of just over 17% and indeed the England average of just under 22% in 2008 (latest available figures). However the economy of the rest of the Marches is predominantly rural, with a dependence on lower value added industries such as agriculture, manufacturing industries such as food & drink, construction, hotels & catering, transport and retail[39] The proportion of jobs in these high value added, fast growing industries was particularly low in remoter rural areas such as Herefordshire (13%) and North Shropshire (just over 11%).

At the same time there is a significant dependence on public sector activities in some parts of the Marches. For example nearly 30% of jobs in Oswestry and nearly 38% of jobs in Shrewsbury & Atcham (the second proportion in the West Midlands) were in the public sector which compares with 27% regionally and 26% nationally. These are expected to contract significantly in the next few years due to cuts in expenditure and offset any growth in the private sector[40].

14. Employment by broad sector in 2008 - the Marches



Source: ONS Annual Business Inquiry 2008 West Midlands Regional Observatory 2010 14

[39] These issues were explored in more detail in our Rural Skills Assessment published in 2009, which can be downloaded by clicking here
[40] For further details see the first briefing paper in this series which explores the likely impact of the public sector cuts across the West Midlands, which can be downloaded by clicking here.

Overall a net loss of more than 5,000 jobs is forecast across the Marches area between now and 2015. While a modest net increase in employment of around 200 in Telford & Wrekin is expected, net losses of around 900 jobs in Herefordshire, around 700 in North Shropshire, around 600 in Bridgnorth and around 500 in both Shrewsbury & Atcham and South Shropshire are forecast. In addition, based on the ratio of the number of private sector jobs dependent on public sector spending and the associated supply chain nationally, a further 34,000 jobs[41] are at risk across the Marches at private sector firms directly or indirectly reliant on public sector spending[42] [43].

6.2 Up-skilling scenario

Our first scenario illustrates the potential impact on GVA and job growth of raising workforce skill levels across the West Midlands to match the England average by 2015.

As figure 9 shows a two percentage point increase in GVA growth in the Marches to 13% is projected over the 2010-2015 period as private sector businesses constrained by skill gaps and shortages start to achieve their growth potential. The strongest growth is expected to be in Telford & Wrekin (more than 16%). However growth would be more modest in Shrewsbury & Atcham (less than 13%),Bridgnorth, Herefordshire, South Shropshire and Oswestry (around 12% in each case) and North Shropshire (less than 11%). As noted in section 6.1 high value added industries with strong growth prospects are relatively poorly represented in these areas. The public sector accounts for a much greater share of the economy in some, moreover, and the impact of cuts in expenditure is expected to be more significant – offsetting growth in the private sector.

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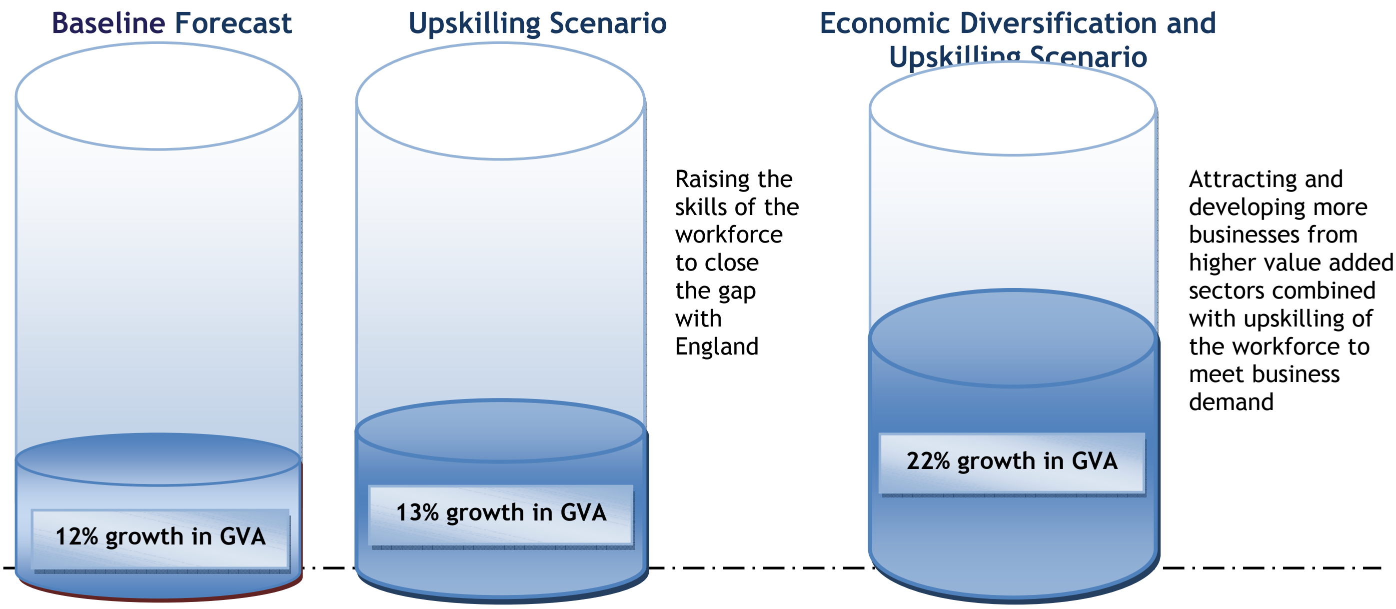
[41] Based on the ratio of the number of private sector jobs dependent on public sector spending and the associated supply chain nationally (Source: The Work Foundation and Oxford Economics, June 2010)

[42] It should be noted that this forecast does not take account of any private sector job creation that might be stimulated by new market opportunities arising due to the withdrawal of public sector services

[43] It should be noted that this figure represents the number of jobs **at risk** and that not all will necessarily be lost

Figure 9: forecast GVA growth 2010-2015: alternative scenarios for the Marches



Source: Cambridge Econometrics/Observatory analysis

While employment prospects are a little more favourable than those predicted in our base forecast, a net loss of more than 4,000 jobs is still expected across the area between now and 2015. While a modest net increase in employment of around 500 in Telford & Wrekin is expected, net losses of around 700 jobs in Herefordshire, around 600 in North Shropshire, around 500 in Bridgnorth and around 400 in both Shrewsbury & Atcham and South Shropshire are still forecast.

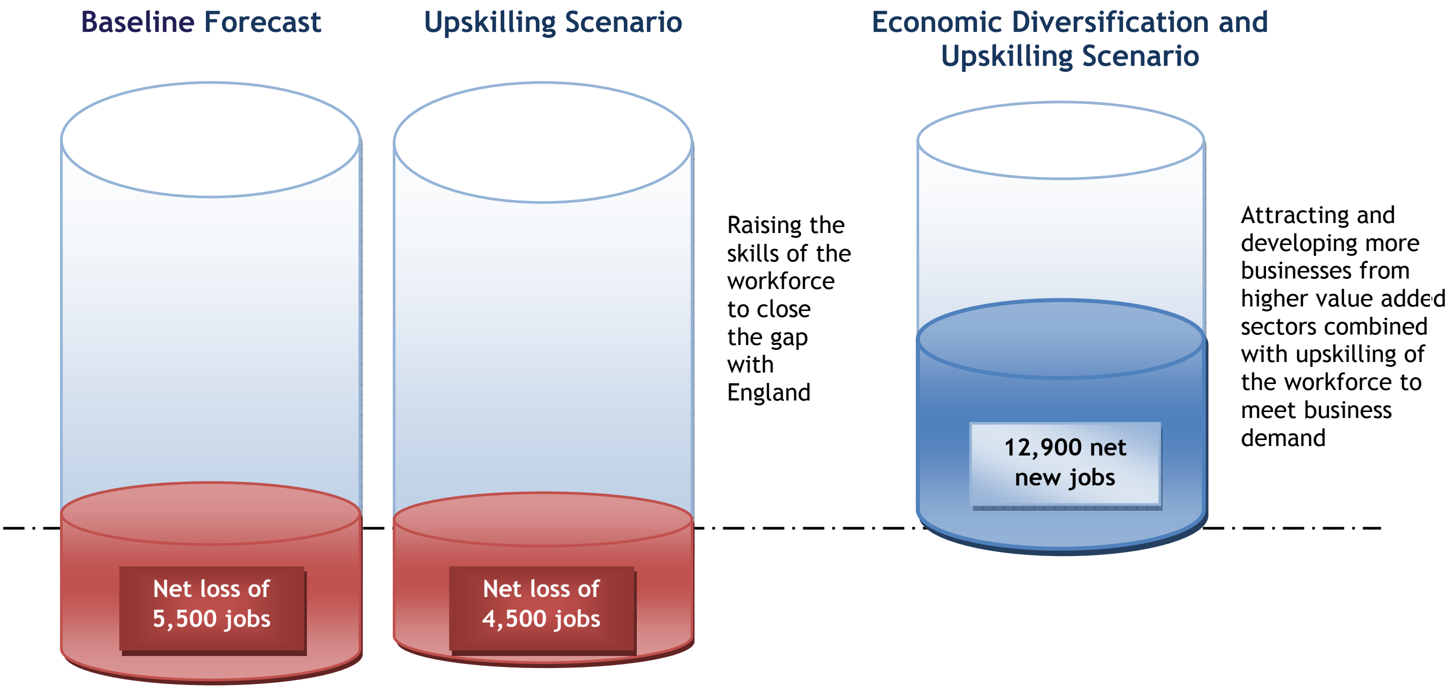
6.3 Up-skilling and diversification scenario

Our second scenario illustrates the potential impact of combining this up-skilling with a strategy to attract more businesses in higher value added private sector industries to the region such that their share of GVA matches the England average by 2015.

A much more significant growth in GVA of 22% is projected for the Marches area - although this is lower that the figure of 23% expected across the West Midlands as a whole. Again there are expected to be significant variations in growth across the area. Growth would be strongest in Telford & Wrekin (more than 26%) where, as noted in section 4.51, high value added industries with strong growth prospects are relatively well represented. In contrast, however, growth of only 21% in Bridgnorth, Shrewsbury & Atcham and South Shropshire, 20% in Herefordshire and just 19% in Oswestry and South Shropshire is expected. In these areas high value added industries are less well represented and the impact of cuts in public sector expenditure is expected to offset growth in the private sector.

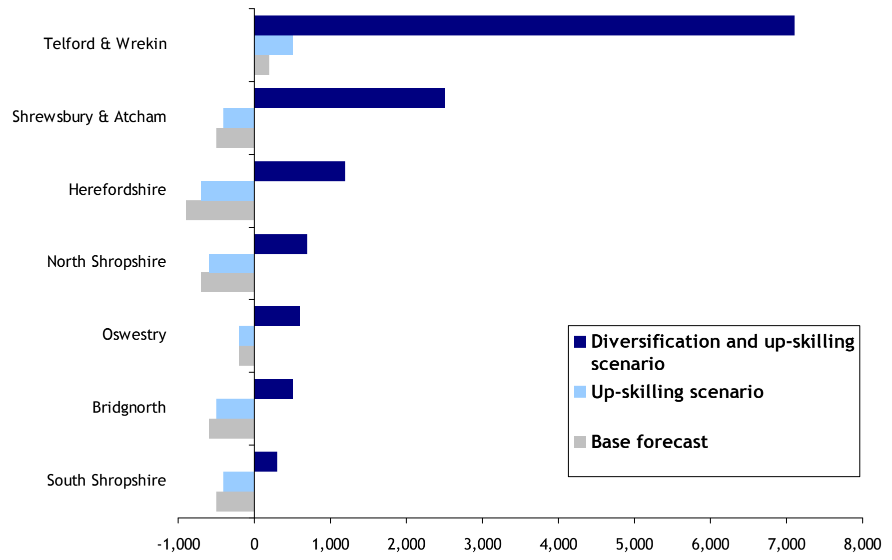
Nevertheless, as shown in figure 10, even factoring in the impact of the public sector cuts nearly 13,000 net new jobs would be created across the area. Of these more than 7,000 are expected to be created in Telford & Wrekin (see chart 15). While many of those created would be in the lower value added industries that tend to dominate rural economies such as agriculture, manufacturing industries such as food & drink, construction, hotels & catering, transport and retail, more than 8,000 would be higher skilled jobs in higher value added activities that have gained a foothold in the area.

Figure 10: forecast employment trends 2010-2015: alternative scenarios for the Marches



Source: Cambridge Econometrics/Observatory analysis

15. Net new jobs in the Marches to 2015 - alternative scenarios



Source: Cambridge Econometrics/Observatory analysis

West Midlands Regional Observatory 2010 15

As table 5 shows ICT & digital media, which supported employment of nearly 3,000 in 2008 (latest available figures), would double in size by creating around 3,000 net new jobs by 2015. Building technologies & low carbon construction, meanwhile, which supported nearly 14,000 jobs in 2008, would create nearly 3,000 net new jobs by 2015 and business & professional services, which employed nearly 5,000 people in 2008, would create up to 2,000 net new jobs by 2015. Advanced manufacturing (and transport technologies in particular), meanwhile, which employed more than 6,000 people across the area in 2008, would create around 600 net new jobs by 2015.

There are a number of key investment sites in the area (for example Edgar Street Grid in Hereford and Telford Town Centre) that are being developed to accommodate new and growing businesses.

Table 5: High value added sectors and growth points in the Marches

Local Authority area	Key growth sectors linked to local priorities[44]	Employment in 2008[45]	Employment growth 2010-2015: diversification and up-skilling scenario[46]	Related key investment sites[47]
Herefordshire	Building technologies Business & professional services	5,900 1,700	1,100 800	Edgar Street grid
Shropshire	Advanced manufacturing Building technologies Business & professional services	1,800 8,000 2,800	200 1,600 1,200	Telford town centre
Telford	Advanced manufacturing ICT & digital media	4,400 4,000	400 3,000	

6.4 The role of skills

To support this transformation of regional, sub-regional and local economic and employment prospects businesses will need leaders and managers that can their businesses grow and exploit new opportunities. They will also need to ensure that their workforces acquire the skills needed to foster an entrepreneurial culture and promote innovation.

Subsequently, if efforts to transform the economy are successful, new and growing businesses in high value added industries will need to access specific skill sets in order to exploit the business and market opportunities on offer. For example ICT & digital media firms will need to source technical skills in software development, applications, digital technology, broadcasting and computer generated processes – as well as a range of creative management and more general business skills. In low carbon construction, meanwhile, there will be a growing demand for architects and product designers familiar with new building fabrics and materials, planners with skills relating to low carbon buildings and retro-fitting and for expertise in off-site manufacture. In advanced manufacturing industries such as transport technologies businesses need to attract more specialist professional electrical and electronic technicians and engineers.

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44 Source: local authority position statements on skills priorities, June 2010
45 Source: ONS Annual Business Inquiry, 2008
46 Source: Cambridge Econometrics and Observatory analysis, September 2010
47 Source: West Midlands Regional Observatory - review of employment and skill needs at Impact Investment sites, June 2010 and local authority position statements on skills priorities, June 2010

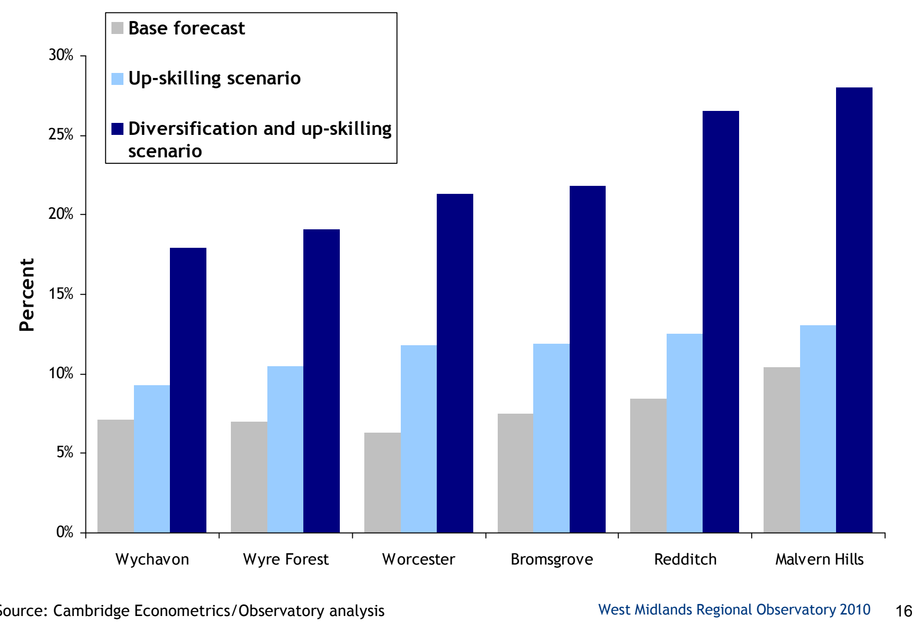
Businesses across these high value added industries, meanwhile, are highlighting a range of common issues that need to be addressed to help them to access the skills they need to develop new products, services and markets. These include the need for a more flexible and innovative approach to apprenticeships to make it easier for smaller firms to recruit them. Businesses also want a stronger influence on education and training provision to ensure that it keeps pace with innovation and market developments and for mechanisms to help match graduate skills with graduate jobs.

7 Worcestershire

7.1 Baseline forecast[48]

Our baseline forecast indicates that only modest growth in GVA of 7.7% is expected across Worcestershire over the 2010-2015 period – which compares with a figure of 8.4% across the West Midlands as a whole. As chart 16 shows within the area prospects vary significantly, with growth of more than 10% in Malvern Hills contrasting with just 7% in Wyre Forest and Wychavon and just 6% in Worcester.

16. GVA growth in Worcestershire to 2015 - alternative scenarios



These variations reflect differences in the structure of each area's economy. As chart 17 shows at more than 24% in 2008 (latest available figures) the proportion of employment in high value added industries with strong growth prospects such as advanced manufacturing, ICT & digital media and business & professional services in Malvern Hills was well above the figure for the West Midlands as a whole of just over 17% and indeed the England average of just under 22%.

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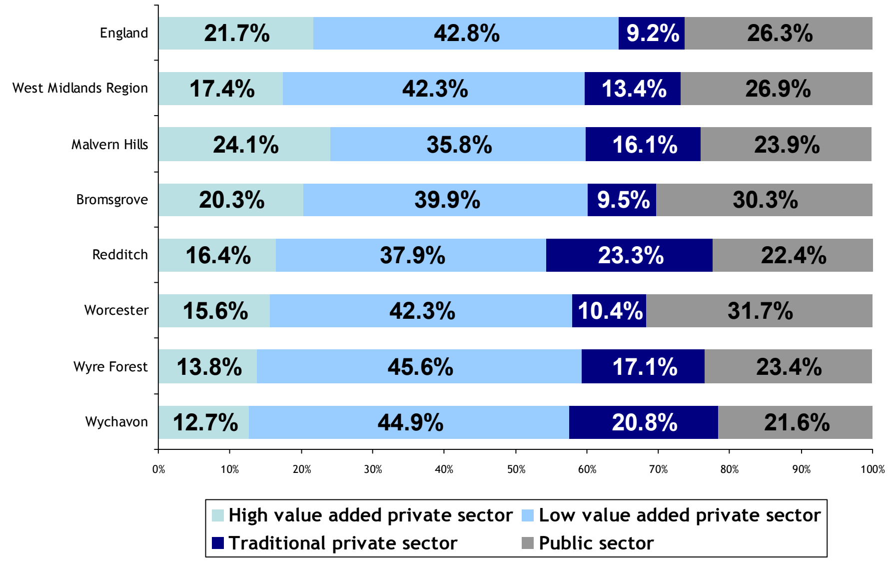
[48] This forecast has been developed using the baseline projections from our Policy Assessment Model, combined with a scenario we have developed modeling the potential impact on the West Midlands economy of the cuts in public spending announced by the government

In contrast only 14% of employment in Wyre Forest and 13% of employment in Wychavon was in these activities - with a dependence on lower value added industries such as agriculture, manufacturing industries such as food & drink, construction, hotels & catering, transport and retail[49]. At the same time there is a significant dependence on public sector activities in some parts of the area. For example more than 30% of jobs in Bromsgrove and nearly 32% of jobs in Worcester were in the public sector which compares with 27% regionally and 26% nationally. These are expected to contract significantly in the next few years due to cuts in expenditure and offset any growth in the private sector[50].

17. Employment by broad sector in 2008 - Worcestershire



Source: ONS Annual Business Inquiry 2008 West Midlands Regional Observatory 2010 17

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49 These issues were explored in more detail in our Rural Skills Assessment published in 2009, which can be downloaded by clicking here

50 For further details see the first briefing paper in this series which explores the likely impact of the public sector cuts across the West Midlands, which can be downloaded by clicking here.

A combination of weak growth in the private sector and a contraction of public sector activities in many areas is forecast to lead to a net loss of nearly 6,000 jobs across Worcestershire between now and 2015. In particular net losses of around 900 jobs in Worcester, around 700 in Bromsgrove and around 600 in both Wychavon and Wyre Forest are expected. In addition, based on the ratio of the number of private sector jobs dependent on public sector spending and the associated supply chain nationally, a further 29,000 jobs[51] are at risk across Worcestershire at private sector firms directly or indirectly reliant on public sector spending[52] [53].

7.2 Up-skilling scenario

Our first scenario illustrates the impact on GVA and job growth of raising workforce skill levels across the West Midlands to match the England average by 2015.

As figure 11 shows a three percentage point increase in GVA growth in Worcestershire to 11% is projected over the 2010-2015 period as private sector businesses constrained by skill gaps and shortages start to achieve their growth potential– but this would still lag the rate across the West Midlands as a whole of 12%. The strongest growth is expected to be in Malvern Hills (more than 13%) and Redditch (12.5%). However growth would be more modest in Wyre Forest (around 10%) and Wychavon (9%) where, as noted in section 4.61, high value added industries with strong growth prospects are relatively poorly represented.

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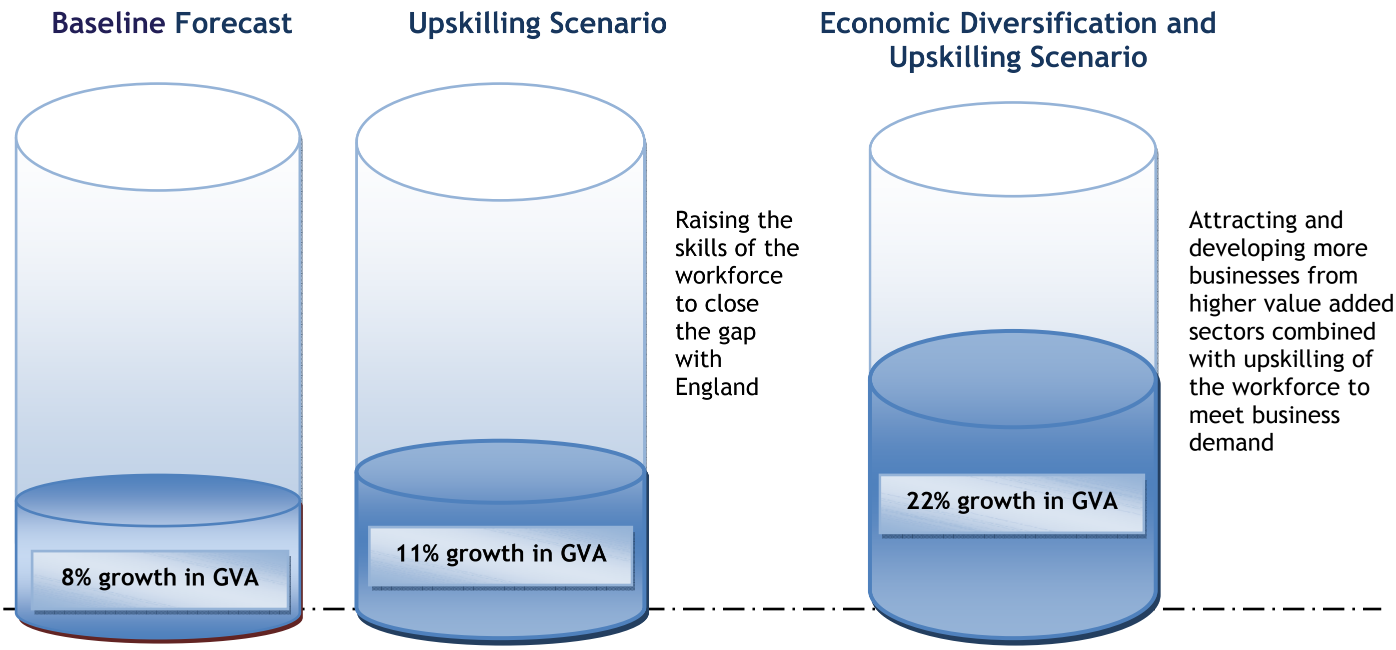
[51] Based on the ratio of the number of private sector jobs dependent on public sector spending and the associated supply chain nationally (Source: The Work Foundation and Oxford Economics, June 2010)

[52] It should be noted that this forecast does not take account of any private sector job creation that might be stimulated by new market opportunities arising due to the withdrawal of public sector services

[53] It should be noted that this figure represents the number of jobs **at risk** and that not all will necessarily be lost

Figure 11: forecast GVA growth 2010-2015: alternative scenarios for Worcestershire



Source: Cambridge Econometrics/Observatory analysis

While employment prospects are a little more favourable than those predicted in our base forecast, a net loss of just over 5,000 jobs is still expected across the area between now and 2015 as any job gains in the private sector are offset by losses in the public sector. In particular net losses of around 800 jobs in Worcester and around 600 in Bromsgrove are still expected.

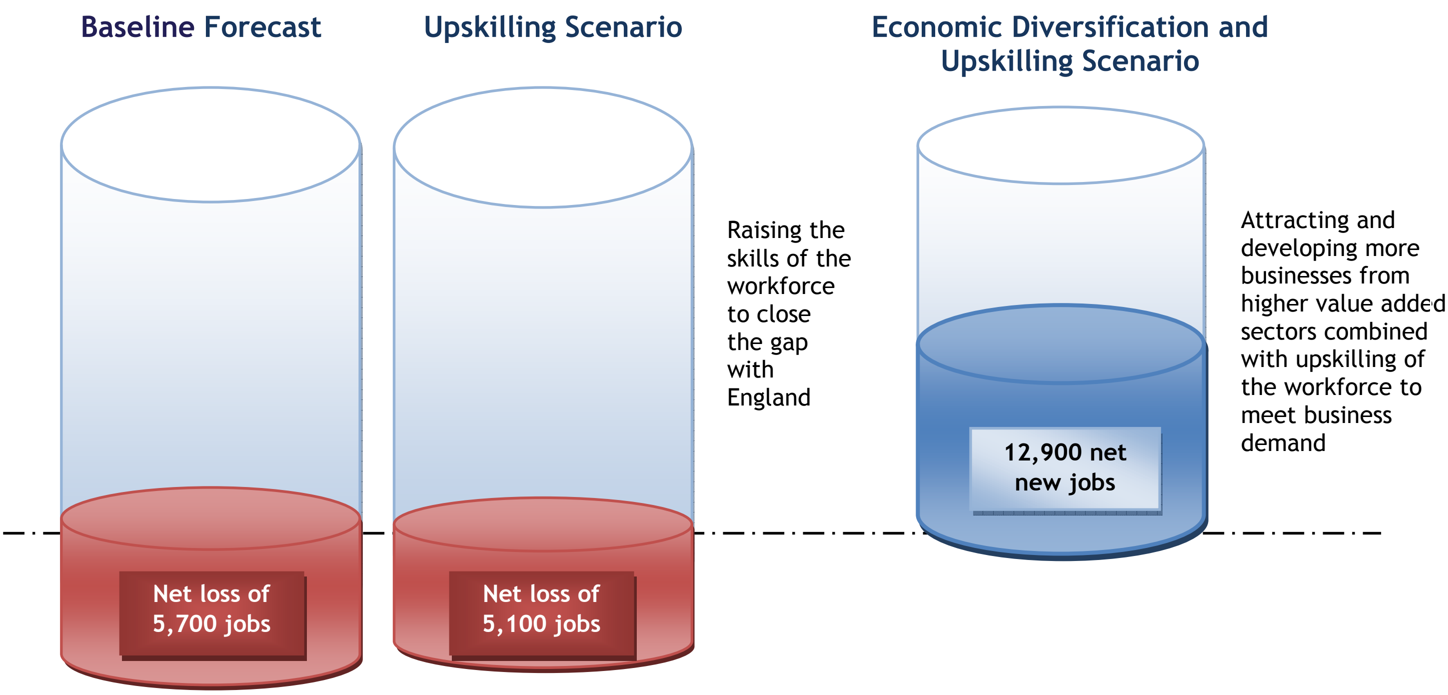
7.3 Up-skilling and diversification scenario

Our second scenario illustrates the impact of combining this up-skilling with a strategy to attract more businesses in higher value added private sector industries to the region such that their share of GVA matches the England average by 2015.

A much more significant growth in GVA of 22% is projected for Worcestershire - although this is lower that the figure of 23% expected across the West Midlands as a whole. Again there are expected to be significant variations in growth across the area. Growth would be strongest in Malvern Hills (more than 28%) where, as noted in section 4.61, high value added industries with strong growth prospects are relatively well represented, and Redditch (nearly 27%). In contrast, however, growth of only 21% in Bromsgrove and Worcester (where the impact of cuts in public sector expenditure is likely to be particularly significant), 19% in Wyre Forest and 18% in Wychavon (where high value added industries are relatively poorly represented) is expected.

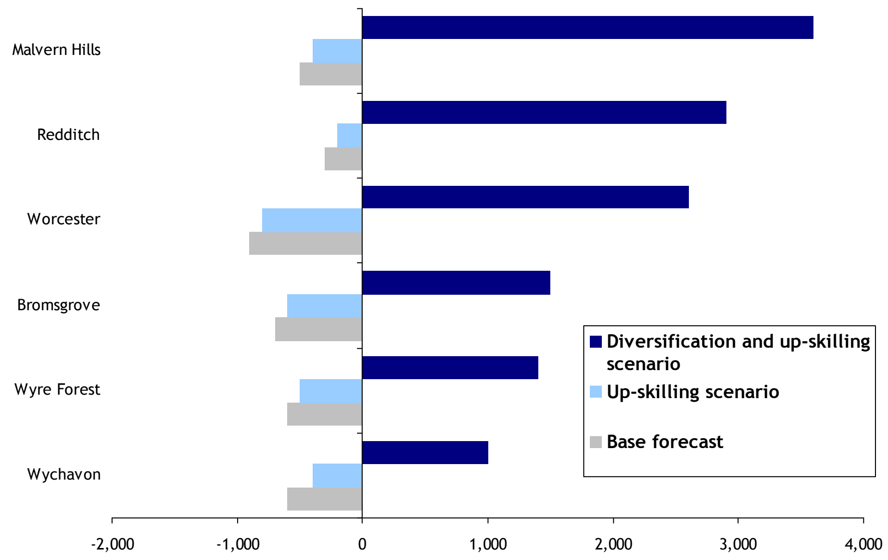
Nevertheless as shown in figure 12 nearly 13,000 net new jobs would be created across the area. Of these nearly 4,000 would be created in Malvern Hills, nearly 3,000 would be created in Redditch and more than 2,500 would be created in Worcester (see chart 18). While many of those created would be in the lower value added industries that tend to dominate rural economies such as agriculture, manufacturing industries such as food & drink, construction, hotels & catering, transport and retail, nearly 8,000 would be higher skilled jobs in higher value added activities that have a growing presence in the area.

Figure 12: forecast employment trends 2010-2015: alternative scenarios for Worcestershire



Source: Cambridge Econometrics/Observatory analysis

18. Net new jobs in Worcestershire to 2015 - alternative scenarios



Source: Cambridge Econometrics/Observatory analysis West Midlands Regional Observatory 2010 18

As table 6 shows ICT & digital media, which supported employment of nearly 8,000 in 2008 (latest available figures), would create nearly 3,000 net new jobs by 2015. Building technologies & low carbon construction, meanwhile, which supported more than 17,000 jobs in 2008, would create more than 2,000 net new jobs by 2015 and business & professional services, which employed more than 8,000 people in 2008, would create around 2,000 net new jobs by 2015. Advanced manufacturing (and transport technologies in particular), meanwhile, which employed more than 11,000 people across the area in 2008, would create around 800 net new jobs by 2015. There are a number of key investment sites in the area (for example Malvern Hills Science Park and Worcester Technology Park) that are being developed to accommodate new and growing businesses.

Table 6: High value added sectors and growth points in Worcestershire

Key growth sectors linked to local priorities[54]	Employment in 2008[55]	Employment growth 2010-2015: diversification and up-skilling scenario[56]	Related key investment sites[57]
Advanced manufacturing Building technologies Business & professional services ICT & digital media	11,300 17,300 8,400 7,900	800 2,200 2,000 2,600	Malvern Hills science park Worcester technology park

7.4 The role of skills

To support this transformation of regional, sub-regional and local economic and employment prospects businesses will need leaders and managers that can their businesses grow and exploit new opportunities. They will also need to ensure that their workforces acquire the skills needed to foster an entrepreneurial culture and promote innovation.

Subsequently, if efforts to transform the economy are successful, new and growing businesses in high value added industries will need to access specific skill sets in order to exploit the business and market opportunities on offer. For example ICT & digital media firms will need to source technical skills in software development, applications, digital technology, broadcasting and computer generated processes – as well as a range of creative management and more general business skills. In low carbon construction, meanwhile, there will be a growing demand for architects and product designers familiar with new building fabrics and materials, planners with skills relating to low carbon buildings and retro-fitting and for expertise in off-site manufacture. In advanced manufacturing industries such as transport technologies businesses need to attract more specialist professional electrical and electronic technicians and engineers.

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[54] Source: local authority position statements on skills priorities, June 2010
[55] Source: ONS Annual Business Inquiry, 2008
[56] Source: Cambridge Econometrics and Observatory analysis, September 2010
[57] Source: West Midlands Regional Observatory - review of employment and skill needs at Impact Investment sites, June 2010 and local authority position statements on skills priorities, June 2010

Businesses across these high value added industries, meanwhile, are highlighting a range of common issues that need to be addressed to help them to access the skills they need to develop new products, services and markets. These include the need for a more flexible and innovative approach to apprenticeships to make it easier for smaller firms to recruit them. Businesses also want a stronger influence on education and training provision to ensure that it keeps pace with innovation and market developments and for mechanisms to help match graduate skills with graduate jobs.

Full document information

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Date created	
Type	Report
Description	These sub-regional profiles look to inform the targeting of business support, the development of business-relevant education and training and effective careers information, advice and guidance. It considers the potential for growth in Gross Value Added (GVA) and net new jobs between now and 2015 and identifies key 'growth points' at a sector, industry, Local Enterprise Partnership and local authority level. Utilising our forecasting system, the Policy Assessment Model, we explore future prospects under three different scenarios. The first models the expected impact on employment prospects of expected cuts in public sector spending. The second shows the potential impact on economic growth and new job creation of up-skilling the workforce within existing businesses to match performance elsewhere in the country. The third illustrates the potential impact of both up-skilling the existing workforce and diversifying the economy to address structural weaknesses and attract and develop businesses in high value added, high skill sectors.
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