

## MORE JOBS, BETTER JOBS West Midlands Skills Investment Priorities 2011 –2012

### 1.0 INTRODUCTION

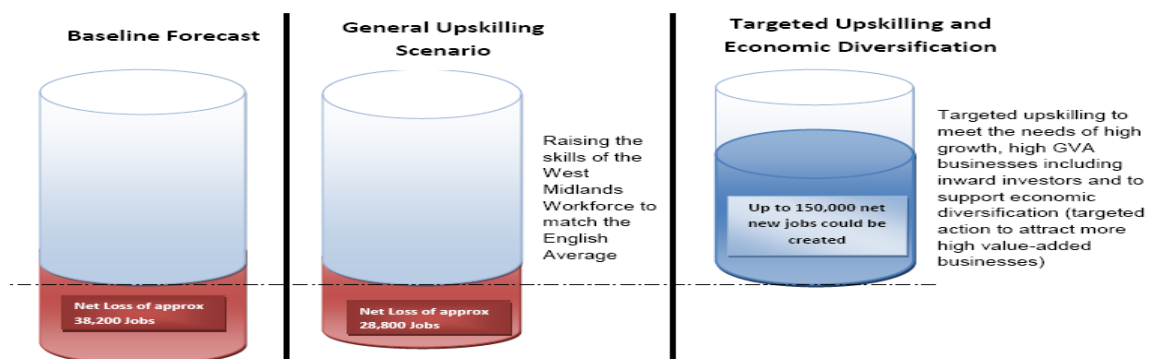
Employers, local authorities, colleges, universities and other key partners in the West Midlands want urgent, radical, transformational change to deliver the skills needed to support the creation of more and better jobs that will provide work for the unemployed, help maintain social cohesion and provide prosperity for all in the region. **Partners want a focus on the skills that will help to create new jobs and new demand for skills as well as the skills needed for the jobs that are expected to be created. Just focusing on matching the supply of skills with expected demand will not deliver the volume or quality of jobs needed in the region.**

In the West Midlands we have 3.5 million people of working age and only 2.5 million jobs (**Annex 1**) and we forecast that over the next five years there will be a net loss of a further 38,200 jobs.<sup>1</sup> In addition, analysis by Local Futures using Oxford Economic research suggests an additional 310,000 private sector jobs to be at risk in the region as a direct or indirect result of the recent public sector expenditure cuts.<sup>2</sup> This forecast does not take account of any private sector job creation that might be stimulated by withdrawal of the public sector services.

Given the big difference between the numbers of people of working age in the region and the number of jobs that will be available over the next five years and, compared to other regions, the relatively low value-added of our jobs, we have concluded that we need urgent, radical, transformational change to deliver:-

- the skills that will support growth and help to create new jobs (more than one million jobs to achieve full employment or approximately 600,000 jobs to even halve the economic inactivity and unemployment rates);
- the skills that employers have already identified as being in short supply (ca 200,000 current skills gaps and shortages); and
- the skills for the jobs that will become vacant as people move jobs or retire (ca 850,000 jobs).

The diagram below shows the baseline forecast of the net job losses (38,200) we expect over the next five years. This forecast net loss of jobs will add to the existing deficit of one million jobs that will be needed to achieve full employment. The diagram also shows how the deficit might be addressed under two different scenarios (general upskilling or more targeted upskilling to support economic diversification). The scenarios suggest that general upskilling of the population to the national average has the potential to offset the job losses and reduce the net job loss to approximately 29,000, whilst a more targeted upskilling and economic diversification scenario designed to raise GVA (gross value added) to the national average could potentially create up to 150,000 net new jobs<sup>3</sup>.



<sup>1</sup> The baseline and scenarios (above) have been produced by applying the Treasury forecasts of expected public sector jobs cuts to the Cambridge Econometrics baseline forecast and scenarios produced in May 2010

<sup>2</sup> Local Futures and Oxford economics research (<http://www.localfutures.com/Assets/3949/public%20sector%20employment%20barometer.pdf>)

<sup>3</sup> The scenario projection of alternative futures done by Cambridge Econometrics based on increasing the regional share of GVA and employment of a selection of high value added sectors and clusters to match the UK average.

**Annex 2** breaks down the net job losses/gains in each of the scenarios presented at subregional level. Partners recognise that skills are only one of the drivers of economic and social change.

The economic diversification and targeted upskilling scenario is aspirational. It is focused on growing more jobs and better jobs – particularly in areas of the economy that have the potential to grow, and is consistent with the local authority expectations and aspirations for growth as reflected in their Position Statements and the priority Impact Investment Locations identified across the region (see section 4 for further details). It is also consistent with the actions identified in the recently completed analysis of the skills needs of cluster groups<sup>4</sup> and the needs of other key growth points<sup>5</sup> that will create more and better jobs at all levels including those sectors identified as priority sectors<sup>6</sup> (Digital Media, Low Carbon, Low Carbon-Construction and Advanced Manufacturing) (**Annex 3**).

The transformational change will not happen via investment in skills alone – it will only occur if the region’s structural weaknesses are addressed and investment in the demand, supply and effective use of skills is combined with investment in the other drivers of the economy including innovation, enterprise, inward investment, transport, sites and premises.

The following sections of this document include analysis based on the baseline forecasts of different interventions on jobs growth (scenarios) through Cambridge Econometrics undertaken in May 2010. Further work is planned to estimate the impact of the public sector cuts on key sectors.

## 2.0 OBJECTIVES

As a result of the scenario work 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:-

- **Business;** 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.

These objectives reflect current priorities and build on work previously conducted to agree economic and skills priorities in the West Midlands.

The objectives and associated statement of investment priorities have been prepared by partners following extensive consultation (**Annex 4**). The statement of investment priorities highlights some real opportunities to achieve structural change and job growth informed by strong knowledge-driven partnership working. It can be used by;

- the **Department for Business, Innovation and Skills** to inform the “Skills for Sustainable Growth” consultation on the future direction of skills policy by illustrating the shifts needed to create a truly demand-led skills system and by identifying areas where policy change is needed to help deliver transformational change;
- **training and skills providers** to help them understand how they can focus on supplying the skills that will help to create new jobs and so grow new demand for skills as well as match their supply of skills with current and future demand;
- **individuals and employers**, either directly or via advisors, to make informed decisions on skills and training options; and

<sup>4</sup> <http://www.advantagewm.co.uk/working-with-us/business-clusters/default.aspx>

<sup>5</sup> Sectoral and geographic points identified in the region where growth in jobs is likely – more and better jobs

<sup>6</sup> The Priority Sectors have been identified through working with FE and HE partners, business leaders and business clusters representing some of the key industries. They have also taken on board current thinking in the local authorities on the growth sectors they will be working to encourage.

- **local authorities** and their business partners to inform priorities and approaches for subregional plans and Local Enterprise Partnerships.

This draft statement of priorities sets out partners knowledge and intelligence about current, expected and aspirational demand for skills (sections 4.1, 4.2 and 4.3) and the shifts that partners expect to see (section 6.1) in the skills investment by the Department of Business, Innovation and Skills (BIS) in 2011/2012 if the recently announced flexibilities for colleges and the improved information, advice and guidance service for young people and adults do deliver a truly demand-led system.

The draft statement of priorities recognises that the new flexibilities for colleges are unlikely to address the challenges of working with employers where the demand for skills is weak as a result of deep seated structural problems. The draft statement asks for further, urgent, radical action (“policy asks” at section 6.3) to target skills in key groups of businesses that have the potential to grow and create new and better jobs. Once there is sufficient demand the new college flexibilities should meet the new business demand.

### 3.0 PRIORITIES

To meet the two objectives detailed in section 2, partners propose to focus action on, doing what we currently do – but doing it much better and making a concerted effort to create a climate which encourages growth (more jobs and better jobs). **They have also agreed to make tough choices about investments – “if everything is a priority then nothing is a priority”.**

Doing what we do better should make the skills system more responsive to demand from employers and individual learners and will help reduce deadweight and rebalance existing funding to make it more effective. An example of such deadweight can be demonstrated by the historic use of public funds to support those aspects of training that are legislative requirements for employers or to accredit prior learning where it does not link to progression.

The new flexibilities for colleges that have recently been announced (effective from August 2010) should enable partners to do what they do better and help to achieve some of the transformational change by allowing colleges and providers to respond positively to employer demand where it is strong and there is sufficient critical mass to generate viable business for training providers.

Further change will be delivered if there is a real improvement in the quality of information, advice and guidance for young people and adults. This would empower individual learners with the knowledge they need to invest in the skills needed for current and future job opportunities.

Achieving the more substantial transformational change needed to create substantially more jobs and better jobs will require us to focus more investment in skills that will enable businesses to grow and to achieve transformational change. As well as better, more concerted partnership work around growth points this will also involve a number of “policy asks” of central government – as detailed in section 6.3.

In summary, partners have agreed for action to be focused on:-

- Shifts in current investment;
- Better partnership working to deliver key offers for employers, individual learners and apprentices; and
- Key ‘policy asks’ from Government.

Details of these actions are in sections 6.1, 6.2 and 6.3.

To take these actions forward partners have set up a number of task and finish groups. These will focus around key offers for employers, individual learners and apprentices and include;

- ensuring effective flow of information about jobs, skills and the labour market to the information, advice and guidance services for adults and young people;
- facilitating better working between employers, colleges and universities around key growth points and inward investors; this includes identifying a package of support, through integrated skills offers, to meet the known skills needs of key growth points in the economy and developing a co-ordinated inward investment offer on skills for the region;
- raising aspirations of employers and individuals; and
- effective communication of the current, expected and aspiration skills needs and actions identified in the statement of priorities

**Partners are working on a set of agreed measures of success that will focus around impact and outcomes.** It is proposed that success measures will be established for each of the two objectives that partners have agreed for their collective work as set out in section 2 above. They will build on the Regional Skills Index which has been in place for the last five years and 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.

Partners have also agreed some overarching principles for improved collective work at community (local), subregional and regional level. These include:

- a sharper focus on impact and outcomes;
- a strong reflection of the local position, with solutions applied at the appropriate level;
- being private sector-led;
- addressing key priority actions through task and finish groups to limit bureaucracy;
- building on good practice; and
- being responsive to changing circumstances

## 4.0 CURRENT AND FUTURE DEMANDS

The aspects of current and future demand discussed in this section are based on the West Midlands Regional Observatory's 2009 Regional Skills Assessment and the associated Policy Supplement<sup>7</sup> which is informed by the baseline forecast of different interventions on jobs growth (scenarios) produced through Cambridge Econometrics in May 2010. **This analysis does not take into account the impact of recent public sector jobs and expenditure cuts because we do not yet have the detailed analysis of the impact of these cuts on replacement demand or growth in key sectors and around impact investment locations.**

In this section, we outline the following aspects of demand:

- **Current demand** that is informed by employers - skills gaps in the current workforce (approx 200,000) and skills shortages (approx 6,000) and known generic skills needs;
- **Future demand that we expect** based on:-
  - May 2010 forecast through Cambridge Econometrics of net new jobs growth of 11,100 and replacement demand of 810,000 (up to 350,000 due to retirements and up to 510,000 due to 'churn' in the labour market);
  - growth in jobs (more jobs and better jobs);

<sup>7</sup> <http://www.wmro.org/standardTemplate.aspx/Home/OurResearch/Skills/Skillsprioritiesfor20112012>

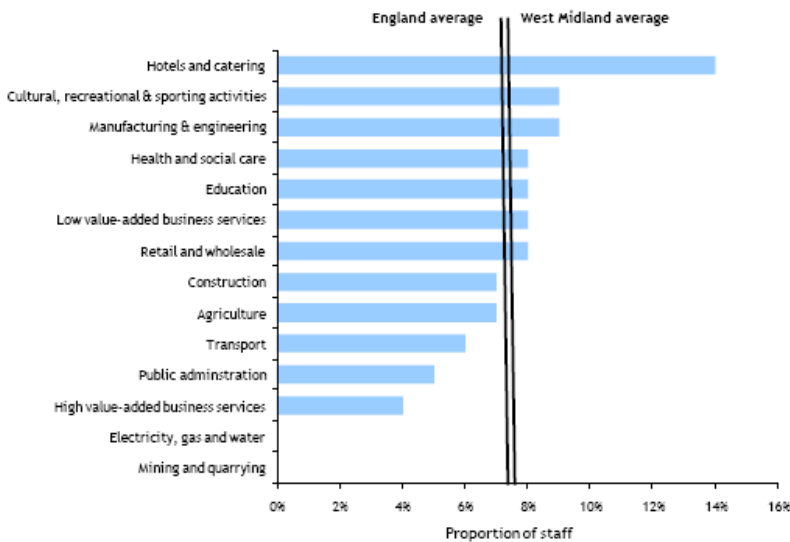
- local authority subregional Position Statements of expected demand including the City Region and Multi Area Agreement (MAA); and
- Impact Investment Locations.
- **Future aspirational demand focused on:-**
  - targeting key sectors where there is a strong potential for job growth;
  - local authority “aspirational” growth sectors including the City Region and MAA;
  - growing existing businesses; and
  - support for inward investors and new enterprise.

## 4.1 CURRENT DEMAND

### a. Skills Gaps

At 20% the proportion of businesses with staff who have gaps in their skills was above the England average of 19% in 2009 and had risen from 14% in 2007. The numbers that employers are reporting, around 200,000, are significant. The chart below demonstrates the breakdown by sector.

#### 15 Skill gaps by sector



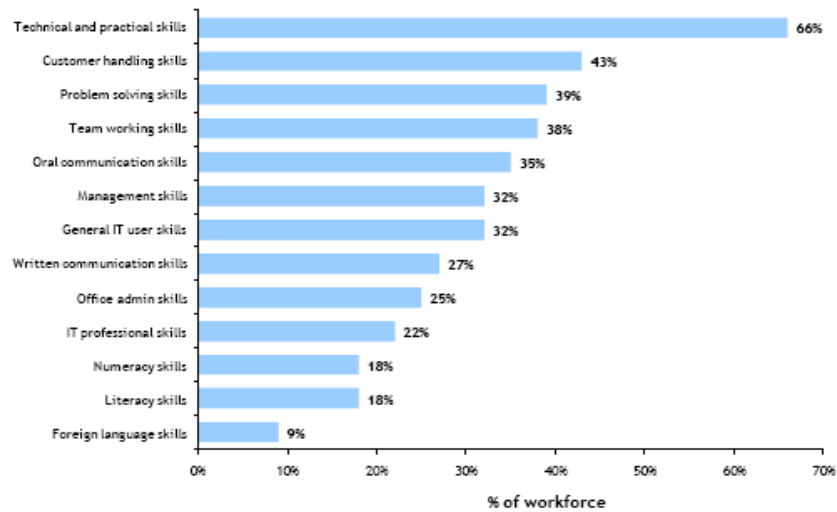
Source: LSC National Employer Skills Survey 2009

West Midlands Regional Observatory 2010

Sector	Absolute Number
Manufacturing	30,000
Construction	8,000
Wholesale & Retail	33,000
Hotels & Catering	20,000
Transport	8,000
Business & Professional Services	30,000
Public Admin	6,000
Education	19,000
Health & Social Care	21,000
Other Services	10,000
<b>Total</b>	<b>186,000</b>

Staffs with skill gaps are most likely to lack business and sector-specific technical and practical skills. A significant proportion also lack softer generic skills in areas such as customer handling, problem solving and team working, as illustrated in the chart below;

#### 4 Main skills lacking within current workforce, 2009



Source: LSC National Employer Skills Survey 2009

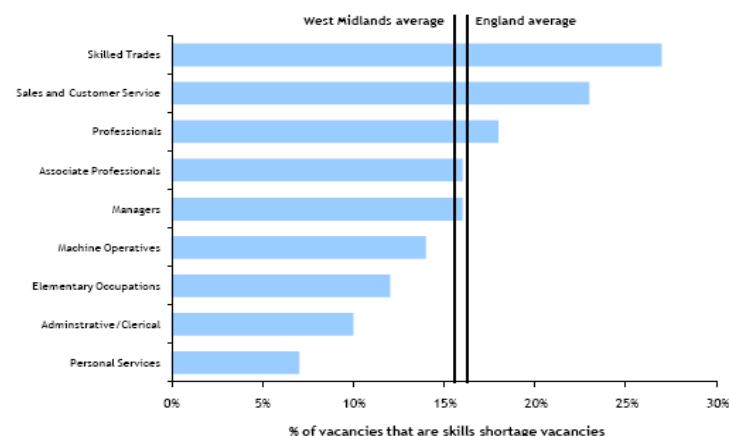
West Midlands Regional Observatory 2010

In regional terms, the West Midlands is one of three regions with the highest skills gaps and while the extent of deficiency in technical/practical skills varies little across the regions, there is disproportionately high numeracy issues in the West Midlands.<sup>8</sup>

#### b. Skill Shortage Vacancies

Skills shortages being identified by employers are small in number (approx 6,000) but critical for key sectors. More than 60% of skill shortage vacancies were due to applicants lacking adequate technical and practical skills. Around a quarter, meanwhile, were due to a lack of softer generic skills such as customer handling, written and oral communication and team working.

#### 19 Skill shortage vacancies by occupation, 2009



Source: LSC National Employer Skills Survey 2009

West Midlands Regional Observatory 2010

Absolute number of skill shortage vacancies by occupation in the West Midlands in 2009

Managers	180
Professionals	437
Associate professionals	693
Administrative/clerical staff	350
Skilled trades occupations	629
Personal services staff	427
Sales and customer services staff	1,033
Machine operatives	368
Elementary staff	713

Source: UKCES National Employer Skills Survey 2009

Current skill shortages affect 3% of establishments, predominately in small organisations; more than three in four occur where there are less than 25 staff.<sup>9</sup>

<sup>8</sup> The UKCES Skills Audit 2010

<sup>9</sup> The UKCES Skills Audit 2010

## 4.2 FUTURE DEMAND – EXPECTED (2010 – 2015)

Detailed analysis produced through Cambridge Econometrics in May 2010 has indicated sectors and geographic areas where job opportunities are expected. Providers need to be aware of these opportunities and work with employers accordingly. They could provide significant new business opportunities for training providers.

### (a) Replacement Demand and Net New Jobs Expected

There is an anticipated total replacement demand of around 850,000.<sup>10</sup> However, 510,000 of these jobs are part of the normal 'churn' in the job market where no net new vacancies will be created. A further 350,000 job vacancies will result from retirements from the labour market. The net effect of the creation of new job opportunities and the loss of significant jobs as businesses leave the region or downsize is that, in the current economic climate, without radical action, only 11,100 net new jobs will be created in the West Midlands over the next five years.

#### Net new jobs and replacement demand by sector : 2010-2015

Source: Observatory analysis based on Cambridge Econometrics forecasts and Labour Force Survey data

	Net new jobs	Replacement demand
Agriculture	-11,000	24,000
Engineering	-9,000	50,000
Manufacturing	-6,000	59,000
Electricity Gas & Water	-3,000	4,000
Construction	8,000	37,000
Wholesale & Retail	18,500	128,000
Hotels & Catering	4,000	132,000
Transport	5,000	53,000
Lower value added business services	14,000	124,000
ICT & Telecoms	7,000	17,000
Public Administration	-6,000	30,000
Education	-10,000	46,000
Health & Social Care	-1,000	69,000
Recreational, Cultural & Sporting	1,500	72,000

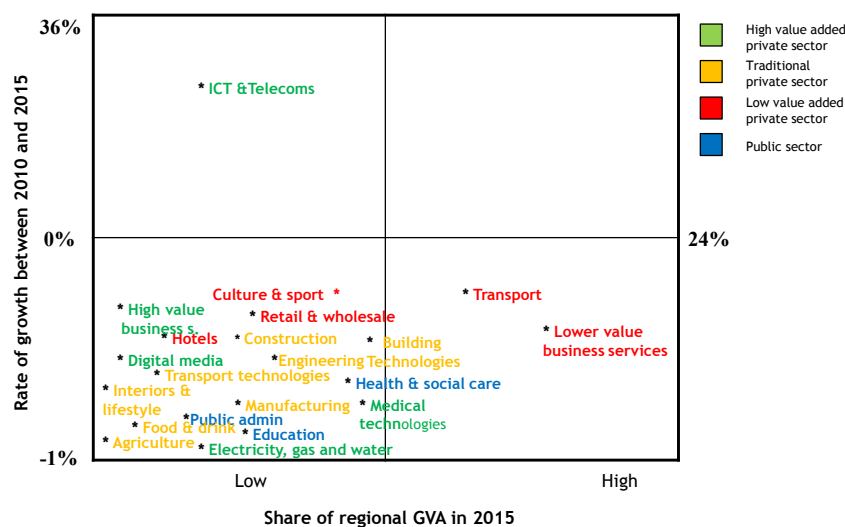
<sup>10</sup> Cambridge Econometrics

**(b) Sector growth including priority sectors**

Recent research outlined in the Regional Observatory’s Post-Recession Report<sup>11</sup> identifies the sectors and clusters that have the potential to grow and create more and better jobs in the West Midlands. Partners have agreed that there is scope for them to work together and with professional organisations, particularly those in the engineering and scientific areas which cover the key sectors below, around these potential growth points to target skills investments where they might help to create new jobs. Examples include the Coventry Low-Carbon Task Group which will identify the skills and employment opportunities to help it achieve its aim of being an exemplar of low-carbon technology by 2020.

Sector Skills Councils and Professional Organisations will be key to guiding the development of training provision to meet anticipated business needs and accredit courses accordingly.

GVA change by sector and cluster - base forecast



Source: Cambridge Econometrics

West Midlands Regional Observatory 2009 1

Four key priority sectors have been identified where there is regional strength and considerable scope for development and growth. These sectors are Advanced Manufacturing, Low Carbon, Low-Carbon Construction and Digital Media. The Cluster Action Plan has been aligned to support the driving up of employer investment and demand in skills for those four sectors. Key regional priority statements for each of those priority sectors can be seen in **Annex 3**.

**(c) Local Authority Subregional Position Statement**

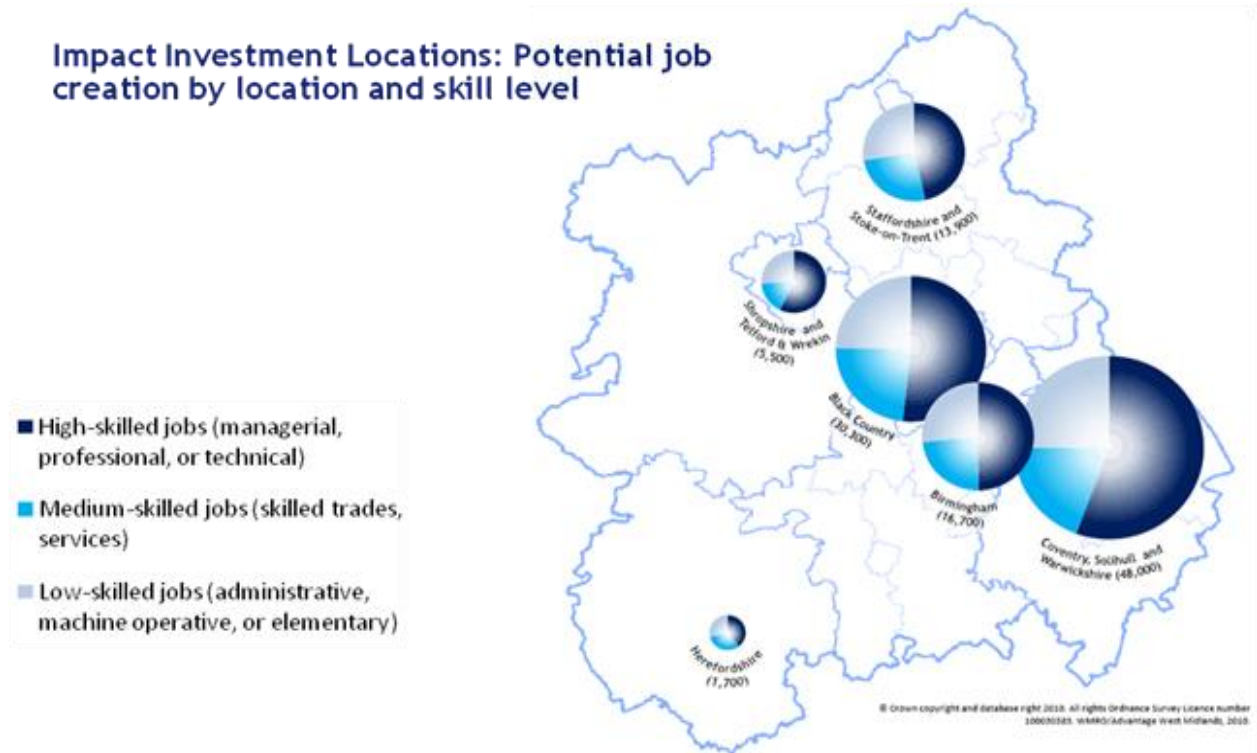
In April 2010 all county, unitary and metropolitan councils produced Skills Position Statements to inform the development of Regional Skills Investment Priorities. These reflected the diverse nature of the West Midlands economy and were based on the local knowledge and analysis that local authorities prepared in advance of completing their Local Economic Assessments and Work and Skills Plans.

The growth expected by local authorities as set out in their Position Statements is detailed in **Annex 5** and further details can be found in the Regional Observatory’s Policy Supplement.

<sup>11</sup> <http://www.wmro.org/resources/res.aspx/CmsResource/resourceFilename/3207/post-recession-west-midlands-key-issues-challenges-full-report.pdf>

**(a) Impact Investment Locations**

Integrated skills and employment support will be needed for the Impact Investment Locations<sup>12</sup> that were identified by the West Midlands Joint Strategy and Investment Board and detailed in the diagram below.<sup>13</sup> Further analysis will be needed to understand the impact of funding cuts on the numbers of jobs that will be created at the 'Impact Investment Locations'.



**4.3 FUTURE DEMAND THAT IS ASPIRATIONAL AND FOCUSED ON TACKLING STRUCTURAL CHALLENGES**

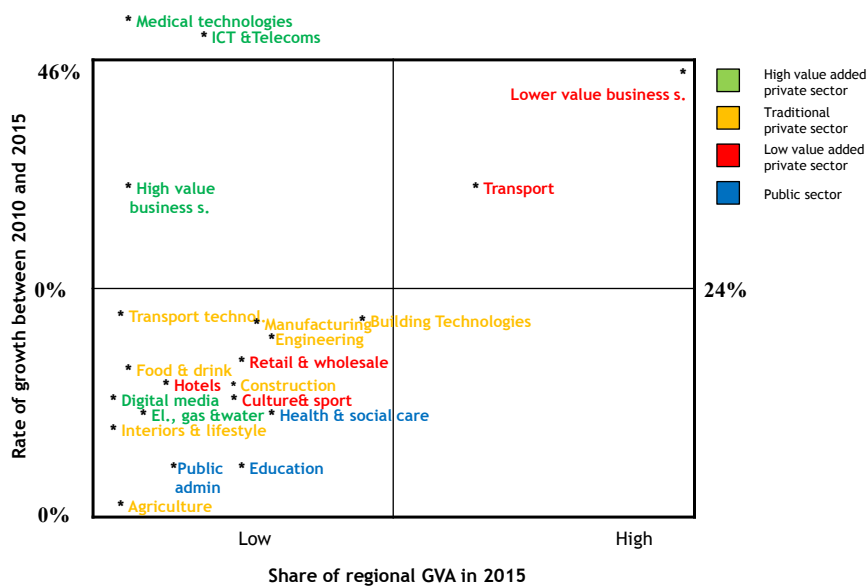
**(a) Targeting growth in key sectors (based on economic diversification and targeted upskilling scenario)**

To grow more jobs and better jobs, a **concerted effort** is needed to create the right conditions for transformation of existing businesses and to attract more inward investment. The sectors and clusters with the potential to create up to 200,000 net new jobs as identified by the economic diversification and targeted upskilling scenario are illustrated in the following diagram;

<sup>12</sup> <http://www.wmro.org/standardTemplate.aspx/Home/OurResearch/Skills/Impactinvestmentlocations>

<sup>13</sup> Source: Reiver 128 Ltd

GVA change by sector and cluster - diversification scenario



Source: Cambridge Econometrics

West Midlands Regional Observatory 2009 0

Absolute numbers of potential jobs growth by sector is detailed below:-

Employment growth opportunities by sector	(thousands)	
	Diversification scenario	
	2010	2015
1 Land-based industries (Agriculture)	46.9	35
2 Engineering	162.7	165
3 Manufacturing	130.9	136
4 Electricity, Gas and Water	14.2	12
5 Construction	174	182
6 Wholesale & Retail	257	278
7 Hotels & Catering	142.9	147
8 Business & Professional Services	468.1	578
9 ICT & Telecoms	74.1	104
10 Public Administration	117.6	111
11 Education	244.7	235
12 Health & Social Care	305.2	304
13 Transport	332.9	389
14 Miscellaneous Services	143	146
<b>Total</b>	<b>2614.2</b>	<b>2826</b>

Source: Cambridge Econometrics

(b) Local authority aspirational growth sectors

Aspirational sectors for growth identified by local authorities in their Position Statements are shown in **Annex 6** and detailed in the Regional Observatory’s Policy Supplement. These sectors align with key growth points and priority sectors identified in section 4.2 above. While these provide a leading edge for diversifying the economy, it is anticipated that the bulk of the new jobs expected will occur in traditional sectors (e.g. business and professional services, transport).

### (c) Growing existing businesses

High-growth businesses create at least 50% of all new jobs in the West Midlands - we need to encourage more businesses of this type. Currently there are around 900 in the West Midlands<sup>14</sup>. High-growth businesses can occur in any sector with the key variable being propensity to innovate. Growth of existing businesses through 'transformational change' by their leaders and managers with a strong emphasis on entrepreneurship will require a concerted effort in;

- building the capacity skills of leaders and managers to drive transformational structural change in their businesses so that they can exploit new markets and develop new higher value-added products;
- establishing better connections between businesses and the knowledge base in our universities, colleges and research organisations for example, through more businesses realising the benefits to them of graduate placements and graduate employment; and
- developing an integrated employer offer that is bespoke, flexible and involves less bureaucracy to encourage more existing employers and inward investors to grow their businesses through investment in the skills of their workforce

## 5.0 DISTRIBUTION OF CURRENT INVESTMENT (2008/2009)

The UK Commission for Employment and Skills reports that nationally the growth in supply of skills has outstripped the growth in demand by a factor of 6 to 1 and we assume that a similar pattern applies in the West Midlands. Investment in demand for skills is closely linked with investments in the other drivers of economic growth and prosperity including economic regeneration, enterprise and innovation. In the West Midlands approximately £3 billion per year is spent on supporting economic development and regeneration<sup>15</sup>. AWM invests around £240 million per year with local authorities being responsible for a large proportion of the remaining expenditure.

Current investment in the supply of skills is made by employers, individuals and the public sector.

Employer and individual investment in skills is significant and growing but is hard to measure.<sup>16</sup> Public sector investment in the supply of skills and education is primarily delivered via Schools, Colleges, Higher Education Institutions (HEI's) and some private providers and comes from a variety of sources including Skills Funding Agency (formerly LSC), Young Peoples Learning Agency (formerly part of the LSC), Local Authorities, Higher Education Funding Council England, European Social Funds (ESF), JobcentrePlus and the Department of Work and Pensions.

Partners have been given access to information about 80% of the Learning and Skills Council (LSC) investment in post-16 training and education in 2008/9 for;

- investment in young people vocational and non-vocational learning;
- investment in adult vocational and non-vocational learning;
- investment in employer demand-led training (Train to Gain); and
- Investment in Apprenticeships.

The above represents approximately £750m investment in the region for academic year 2008/09.

<sup>14</sup> NESTA Research Report, Measuring Business Growth, October 2009

<sup>15</sup> [http://www.hm-treasury.gov.uk/national\\_statistics.htm](http://www.hm-treasury.gov.uk/national_statistics.htm)

<sup>16</sup> Based on the Regional Skills Performance Indicators Report by the Regional Observatory, it suggests 64% of staff are trained by their employer in a 12-month period (using 2007/8 data as a baseline). This compares with 63% of staff nationally being trained by their employers in the same period.

**Partners have not been able to access information on investment in schools (by Department of Education - approximately £4 billion investment) or Higher Education Institutions (by Department of Business, Innovation and Skills - approximately £1 billion investment)**

Analysis of the post-16 investment data from the LSC (2008/2009 budget) shows distribution as follows;

	<b>Total Budget (2008/09)</b>	<b>Percentage on Non-Vocational learning (A Levels, GCSEs, Skills for Life etc...)</b>	<b>Percentage on Vocational Learning</b>
Investment in <b>young people</b> vocational and non-vocational learning	£345m	42%	58%
The highest starts in 16 – 18 Young Persons vocational learning (excluding Apprenticeships and Train to Gain) is in level 3 in the Creative & Cultural and Digital Media sectors, level 2 and 3 in Active Leisure, level 1 & 2 in Hair and Beauty and level 1 Construction.			
Investment in <b>adult</b> vocational and non-vocational learning	£184m	46%	54%
In post-19 adult vocational learning (excluding Apprenticeships and Train to Gain), the most investment was at level 1 in IT and at level 2 in the Healthcare sector. The most investment across all sectors was at level 1			

The higher percentage of investment in vocational learning both in adult and youth learning is in part a reflection of the complexity and relatively high cost of delivering vocational qualifications.

Approximately 63% of the non vocational adult learning through the Adult Learner Responsive budget is spent on level 1 qualifications such as Skills for Life. In comparison, the Young Persons Learner Responsive budget for non-vocational learning invests approximately 16% of its budget in level 1 qualification.

### **Employer demand-led training (Train to Gain)**

Total Budget (2008/09)	Investment in level 1 = £7m (6%)	Investment in level 2 = £81m (73%)	Investment in level 3 = £21m (19%)	Investment in level 4 = £2m (2%)
£111m (approx)				
Starts in Train to Gain at level 2, outweighed starts in Train to Gain at levels 3 & 4 by 4 to 1				

## Apprenticeships / Advanced Apprenticeships (mix of employer and individual demand-led)

Total Budget (2008/09) <b>£114m (approx)</b>	Investment in Apprenticeships <b>£66m (58%)</b>	Investment in Advanced Apprenticeships <b>£49m (42%)</b>
There were 35% more starts in Apprenticeships than in Advanced Apprenticeships in 2008/09. Nationally there are approximately 20% of programme-led apprentices but the figure for the West Midlands is 30% and in subregions such as Wolverhampton, this figure is 50%		

Previous government policy has focused on delivering improvement in skills levels in the workplace with level 2 as a minimum level of attainment. In the West Midlands, qualification levels have been very low compared with the national average with approximately 51% leaving school without a level 2 or equivalent qualification. The 51% who leave school without a level 2 qualification are not distributed evenly across the region.

### 5.1 EARLY INDICATIONS OF DISTRIBUTION OF INVESTMENT IN 2009/2010

A full set of data on the post-16 investment data for the academic year 2009/2010 is not yet available because training providers are not required to submit their final data returns for 2009/10 until December 2010. The data on enrolments that has been received in 2009/2010 relates to approximately 70% of the total number of enrolments expected. Early analysis of this data suggests the following trends:

- learner demand-led education and training for both Young People and Adults (vocational and non vocational learning) show no significant change in funding in any one sector
- apprenticeship investment data shows that there has been a slight increase in the ratio of advanced apprenticeships to apprenticeships from 36% in 2008/2009 to 37% in 2009/2010
- employer demand-led training (Train to Gain) trends include:
  - both the number of enrolments and the level of funding at level 3 has increased (from level 3 enrolments representing 18% of all Train to Gain enrolments in 2008/2009 to 42% of all Train to Gain enrolments in 2009/2010) across all sectors and there has been a reduction of investment in level 2 provision
  - a significant increase in level 3 enrolments in e-skills (IT) in particular - from less than 150 enrolments in 2008/2009 to approximately 2700 enrolments in 2009/2010
  - a significant decline in customer handling and management training at all levels where both have dropped to less than 1% of total enrolments in 2009/2010 from previously representing 8% and 4% of all enrolments respectively in 2008/2009. Customer handling and management skills were both identified in section 4.1 as key skills gaps and shortages in the West Midlands. A possible rationale for this decline in enrolments observed in the early analysis of the 2009/2010 data could be that a training provider or college who is a significant contributor for enrolments in customer handling and management has not yet returned their data for enrolments.

### 6.0 SHIFTS IN INVESTMENT AND OTHER PRIORITIES FOR INTERVENTION

As explained in section 3 above, partners propose to focus investment on doing what we currently do – but doing it much better; and making a concerted effort to create a climate which encourages the growth of more jobs and better jobs. This will be delivered, as detailed below, through shifting current investment, better partnership working to deliver key offers and addressing structural change through key ‘policy asks’ from Government;

## 6.1 SHIFTS IN INVESTMENT

Partners do not want to micromanage investments. They welcome the new flexibilities for colleges that have recently been announced (that will be effective from August 2010) as will the new Next Steps service for adult guidance and believe that the new flexibilities will enable training providers to respond positively to employer demand where it is strong and there is sufficient critical mass to generate viable business for training providers.

The introduction of Qualifications and Credit Framework (QCF) is ongoing and all qualifications will have migrated from the National Qualifications Framework (NQF) by December 2010 (after a four year process). Credit funding trials are ongoing but, **it is critical that the new approach to the funding of modules of qualifications is introduced as soon as possible. The West Midlands is very keen to pilot this approach – partners already deliver a modular based programme at level 4 through a number of the colleges and universities, part funded by AWM.**

If these new flexibilities have the desired effect and there are significant improvements in Information, Advice and Guidance for adults, young people and employers then we would expect to see significant shifts in investments by providers.

Based on our analysis of current investment of colleges, providers and the knowledge-based evidence of demand, that partners have commissioned from the Regional Observatory, we would expect to see:-

- general shifts;
  - a. more investments in levels 3 and 4 (including Train to Gain and Apprenticeships) based on our knowledge of current and future skills needs but with due regard to the spatial inequalities of the population such as in the Black Country where one in four of the population has no formal qualifications and only 17.4% have degrees which is more than 10% below the national average;
  - b. more investment in transferrable skills that are not industry-specific such as Leadership and Management, IT and Customer Service; and
  - c. more focus on progression and a move towards the funding of more new learning and away from accreditation of prior learning
- shift in investment in 16 – 18 (individual demand-led);
  - a. more young learners choosing STEM subjects (Science, Technology, Engineering and Maths) through better IAG
- shift in investment in post-19 learning (individual demand-led);
  - a. more emphasis of investment in growth businesses and sectors that will lead to more and better jobs;
  - b. emphasis on creating a balance with the higher level skills required by businesses to achieve economic growth and addressing higher level skills shortage vacancies;
  - c. better alignment of level 1 and lower level investment to known industry skills gaps and employment opportunities e.g. manufacturing, business and professional services and hotel and catering represent 80,000 skills gaps; and
  - d. level 1 and lower level investment needs to clearly lead on to progression
- shifts in Apprenticeship investment
  - a. better engagement of people with level 3 qualifications into higher level Apprenticeships or graduate-level skills as well as more general investment in advanced and higher level Apprenticeships (offering flexible progression routes for vocational learners into and through HE) with a particular focus on growing job opportunities at level 4 in sectors such as ICT, Financial Services and Advanced Manufacturing; and

- b. more adult Apprenticeships to include post 24, not just 19+
- shifts in employer demand-led training (Train to Gain )
  - a. a shift in investment from level 2 to level 3 and above is required (where the investment ratio is currently 4 to 1), particularly in Energy and Utility skills, ICT, Engineering and Manufacturing;
  - b. more focus on investment that will lead to business performance improvement such as business improvement techniques, business strategy, business finance, supply chain management, marketing and sales, etc; and
  - c. shifts to address known skills gaps of the region's industries

In the current climate, there is also a high priority need for major focus on retraining for new jobs (rapid response to closures and redundancies).

## 6.2 BETTER PARTNERSHIP WORKING TO DELIVER KEY OFFERS

As described in section 3 (pages 3 & 4) partners have agreed over arching principles for working together. They have also started to work through functions required at different economic geographies. This work will need to be revised in the light of national policy developments and changing governance arrangements including the development of local enterprise partnerships.

As new governance mechanisms emerge partners will need to quickly establish the level of aggregation that functions should be carried out; of particular concern is the need to develop the right skills to help grow more and better jobs as well as matching supply with the skills needed for the jobs expected to be created. Partners believe that some of these functions may be delivered better by an aggregation of two or more localities.

Partners including local authorities and business organisations have agreed the principles in this document and the need to develop through emerging mechanisms collective action for partnership working around a number of delivery models (employer offer, individual offer, expanded apprenticeships) detailed below;

### (a) Employer offer, including offer to growth businesses and inward investors;

- i. easier, simpler and faster access to quality training which is flexible and business-driven through an integrated employer offer;
- ii. more focus on leadership and management development to drive business growth and productivity and to enable transformational change in existing businesses to help them exploit new markets and develop new higher value-added products and services; and
- iii. more 'bite-sized and unitised' learning to help close the 'skills' and 'output' gaps

### (b) Offer to individuals

- i. local authorities and local partners to prioritise the integrated offers in key geographical areas to support the development of sustainable communities; and
- ii. link job trials to the economic inclusion panel's procurement framework to support unemployed individuals' access to new opportunities through public sector procurement

### (c) Expanding Apprenticeships

- i. make it easier for more small businesses to offer Apprenticeships through the removal of HR burdens by the expansion of Group Training Association and Apprenticeship Training Agency models;

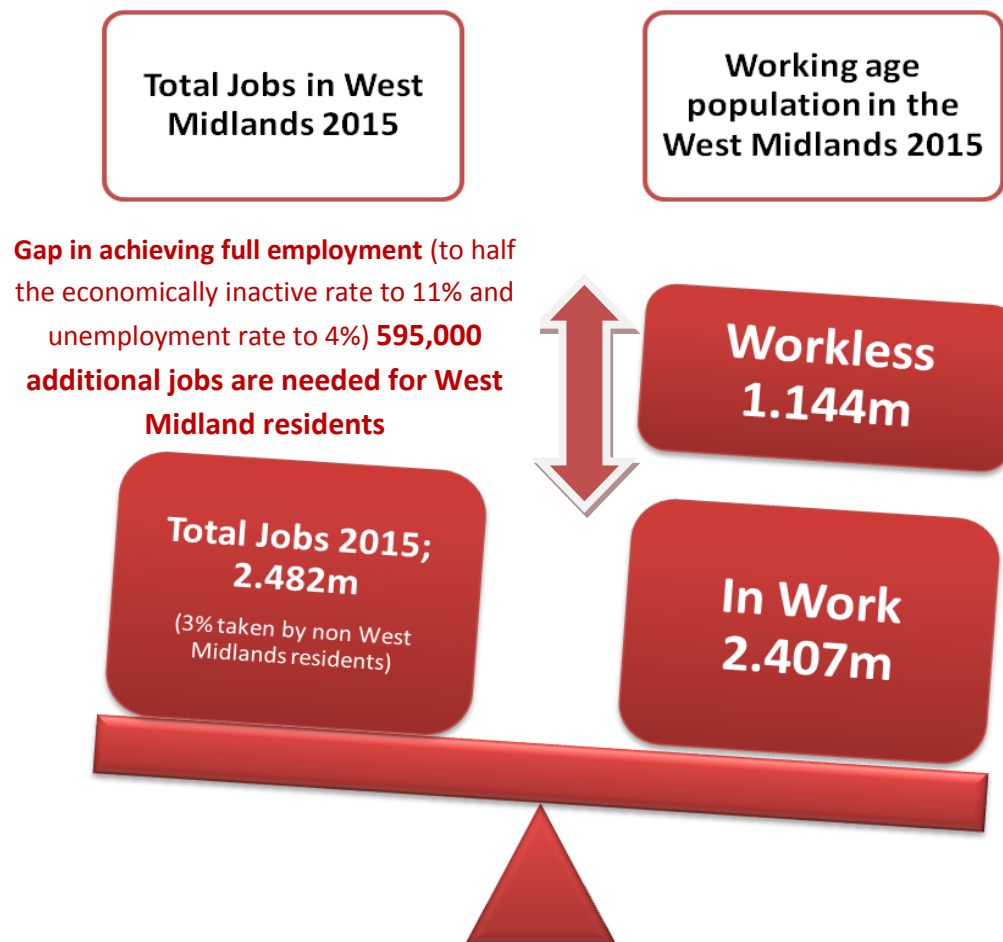
- ii. ensure that employers are properly informed about Apprenticeships through access to clear information about the business benefits and the responsibilities of employers associated with recruiting apprentices;
- iii. expand the number of technician and higher level Apprenticeships through the development of a wider range of delivery frameworks and clear progression routes into higher education; and
- iv. create a supply of qualified apprentices into the workforce through the development of ‘over training’ arrangements where larger employers offer additional Apprenticeship opportunities surplus to their needs

### 6.3 POLICY ASKS

Where there is a need to ‘market make’ or ‘create demand’ and stimulate more investment in skills that will generate business growth and more jobs that in turn will create further demand for skills, we propose the following;

- i. a funding price differentiation policy to reduce the risk to providers of moving into new markets and delivering the key skills such as leadership and management that will transform businesses and grow new jobs. There needs to be a more strategic approach to fund the specialist skills we need for the future. Given the funding cycle for **Colleges and Universities, they will require pump priming** that helps to reduce the risk of developing new training facilities that will help **to lead, not follow**, new market opportunities. Certain specialist provision will be needed to be provided to wider geography than individual LEPS;
- ii. a flexible infrastructure budget; a flexible budget that can be used for activities that can focus on building provider capacity and employer demand;
- iii. the ability for providers to offer bespoke packages involving full, part or no qualifications depending on employer need with packages attracting public subsidy in return for matched private sector cash investment;
- iv. an expansion of opportunities for job trials and internships for all unemployed individuals from day one of unemployment so that employers and individuals can assess suitability to a potential offer of a job, particularly hard-to-fill vacancies, where applicable. **Employer networks e.g. IOD, Chambers, etc should be encouraged to take the lead in developing the employer demand for job trials and internships** – as evidenced by the success of the recent graduate internship service in the West Midlands;
- v. a skills offer for individuals at work that will enable access to new skills and training for progression;
- vi. more cash incentives to small and medium-sized businesses to offer Apprenticeships;
- vii. more flexibility for employers of apprentices to offer limited periods of ‘unemployed’ status trials to potential apprentices before making a commitment to full employment status and less onerous fixed-period commitments that recognize the need for modular approach over a timescale that reflects business and individual needs; and
- viii. metrics produced to measure skills interventions that recognise that colleges and universities, when operating in new sectors where employment opportunities are less certain and therefore riskier, may create a supply of skilled technicians/graduates for jobs that do not currently exist in the West Midlands. A more flexible measure may be needed which could include increased employment and inward investment nationally.

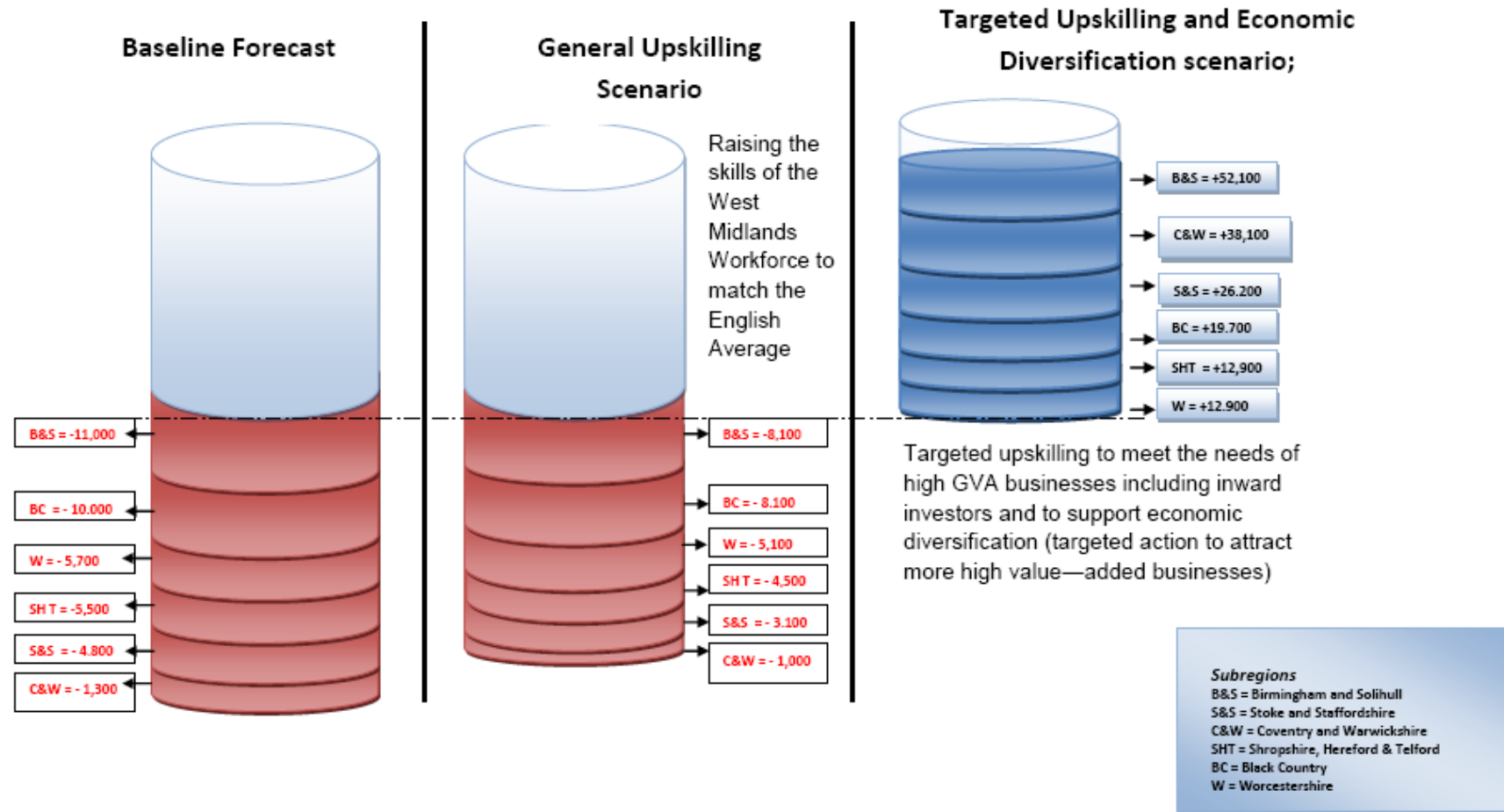
Annex 1



1. Working age population for 2015 is based on ONS forecast June 2010
2. The baseline forecast of the impact of different interventions on job creation (scenarios) was produced using Cambridge Econometrics in May 2010. This diagram has been produced using the revised baseline by applying the Treasury forecasts of expected public sector jobs cuts to the Cambridge Econometrics baseline forecast and scenarios
3. Office of Budget Responsibility (OBR) forecast <http://budgetresponsibility.independent.gov.uk/publications.html> suggests that unemployment rate will fall to 6% nationally in 5 years not the 4% illustrated above. The OBR forecast does not include the economically inactive. On this basis, the West Midlands would require a growth of approximately 550,000 net new jobs (400,000 needed to halve the economic inactivity rate and 150,000 to reduce the unemployment rate to 6%).

Annex 2

Exploring the impact of different interventions on job creation 2010 -2015



1. The baseline forecast of the impact of different interventions on job creation (scenarios) were produced using Cambridge Econometrics in May 2010
2. The revised baseline and scenarios (above) have been produced by applying the Treasury forecasts of expected public sector jobs cuts to the Cambridge Econometrics baseline forecast and scenarios
3. Local Futures and the Oxford Economics research (<http://www.localfutures.com/Assets/3949/public%20sector%20employment%20barometer.pdf>) forecast that in the West Midlands a further 310,000 private sector jobs will be at risk either directly or indirectly (supply chain) as a result of public sector spending cuts.
4. It has not been possible to model the private sector growth that the Government forecasts will be stimulated by public sector cuts

## Annex 3

### Regional Priority Sectors - Key Statements

The Priority Sectors have been identified through working with FE and HE partners, business leaders and business clusters representing some of the key industries. They have also taken on board current thinking by local authorities on the growth sectors they will be working to encourage (as set out in Annex 5).

#### 1. **Low Carbon Construction**

##### **Design and surveying**

There are currently high levels of unemployment in architecture (circa 70%), mainly because of the downturn. Expected cuts in public spending on infrastructure and housing projects are likely to put additional pressure on this subsector and inhibit short-term growth.

While job creation is likely to be negligible, there will be a need to upskill existing architects and product designers from companies in the construction supply chain. The aim is to enable them to understand how design, coupled with the use of different building fabrics and materials can help to minimise carbon emissions from buildings.

Most of the provision requirement is expected to be at Level 4 or above.

##### **Planning**

As the construction sector is expected to return to growth in 2011, the need for planners is likely to increase, exacerbating the current shortage. Local authorities need to recognise the significance and responsibilities attached to these roles, if they are to attract the right calibre of people.

It is essential that appropriate training provision is in place to address any current / future skills needs around the implications of low-carbon buildings and retro-fitting and handling planning and construction disputes with large commercial developers.

Provision will comprise a mix of continuing professional development and enhancements to courses for new planners. In the main it will be needed at Level 4 or above.

##### **Offsite manufacture**

Growth reflects the use of manufactured products to refurbish or upgrade buildings (such as triple-glazing) and the increased demand for modular and timber-framed buildings that are manufactured offsite. It also reflects a shift away from traditional 'wet trades' such as bricklaying.

There will be a need for a mixture of lower and higher skilled jobs. The lower skilled jobs will typically comprise low-technology manufacturing and assembly. The higher skilled jobs are likely to be in disciplines such as joining technologies. This will require some understanding of the properties of new and advanced materials.

Examples may include: developing new materials, so that process emits less CO<sup>2</sup>, using recycled materials to reduce the need for aggregates which are in short supply, the development of new composite materials that will help buildings to be more energy efficient and reducing the need for heating and energy-efficient lighting such as LEDs.

##### **Onsite trades**

There is a significant number of people employed in onsite trades is approximately 200,000 (significant). While the growth in real new jobs is likely to be low at about 2% per annum, there is expected to be a significant replacement demand because of the ageing workforce.

##### **Microgeneration installation, service and repair**

The need for these skills will be driven by both regulatory and market forces. Without regulatory pressure to do so, the case for investing in these new energy sources is mainly driven by financial benefits. Markets are currently immature but are expected to grow exponentially – especially if government regulation moves in that direction.

*(Annex 3 Continued... Regional Key Statements)*

The National Skills Academy for Environmental Technologies has launched a diploma to cater for this, in anticipation of increased market demand.

Increase in provision is mainly expected to be required at Levels 2 and 3. There will be a need to ensure that the availability of provision keeps pace with market demand.

## **2. Low Carbon**

The low-carbon economy is worth £8.6 billion a year to the West Midlands, which represents an 8% share of the UK market. Approximately 4,200 businesses are active within the low-carbon economy in the West Midlands, accounting for 74,000 employees. In the next five years the UK-wide market is forecast to grow by 40% to be worth £150 billion. As such, the region's share of the low-carbon market (8%) will generate £12 billion a year by 2015 and will require a similar growth in low-carbon skills/jobs.

Long-term low-carbon opportunities and skills requirements for West Midlands lie in areas where the region has leading innovation and research and development (R&D) strengths: Automotive sector and development of energy technologies, specifically hydrogen fuel cells. Capacity to transfer knowledge from R&D facilities to industry in these sectors will enable the region to maintain and grow its market share as regulation and consumer demand continually shape the market.

Shorter-term opportunities and skills requirements lie in investment in renewable energy infrastructure at national and regional level by 2020. The West Midlands requires an additional 21,000 megawatts (MW) of renewable generation capacity.

### **Renewable energy (offshore wind and tidal projects)**

The location of the West Midlands (i.e. distance from the coastline) means that there is little or no scope for work on assembly, operation or maintenance of wind turbines. However, there is significant potential for regional manufacturing companies to win business for the design and manufacture of components that go into wind turbines.

The companies with most potential are those operating within traditional manufacturing sectors including those which supply automotive, aerospace and rail industries. The region has large numbers of these businesses, and approx. 350,000 people are employed in manufacturing jobs across the region.

The markets for these products are still new and quite immature; in some cases supply chains have yet to be established. Coupled with the fact that manufacture takes place across a number of sectors, it is difficult to put a figure on how many jobs are currently involved, or even to estimate what the growth rate could potentially be. This is quite worrying, bearing in mind that the West Midlands is expected to rapidly expand the number of persons employed in wind turbine component design and manufacture to an estimated 7700. There will be a need for rapid supply-chain development, to ensure that the region (and the UK) does not lose out to overseas competitors who have already developed their skills and expertise to deliver these contracts. Speed to market will be essential. So far (in the UK), sufficient turbines have been installed to generate 7,000 MW of power; over the next ten years the requirement will increase to 33 Giga-watts. This means that over the next ten years, we need the capacity and capability to deliver 45 times more; that is a significant challenge.

Diversification into new markets (such as renewable energy) should help to safeguard jobs that may be increasingly at risk in more traditional sectors, and will help businesses to grow and become more productive.

(Annex 3 Continued... Regional Key Statements)

In terms of skills required, the jobs created by sector growth will need highly skilled electrical engineers, design engineers and power electronics. The need for these high-level skills underpins the fact that the West Midlands will be involved in the higher-value added aspects (design and manufacture) rather than the lower-value aspects (including assembly), which tend to take place on site.

**Priorities will be:**

- creating the conditions and confidence that will encourage companies to invest in training (to overcome inertia in supply chains);
- developing capability and capacity of regional supply chains;
- more high-level provision to help companies improve their manufacturing processes;
- more high-level provision to help companies address the challenge of designing (including modular components that can be joined together to make wind turbines. Turbines are too large to transport and will need to be made in pieces which can then be assembled on site; and
- more high-level provision to help companies to design and develop components to the right levels of precision and tolerance.

**Onshore wind**

The Government is pushing for more onshore wind turbines to be installed, but planning issues are holding back the market. There is little to differentiate between offshore and onshore wind turbines other than the scale and size of the turbines themselves. In terms of market potential, one-third of turbines are expected to be installed onshore with the balancing two-thirds expected to be offshore.

The opportunities for West Midlands' companies and regional job growth are identical to those for offshore wind.

**Nuclear energy**

The West Midlands does not have significant strength in this market. However, there is significant market potential arising from the Government's commitment to commission more nuclear power stations. Manufacturing companies in the West Midlands have the potential to supply components for the new generation of nuclear power stations, including concrete, iron and steel.

The proposed UK nuclear new-build programme will utilise generic 'Generation III or III+' nuclear reactor designs from overseas vendors, limiting the market opportunities for designing the next wave of nuclear plant. However, the expectation is that UK-based companies will still benefit significantly from the planning, construction, operation and maintenance, waste management and decommissioning of any new-build nuclear plant. The new generation of nuclear power stations are likely to need a fresh set of skills (compared to existing ones), and potentially higher level skills. It is likely that significant jobs will be created here, and there will also be some replacement demand as the ageing workforce (in companies which currently support nuclear) retires.

**Low-Carbon Products and Services**

This includes ground source heat pumps, photo-voltaic cells, solar-panels, biomass etc. Currently (according the Labour Force Survey 2008), there are 52,000 jobs / people employed in the Environmental Technologies sector, and this is expected to grow as the market for renewable energy sources starts to take off. It is difficult to put a figure on expected growth, because that is affected by several factors which cannot be controlled by companies (and may also be affected by regulatory pressures):

- encouraging capital investment in new energy sources – property owners need to recognise the potential financial benefits of investing in these technologies in order to stimulate demand and market growth,
- alternatively, regulatory pressure may also stimulate demand; and
- plumbers, installers and engineers may be reluctant to upskill for new technologies if their order book is full from existing clients with traditional equipment

Subject to overcoming these barriers, there is significant market potential.

*(Annex 3 Continued... Regional Key Statements)*

Skills priorities include the provision for installation, servicing and repair of renewable sources. The requirement will mainly be at Levels 2 and 3. Forecast levels of demand cannot be quantified.

### **Energy Networks**

Recent legislation in the areas of smart grids and feed-in tariffs will drive demand, with an expected upsurge in smart-grids. It is difficult to put an estimate on likely demand, but the skills required will be new ones and typically at Level 4 or higher.

### **Waste Infrastructure development**

The necessity to accelerate the development of new waste infrastructure to divert waste from landfill will drive forward unprecedented growth in waste and resource management industry both nationally and in the West Midlands. It is estimated that the region will require approximately 100 resource recovery sites by 2020. New infrastructure is needed as a result of legislation to divert waste from landfill and the rising cost to businesses of managing their waste streams. Opportunities for generating energy from waste, through anaerobic digestion, gasification and heat recovery from incineration, are also forecast to grow significantly as demand for lower carbon and decentralised energy solutions increases in line with Renewable Obligation Certificates (ROCs) and feed-in tariff incentives.

The West Midlands has competitive advantages in waste management and recycling technologies owing to its location at the heart of the UK's motorway and rail networks, its existing skills base and its traditional strengths in manufacturing and industrial process businesses. More than 1,000 companies are active in the waste management industry in the West Midlands making it the largest and most economically significant of the region's environmental industry subsectors. Businesses range from large UK and international waste management businesses to suppliers of specialist waste technology such as recycling, composting and waste to energy plants.

### **3. Digital**

Ensuring that HE provision keeps pace with rapid technological and market developments, graduate recruitment/retention, ensuring existing workforce skills are continually improved.

ICT (suppliers) – ensuring that provision keeps pace with technological change and emerging market needs, such as ICT security, Informatics, Photonics, Radio Frequency Identification etc.

ICT (users) – which covers jobs created in other sectors of the economy which relate to the adoption of new technologies. Each region will have a unique list of subsectors for which this is expected to be significant. For the West Midlands, key target markets include: advanced manufacturing, e-adoption and e-government. It is difficult to forecast levels of job creation arising through the adoption of new technologies; it is more likely that the adoption of new technologies will help existing employees to become more productive, increasing the GVA per employee.

Digital Media – includes video and sound media and TV and radio production and distribution.

### **4. Advanced Manufacturing**

#### **Nuclear**

- i. The “nuclear island”, i.e. reactors and closely associated equipment will not be manufactured in the UK so these skills will not be needed.
- ii. Other equipment supply will provide opportunities for our region and mechanical engineers at all levels. Graduate design engineers will also be required.

*(Annex 3 Continued... Regional Key Statements)*

- iii. Nuclear Health and Safety training could be required for people entering sites, especially for decommissioning work, but this will be in the form of short courses and NVQs.

**Low-Carbon Vehicles;** Specialist engineers, electronics, design, mechanical engineers will be required at all levels

**Renewable Energy;** (Same as for low-carbon vehicles)

**General**

- Specialists at graduate level will be required in advanced materials, including composites, power and control electronics and advanced joining technologies.
- Advanced Manufacturing encompasses operations such as design, product and process development, production, logistics, servicing and 'end of life.' Specialist skills will be required for all of these operations from NVQ up to graduate level, some specialist and some generic skills.
- Management level skills are required but need to cover a broad spectrum such as strategic planning, innovation, problem solving, motivation, and very importantly marketing which is sadly lacking in many businesses.

## Annex 4

# West Midlands, Regional Skills Investment Priorities, Consultation Process and List of Responses.

Members of the West Midlands Regional Skills Partnership (RSP) have led the development of the Statement of West Midlands Skills Investment Priorities.

Members established four task and finish groups chaired by key regional business leaders to lead the following work:-

Investment Priority work chaired by John Rider, Regional Chairman of the Institute of Directors;

Strategic Priorities chaired by Ben Reid, CEO Mid Counties Cooperative

Partnership working chaired by George Marsh Chair of Business Clusters

Measuring Success chaired by Jerry Blackett, CEO Birmingham Chamber of Commerce

Each task and Finish Group met formally three times during April, May and June with small subgroups meeting more frequently as needed and the Chairs of the four groups met on three occasions to ensure coherence of work.

Two formal consultation periods were held during the development period; one on the initial Strategic Priorities was held between 17-26 May, a later one was jointly held on the Strategic and Investment Priorities between 4 – 18 June.

Both consultation periods saw extensive engagement by partners, the second phase saw separate independent consultation events held by employers, higher education, further education, the third sector and local authorities. All the feedback was collected individually and also reported and discussed at “collective” feedback events.

In total, 34 separate written submissions were made by organisations and groups of organisations. Running parallel to this process the document has been **formally approved** by the Joint Strategy and Investment Board, the Advantage West Midlands Board, the Regional Skills Partnership and subgroups of the Regional Skills Partnership (the Executive Group and the Data Group).

A list of the organisations/groups that have responded to the consultation and assisted with the drafting of the document is below:

(Annex 4 continued)

**A LIST OF THE ORGANISATIONS/GROUPS THAT HAVE RESPONDED TO THE CONSULTATION**

1. Lantra
2. Redcliffe Catering (through Business Voice West Midlands)
3. Skill Set
4. E-Skills
5. People 1st
6. Skills Active
7. Creative and Cultural Skills
8. Motor Skills
9. Walsall College
10. Dudley College
11. Business Voice West Midlands
12. RAWM (Voluntary Sector)
13. Association of Colleges
14. Third Sector Consultation Event
15. WM European Service
16. Skills for Health
17. WMRO (West Midlands Regional Observatory)
18. Ethnic Minorities Business Forum
19. TUC unionlearn
20. Skills Funding Agency
21. Financial Services Skills Council
22. WM Leaders Board - individual comments from;
  - a. Solihull Metropolitan Borough Council
  - b. Birmingham City Council,
  - c. Stoke City Council
  - d. Wolverhampton City Council
23. Business Link
24. Jobcentre Plus
25. Wolverhampton University
26. University College Birmingham
27. Universities West Midlands
28. Foundation Degree Forward
29. Warwick Manufacturing Group
30. REDOG (Regional Economic Development Officers Group)
31. European Strategic Group (ESF Commissioning)
32. City Region / MAA (Multi Area Agreement)
33. Government Office West Midlands
34. National Apprenticeship Service

## Annex 5

**Table 1: Local authority statements of skills priorities - current key employment sectors**

Sub-region	Local authority area	Current key employment sectors
Birmingham	Birmingham	High value added business & professional services, wholesale & retail, hotels & catering, low value added business services, public administration, education health & social care
Black Country	Dudley	Wholesale & retail, hotels & catering, low value added business services, public administration, health & social care, professional financial services and hi-tech manufacturing
	Sandwell	Engineering, manufacturing, construction, wholesale & retail, transport, low value business services, education, health & social care
	Walsall	Engineering, manufacturing, construction, wholesale & retail, low value added business services, education, health & social care
	Wolverhampton	Engineering, manufacturing, construction, wholesale & retail, low value added business services, public administration, education, health & social care
Coventry Solihull & Warwickshire	Coventry	High value added business & professional services, ICT, wholesale & retail low value added business services, education, health & social care and engineering
	Solihull	High value added business & professional services, ICT, engineering, manufacturing, construction, wholesale & retail, transport, education, health & social care
	Warwickshire	High value added business & professional services, manufacturing, wholesale & retail, hotels & catering, public administration, education, health & social care, transport, communications and other services
Staffordshire & Stoke	Staffordshire	Agriculture, wholesale & retail, hotels & catering, public administration, education, health & social care, business and professional services
	Stoke-on-Trent	Manufacturing, wholesale & retail, hotels & catering, transport, low value business services, public administration, education, health & social care
Herefordshire, Shropshire & Telford	Herefordshire	Agriculture low value added business services, public administration, health & social care, distribution, transport, communications, manufacturing
	Shropshire	Engineering, food & drink, wholesale & retail, hotels & catering, Public administration, education, health & social care
	Telford & Wrekin	Engineering, manufacturing wholesale & retail, low value added business services, health & social care, building technologies
Worcestershire	Worcestershire	Manufacturing, low value added business services, public administration, health & social care, banking, finance and insurance

Source: Local authority position statements on skills priorities, May 2010

## Annex 6

**Table 3: Local authority statements of skills priorities - priority & growth sectors for the future**

Sub-region	Local Authority Area	Priority/growth sectors
Birmingham	Birmingham	Environmental technologies, High value added business & professional services, Digital media, ICT, Health and social care, , Retailing
Black Country	Dudley	Advanced manufacturing, Engineering, Low value business services, ICT, Construction, Distribution
	Sandwell	High value added manufacturing, Food & drink, Green industries/Environmental technologies, High value added business & professional services, Construction, Wholesale & retail, Transport, Low value business services
	Walsall	High value added manufacturing, business & professional services, Construction, Low value business services
	Wolverhampton	Aerospace, Advanced manufacturing, IT software, Manufacturing, Education, Health & social care, Wholesale & retail
Coventry Solihull & Warwickshire	Coventry	Advanced manufacturing, Engineering design, Financial services, IT software/ ICT, Business management and services, Distribution
	Solihull	High value added business services, ICT, construction and building technologies, Engineering and Transport technologies/Transport services, Tourism & leisure
	Warwickshire	Advanced manufacturing, Environmental technologies, Medical technologies, Digital media, High value added business & professional services, Distribution, Hotels and catering, Transport, Communications, Public administration, Education, Health & social care
Staffordshire & Stoke	Staffordshire	Low carbon/environmental technologies, Medical technologies, Digital media, High value added business & professional services, Distribution hotels and catering, Financial and business, Transport, Communication, Construction, Health & social care
	Stoke-on-Trent	Healthcare, Medical technologies, Environmental & low carbon technologies, Creative industries/digital media, Low value business services
Herefordshire, Shropshire & Telford	Herefordshire	ICT, High value added business & professional services, Construction & Building technologies, Low value business services, Education, Transport, Healthcare
	Shropshire	High value added business & professional services, Low value business services, Construction, Wholesale & retail, Hotels & catering, Transport & communication, Public administration, Education, Healthcare
	Telford & Wrekin	Advanced engineering, Polymers, ICT, High value added business & professional services, Low value business services, Health & social care, Building technologies, Tourism & leisure
Worcestershire	Worcestershire	Digital economy, Creative industries, Low carbon economy, Advanced manufacturing, Life sciences, Low value business services, Construction, Education

Source: Local authority position statements on skills priorities, May 2010

## Annex 7

### Evidence Base – list of references

#### Post Recession references

- RSP Regional Investment Priorities Task & Finish Group paper – summary of key messages from national and regional documents, April 2010
- UKCES National Employers Skills Survey 2009
- Cambridge Econometrics Forecasts prepared for West Midlands Regional Observatory 2010-2015
- Business demography and firm performance in the West Midlands: 1999-2008, prepared by Aston Business School for Advantage West Midlands
- Source: Skills for Growth – the new national skills strategy published in November 2009 by the Department for Business, Innovation & Skills
- Innovation Lab – human facilitators of Innovation, report prepared for the Department of Employment & Learning, Northern Ireland
- Higher Education Academy 2009
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- Observatory State of the Region Synthesis Report, 2009
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- AWM – spatial analysis of the recession – the West Midlands story, March 2010
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- Sector Skills Agreement for Construction (Making the Case for Change) – September 2005

*Annex 7 continued*

- Skillsmart Retail – Sector Skills Agreement for the Retail Sector (Stage three report for England) – October 2007
- People 1<sup>st</sup> Sector Skills Council Sector Skills Agreement, 2007
- The Sector Skills Agreement for the Creative and Cultural Industries – June 2008
- Sector Skills Assessment for the SkillsActive Sector Skills Council – December 2009
- The Sector Skills Agreement for the Creative and Cultural Industries – June 2008 Assessment of Current and Future Skills Needs in the Logistics Sector – October 2005
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**Policy Supplement references**

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*Annex 7 continued*

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