

# Regional Skills Assessment 2009

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West Midlands  
Regional  
Observatory

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## Context

The Regional Skills Assessment has been produced on an annual basis since 2005, providing an analysis of the changing needs of the region's labour market. This briefing paper highlights the key issues that emerge from the analysis.

## Emerging findings of Regional Skills Assessment 2009 (to be finalised early 2010)

### Impact of the recession

Some sectors and industries have been hit hard in employment and skills terms (notably automotive, private housing construction, specialist retailers and independent pubs, bars and restaurants). Others have weathered the storm better and have continued recruiting staff and investing in skills (notably manufacturing of paper & packaging products, vehicle repair, maintenance & parts suppliers, the electricity, gas & water industries, supermarkets, low cost & budget retail and health & social care).

Recruitment difficulties and skill shortages have persisted despite rising unemployment, notably in the public sector (for example teachers, nurses and other health care workers), but also in the Information & Communication Technologies (ICT) sector where there are newly unemployed people with relevant skills. So there is a need to effectively match people to opportunities.

There are tentative signs of recovery in the labour market, with an upturn in recruitment and investment in training since the turn of the year.

### Longer term prospects

Sectors such as business & professional services and health & social care are expected to continue being the largest and fastest growing sectors of the economy in employment terms in the coming years. ICT & telecoms, hotels & catering, tourism & leisure, construction, medical technologies and environmental technologies are expected to be emerging sectors accounting for a growing share of activity.

Engineering and manufacturing are expected to continue to decline in employment terms, but to expand in output terms as firms as businesses continue to focus on cutting overheads and exploiting new technology to drive up productivity and boost value added.

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This will take some time to feed through to headline Gross Value Added (GVA) and employment. GVA is forecast to start to rise in 2011, but employment will not start to rise until 2013. Total employment in the region is not expected to return to pre-recession levels until 2024.

This will vary by sector with retail, air transport and a range of public sector services seeing any immediate recovery in GVA. Professional services, banking, finance & insurance and computer services will start to grow over the 2010-2014 period as significant new market opportunities emerge - but growth in employment will be minimal.

Growth will gather momentum beyond 2014 with additional sectors such as construction and engineering growing strongly and all sectors seeing some upturn in GVA. Significant net new jobs will be created in business & professional services, health & social care, ICT, construction retail and education.

### **The supply of skills**

There have been considerable improvements in the achievements of the region's young people, in terms of both qualification attainment while in compulsory education and participation in post 16 learning.

But urban areas (notably Stoke and the Black Country) lag significantly behind, and they are falling further behind over time. There are also pockets of poor performance elsewhere (notably Cannock, Wyre Forest, Nuneaton & Bedworth).

A lack of relevant skills and qualifications has historically been a key barrier to participation in employment for disadvantaged individuals. As a result these areas also have particularly low employment rates and high worklessness rates. They are locked into a cycle of disadvantage.

The recession has compounded the problem with a disproportionate impact on those with fewer skills and qualifications in terms of rising unemployment rates.

Attainment of higher level qualifications across the region, vital to meet the skill needs articulated by employers above, fell between 2007 and 2008 after several years of consistent increases. Attainment remains particularly low among disadvantaged groups and in the areas in which they tend to live.

**The full Regional Skills Assessment for 2009 will be published in early 2010**