West Midlands Local Skills Report

Annex A - Core Indicators and Additional Data

April 2021

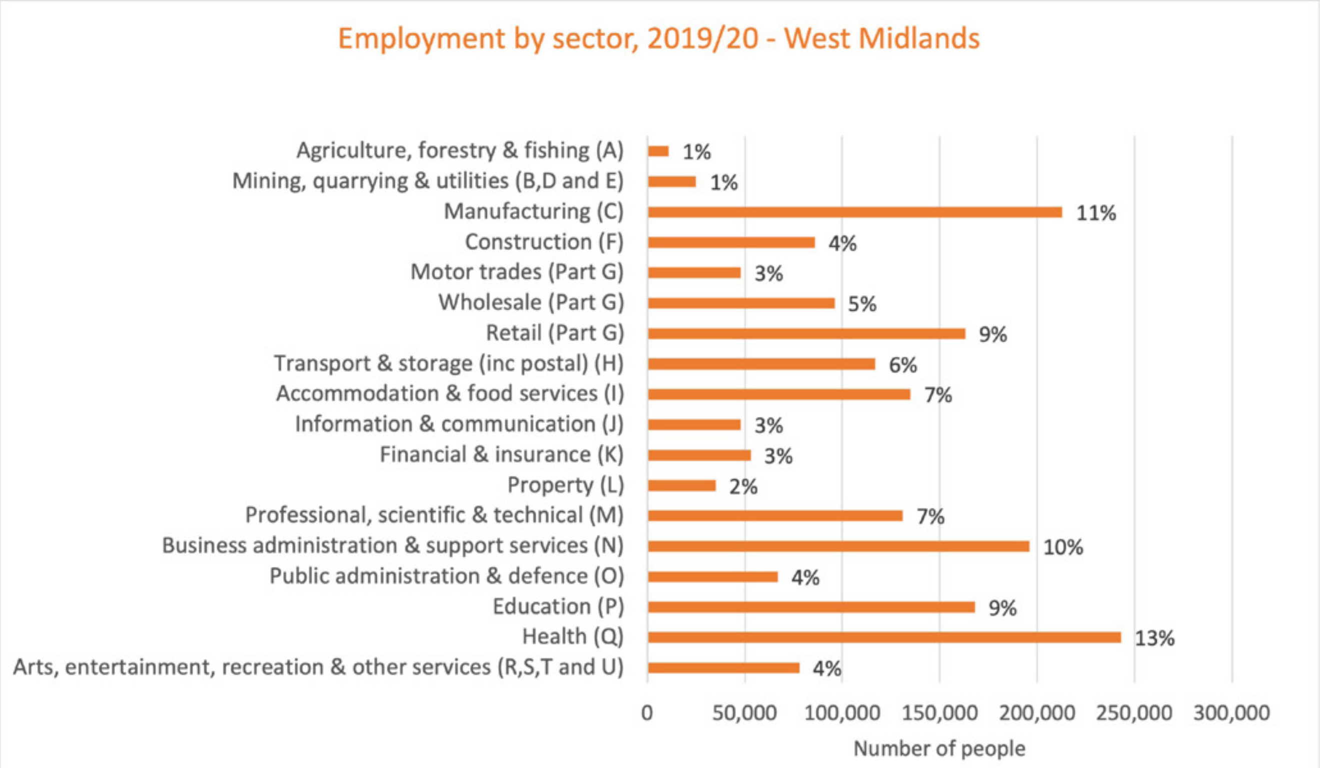
West Midlands Combined Authority

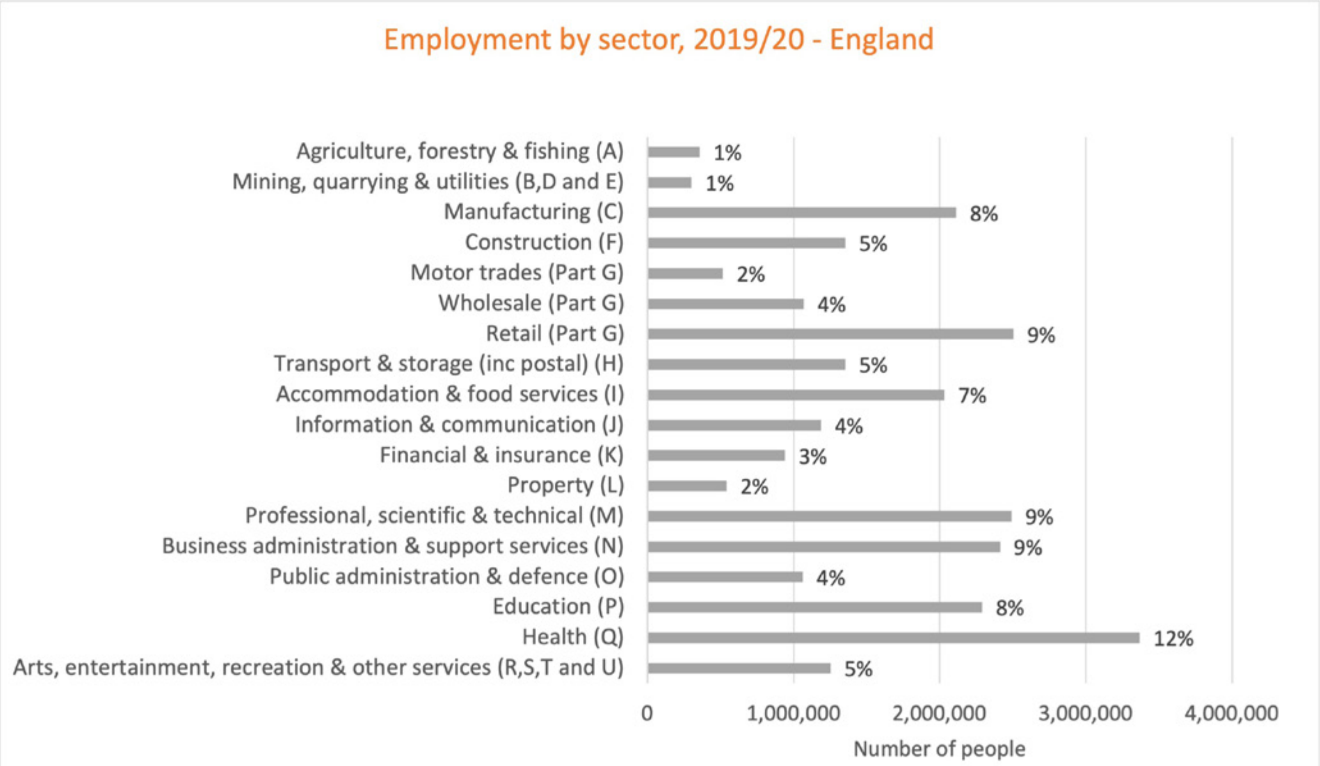
1. Local Landscape

Local landscape – summary

- The data presented in this section paints the overall picture of the local landscape, raising key points around the relative youth of the regional population, priority growth sector selections and justifications for our inclusive growth priorities.
- Several indicators presented in this section underline some quite stark differences between the three LEP areas covered by the WMCA (and WM SAP) geography, namely employment levels, out-of-work benefit claimant counts, wage levels and LEP-level productivity (in terms of GVA). In general, the Coventry and Warwickshire LEP area matches and sometimes supersedes national figures in core indicators, whereas the Black Country LEP area displays net negative indicators and sustains significant employment and skills gaps. Drilling down to a more localised level – as in the index of multiple deprivation (IMD) at neighbourhood level – shows further disparities than the broader brush LEP level data. The response, therefore, must focus on inclusion, enabling the full range of localised communities to participate in the economic development of the region. Achieving inclusive growth through the skills and employment ecosystem, then, is a clear strategic priority.
- Another strategic priority focuses on young people, which, as the data demonstrates, is a key demographic of the West Midlands. The proportionately large share of young people in the region is both a challenge – given existing low skills levels and relative lack of social mobility – as well as an opportunity – as a pipeline of talent for increasingly higher-level employment, equipped with skills tailored to regional need through our devolved leverage of AEB and associated employer brokerage.
- Employer engagement has informed the selection of our priority growth sectors, variously corroborating and challenging the data with first-hand projections not yet adequately captured by the data (further demonstrated in section 3 of this annex).
- Covid-19 is undoubtedly affecting the landscape, for example through the evidenced impact on young people, and will yet affect data in ways that are not yet visible, for example following the eventual withdrawal of ‘furlough’ support.
- Covid-19 has also pushed the health and social care sector further up the agenda in the West Midlands, relevant here in terms of skills development and employment opportunities.
- Overall, the picture is one of a challenging context, with an opportunity for considerable skills improvements. Whilst comparisons to other areas (particularly the national) can provide a context of understanding, comparisons to other MCA areas with a nationally prominent central city, for example, are not relevant as the specificities of our history (such as our long-standing tradition in manufacturing) and our geography (such as our span of multiple urban centres, with significant variation) prevail.

1.1. Employment by sector

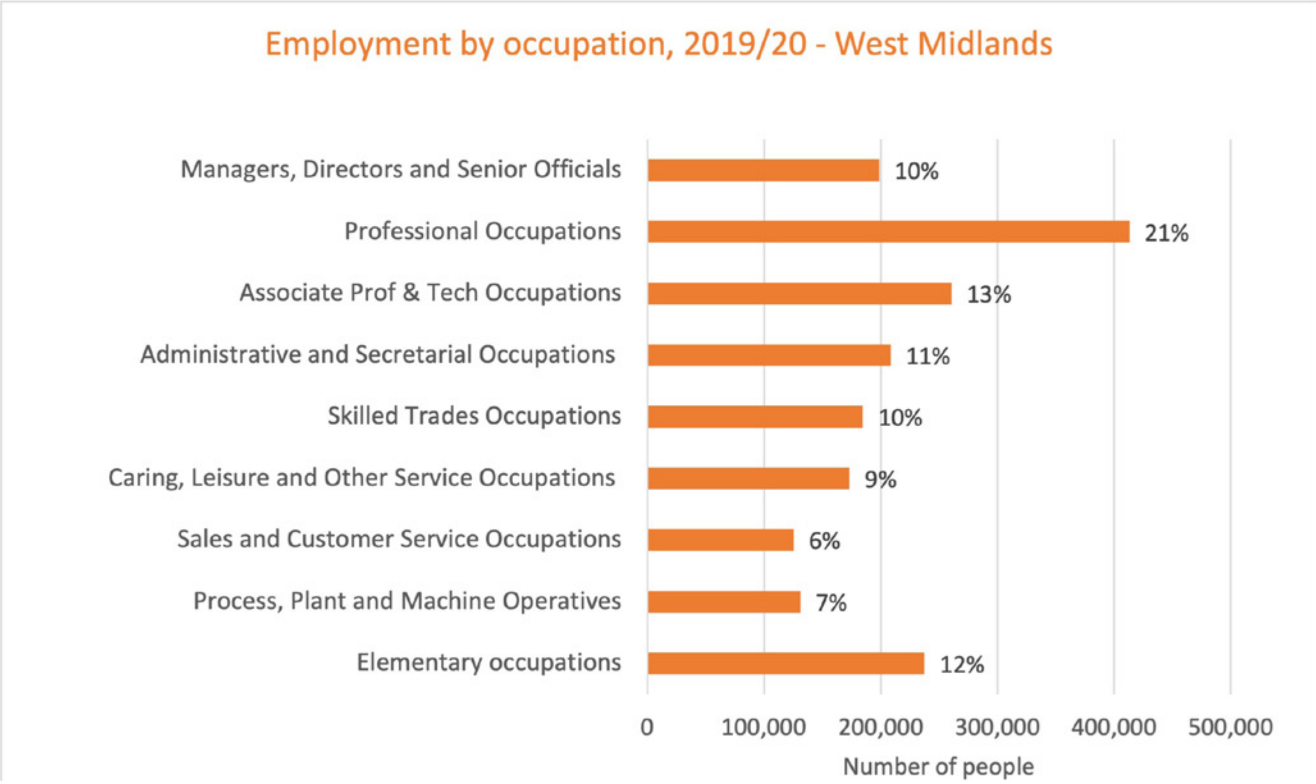


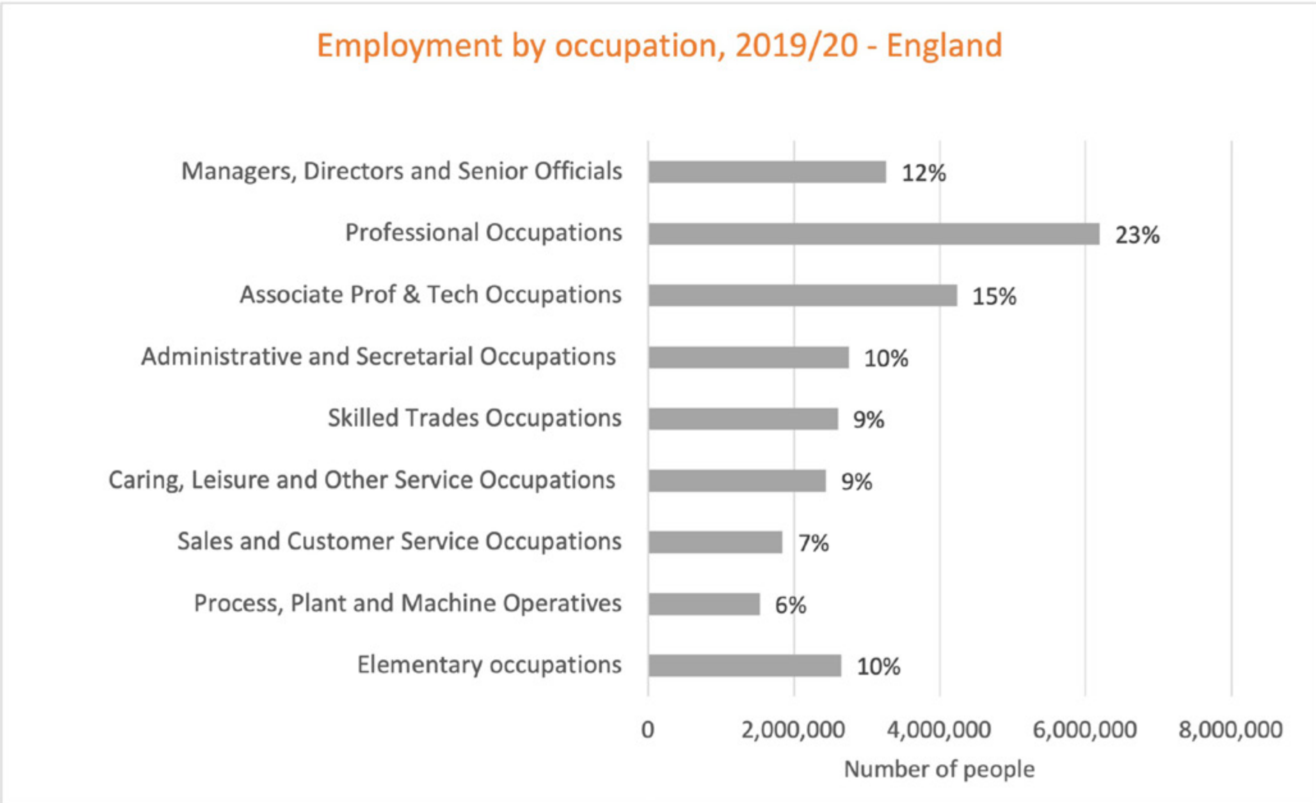


Source: Business Register and Employment Survey, 2019 (published 2020), 2020 SAP boundaries

- Manufacturing is a key employment sector in the West Midlands economy, with more people working in this sector than, proportionately, in the rest of the country. This is part of a long tradition in the region, and reflects the continued significance of the automotive production sector.
- The health and business administration & support services sectors are also particularly strong employment sectors in the West Midlands, each employing a significant proportion of the regional workforce and slightly more people in the region (each 1% more) compared to, proportionately, the rest of the country.
- The motor trades, wholesale, transport & storage and education sectors employ more people (again each by approximately 1%) than, proportionately, in the rest of England.
- As highlighted by Covid-19, employment into the health and social care sector is now a key priority to support in terms of skills development and employment, and this is being reflected through the WMCA's commissioning steer of the AEB.
- Covid-19 has also exposed risks associated with a heavy reliance on manufacturing, though this requires a sensitive response, given its position as a regional specialism. And, wider than Covid-19, this sector faces challenges associated with modernisation i.e. automation and 'greening'. The automotive and advance manufacturing sector is a key priority for the WMCA, and it is being supported through the reskilling and upskilling of staff with digital and related skills (digital design, programming etc.) to enable the workforce to advance in conjunction with developments.

1.2. Employment by occupation

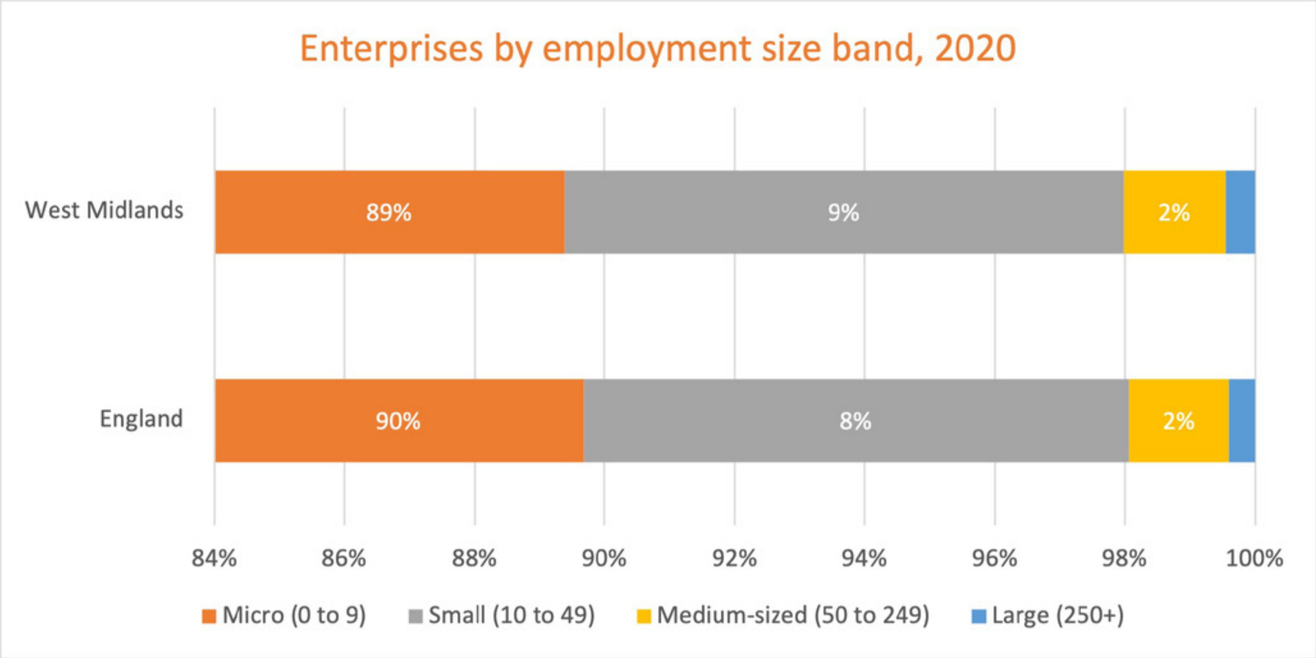




Source: Annual Population Survey, October 2019 – September 2020, 2020 SAP boundaries

- Whilst approximately a fifth of the West Midlands workforce is employed in professional occupations, there are proportionately fewer people employed in this and related higher-level occupations than the England average.
- Proportionately more people are employed in lower-level occupations – in skilled trades occupations, as process, plant and machine operatives and in elementary occupations – compared to the rest of England.
- In terms of Covid-19, risks are presented through the fact that these lower-level occupations tend to correlate with lower pay and are not straightforward to convert to home-working (indeed, this is largely impossible) or to adapt to new safety measures, such as social-distancing.
- Raising the profile of the workforce has been a key priority through our skills and wider economic strategies – the WMCA is committed to promoting inclusive growth to ensure that all communities benefit from the region's economic development.

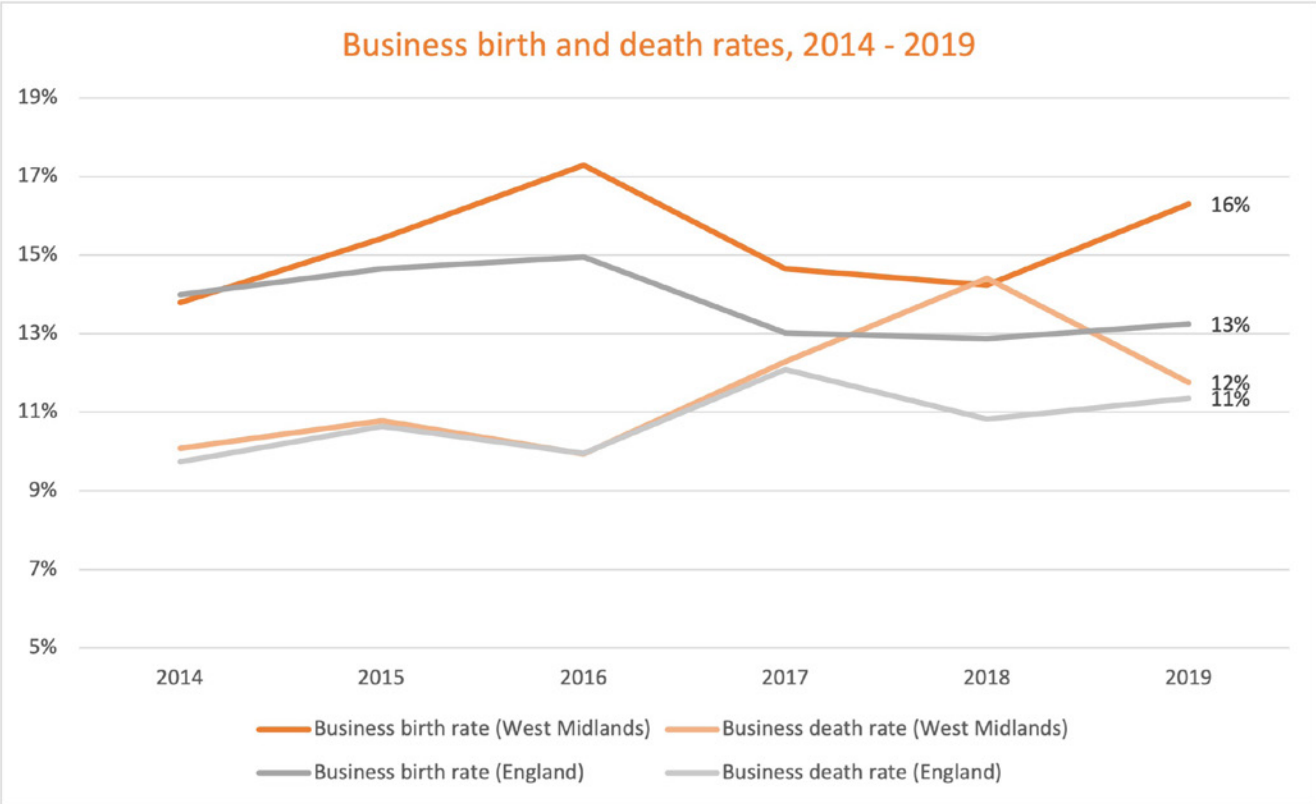
1.3. Enterprise size



Source: UK Business Counts, 2020, 2020 SAP boundaries

- The West Midlands business landscape is characterised by a large proportion of small and medium enterprises (SMEs), and so these are, collectively, a significant section of employment.
- We have proportionately more employment in SMEs compared to the England average (and proportionately fewer in micro enterprises), though the overall profile generally parallels the national landscape.
- Whilst this can present challenges – related to risk and resilience, for example, which Covid-19 has underlined – there is a widespread appreciation of the character of the landscape and initiatives designed to support SMEs. The West Midlands Apprenticeship Levy Transfer Fund is a case in point, whereby levy-payers' unspent funds are channelled to support apprentices in SMEs.

1.4. Business births and deaths



Source: **ONS Business Demography, 2014 - 2019 (published 2020), 2020 SAP boundaries**

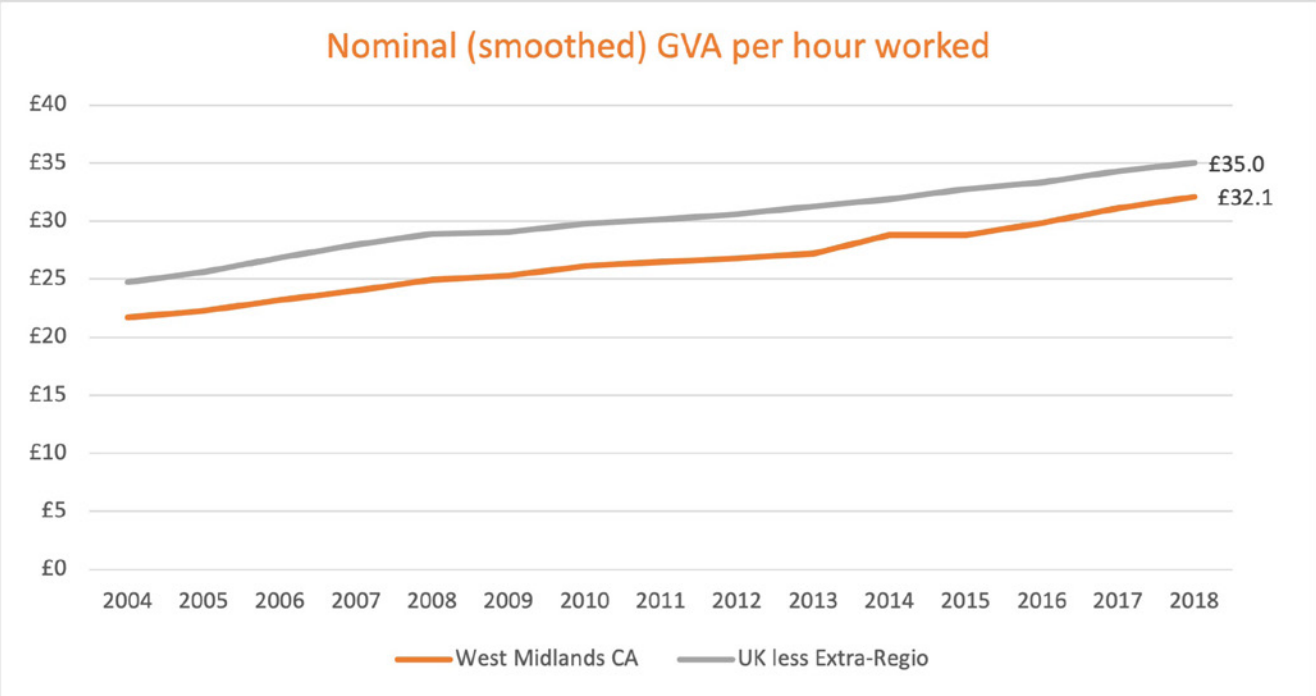
- Business birth and death rates in the West Midlands have varied considerably over 2014 – 2019, both experiencing significant peaks and troughs.
- Across the five years, the West Midlands business birth rate has been consistently higher than the England average, and the latest data (2018-2019) suggest the regional birth rate has pulled away and is now markedly higher, at 16%.
- The West Midlands business death rate, over the five years, was initially tracking the all-England rate but since peaked and troughed to stand currently (i.e. to the latest data) at 12% - marginally more than across England overall.
- Significantly, the region's business birth and death rates are pulling away from each other in a positive direction, indicating a growth of sustained businesses.

1.5. Employment rate

Source: [Annual Population Survey, 2005 - 2020, 2020 SAP boundaries]

- The employment rate in the West Midlands has generally tracked the national trend, though has consistently remained lower than the national rate. Since 2016, the data shows signs that the gap is closing, though the rate of this closure has slowed since 2018.
- There is significant variation between employment rates at the sub-regional level – employment rates in the Coventry and Warwickshire LEP area are generally higher than across the rest of the region, and the most significant gaps tend to be in the Black Country LEP areas. This gap within the region, which is mirrored in a number of socio-economic variables, is a significant driver for our inclusive growth agenda.
- The proportion of self-employed individuals, compared to the proportion of employees, is low, though has started to grow and is not dissimilar to other areas.
- Covid-19 has obviously impacted this picture (though this is not yet evident in this data), dampening employment levels and artificially raising economic inactivity levels due to employers' and employees' use of the Government's Coronavirus Job Retention Scheme (or 'furlough'), which holds individuals in a state of economic inactivity, not looking for employment (which would technically constitute unemployment rather than economic inactivity).

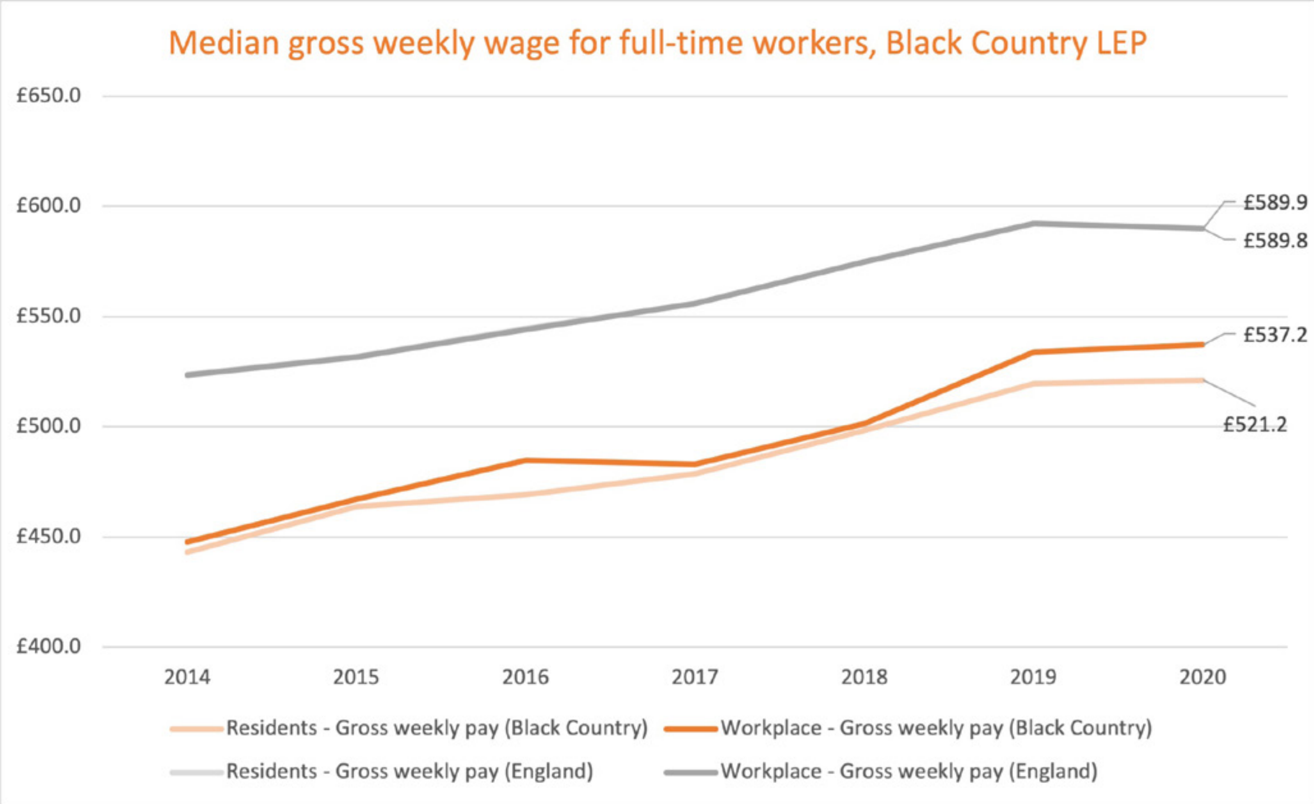
1.6. GVA

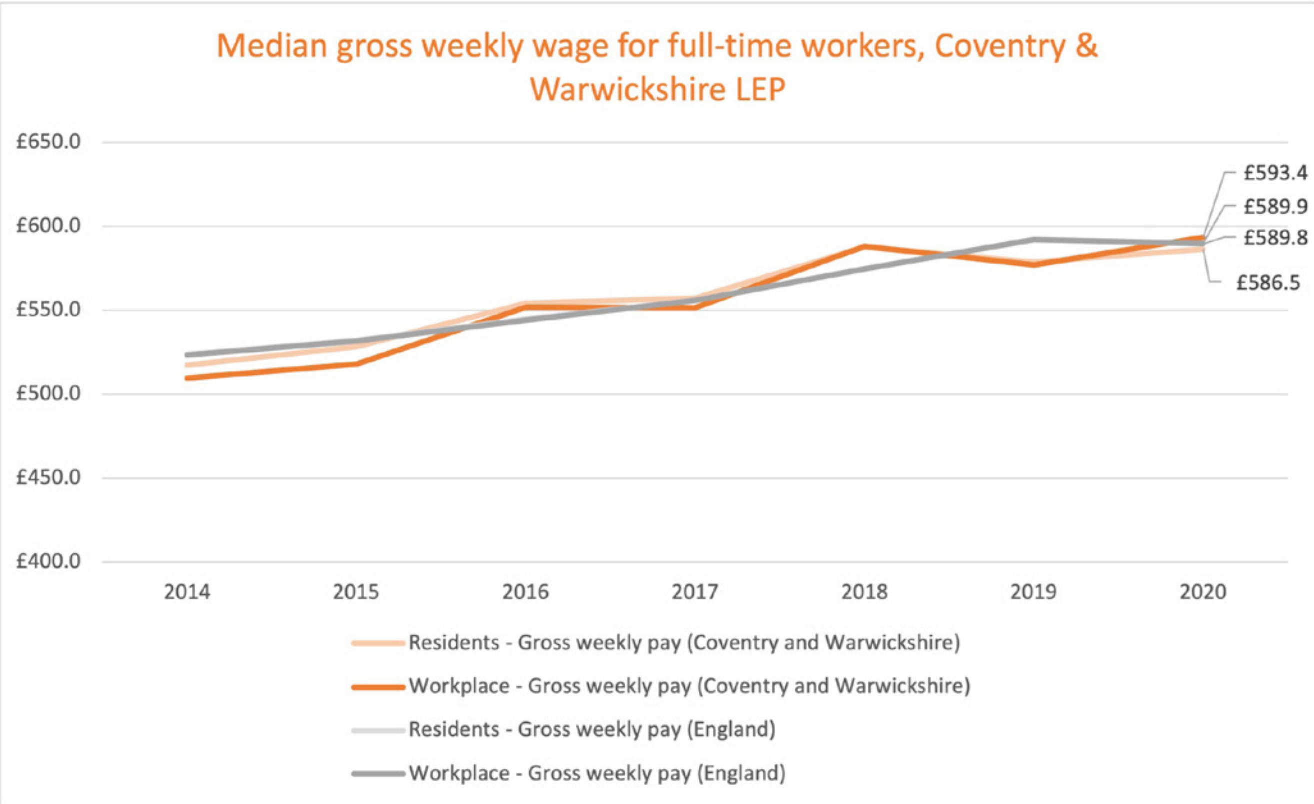


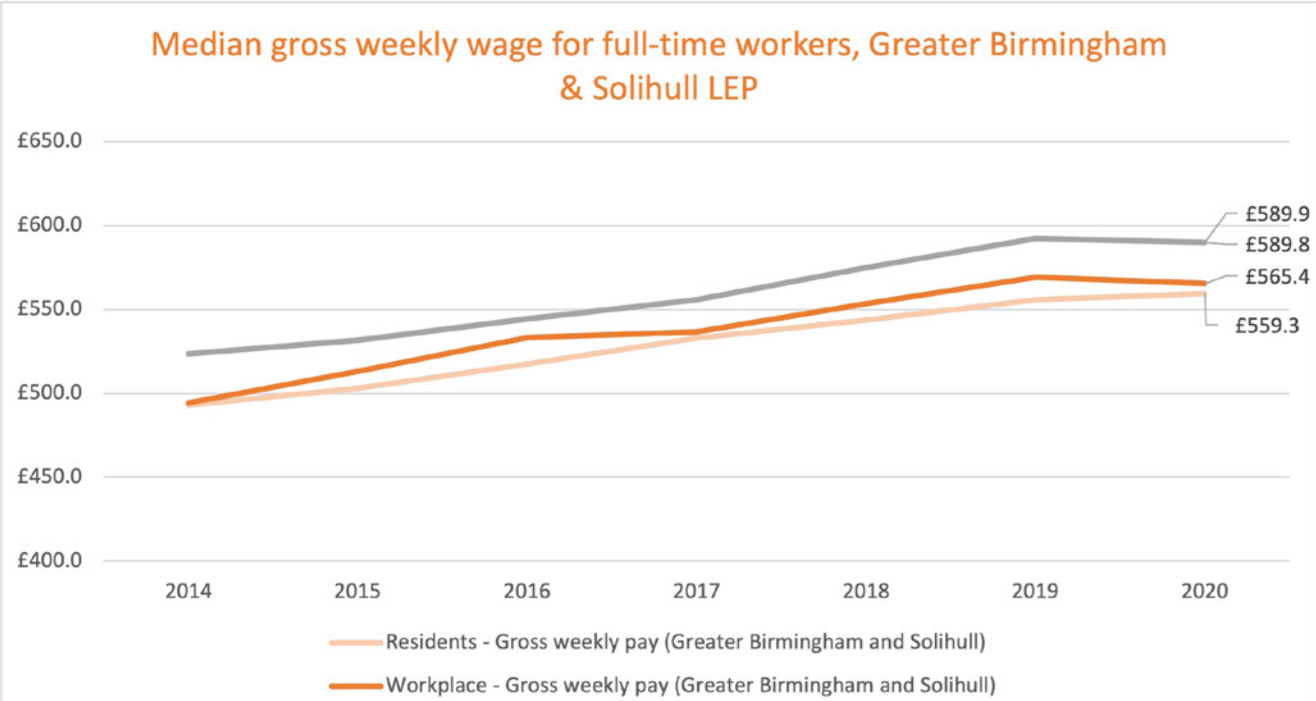
Source: **ONS Subregional Productivity, 2004 - 2018 (published 2020), 2018 LEP/MCA boundaries**

- Nominal GVA has increased over time, though it consistently tracks below the national average.
- In parallel with our consistent gap in skills, employment and pay levels, this gap in productivity is the key driver behind our inclusive growth ambition.
- Just over a quarter (26.5%, or £27.8bn) of the WMCA area's GVA is attributed to the Business, Professional and Financial Services sector, making this the largest, single most productive sector (in terms of GVA measurement). The second 'most productive' sector is Advanced Manufacturing and Engineering, to which £16.4bn is attributed, representing 15.6% of the local economy. In third place is the retail sector, to which £12.9bn GVA is attributed, though this sector is undergoing profound changes as a result of Covid-19.

1.7. Median wages







Source: Annual Survey of Hours and Earnings, 2014 - 2020, 2020 LEP boundaries

- In the Black Country, there is a significant gap between the BCLEP level of wages compared to the national average. Whilst the level has grown, it has consistently tracked below (by approximately £50-70 weekly) the national level over time, bar the occasional peak (in 2016 and 2019) of workplace wages. These peaks do not close the gap and soon level off, meaning the overall picture remains unchanged. The 2019 to 2020 data suggests the gap may be closing, but the data is yet limited.

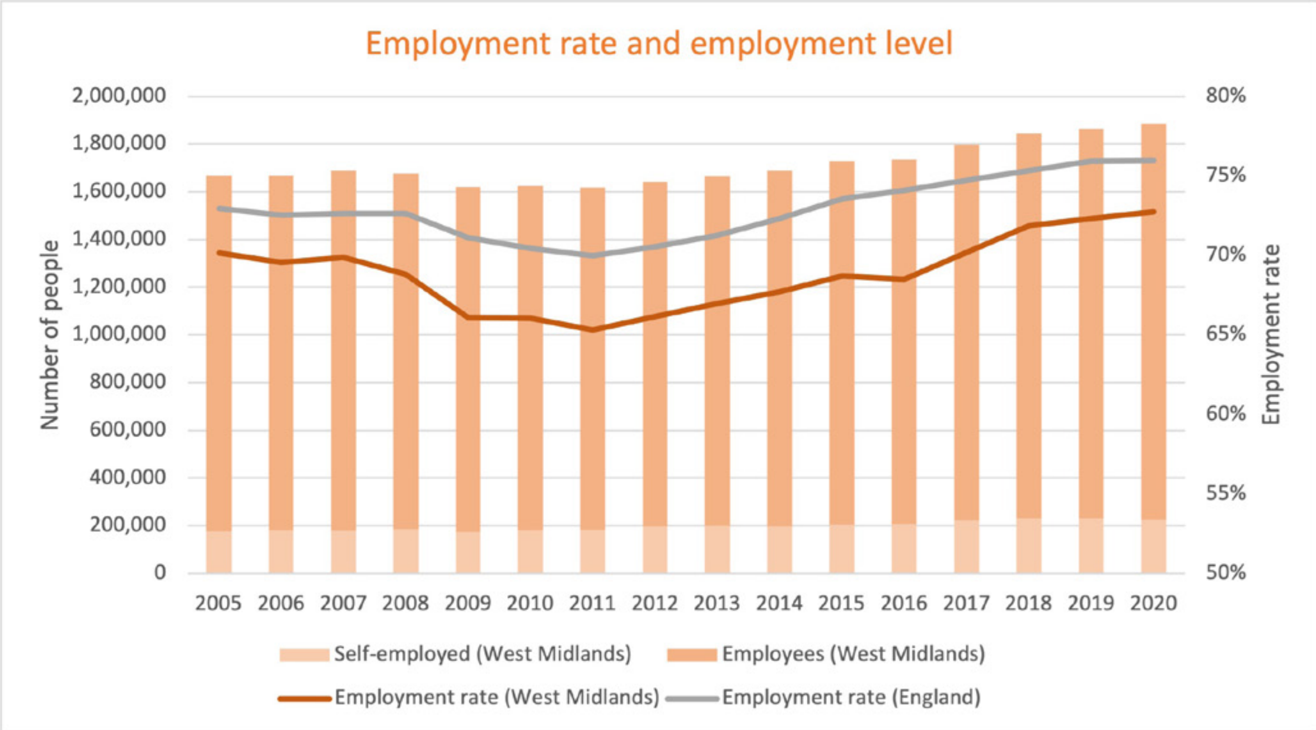
- The picture across the Coventry & Warwickshire LEP contrasts starkly with BCLEP. Here, wages levels not only meet the national average but, at times, peak above it (2016, 2018 and currently – 2020 – according to latest data). This is true of both the workplace and resident levels of wages, meaning WMCA residents are materially benefitting in this local economy.

- Greater Birmingham and Solihull LEP wage data show both workplace and resident pay levels as below the national average, but not by nearly as much as across BCLEP; GBSLEP tracks at about £25-30 weekly under the national trend. Again, there are two noteworthy peaks in workplace wages, while resident wages remain on a steady increase.

- Overall, the GBSLEP picture is a good representation of the data averaged across the WMCA 3 LEP geography. As demonstrated, there are significant intra-regional differences, whereby C&WLEP pulls upwards the depressed wage levels of BCLEP, to an overall position of generally tracking below the national average.

- These data demonstrates the need for targeted interventions aligned to specific geographies and cohorts, under the banner of inclusive growth, thereby reducing regional disparities.

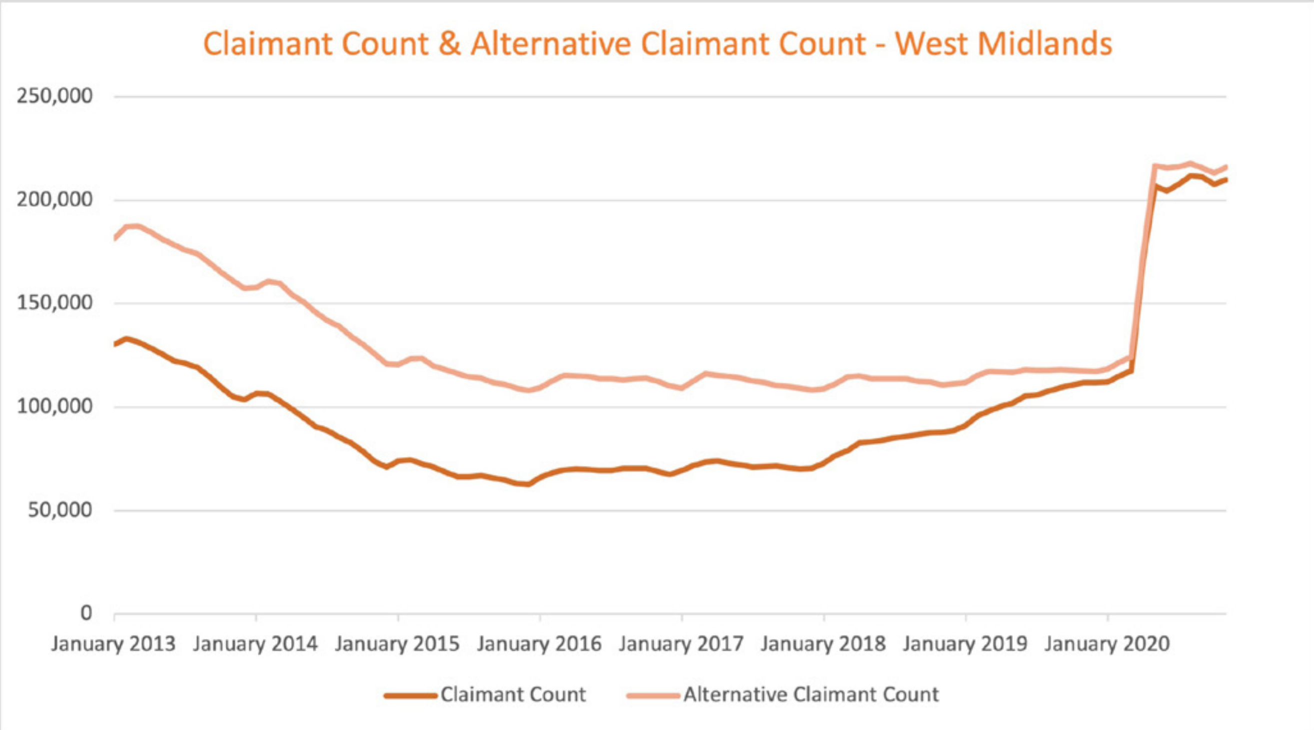
1.8. Population by age group

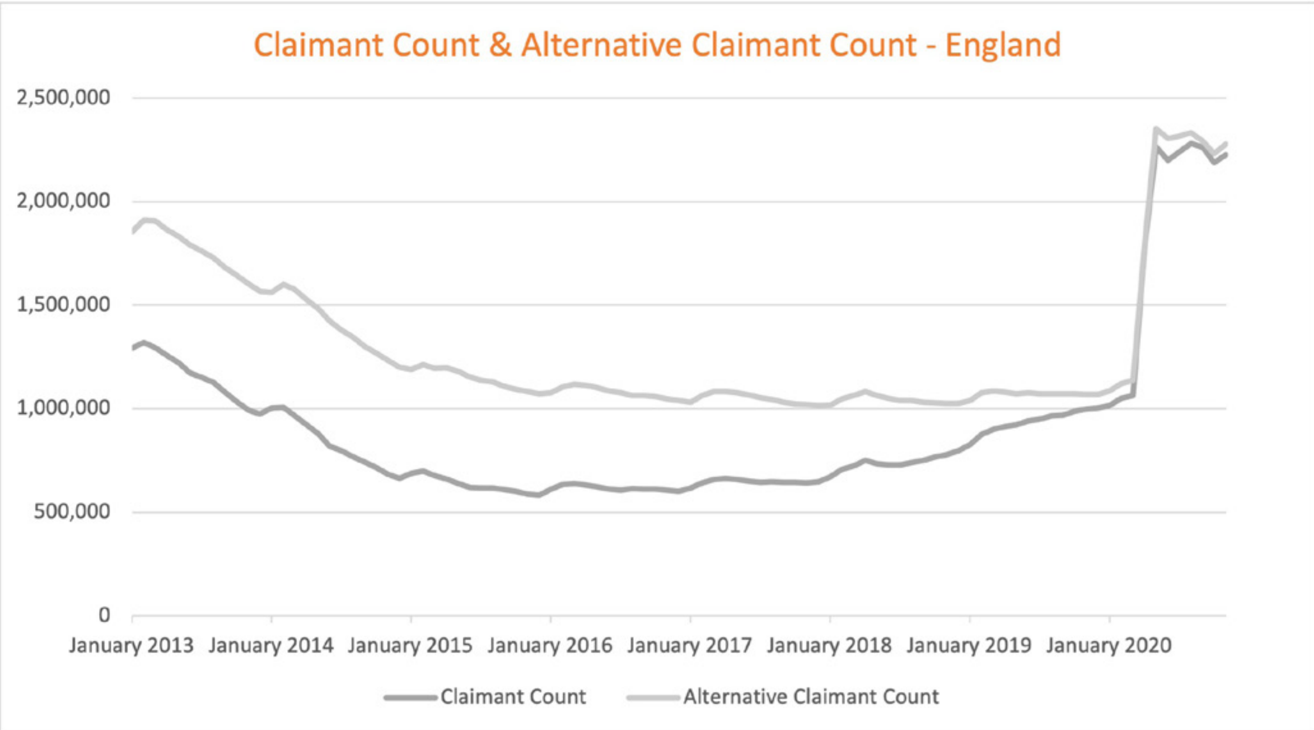


Source: **ONS Mid-Year Population Estimates, 2019, 2020 SAP boundaries**

- Overall, the WMCA area's population is young. There are proportionately more West Midlands residents under 16 and in all age groups up to 35 years old than the England average, and there are proportionately fewer residents in all the 35+ age brackets than across England as a whole.
- This is a key opportunity; if we can equip young people with skills tailored to the current and prospective local employment market, we can build a future-proofed workforce. There is a wider, longer-term challenge of building aspiration for greater social mobility, creating a culture of lifelong learning for a more agile and responsive skills and employment ecosystem.

1.9. Claimant count and alternative claimant count

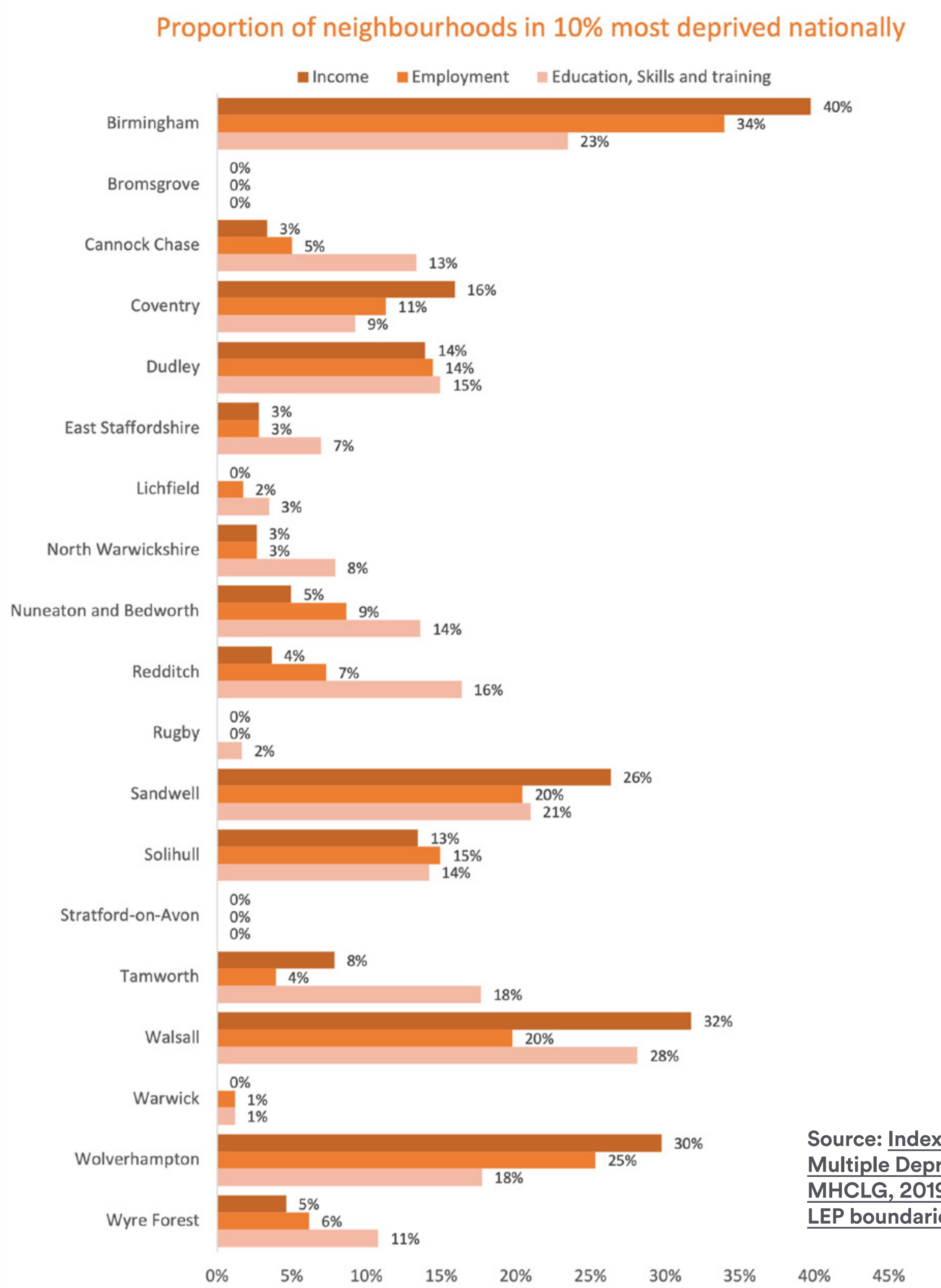




Source: ONS claimant count & DWP Stat Xplore, January 2013 – November 2020, 2020 SAP boundaries

- Whilst the claimant count across the region had been dropping, visible here between 2013-2016, this then started to rise again. This matches the national trend, and is widely thought to be the result of the roll-out of Universal Credit, which encapsulates a wider range of benefit claimants.
- Developed in response to this somewhat artificial inflation of numbers, the alternative claimant count demonstrates how the number of people claiming benefits as a result of being out of work has actually been rather steady since 2016, roughly.
- The extreme spike in the most recent data, both regionally and nationally, demonstrates the significant impact of Covid-19 on the employment market. This, too, has since levelled off, though we are yet to see what effect the Government's decision to end the Coronavirus Job Retention Scheme ('furlough') may have. Significant job losses are expected and, by extension, significant increases in claimant count figures.

1.10. Income, employment and education deprivation



Source: Index of Multiple Deprivation, MHCLG, 2019, 2017 LEP boundaries

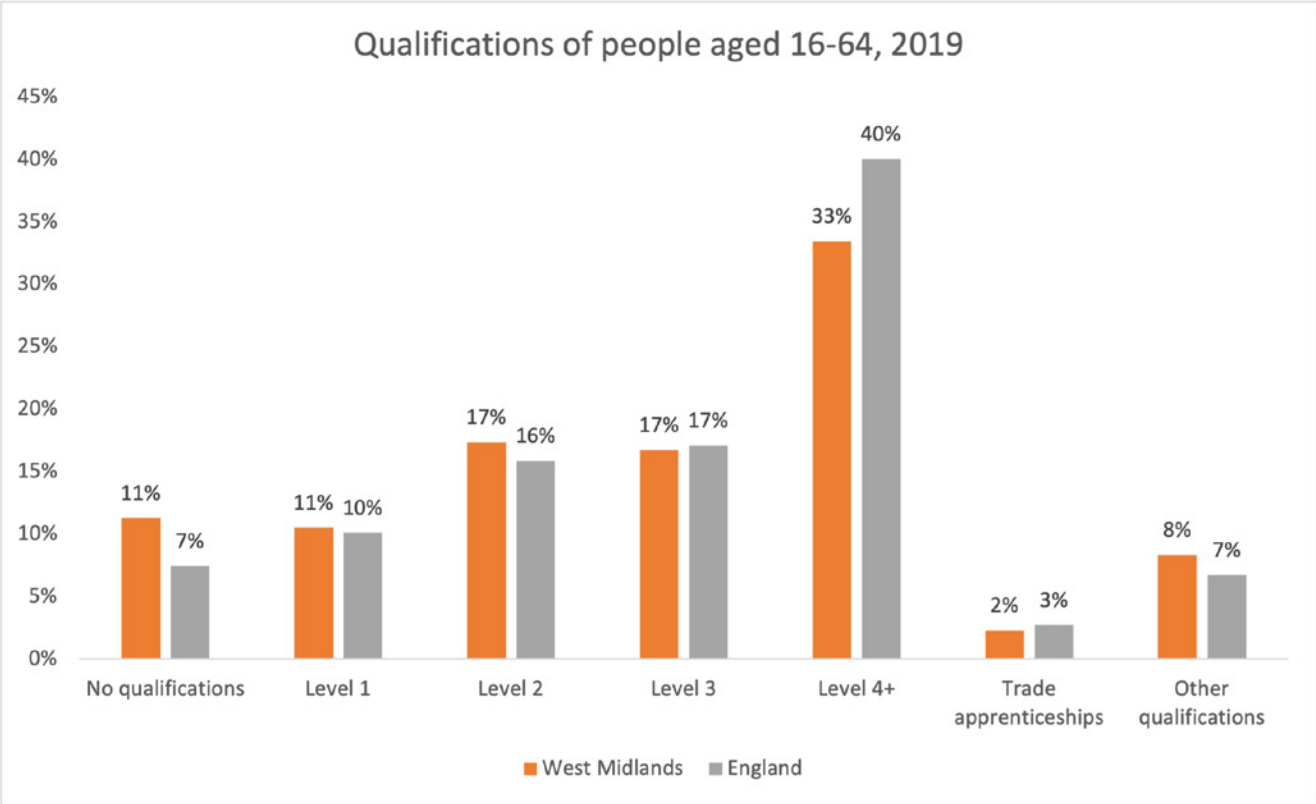
- There are significant levels of deprivation in Birmingham as well as the Black Country (Wolverhampton, Walsall and Sandwell more so than Dudley).
- Across the WMCA 3LEP geography, there are also pockets where deprivation is not an issue (or not one captured by this indicator); Bromsgrove and Stratford-upon-Avon do not have neighbourhoods in the 10% most deprived nationally, and Rugby and Warwick have only a small proportion of neighbourhoods in high (relative) deprivation and those are deprived in terms of employment and education / skills, rather than income.
- This, again, points to significant disparities within the region, further justifying our approach to close gaps (e.g. of those with no qualifications) and raise skills standards (i.e. to higher levels), which in turn will positively impact upon the hotspots of deprivation in our urban centres.

2. Skills supply

Skill supply – summary

- The West Midlands suffers a relatively low-level skills profile, with negative gaps in the 'no qualifications' and higher-level skills brackets. Skills development, particularly at the FE level, is critical to improving this picture.
- The key opportunity here lies in raising aspirations, shifting the focus to higher-level skills provision, bridging the gap to higher-level employment or further specialist, technical education and also creating a culture of lifelong learning for greater agility and responsiveness in the skills and employment ecosystem.
- Given the devolution of the AEB – proportionate to the seven metropolitan councils – to the WMCA, the focus of collaborative efforts to this end has been and will continue to be on the FE sector primarily.
- Employer engagement informs this collaboration in a number of ways, such as through the SAP, its taskforces and skills sector collaborative bodies that have been established in response to regional developments (e.g. Colleges West Midlands, West Midlands Combined Universities).
- This multi-faceted collaboration is essential, principally because it enables a more agile and responsive skills ecosystem compared to the alternative of waiting for trends to become evident through data indicators. Furthermore, local insight and intelligence can be inconsistent with data, though infinitely more useful, particularly when coupled with commitments for mutual benefits between parties – indeed, partners – in the skills and employment ecosystem.
- National policies have been enhanced locally, most clearly evident through the West Midlands Apprenticeship Levy Transfer Fund, which enables levy-paying donors to support regional SMEs with apprentices.
- Covid-19 has significantly impacted apprentices, with employers requiring furlough leave and threatening redundancies (understandably), though the skills system in general across the region is proving relatively resilient by having rapidly adapted provision to online or blended formats, which will undoubtedly have a positive long-term impact, particularly for employed learners benefitting from flexible skills delivery models.

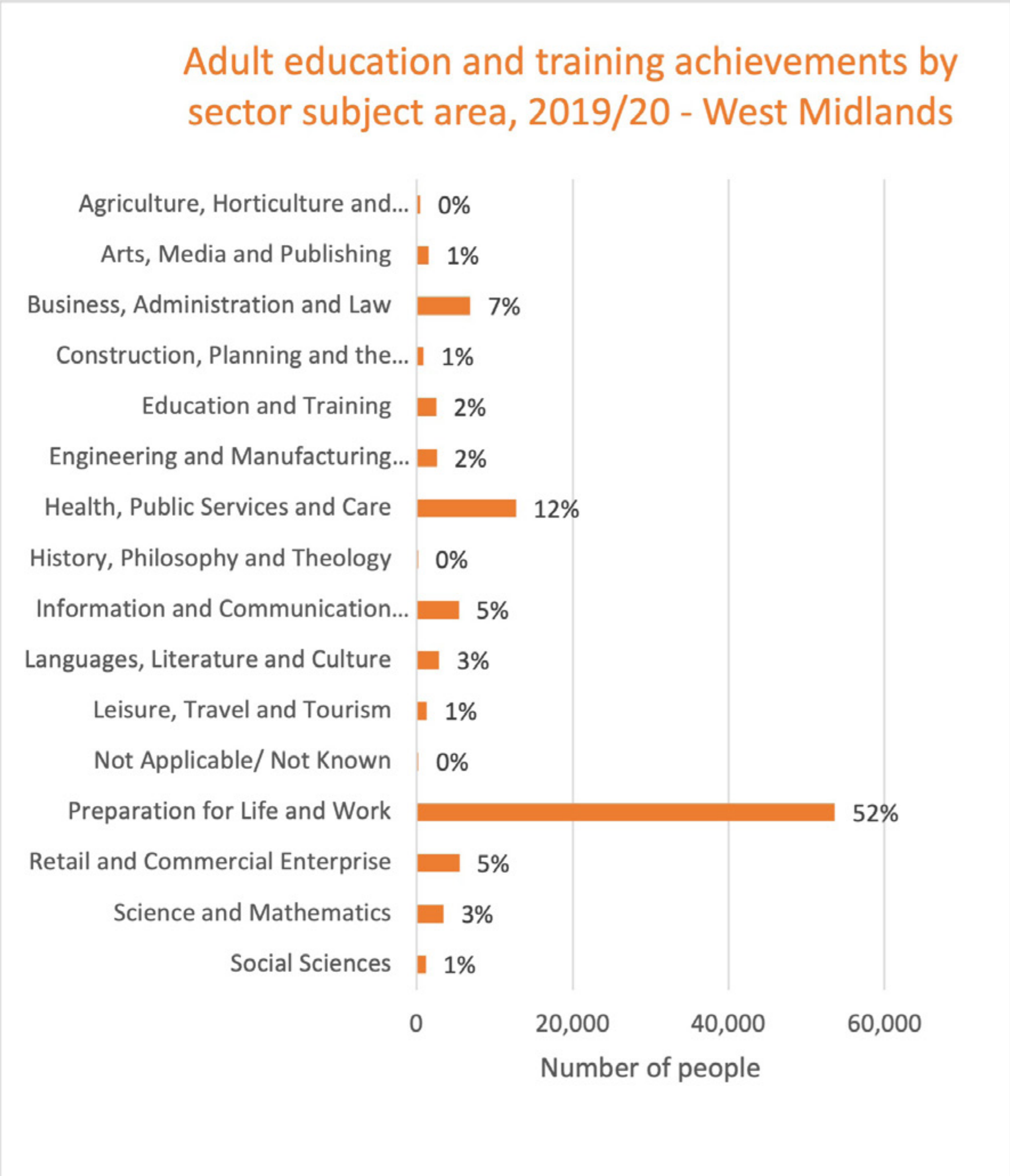
2.1. Qualification levels



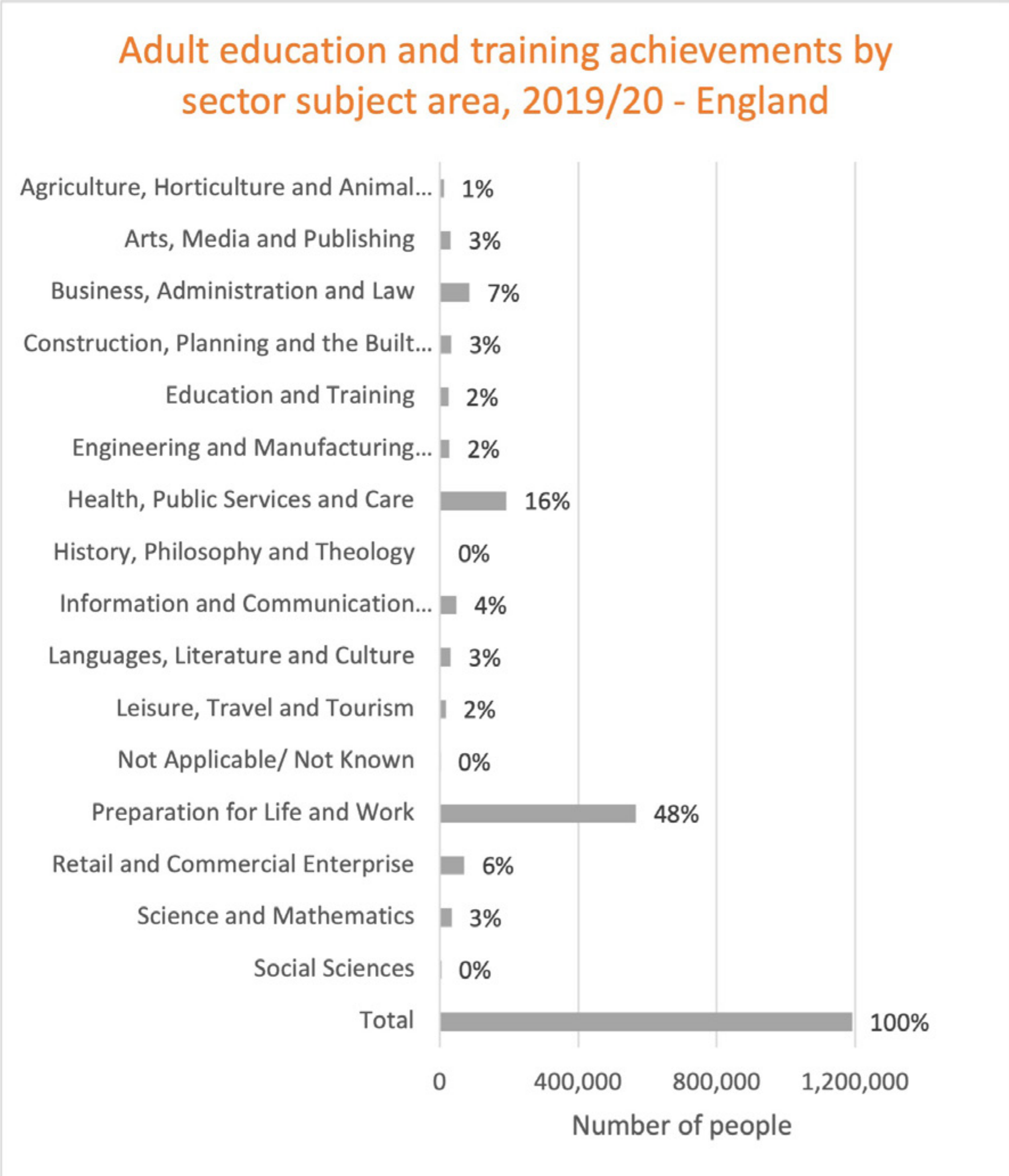
Source: Annual Population Survey, January 2019 – December 2020, 2020 SAP boundaries

- Overall, the skills profile of the regional population is relatively low level. Just under half (45%) of the population is qualified to Level 3 (inclusive). Only a third (33%) are qualified above this (Level 4+).
- These figures are more understandable – and stark – when contextualised against the national picture. At Level 4 and above, for example, the West Midlands population is 7% behind the national average. And, whereas 7% of the national (working age) population has no qualifications, over a tenth (11%) of those in the West Midlands do not have any formal qualifications.

2.2. FE education and training achievements

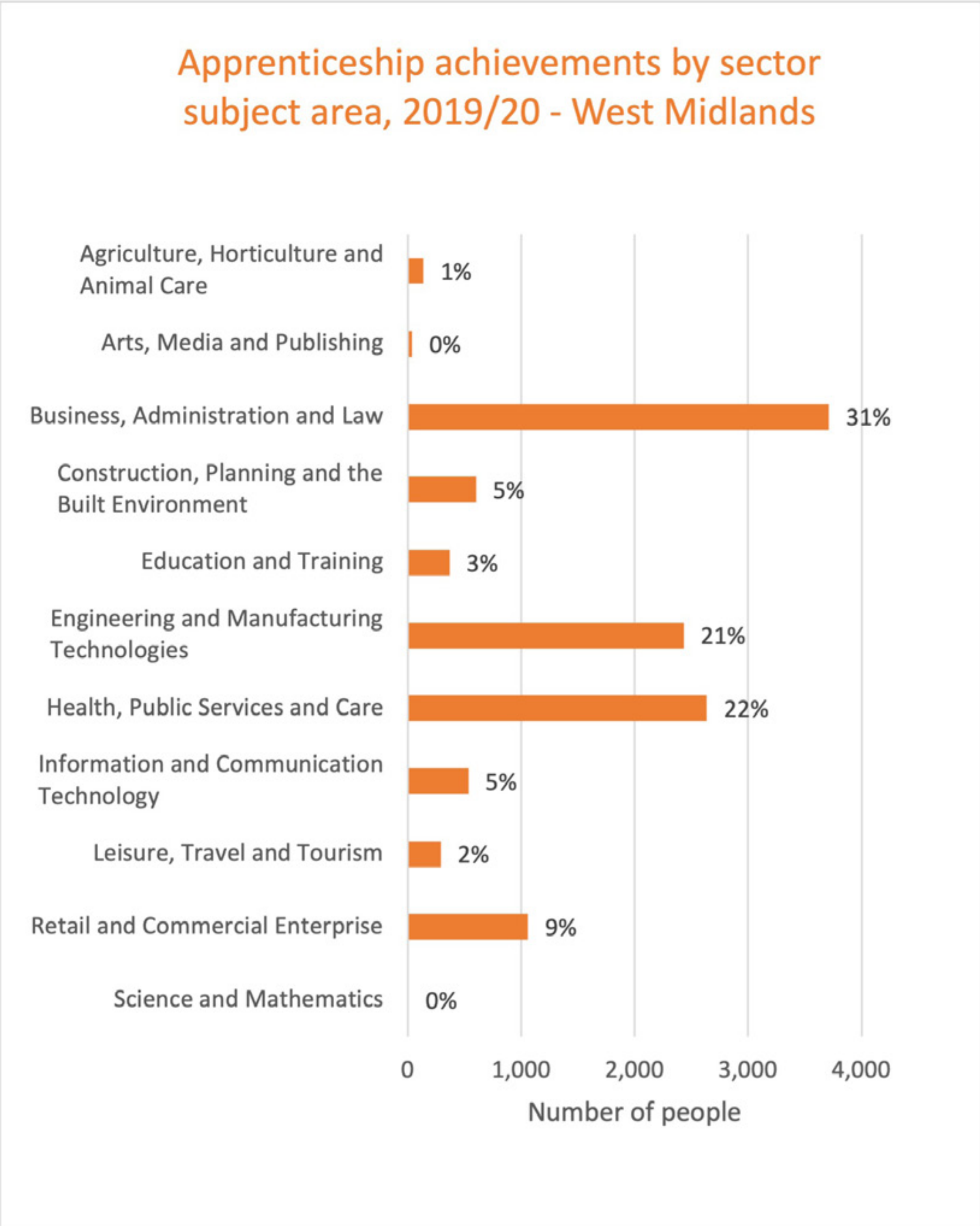


Source: Further Education & Skills data, DfE, (published 2020), 2020 SAP boundaries

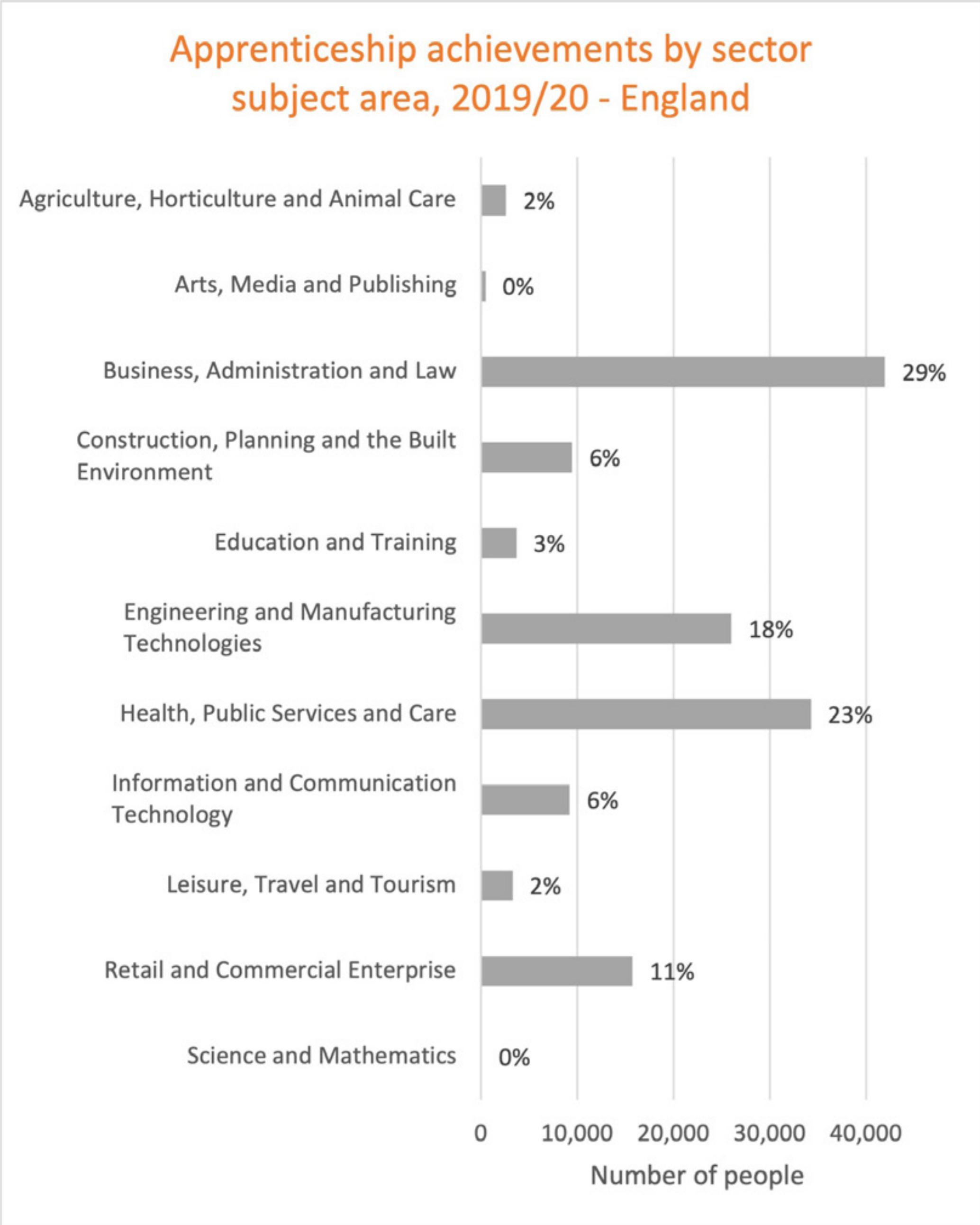


- The vast majority (52%) of FE achievements are in the 'Preparation for Life and Work' sector subject area (SSA). This is the only SSA in double digits, bar 'Health, Public Services and Care' at 12%.
- These figures parallel the national average; achievements against 'Preparation for Life and Work' are a touch smaller nationally (at 48%) and the health and social care sector has a slightly larger proportion of FE achievements nationally (at 16%). More broadly, the figures and pattern across the region and nation are largely the same.
- We are beginning to see evidence that justifies our pushes in priority sectors. In the 'Information and Communications Technology' SSA, for example, we have 5% of FE achievements, which is two percentage points higher than the whole-England proportion, and we are prioritising the construction SSA, where local intelligence points to continued growth but our FE achievement figures are, currently and proportionately, below the national equivalent figure (at 3%).

2.3. Apprenticeships achievements

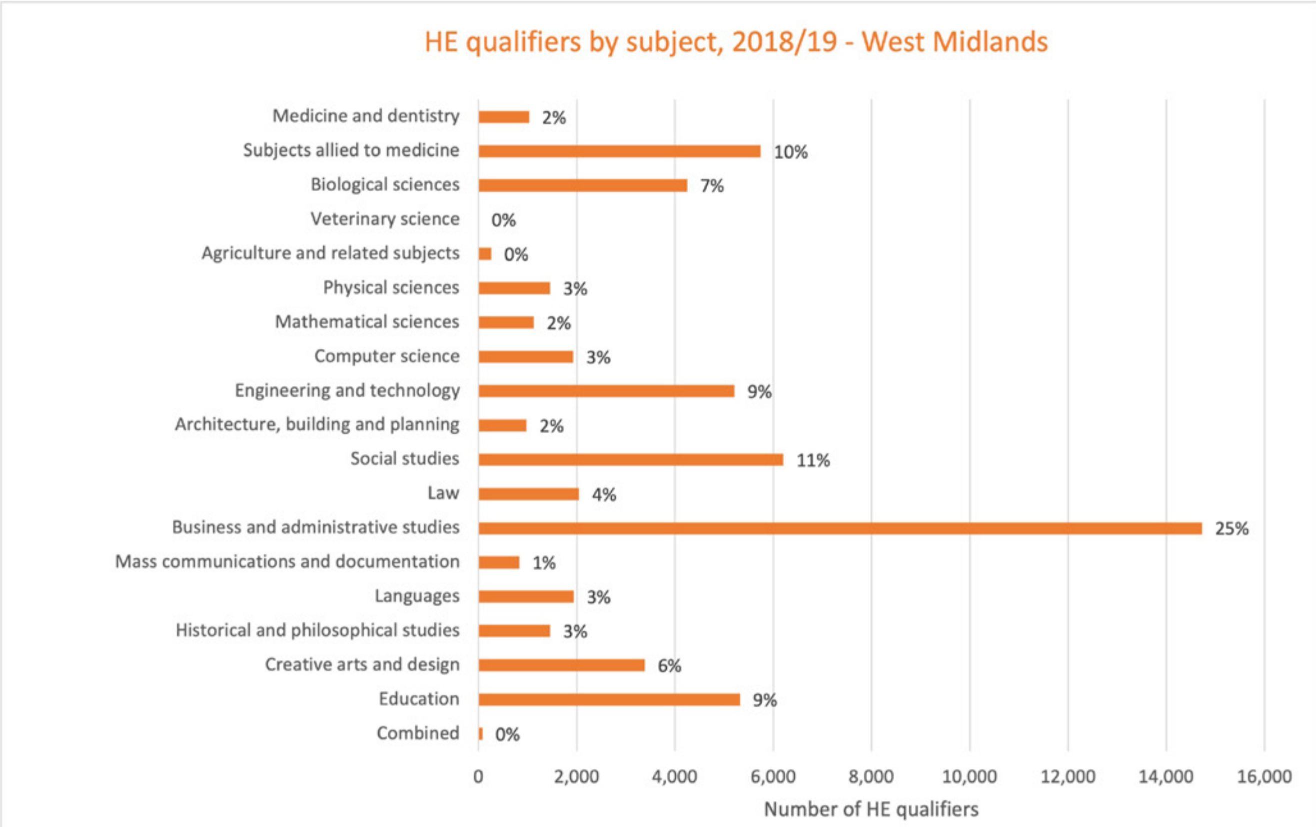


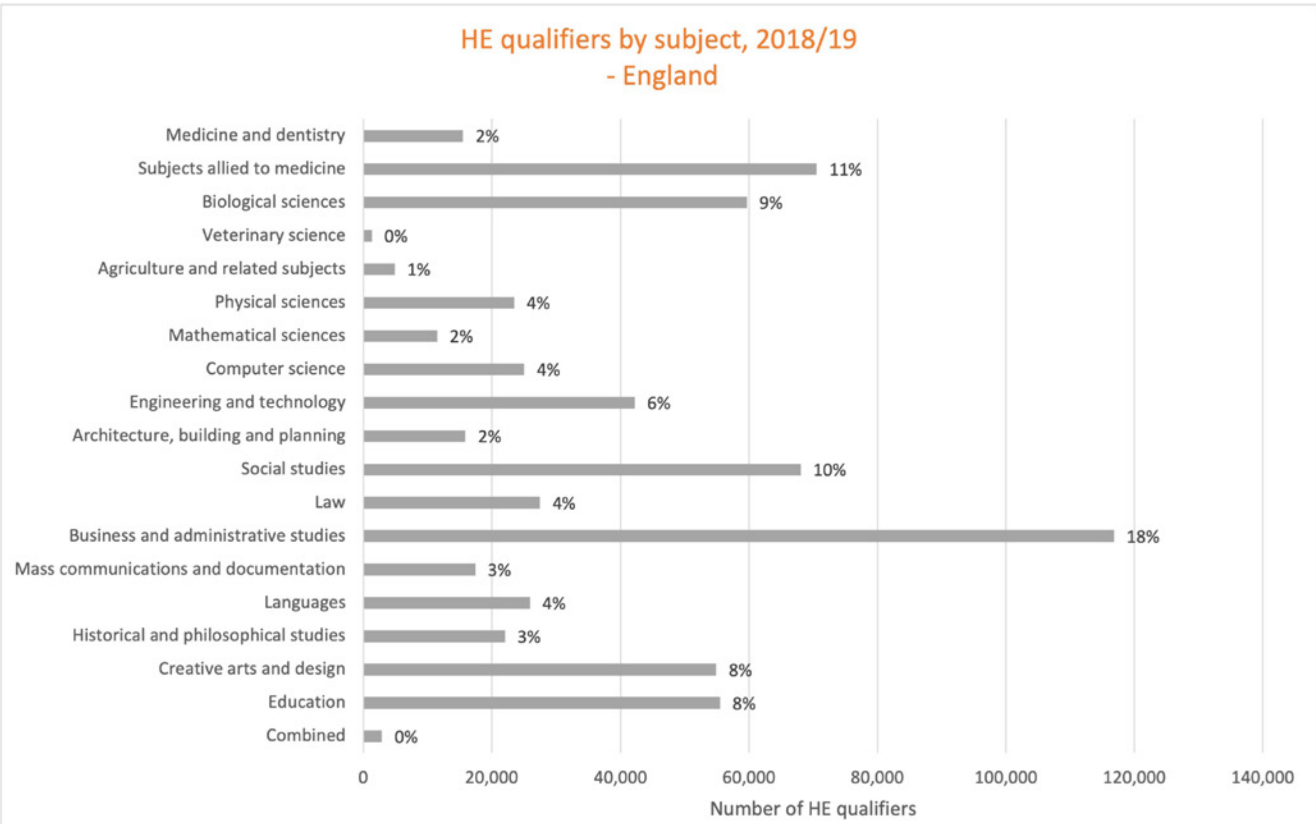
Source: Apprenticeships data, DfE, (published 2020), 2020 SAP boundaries



- In the West Midlands, apprenticeship achievements are concentrated in 'Business, Administration and Law' at 31%, followed by 'Health, Public Services and Care' (22%) and 'Engineering and Manufacturing Technologies' (21%).
- The West Midlands picture matches the national in terms of these concentrations and, indeed, across all the SSAs.
- Also matching the national picture of trend data, it is noteworthy that the number of apprenticeship starts have fallen since the introduction of the Apprenticeship Levy (nationally), with employers citing confusion with the system and resistance to this 'tax' as it's perceived.
- Most significantly for the West Midlands, where apprenticeships are seen as a key route out of disadvantage and towards greater social mobility, a recent Social Mobility Commission report highlighted the West Midlands as one of the top three regions for apprenticeship starters from disadvantaged backgrounds (see Chapter three).

2.4. HE qualifiers

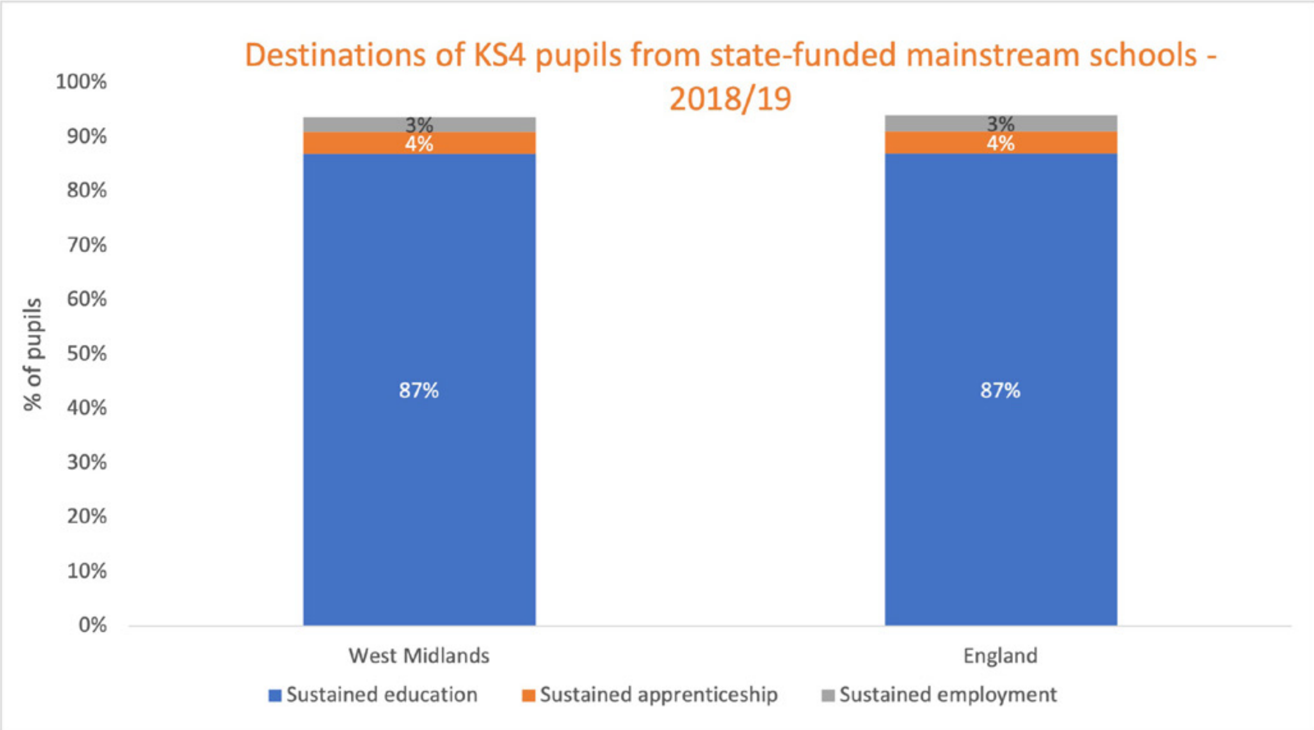




Source: HESA, 2018/2019 qualifiers (published 2020), 2020 SAP boundaries)

- In the West Midlands, 25% of HE qualifiers are concentrated in the 'Business and administrative studies' subject area. Other strengths include 'Social studies' at 11% of HE qualifiers, 'Subjects allied to medicine' at 10%, and both 'Education' and 'Engineering and technology' at 9%.
- This reflects, to some extent, the strengths of our regional HE sector, which include renowned business and medical schools with related departments.
- This also, to some extent, matches employment patterns, with graduate entries into the health and education sectors, business and professional services, and engineers into our construction and automotive sectors.
- The pattern of HE qualifier concentrations in the region broadly match the national picture, though there are important nuances: our strength in 'Business and administrative studies', for example, is seven percentage points stronger than the national average (at 18%) – our widest lead (indeed, our widest difference) in any subject area. Similarly, our HE qualifiers from 'Engineering and technology' tally at three percent higher than across the whole country (which levels at 6%).

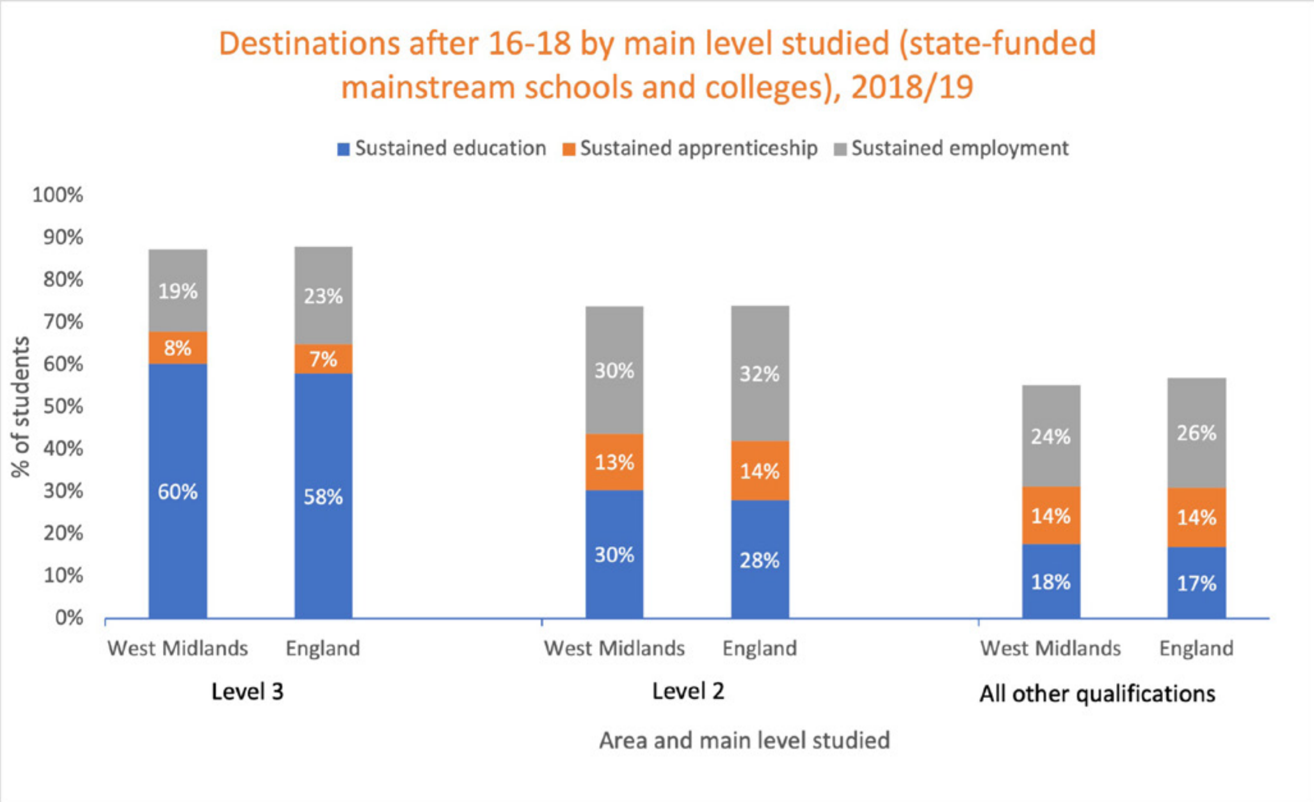
2.5. KS4 destinations



Source: **KS4 destination measures, DfE, 2018/19 (published 2020), 2020 SAP boundaries**

- At Key Stage 4, the vast majority (87%) of pupils in state-funded mainstream schools across the West Midlands remain in education. Small minorities opt for apprenticeships (4%) or for employment (3%).
- The West Midlands' Key Stage 4 destinations data exactly match the national picture.

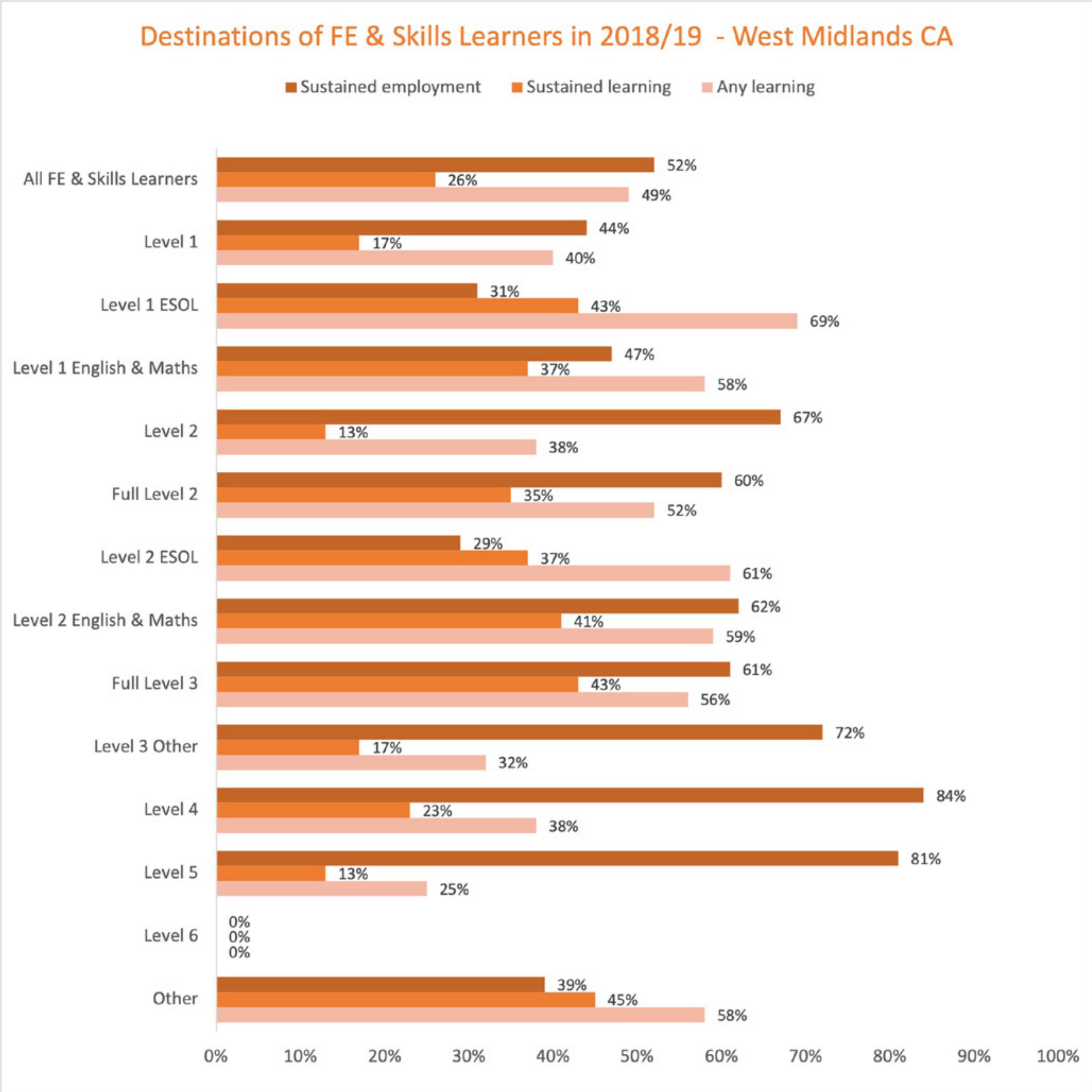
2.6. 16 – 18 destinations



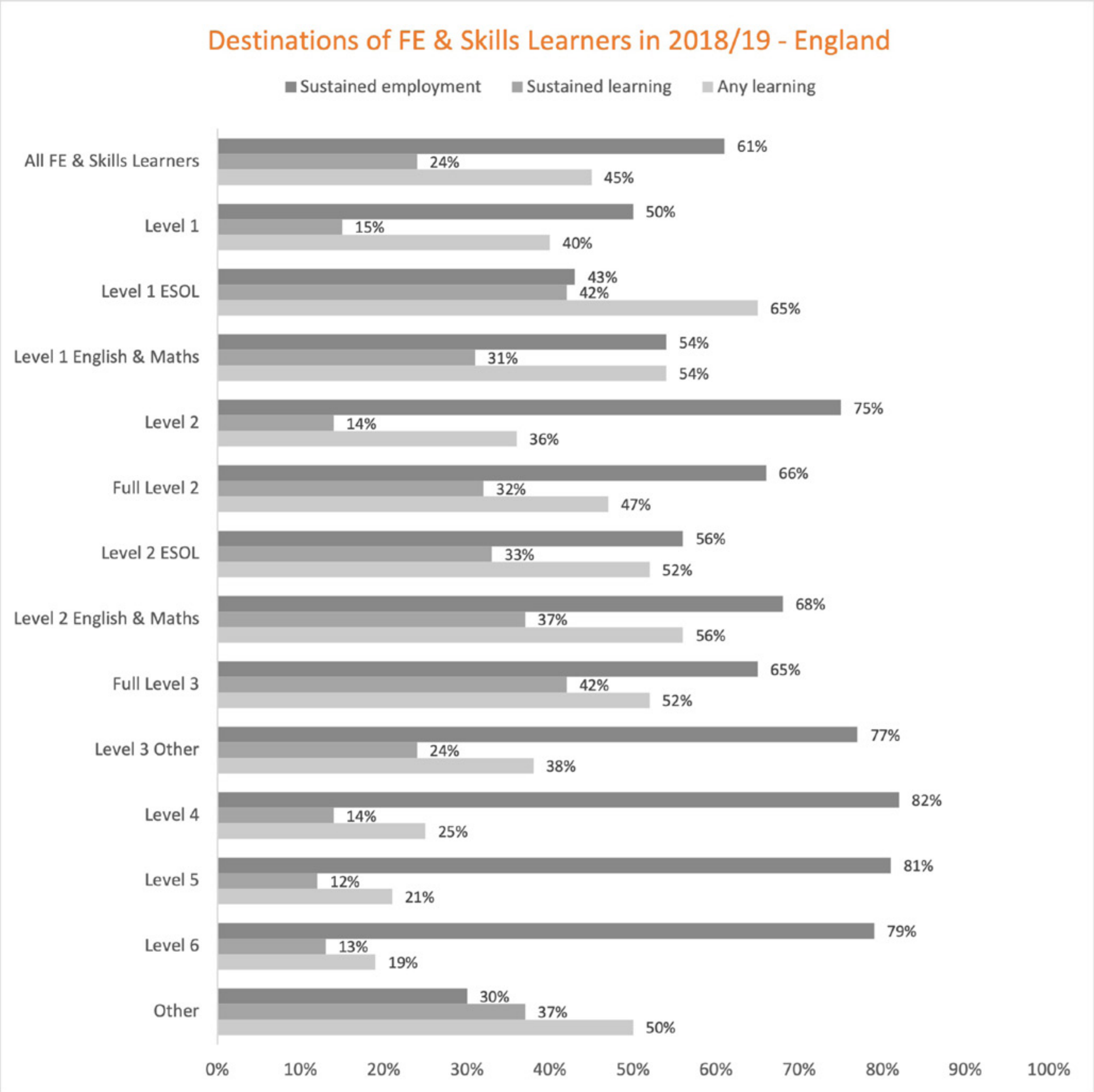
Source: 16-18 Destination Measures, DfE, 2018/19 (published 2020), 2020 SAP boundaries

- In the West Midlands, the majority (just under two thirds) of 16-18-year-olds continue studying at Level 3, whilst about a fifth enter into (sustained) employment. Just 8% go on to apprenticeships at Level 3, though this is a percentage point higher than the whole-England equivalent figure.
- At Level 2, the destinations data is more evenly split, with 30% continuing education and also 30% entering into (sustained) employment. About half as many (13%) move onto (sustained) apprenticeships. This roughly mirrors all the picture across England, though slightly more enter employment (32%) and slightly fewer remain in education (28%), and 1% more 16-18-year-olds opt for apprenticeships.
- At all levels, the West Midlands has a higher proportion of 16-18-year-olds than all-England average remaining in sustained education. Whilst this is generally positive, it may simultaneously reflect a continued reluctance to see apprenticeships as an attractive option (or, indeed, a lack of knowledge or understanding about apprenticeships), which would therefore also be true across the country as the figures are fairly evenly matched.

2.7. FE destinations

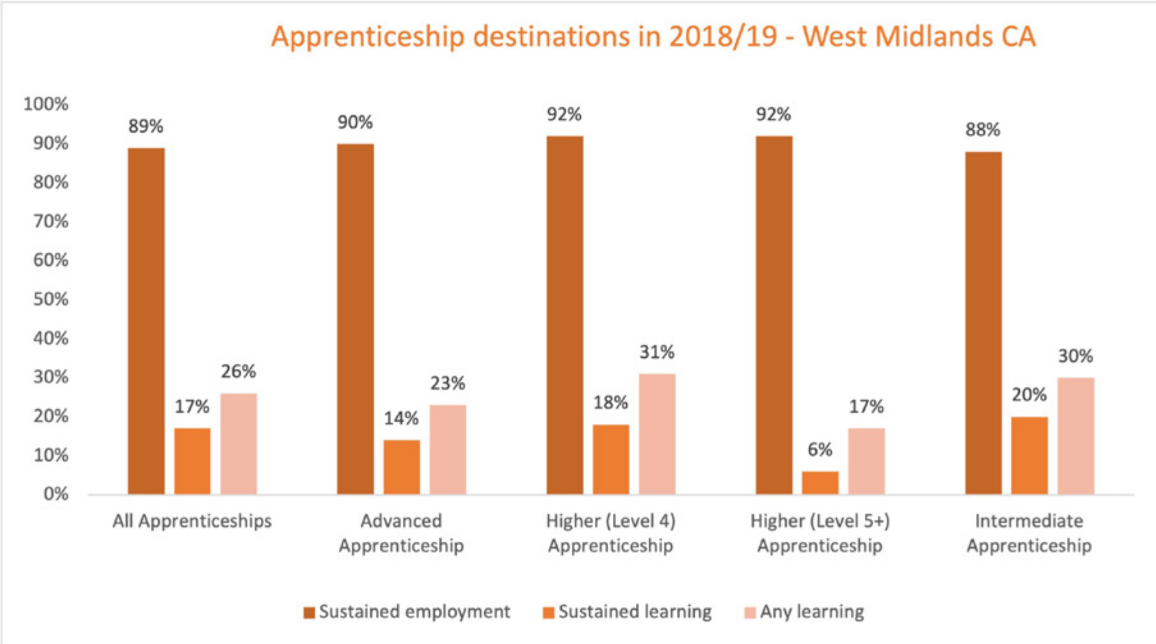


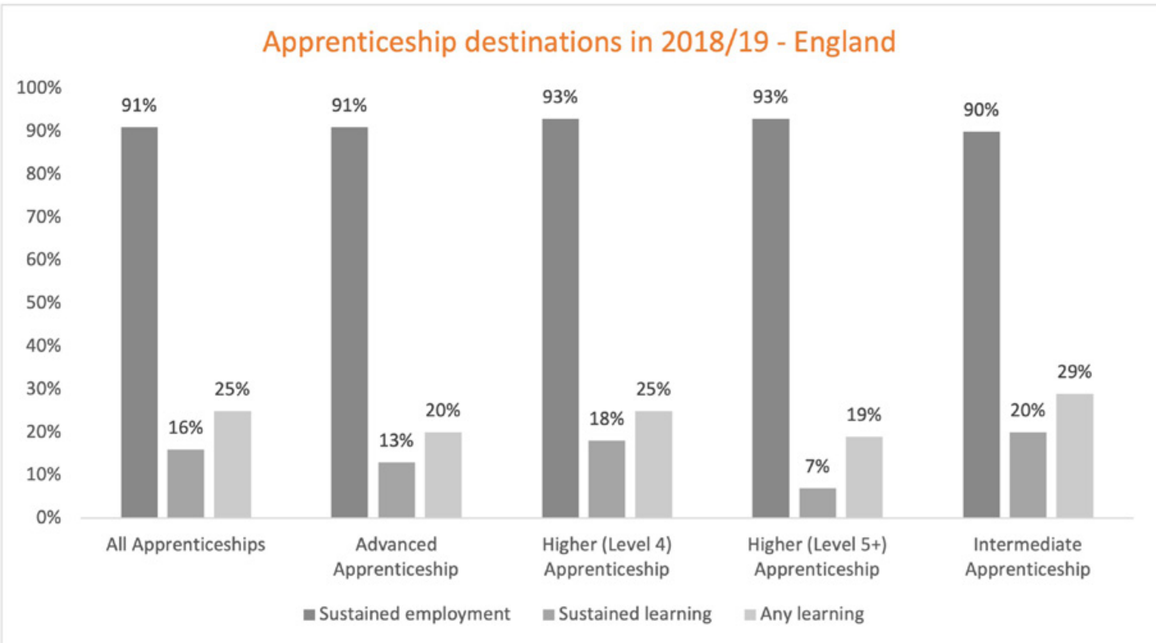
Source: FE outcome based success measures, 2018/19 destinations, DfE, (published 2020), 2018 LEP boundaries


Destinations of FE & Skills Learners in 2018/19 - England
Sustained employment
Sustained learning
Any learning
All FE & Skills Learners 61% 24% 45%
Level 1 50% 15% 40%
Level 1 ESOL 43% 42% 65%
Level 1 English & Maths 54% 31% 54%
Level 2 75% 14% 36%
Full Level 2 66% 32% 47%
Level 2 ESOL 56% 33% 52%
Level 2 English & Maths 68% 37% 56%
Full Level 3 65% 42% 52%
Level 3 Other 77% 24% 38%
Level 4 82% 14% 25%
Level 5 81% 12% 21%
Level 6 79% 13% 19%
Other 30% 37% 50%
0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

- Overall, about half of all FE learners in the WMCA 7Met area (covering our constituent local authorities, aligned to our devolved AEB) enter into sustained employment and about a quarter continue further study.
- There is a significant benefit to the employment market by Level 2 learners, but the 'return on investment' is even greater at higher levels – 84% of learners at Level 4, for example, enter into sustained employment and 81% at Level 5.
- This clearly evidences the reasoning behind our prioritisation of higher-level skills training.
- In terms of national comparison, the pattern is broadly similar, though figures tend to be proportionately lower in the West Midlands, meaning the return on investment is, effectively, not as positive in the West Midlands. It is noteworthy, however, that AEB devolution is in its infancy – there is considerable (incremental) change that is yet to impact the data – and destinations data is not as complete and robust as ideally it should be.
- There is a stark contrast with West Midlands and national data at Level 6, though this reflects a proportionate lack of provision at Level 6 in the West Midlands, which is not dissimilar to other regions.

2.8. Apprenticeships destinations

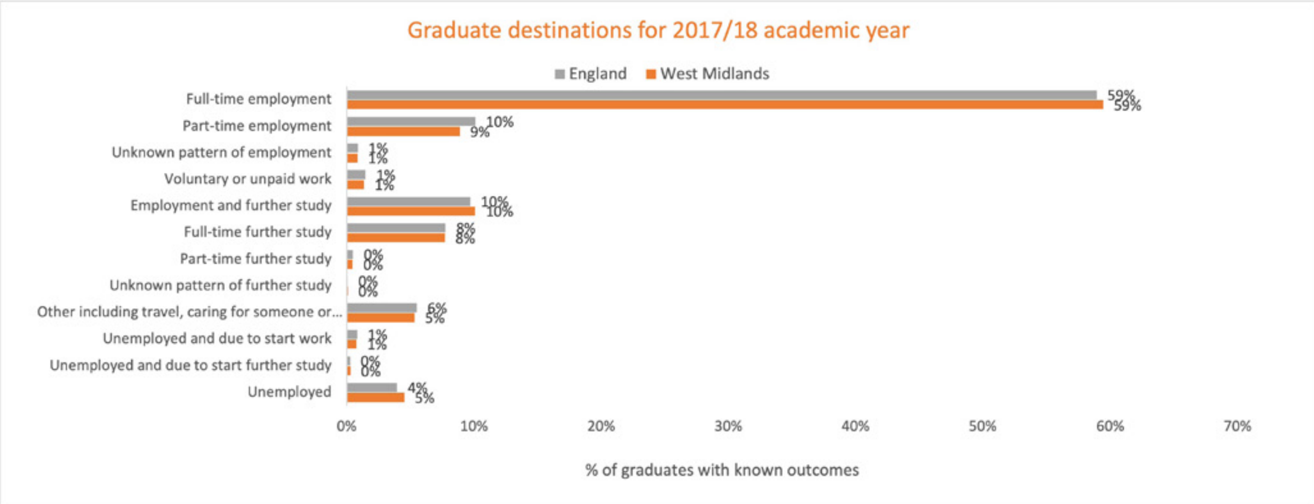




Source: FE outcome based success measures, 2018/19 destinations, DfE, (published 2020), 2018 LEP boundaries

- The figures and graphs clearly reflect how apprenticeships provide a clear route to the jobs market, with the vast majority of apprentices (indeed, approximately 90% across all levels) entering into sustained employment.
- The West Midlands and the national pictures are almost exactly the same, though apprentices in the West Midlands seemingly have a greater tendency to go on to some form of learning after their apprenticeship (except at the higher – Level 5+).

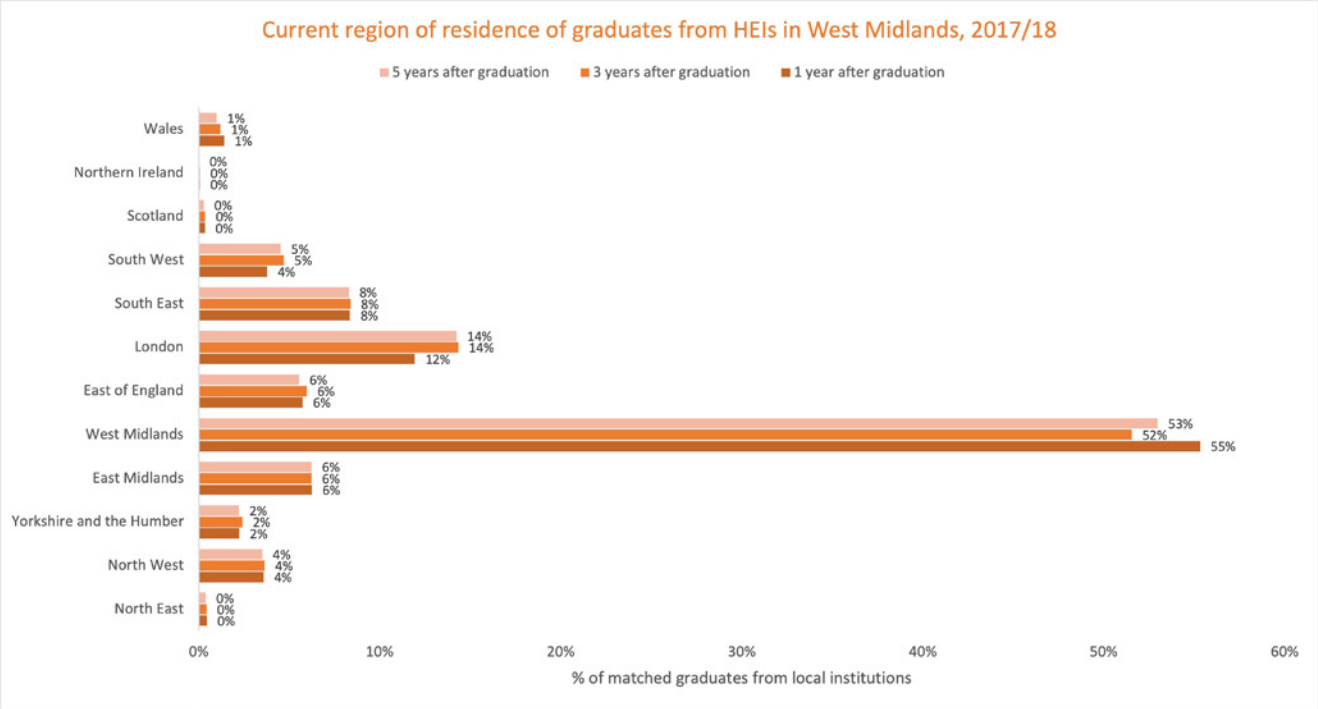
2.9. HE graduate destinations



Source: HESA, 2017/18 graduates (published 2020), 2020 SAP boundaries

- According to HE destination data, the majority (59%) of graduates from local institutions enter full-time employment, and about a tenth (9%) move onto part-time employment.
- A tenth also go on to a blend of employment and further study, and just a slightly smaller cohort go on to full-time further study (8%).
- HE destinations data in the West Midlands is, again, almost identical to the national equivalent. One important and negative – but small – difference is that 1% more graduates from WM Higher Education Institutions (HEIs) are categorised as unemployed (with no short-term caveats) than the all-England average.

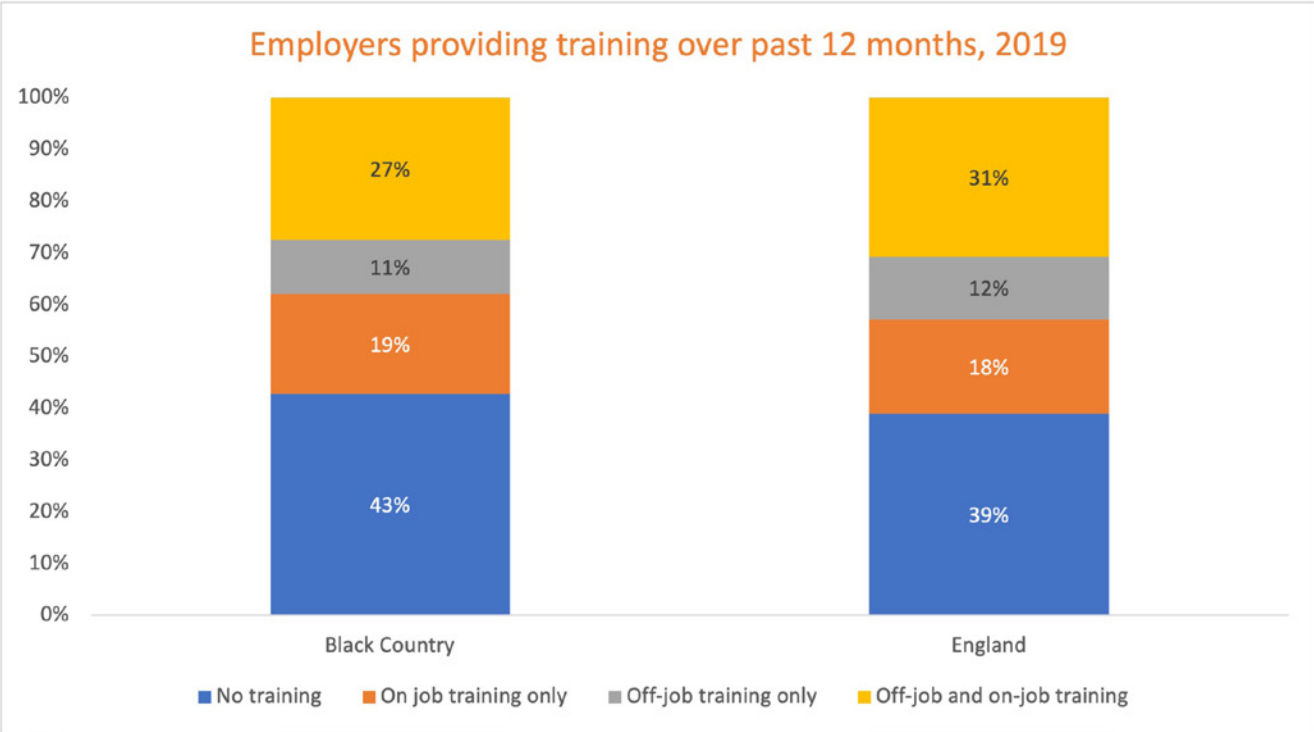
2.10. Graduate retention

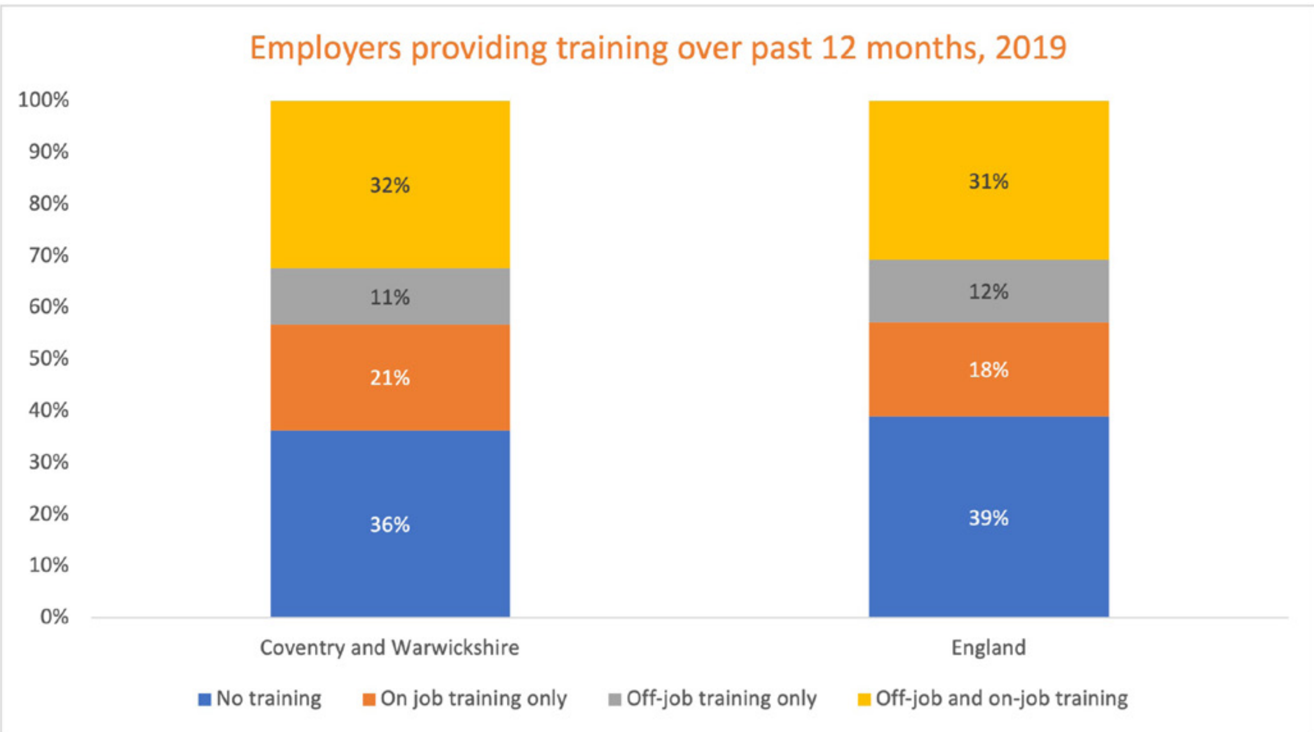


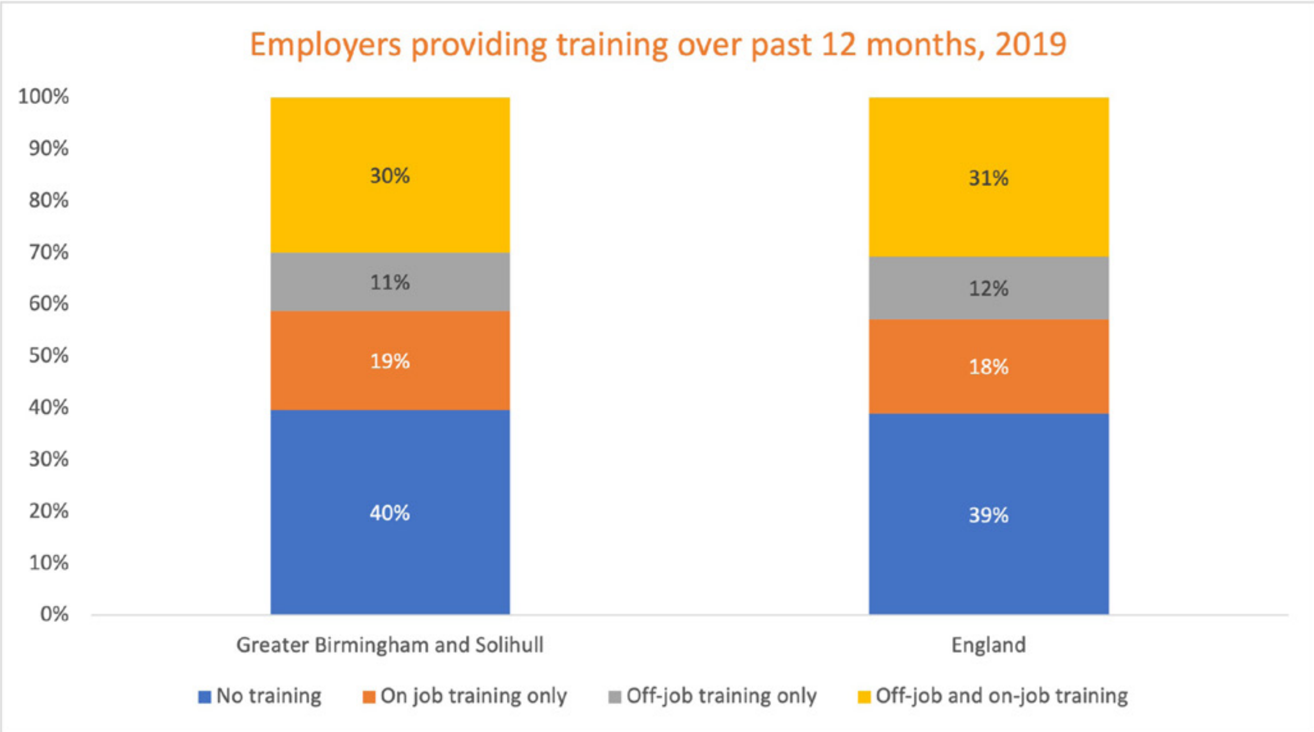
Source: **Graduate Outcomes in 2017/18, DfE, (published 2020), 2020 SAP boundaries**

- The majority of graduates from West Midlands HEIs tend to stay in the region, though the majority is slim (55% in the first year after graduation, 52% after 3 years and 53% after 5 years).
- This may partly reflect a good proportion of local students attending local universities, perhaps more so in our core city universities (Birmingham City University, Coventry University and the University of Wolverhampton, and perhaps even Aston University) as compared to our more internationally renowned University of Birmingham and University of Warwick.
- London is the most popular destination (after remaining in the West Midlands) for graduates from regional HEIs (at 12-14%, over time). This is undoubtedly due to the capital city being a magnet for graduates in general (from across the country) and partly also because of its relative proximity.
- Local intelligence suggests graduate retention is weaker than the national average. Supporting graduate retention could be one route to raising the overall skills profile of the region, though local employment opportunities would have to compete with the attraction of the London market. That said, these factors do not operate in isolation – greater housing affordability in the West Midlands compared to London would play a role, and the impact of Covid-19 on living, working and commuting practices is yet to fully play out.

2.11. Employers providing training







Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

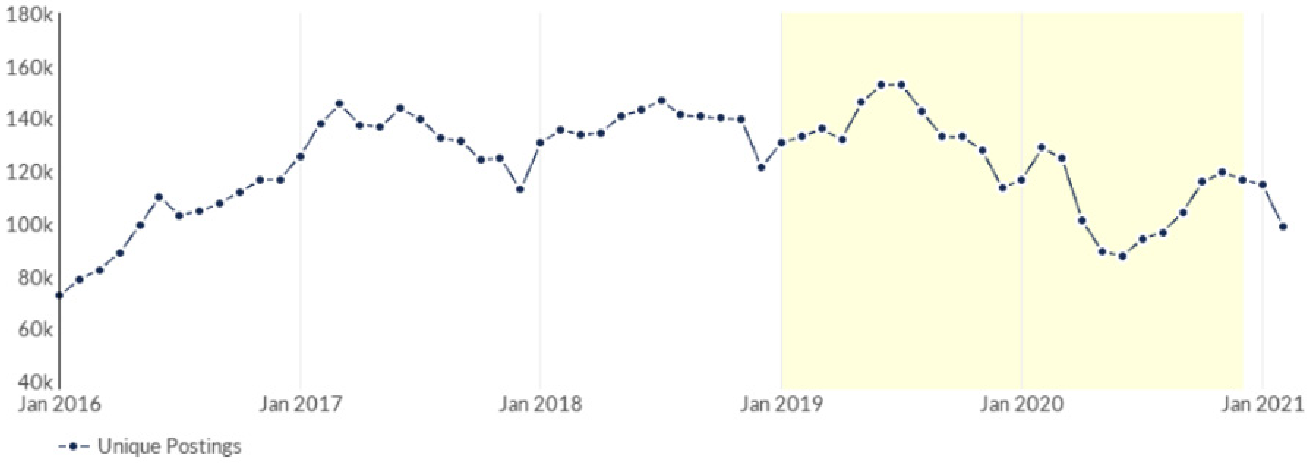
- Across the WMCA 3LEP geography, employers tend to provide some form of training. However, a large minority – circa 40% - of employers do not.
- Of those that do, about a fifth provide on-the-job training (only) and about half as much again (11%) offer off-the-job training. The majority – about a third – provide a blend of both off- and on-job training.
- There are some disparities across the region, though they are minimal. Fitting the 'usual' pattern, employers in the Black Country LEP tend to offer the least training and employers across Coventry and Warwickshire provide the most.

3. Skills demand

Skills demand – summary

- Local intelligence suggests, somewhat contrary to the Working Futures 2017-2027 projections, that specialist, technical skills in the growth sectors of advanced manufacturing, construction and digital are in relatively high demand, particularly related to the modernisation / digital transformation of these and related sectors.
- A key national trend for skills demand is in the digital area, hence the recently established entitlement provision for essential digital skills. Through a local lens, this need is amplified to higher-levels digital skills need, aligned to the projected growth of the digital sector and the recognition that the vast majority of roles – across numerous sectors – would benefit from stronger digital skills.
- The WMCA Digital Skills Partnership and our Construction Gateway (National Retraining Scheme) programme are examples of fora that, effectively, compel employers to articulate skills demand so that these can be translated into the skills system for tangible results (i.e. skills provision tailored to specific demand, which should facilitate job outcomes).
- Covid-19 has demanded responsiveness from the skills provider sector. Though this has been primarily infrastructural change (i.e. rapid improvements to online and blended provision), substantive skills provision in the health and social care sector as well as for the logistics industry, for example, has been delivered in response to immediate need.
- A key barrier preventing businesses securing the labour to meet their skills needs is, to some extent, related to (some) businesses' (understandable) inability to articulate their skills needs, particularly in relation to as yet intangible developments, such as the 'greening' of the economy, which has been a key feature of the general Covid-19 recovery narrative. This underlines the need to develop an agile and responsive skills ecosystem, able to deliver skills provision at pace and at scale, as needs become clear.

3.1. Online vacancy data



Source: Emsi labour market analytics, data scraped from online job postings for positions advertised for the WMCA 3LEP geography.

Each chart contrasts the trajectory in job postings, with the black lines corresponding to the UK average across all industries, compared to:

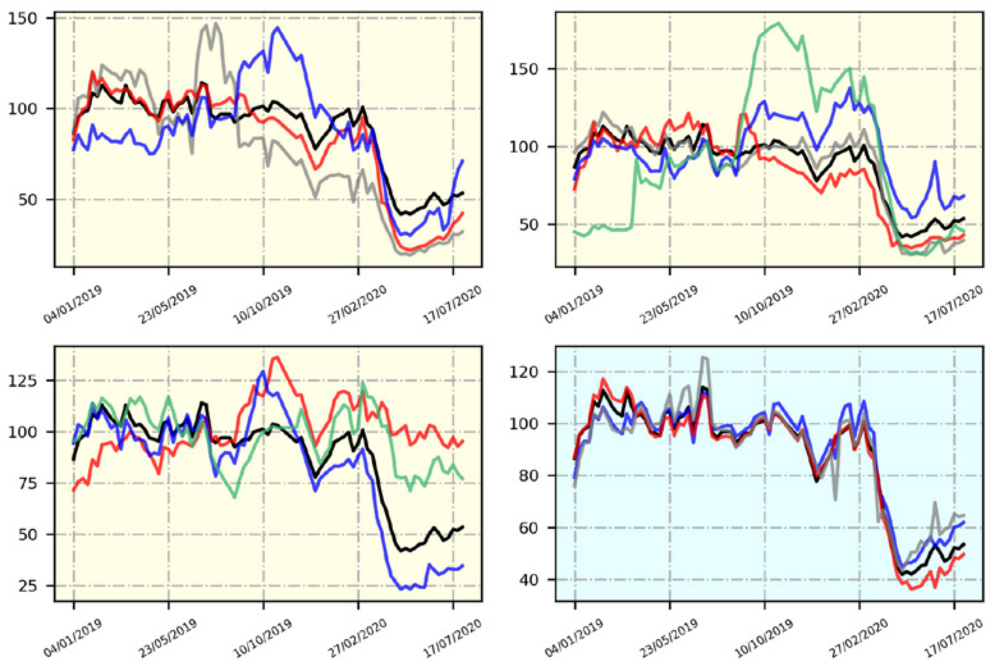
Top left: Manufacturing (Grey), Construction (Red), Transport & Logistics (Blue).

Top right: Professional Services (Grey), Creative Industries (Red), IT and Computing (Blue).

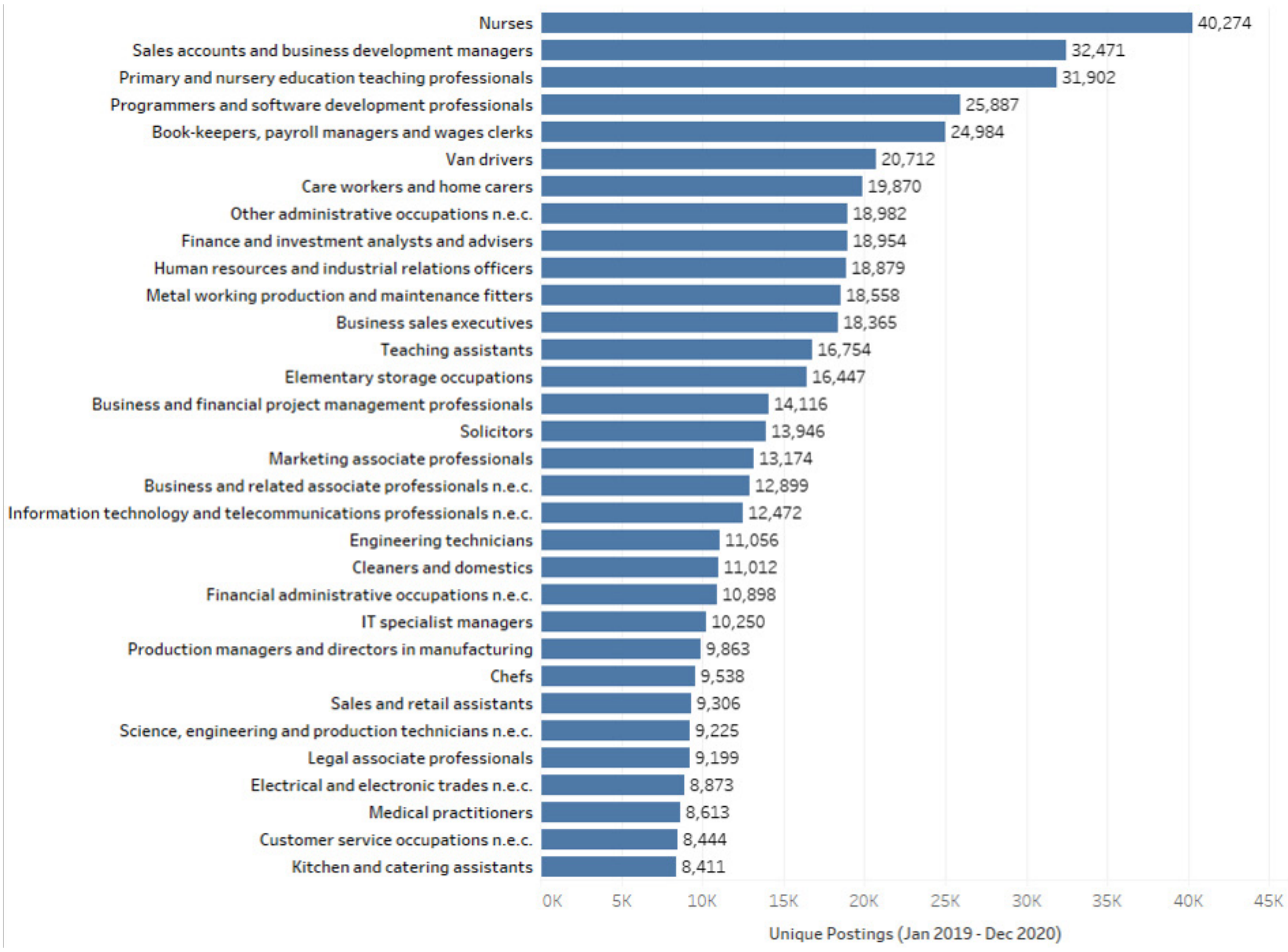
Bottom left: Education (Green), Retail (Blue), Health & Care (Red).

Bottom right: Comparison by region. London (Grey), North West (Red), West Midlands (Blue).

All trends are shown as a proportion of the UK 2019 year average across all industries.



Source: Adzuna vacancies data released by the ONS, for the West Midlands NUTS1 regoin.



Source: Emsi labour market analytics, data scraped from online job postings for positions advertised for the WMCA 3LEP geography.

Online vacancy data - Summary

- As elsewhere in the UK, the labour market recovery in the West Midlands continues to be choppy, with total job postings still considerably lower than the 2019 average. This trend is consistent across the Emsi and Adzuna data.
- Adzuna comparisons in job postings by region indicate that the West Midlands has been hit somewhat less heavily in terms of job postings than the England average.
- Retail, unsurprisingly, was worst hit of all sectors, with recruitment still around one third of the 2019 average, up from 25% during the first lockdown period.
- Comparison of Emsi job postings data by occupation shows the dominance of nursing, customer service, education, accounting, and IT as the largest areas of growth (in absolute terms.)

3.2. Sectors with the highest and lowest forecast growth

BLACK COUNTRY LEP	
Sectors with highest forecast growth (2017-2027)	**Sectors with lowest forecast growth (2017-2027)**
1. Health and social work	1. Rest of manufacturing
2. Arts and entertainment	2. Agriculture
3. Support services	3. Food drink and tobacco
4. Professional services	4. Finance and insurance
5. Real estate	5. Engineering

COVENTRY AND WARWICKSHIRE LEP	
Sectors with highest forecast growth (2017-2027)	**Sectors with lowest forecast growth (2017-2027)**
1. Arts and entertainment	1. Rest of manufacturing
2. Support services	2. Food drink and tobacco
3. Health and social work	3. Agriculture
4. Professional services	4. Finance and insurance
5. Information technology	5. Public admin. and defence

GREATER BIRMINGHAM AND SOLIHULL LEP	
Sectors with highest forecast growth (2017-2027)	**Sectors with lowest forecast growth (2017-2027)**
1. Arts and entertainment	1. Rest of manufacturing
2. Health and social work	2. Agriculture
3. Support services	3. Food drink and tobacco
4. Accommodation and food	4. Finance and insurance
5. Real estate	5. Wholesale and retail trade

Source: Working Futures, 2017-2027 (published 2020), 2017 LEP boundaries

- According to Working Futures 2017-2027, the arts and entertainment, the health and social work and the support services sectors are all expected to be the top three growth sectors in each of the three LEPs that make up the West Midlands SAP geography (though in varying orders). The professional services sector is also expected to feature significantly.
- This latter sector correlates with local intelligence, though otherwise there are significant inconsistencies with local analysis. As set out in Chapter four above, our Productivity and Skills Commission, whose work informed our strategic economic and industrial policy planning, determined our priority growth sectors as the automotive, business and professional services (which, as mentioned, does tally), construction and digital sectors. The digital sector is captured to some extent – highlighted as a growth sector ('Information technology') in Coventry and Warwickshire LEP by Working Futures – and, whilst there are certainly pockets of specific digital growth here that will likely drive other related growth elsewhere, the digital sector is projected to be a significant multiplier (in terms of economic development) and employer across the West Midlands. Similarly, the modernisation of the automotive sector and the construction sector's role in local developments (such as the Commonwealth Games) are evidently not adequately captured by Working Futures' projections.
- The timing of the publication of the Working Futures report against the subsequent development of Covid-19 adds another dimension to this; Covid-19 has had an immediate impact on (stalling) economic growth and restructuring the economy in ways that are yet unknown. However, there is a clear and immediate need for skilled employees in the health and social care sector, which, as Working Futures captures, was already a key area of growth, though not one that required prioritisation previously; now, this is an area of focus.

3.3. Occupations with the highest and lowest forecast growth

BLACK COUNTRY LEP	
Occupations with highest forecast growth (2017-2027)	**Occupations with lowest forecast growth (2017-2027)**
1. Caring personal service occupations	1. Secretarial and related occupations
2. Health and social care associate professionals	2. Process, plant and machine operatives
3. Health professionals	3. Textiles, printing and other skilled trades
4. Customer service occupations	4. Skilled metal, electrical and electronic trades
5. Corporate managers and directors	5. Sales occupations

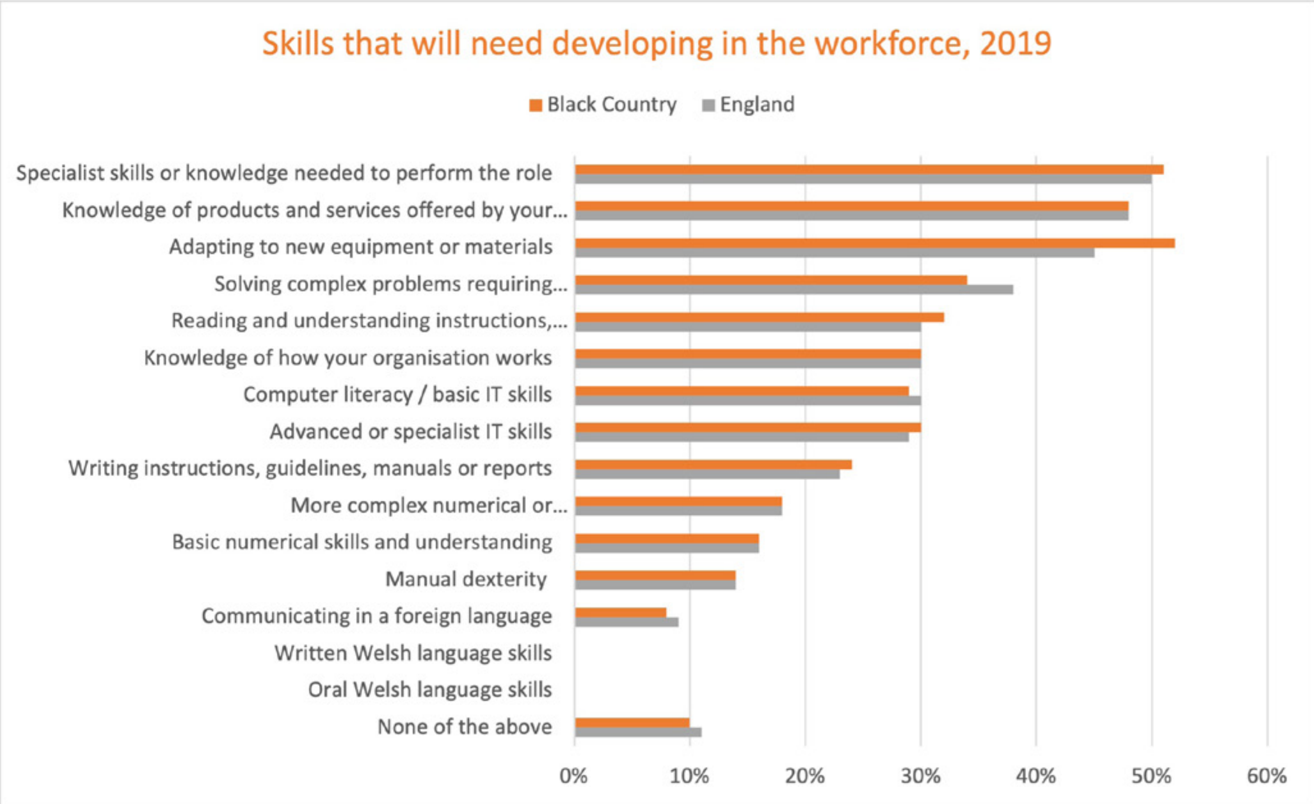
COVENTRY AND WARWICKSHIRE LEP	
Occupations with highest forecast growth (2017-2027)	**Occupations with lowest forecast growth (2017-2027)**
1. Caring personal service occupations	1. Secretarial and related occupations
2. Customer service occupations	2. Process, plant and machine operatives
3. Health and social care associate professionals	3. Textiles, printing and other skilled trades
4. Corporate managers and directors	4. Skilled metal, electrical and electronic trades
5. Health professionals	5. Sales occupations

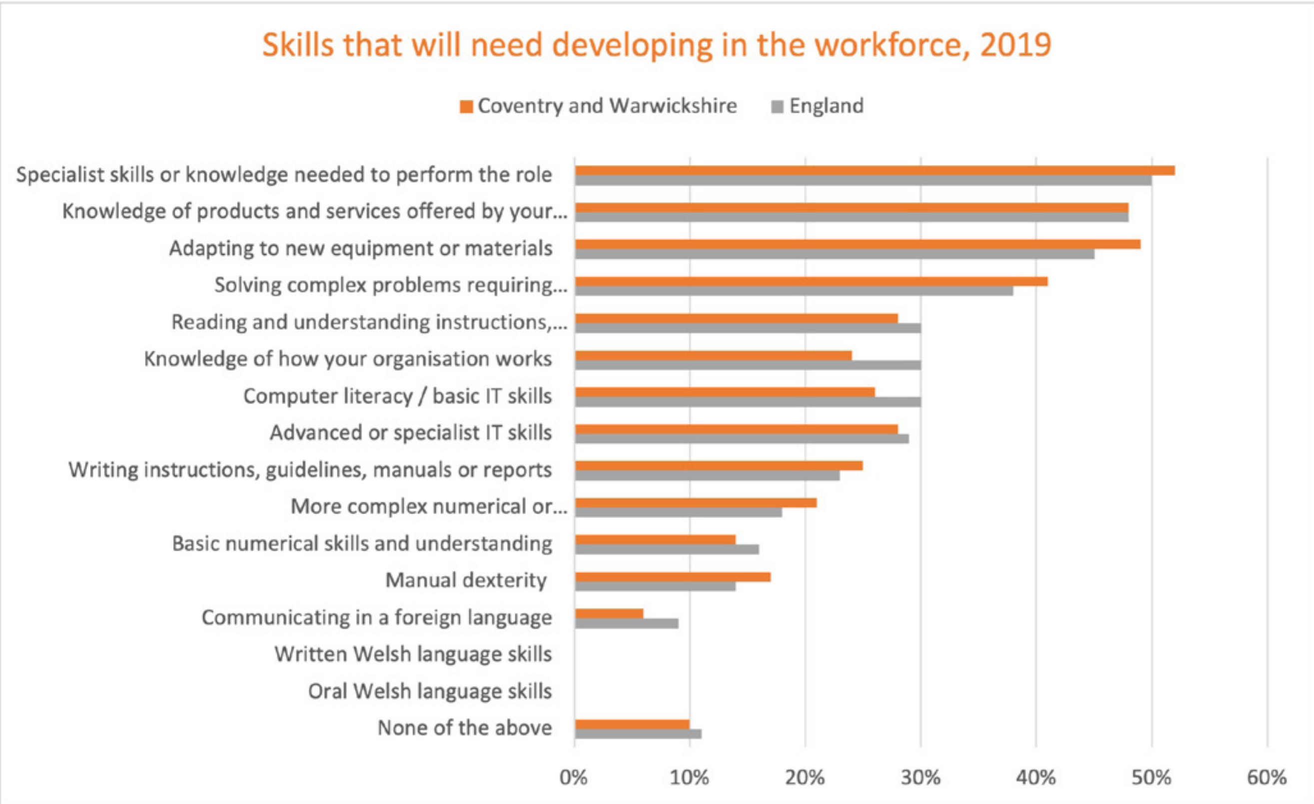
GREATER BIRMINGHAM AND SOLIHULL LEP	
Occupations with highest forecast growth (2017-2027)	**Occupations with lowest forecast growth (2017-2027)**
1. Caring personal service occupations	1. Secretarial and related occupations
2. Customer service occupations	2. Process, plant and machine operatives
3. Health and social care associate professionals	3. Textiles, printing and other skilled trades
4. Corporate managers and directors	4. Skilled metal, electrical and electronic trades
5. Health professionals	5. Sales occupations

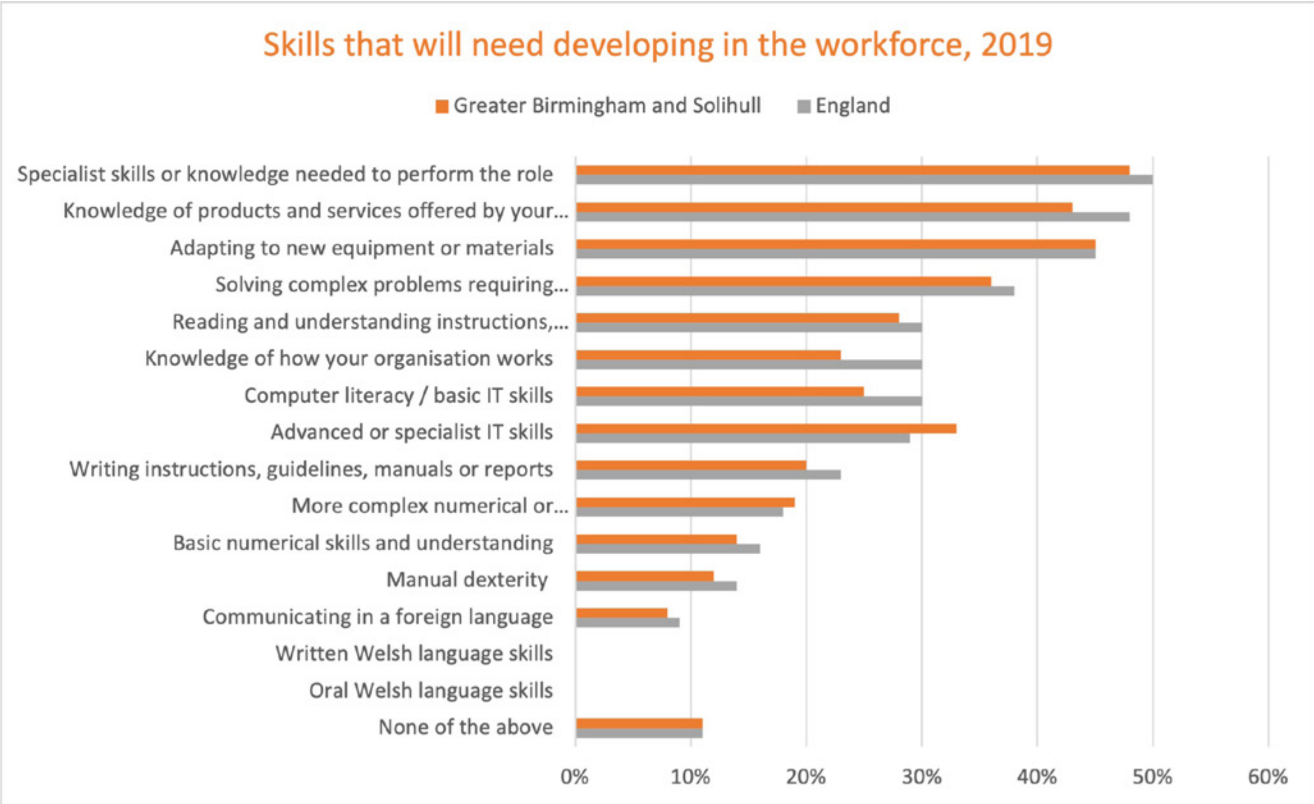
Source: Working Futures, 2017-2027 (published 2020), 2017 LEP boundaries

- Largely correlating with the above, Working Futures forecasts growth in roles associated with the health and social care sector across the West Midlands' 3LEP geography.
- As set out above, this may be more accurate now since the onset and impact of Covid-19, but otherwise did not correlate with local intelligence and analysis in the timeframe of our strategic economic and industrial policy planning.
- Allied to the above, growth in higher-level, professional roles is (or was) expected, alongside more specialist technical roles in areas such as the advanced manufacturing, automotive, construction and engineering sectors.

3.4. Skills needed







Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

- According to the Employer Skills Survey (2019) and, therefore, local employers, West Midlands employees will need to enhance their specialist skills, their knowledge of (new) products and their ability to adapt to new equipment and materials across all 3 LEP areas that make up the West Midlands geography.
- This is consistent with local intelligence and analysis (and contrasts, to some extent, the Working Futures' forecasts, as set out above). We anticipate the development of technical specialism in the digital and construction / engineering sectors as well as in the automotive sector (although this is a continuation rather than a projection of a specialism).
- These skills requirements largely match the national trend, though there are noteworthy differences, including within the region. The need for skills in adapting to new equipment and materials is particularly pronounced in the Black Country LEP, reflecting its status as a hub for advanced manufacturing. Likewise, this need (and the associated need for specialist skills) is higher than the national average in Coventry and Warwickshire, potentially reflecting the modernisation of the automotive industry (i.e. to greater electrification).
- Advanced or specialist IT skills in greater demand in both the Black Country and Greater Birmingham and Solihull LEPs, reflecting the point made above that the digital sector (or, rather, digital skills as a 'golden thread' across a range of sectors) is projected to advance across the whole region, rather than Coventry and Warwickshire alone.

4. Mapping supply and demand

Skills supply and demand – summary

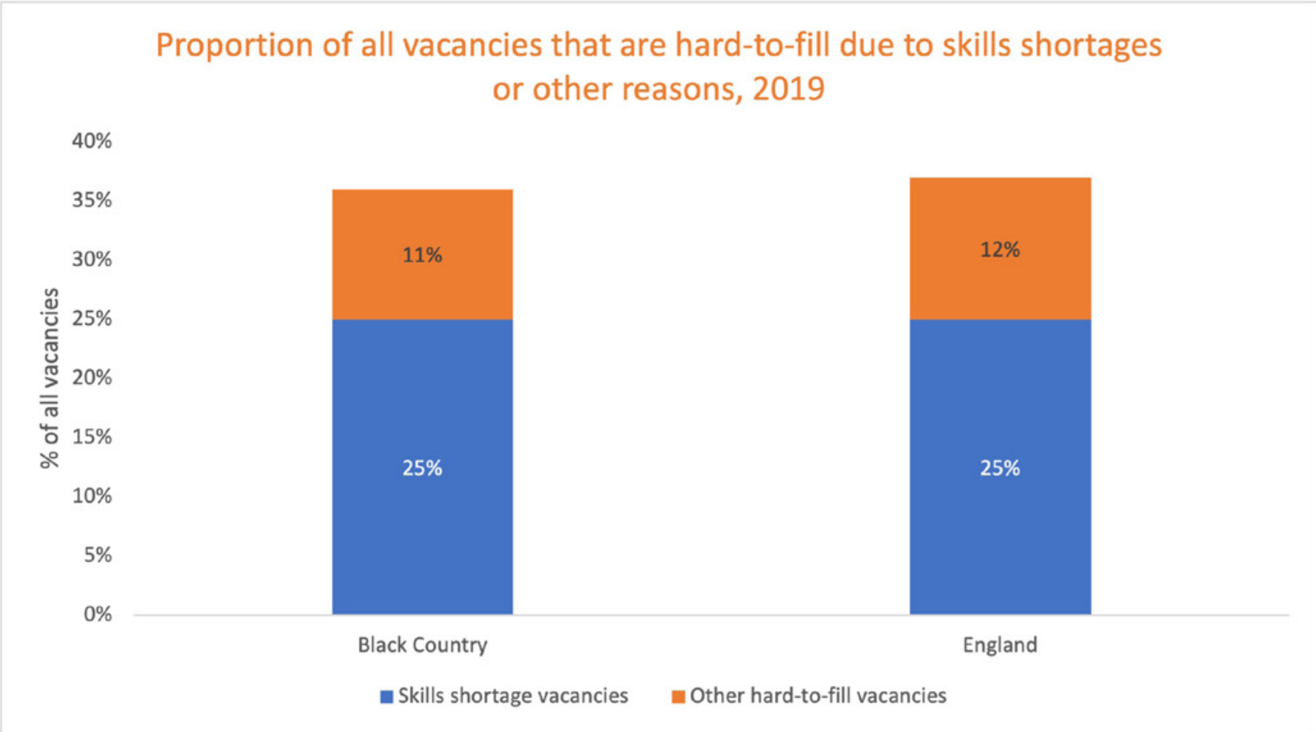
- Currently, there are mismatches between skills provision and employer demand. Both the HE and FE sectors have, however, increasingly responded to local employer demand. The establishment of the WMCA and the (proportionate) devolution of the AEB has supported and is continuing to drive stronger connections between supply and demand, brokering engagement and steering AEB commissioning accordingly.
- Whilst FE achievements and HE graduate data demonstrate good 'returns' from skills provision to the employment market, subject areas are not yet particularly well aligned to need time. This will take time, as part of a wider cultural shift towards a more agile and responsive skills and employment ecosystem.
- The longer-term key to this is the WMCA's ability to steer significant investments in the FE skills sector, which is yet in its infancy. As relationships develop and the stability of the FE sector is managed towards achieving collective, incremental shifts, AEB devolution will have a profound impact on the wider system (including as a bridging mechanism between the schools sub-system and the HE sub-system).
- In the meantime, it is evident that the proportion of staff considered not (yet) fully proficient in their roles by local employers is minimal and below the national average, while the proportion of staff considered to be under-utilised (or over-qualified) is higher than ideal (at approximately a third) but not dissimilar to the national picture (see 4.1). Relatedly, local employers' perspectives regarding skills shortages and hard-to-fill vacancies tally to national averages (see 4.2) and local employers are themselves investing in staff training at approximately average levels (see 2.11). Taking these indicators together, it is clear that steering a course of collaborative, incremental changes to the system, creating wider and longer-term shifts in modus operandi and culture, is the best approach.

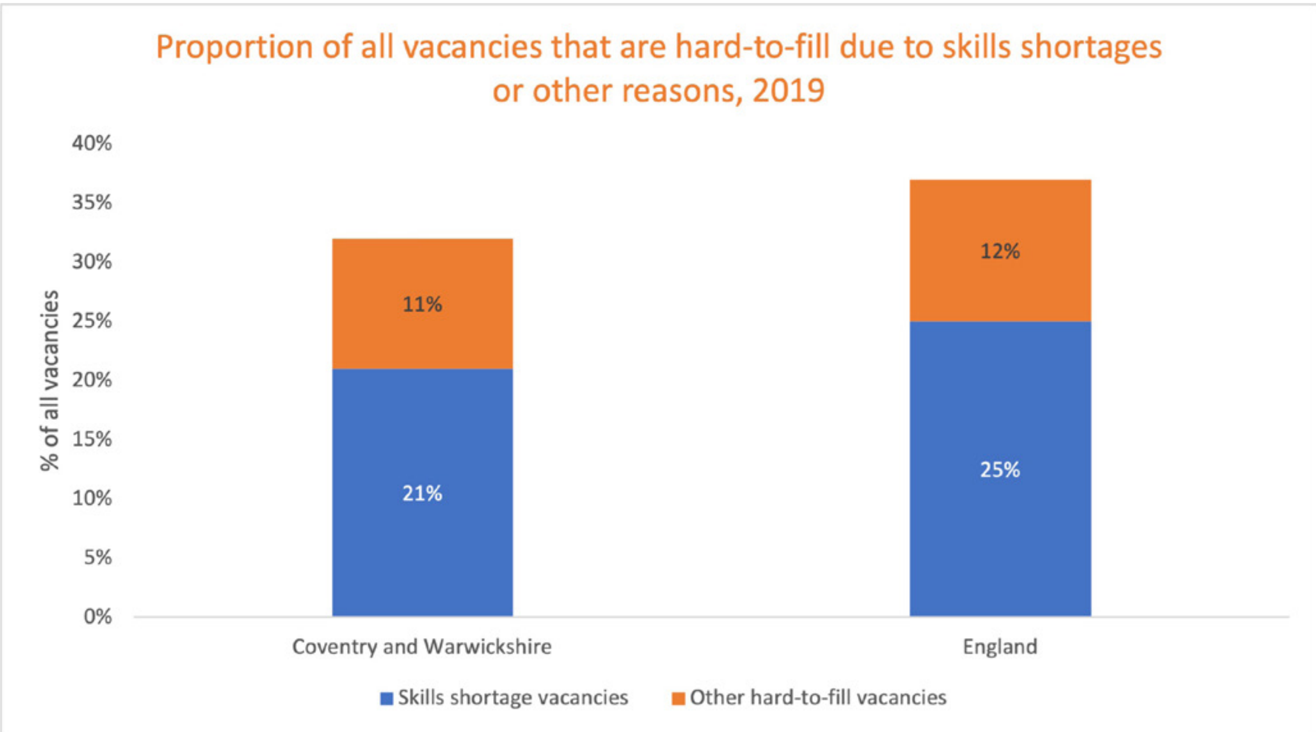
	Proportion of staff not fully proficient	Proportion of establishments with any under-utilised staff
Black Country	3.0%	32.0%
Coventry and Warwickshire	4.3%	35.0%
Greater Birmingham and Solihull	3.5%	35.0%
England	4.6%	34.0%

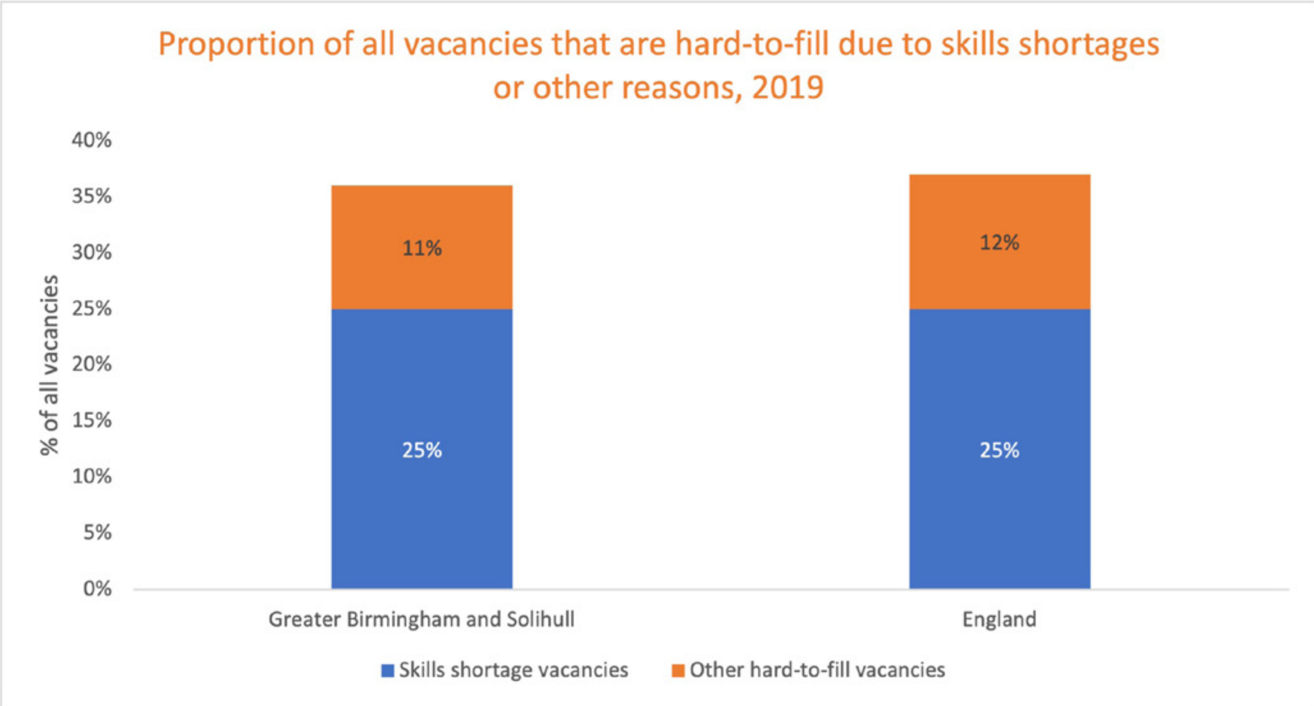
Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

- Compared to the all-England average, the West Midlands has a lower proportion of staff not fully proficient for their roles; 3% in the Black Country, 4.3% in Coventry and Warwickshire and 3.5% in Greater Birmingham and Solihull LEP areas, compared to 4.6% nationally.
- In both the Coventry and Warwickshire LEP and Greater Birmingham and Solihull LEP areas, employers report 35% of their staff to be under-utilised, which is higher than the all-England equivalent figure of 34%. Across the Black Country, this figure is lower at 32%, meaning employers believe that have fewer staff who are, effectively, overqualified.
- This would suggest that there is a marginally greater alignment of skills supply and employment demand in the Black Country.

4.2. Hard-to-fill and skills shortage vacancies







Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

- In each of the 3 LEP areas that make up the West Midlands SAP geography, employers report a touch smaller proportion of vacancies that are hard-to-fill than the all-England equivalent figure (11% cf. 12%).
- In both the Black Country and Greater Birmingham and Solihull LEP areas, a quarter of all vacancies are unfilled due to, reportedly, a lack of the right skills for the vacancy, which matches the national picture. In Coventry and Warwickshire, employers report a smaller proportion of vacancies with this issue.

Additional Analysis and References

In this section, we connect the metrics presented in this document to the Local Skills Evidence Base, which analyses in greater detail data on the performance of the West Midlands skills system. The Local Skills Evidence Base includes, but is not limited to, the metrics presented here.

The full document can be found **here.**

Local Landscape

In this introductory section, the Evidence Base outlines the skills funding system that supports each type of provision, and the role of the WMCA in delivery of its objectives.

Skills Supply

- As well as the stark differences shown here in employment, qualifications, and deprivation in the different LEP areas, the analysis of skills supply in the Evidence Base touches first on the demographics and population trends, before considering the geographical distribution of deprivation and skill levels. It also looks at trends in the claimant count, and analysis of which areas were worst hit by the initial impact of the pandemic.
- 2011 Census data was used to create travel-to-work areas, showing how workers' commuting patterns match closely to the LEP geographies.
- The industrial makeup of the region is contrasted to the UK averages, showing the over-representation of the public sector and manufacturing and auto sectors, and under-representation of professional services and information technology.
- Attainment in 6th form and BTECs, as well as apprenticeships, is considered in more detail. Detailed completions of further education courses and apprenticeships by specific subject and level of attainment are presented, as well as the age and ethnic breakdowns of students.

Skills Demand

- Analysis of jobs posting data sourced from Emsi and Adzuna, showing the trend in total job postings as well as by occupational category. Breakdown of the Employer Skills Survey and how skills shortages differ across the three LEP areas.
- Analysis of the DfE's Working Futures projections for changes in skill levels in the workforce over the coming years, identifying specific challenges for the region.
- Current data on the job retention scheme was used to analyse risk across major sectors of the economy, alongside recent changes in turnover and Brexit risk.

Mapping Skills Supply and Demand

- This section also includes analysis of skill shortfalls and oversupply by NVQ level, Higher Education completions, and the 2019 Employer Skills Survey.

West Midlands
Combined Authority