# West Midlands Local Skills Report

## Annex A - Core Indicators

2022

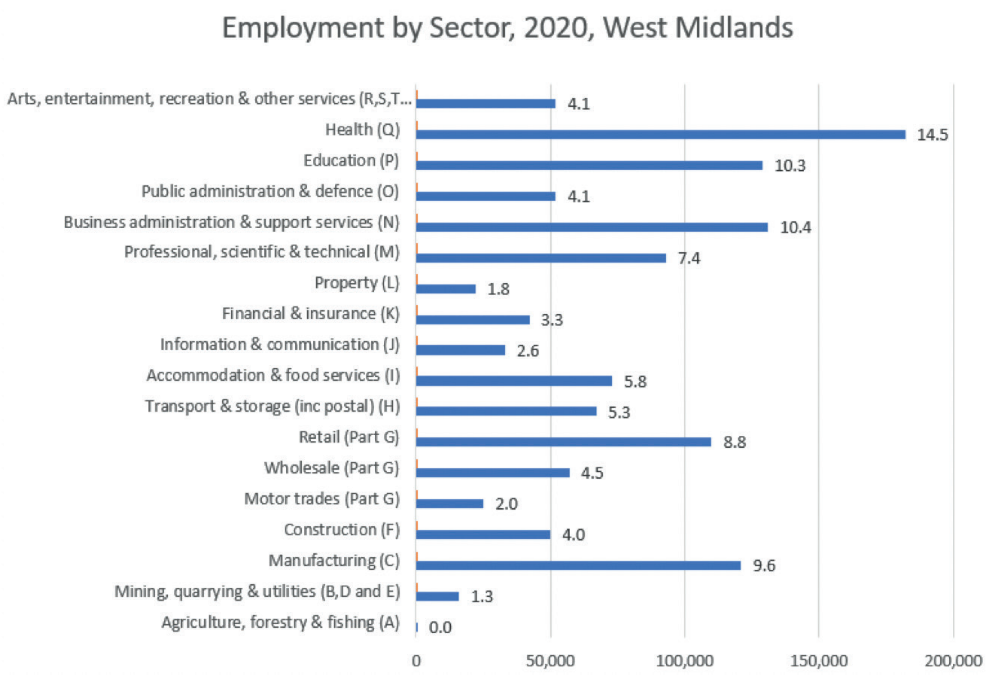
West Midlands Combined Authority

# Local Landscape

- A rapid improvement in qualifications in the working-age population, with a rising proportion with advanced qualifications and a declining proportion with no qualifications, suggests a strong improvement in the region's skill profile.
- In the Black Country a significant share of the population who have worked in manufacturing and skilled trades have skills which are not formally recognised as qualifications. This leads to an overestimate of the extent of the qualifications gap, which is nonetheless significant.
- The steep rise in claimant count through the pandemic has, as a proportion, been greatest in more rural areas, and in the Coventry and Warwickshire LEP in general. This means more claimants in areas not normally accustomed to providing for large numbers of claimants. On the other hand, the largest absolute increase in claimant numbers has been in the urban core.
- While the region as a whole is more resilient than the UK average to an ageing population, the projected population changes are very uneven across the region in terms of both young and retirement-age people.

## Employment by sector

Relative to the British average, the West Midlands has a larger employment in manufacturing and in the public health and education, but a significantly smaller IT sector. Although the need to replace retiring workers will continue to drive employment in manufacturing even as total employment declines, the relatively younger population in the West Midlands poses a challenge for future job creation. Expansion in professional services and other regional strengths such as biosciences will be integral to this.



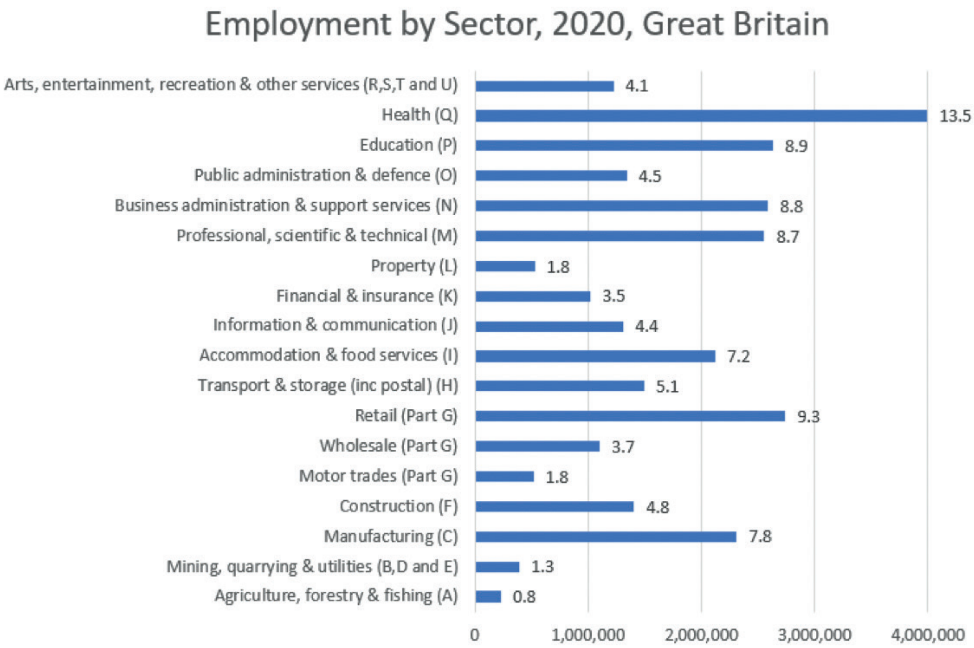



Figure 1: Employment by sector, West Midlands Region versus Great Britain comparison, by percentage of workforce so employed. Source: Business Register and Employment Survey, 2019 (published 2020), 2020 SAP boundaries

**Employment by occupation**

The Black Country diverges most from the national average, being over-represented in skilled trades, caring and leisure, and process, plant, and machine operatives, and under-represented in senior officials, managers, and professional occupations. The region's strength in professional services is more concentrated in the other two LEP areas, whose profiles are much closer to the UK in general.

Consequently, while the forecast change in employment across occupations through 2027 observed later in this report is similar across LEPs in percentage terms, it is a particular challenge in the Black Country in terms of raw numbers, with the projected declines being in occupations which employ fewer people, and the projected growth being in occupations in which the Black Country is under-represented.

| Occupational Category | Black Country | Coventry and Warwickshire | Greater Birmingham and Solihull | United Kingdom |
|---|---|---|---|---|
| **Managers, Directors, and Senior Officials** | 8.6% | 10.8% | 10.6% | 10.9% |
| **Professional Occupations** | 17.8% | 27.1% | 21.1% | 23.4% |
| **Associate Professional and Technical** | 14.0% | 12.9% | 14.7% | 15.6% |
| **Administrative and Secretarial** | 9.8% | 9.5% | 11.3% | 10.3% |
| **Skilled Trades** | 10.8% | 7.5% | 8.1% | 9.0% |
| **Caring, Leisure, and other Service Occupations** | 11.9% | 7.7% | 9.7% | 9.0% |
| **Sales and Customer Services** | 5.8% | 7.6% | 7.5% | 7.2% |
| **Process, Plant, and Machine Operatives** | 9.1% | 6.2% | 6.7% | 5.6% |
| **Elementary Occupations** | 12.1% | 10.7% | 10.3% | 9.1% |

Table 1: Breakdown of occupations by major category, LEP area, and UK comparisons. Source: Annual Population Survey, October 2019 – September 2020, 2020 SAP boundariesw

**2019 comparison of enterprise size, West Midlands Skills Advisory Panel (WMCA) area vs England:**
The West Midlands does not differ greatly from the England average in terms of is distribution of enterprises by size. Business of less than ten employees dominate the records, and as a result comprise a large share of the total number of employees in the region.

Given that the median firm is very small, it is particularly important that the apprenticeship system is well understood by small firms and they are able to participate with a minimum of administrative overhead. The latest Employer Skills Survey suggests that a larger proportion of small firms (2-4 employees) are not aware of how the apprenticeship system functions and what is involved (7%) than do large firms of 250+ employees (only 1%).

It also increases the importance of fine-grained data collection of firms at risk during economic changes, so that tailored business support can be offered and the region's industrial strategy can be implemented at all levels of the economy

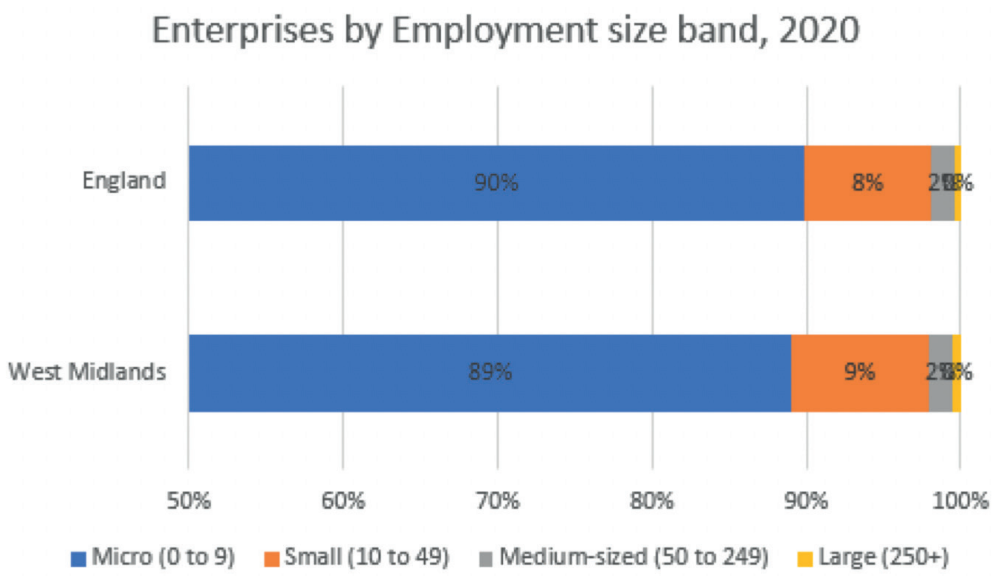



Figure 2: Employment by sector, West Midlands Region versus Great Britain comparison, by percentage of workforce so employed. Source: Business Register and Employment Survey, 2019 (published 2020), 2020 SAP boundaries

**Business birth and death rates**
The last few years have seen a steep rise in the business death rate in the West Midlands, which at two points, 2018 and 2020, equalled its birth rate. Meanwhile, the total birth rate of new businesses has stayed essentially constant. This trend would suggests a consolidation of activity into a smaller number of firms, and/or the economic fallout of the coronavirus pandemic causing some firms to go under and reducing the overall diversity of economic activity in the region.

The England average has seen a falling business birth rate and constant death rate. This implies a similar trend of consolidation in both areas, caused in England as a whole by a falling business birth rate but in the West Midlands by a greater winnowing of firms over time. The constant business birth rate in the West Midlands compared to the falling national average is encouraging and implies a continuing dynamism.

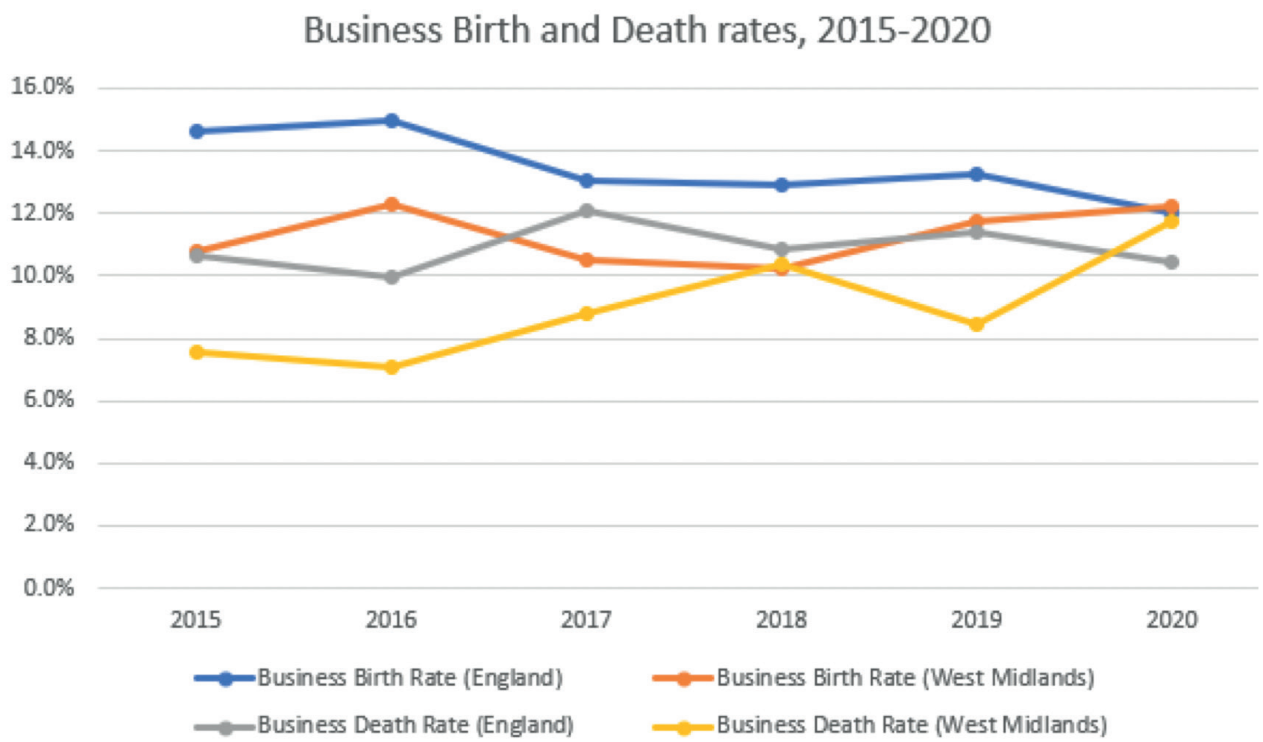



Figure 3: Trends in business birth and death rates, compared between the West Midlands Region and the England average. Source: ONS Business Demography, 2014 - 2019 (published 2020), 2020 SAP boundaries

**Employment rate and level:**

- The West Midlands has for decades had a lower employment rate than the UK average, partly owing to a broad decline in employment the region's core strength of manufacturing.
- 

  The fall in employment stemming from COVID-19 has not had an even geographical footprint. As discussed in analysis of the claimant count, the employment impact of the pandemic has been proportionally greatest in areas which normally have low unemployment.


Figure 4: Trend in employment and self employment, with UK vs West Midlands comparison. Source: Annual Population Survey, 2005 - 2020, 2020 SAP boundaries

**Nominal GVA per hour worked**
The decisive influence on hourly productivity is the sectoral composition of the economy. The West Midlands' lower share of IT and professional services, and higher proportion of public services, gives it a lower productivity by this metric than the UK average.

This difference is not evenly distributed through the region, but instead more concentrated in the Black Country. However, Coventry and Warwickshire has actually overtaken the UK average over the last decade, and is now significantly above it.

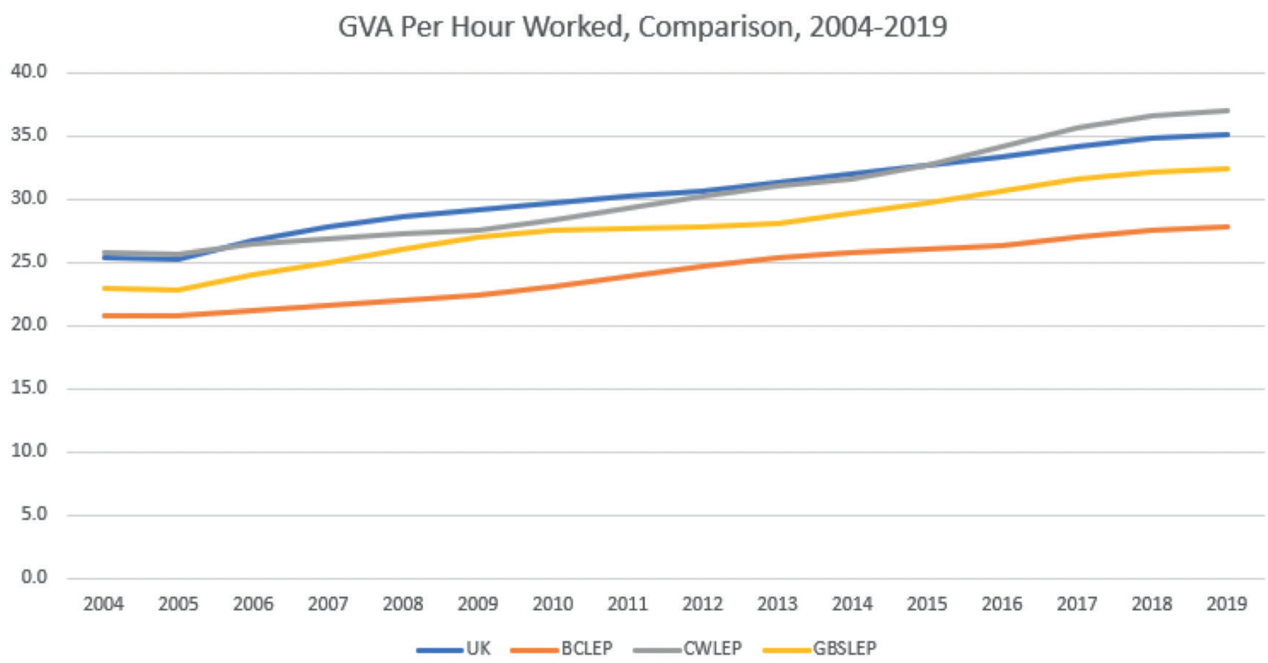



Figure 5: Trend in GVA per hour worked (£), comparing the three West Midlands LEP areas to the UK average. Source: ONS Subregional Productivity, 2004 - 2018 (published 2020), 2018 LEP/MCA boundaries

**Median gross weekly wage for full-time workers**
The decisive influence on hourly productivity is the sectoral composition of the economy. The West Midlands' lower share of IT and professional services, and higher proportion of public services, gives it a lower productivity by this metric than the UK average.

This difference is not evenly distributed through the region, but instead more concentrated in the Black Country. However, Coventry and Warwickshire has actually overtaken the UK average over the last decade, and is now significantly above it.

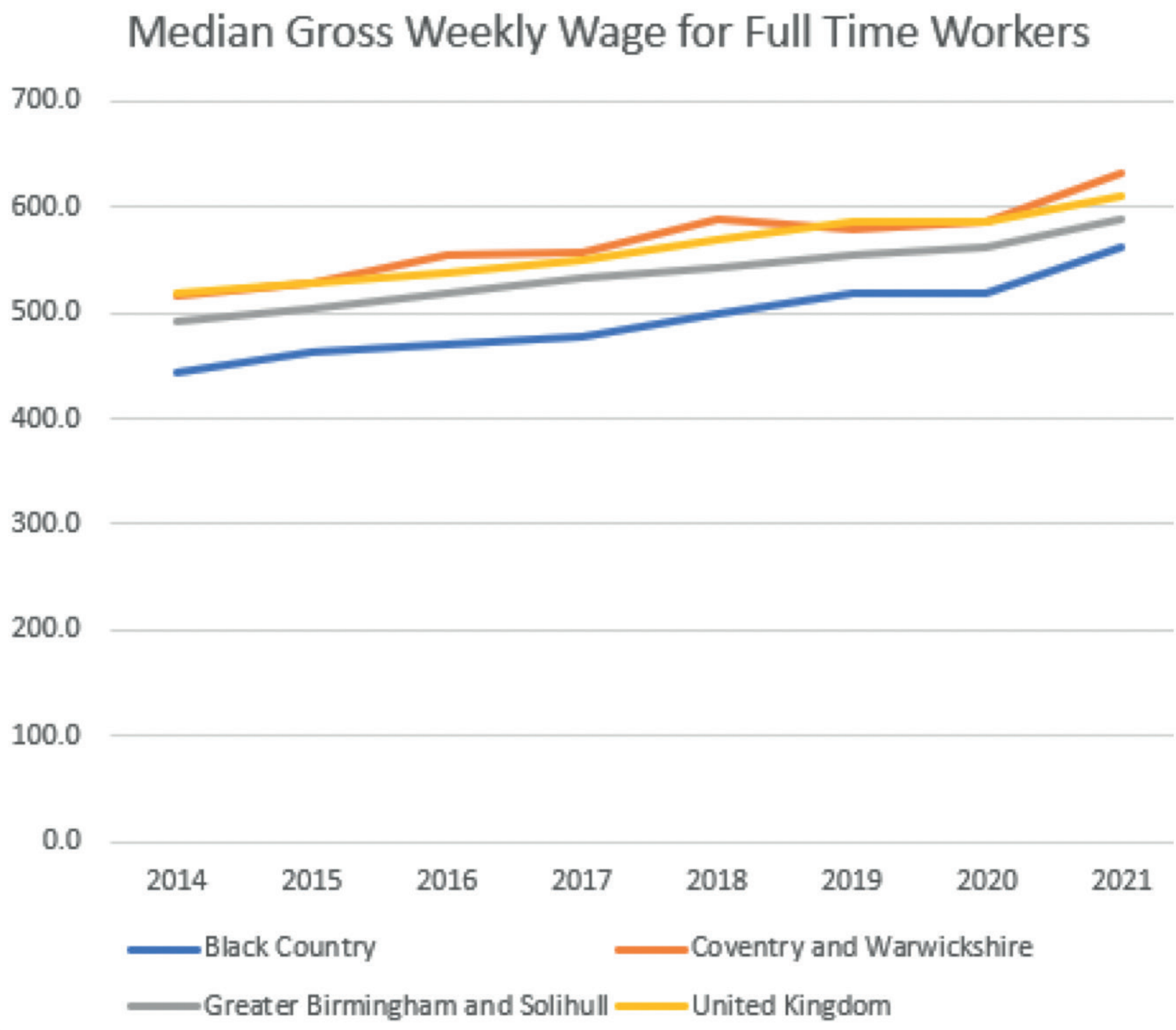
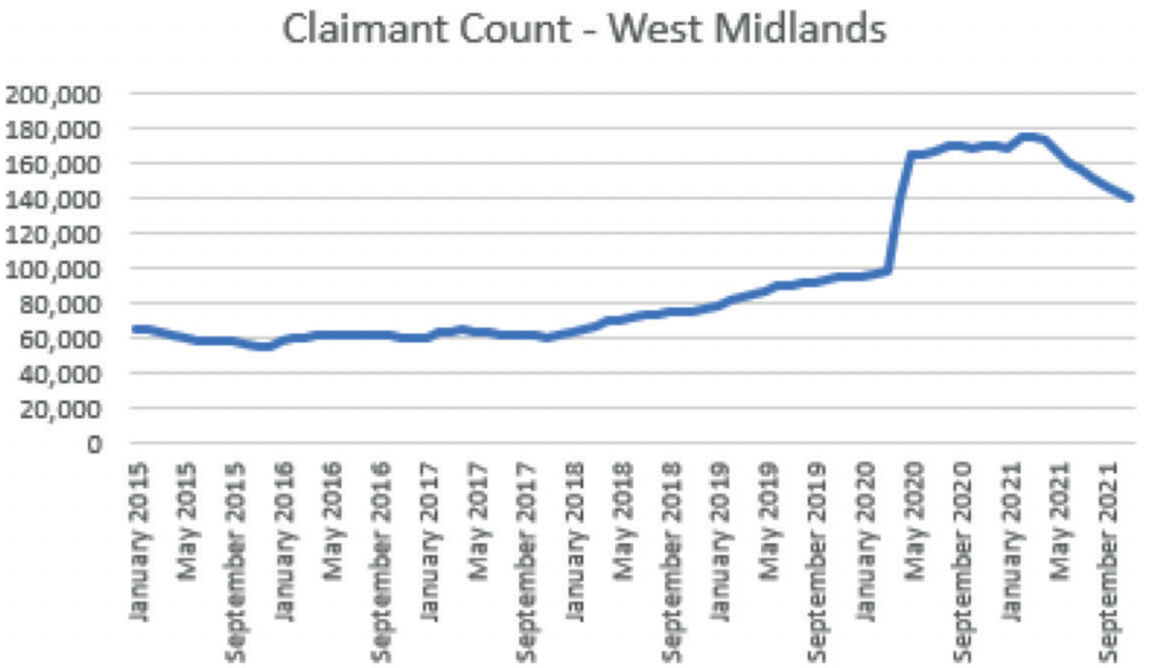



Figure 6: Comparison of median gross weekly wage for full time workers, across LEP areas, with UK comparison.
Source: Annual Survey of Hours and Earnings, 2014 - 2020, 2020 LEP boundaries

**Claimant Count and Alternative Claimant Count**
The rise in the claimant count has, proportionally, been smaller in the West Midlands than in the UK as a whole. However, this is against the backdrop of a higher claimant count to begin with.

The increase has proportionally been greater in areas which normally have lower unemployment, such as Coventry and Warwickshire and more rural parts of the region in general, while the largest absolute increase has been in the urban core.



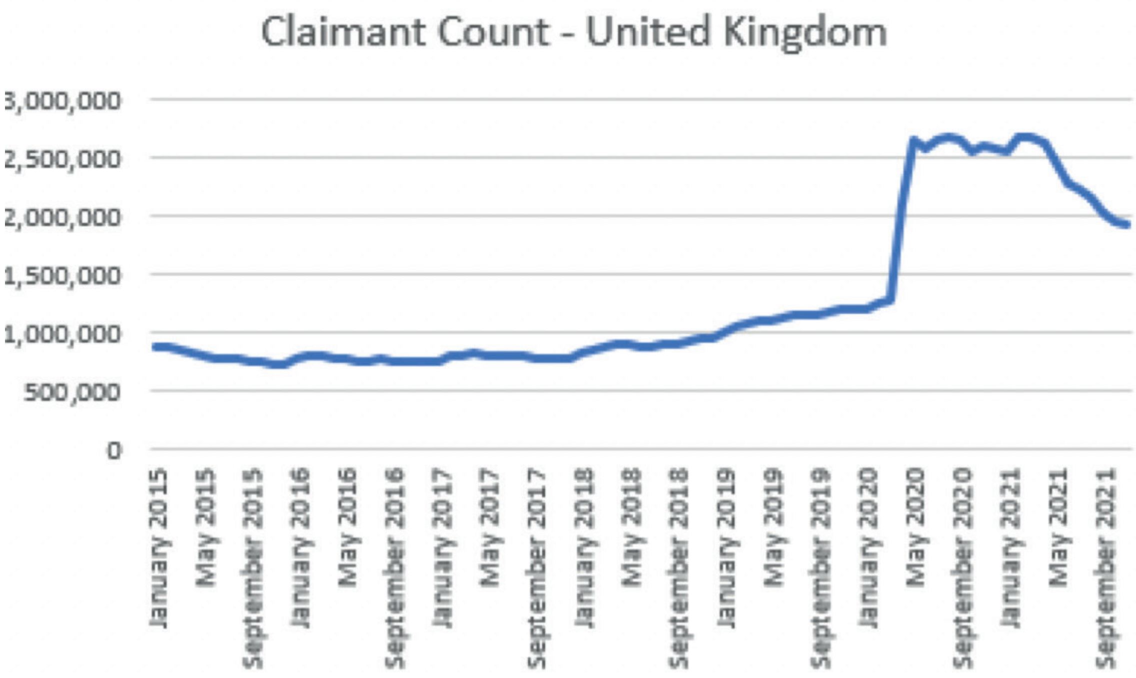




Figure 7: Trends in claimant count, with the West Midlands contrasted to the United Kingdom average.
ONS claimant count & DWP Stat Xplore, January 2013 – November 2020, 2020

**Population by age group**

The West Midlands is younger than the UK mean, an advantage in weathering the future economic burden of a falling birth rate. However, given that a large proportion of public services are funded out of national taxation, this does suggest that the region may in future make a larger contribution in tax revenue relative to services it receives.

The occupational and sector employment profiles already discussed imply a challenge in creating enough jobs in the knowledge economy to employ young people who might in previous decades have gone into manufacturing and manual trades.

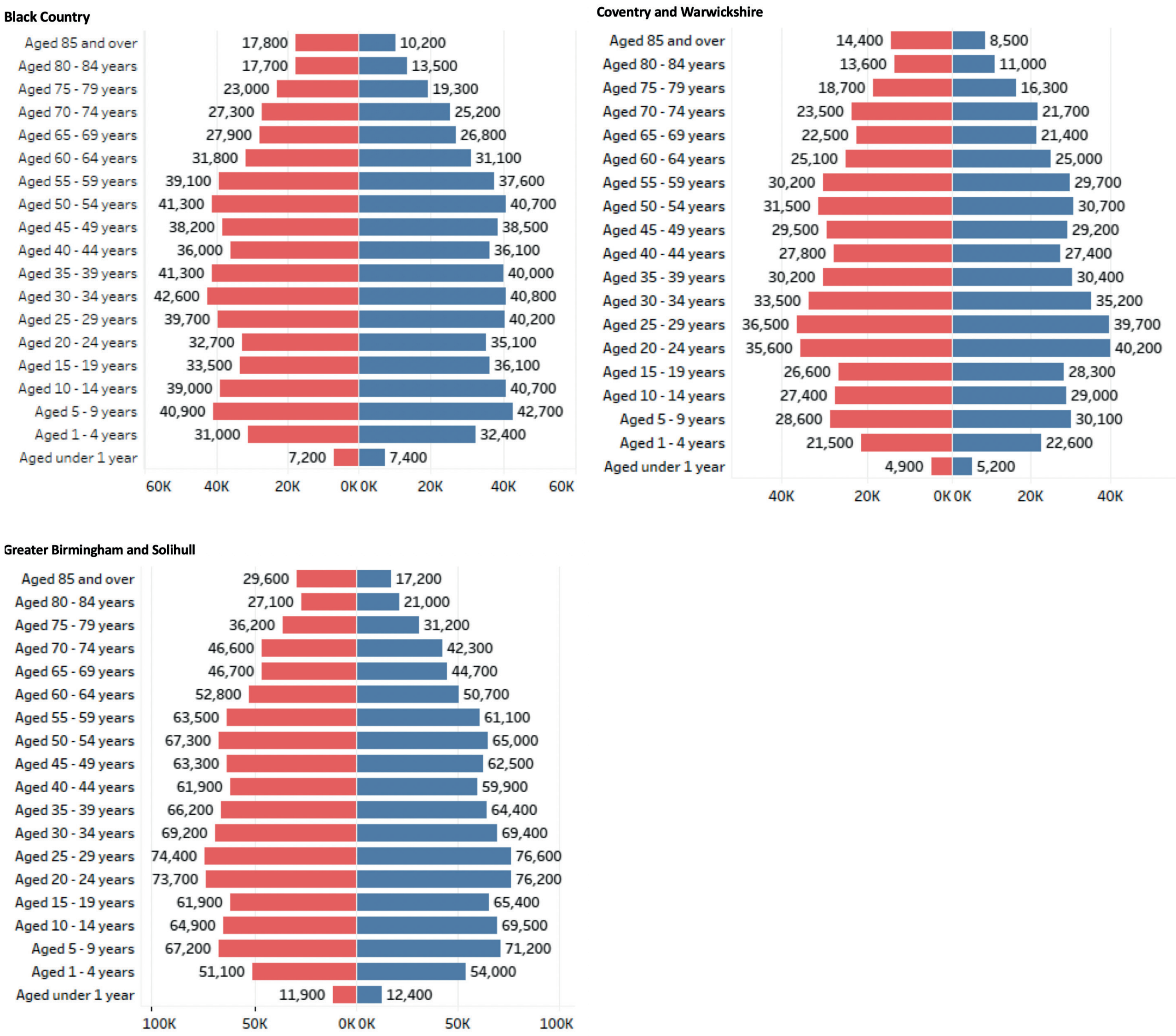



Figure 8: Population pyramids by LEP area.Source: ONS Mid-Year Population Estimates, 2019, 2020 SAP boundaries

**Income, Employment and Education deprivation**

- By overlaying the share of residents with no qualifications over a map of deprivation in the region, the strong correlation between the two is made apparent.
- How far the West Midlands is more deprived than the UK average depends on the geography. The urban core comprising the West Midlands Combined Authority constituent local authorities is more urban, and hence more deprived. Including the three LEP areas, or the broader region, dilutes this difference.

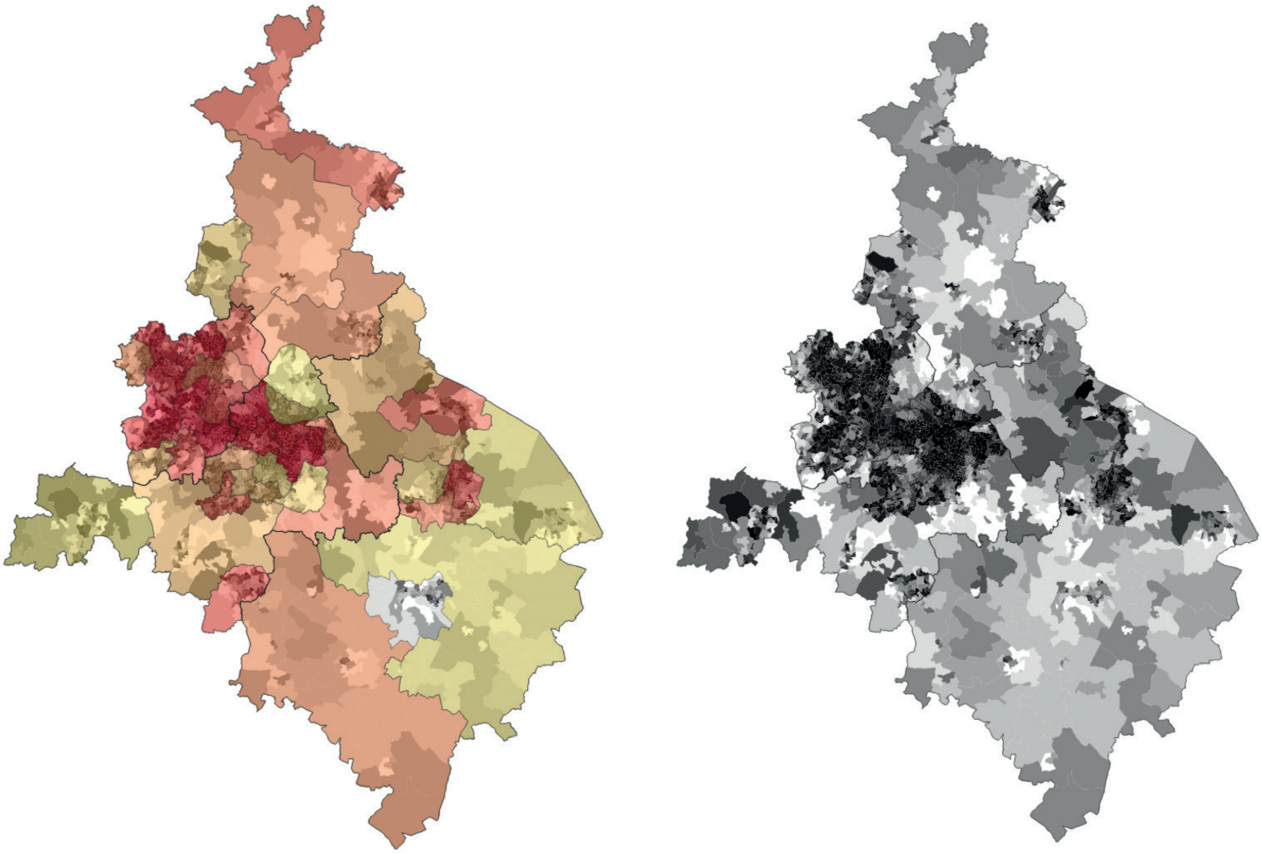


Figure 9: Proportion of residents with no qualifications (red: greater proportion, yellow: lesser) by parliamentary constituency, overlaid on 2019 Index of Multiple Deprivation, showing areas left behind (darker: more deprived). Left: Both layers, Right: just deprivation. Note that qualifications data is missing for Warwick. Source: Index of Multiple

# Skills Supply

## Key issues

- Large skills deficits in the Black Country, with a larger proportion of people with no formal qualifications.
- The West Midlands Region faces a significant gap between the level of qualifications required by employers, and the level currently prevalent in the working-age population.
- Coventry and Warwickshire LEP, GBSLEP and the Black Country have an undersupply of labour at level NVQ4+ (degree level), but an oversupply at the NVQ3 level, highlighting the importance of the Adult Education Budget in supporting the up-skilling of people at the right levels.
- Housing affordability has worsened most rapidly in areas where a significant number of people commute into the conurbation. If the cost of housing becomes prohibitive in these areas, this may become a long-term constraint on attracting the necessary skills to the region.
- The region is in short supply of apprentices and has a comparatively low level of qualifications in the workforce.
- Graduate retention in the region is somewhat weaker than the UK average. Fewer students stay for both study and subsequent employment. Given the size of the university system in the region, this gap in retention represents a significant constraint on skills supply.

## Qualification levels

Again, the difference between the West Midlands and the UK mean in terms of qualifications can be almost entirely attributed to the Black Country as a centre of manufacturing, which has drawn on skills which are not always recognised in formal qualifications. The other two LEP areas are much closer to the UK in general.

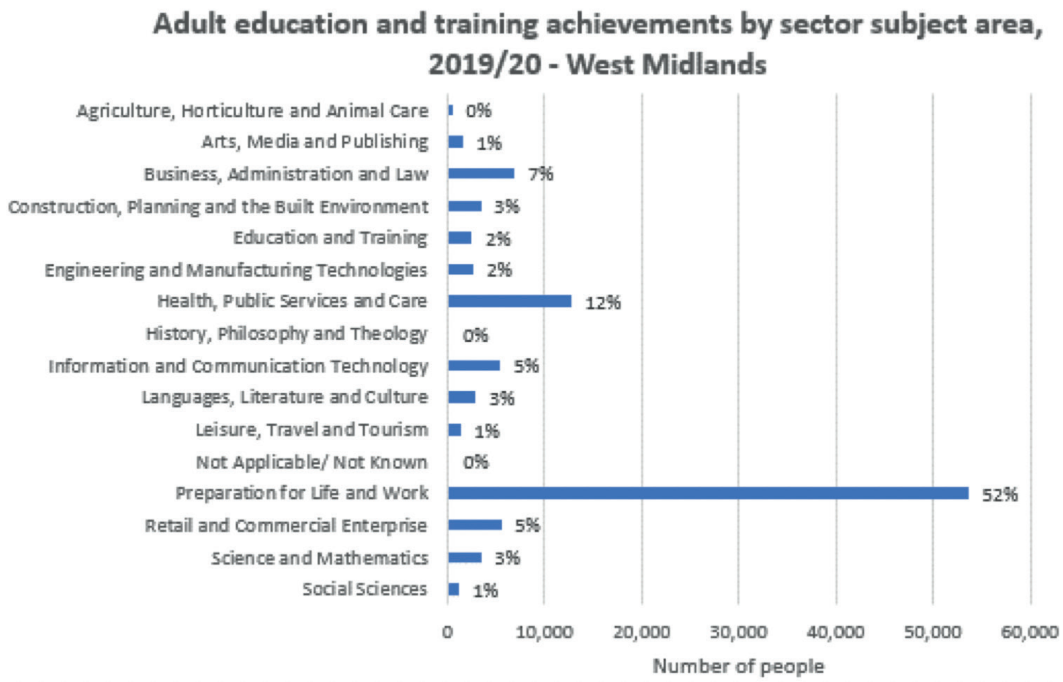
| Qualification Level | Black Country | Coventry and Warwickshire | Greater Birmingham and Solihull | UK |
|---|---|---|---|---|
| % with NVQ4+ - aged 16-64 | 29.3 | 43.8 | 37.6 | 43 |
| % with NVQ3 - aged 16-64 | 17.8 | 19.2 | 19.8 | 18.2 |
| % with NVQ2 - aged 16-64 | 18.9 | 15.6 | 19.1 | 16.8 |
| % with NVQ1 - aged 16-64 | 11.5 | 10.1 | 9.8 | 9.6 |
| % with other qualifications (NVQ) - aged 16-64 | 9.9 | 5.7 | 5.6 | 5.8 |
| % with no qualifications (NVQ) - aged 16-64 | 12.6 | 5.5 | 8.1 | 6.6 |

Table 2: Summary of the percentage of West Midlands working-age population at each qualification level, by NVQ equivalent. 2020 data, with UK comparison. Source: Annual Population Survey, January 2019 – December 2020, 2020 SAP boundaries

**FE Education and Training Achievements**
The most notable difference in the distribution of Further Education provision across the region, as compared to the England average, is the smaller share in health and care, despite this sector having a larger share of West Midlands Employment.

The other main difference is a greater share of 'Preparation for Life and Work', which includes English language training and other employability skills.

All other discrepancies are likely within the margin of error, suggesting that there is more work to be done in tailoring provision to the needs of local areas, a situation likely to change owing to the recent devolution of AEB funding.



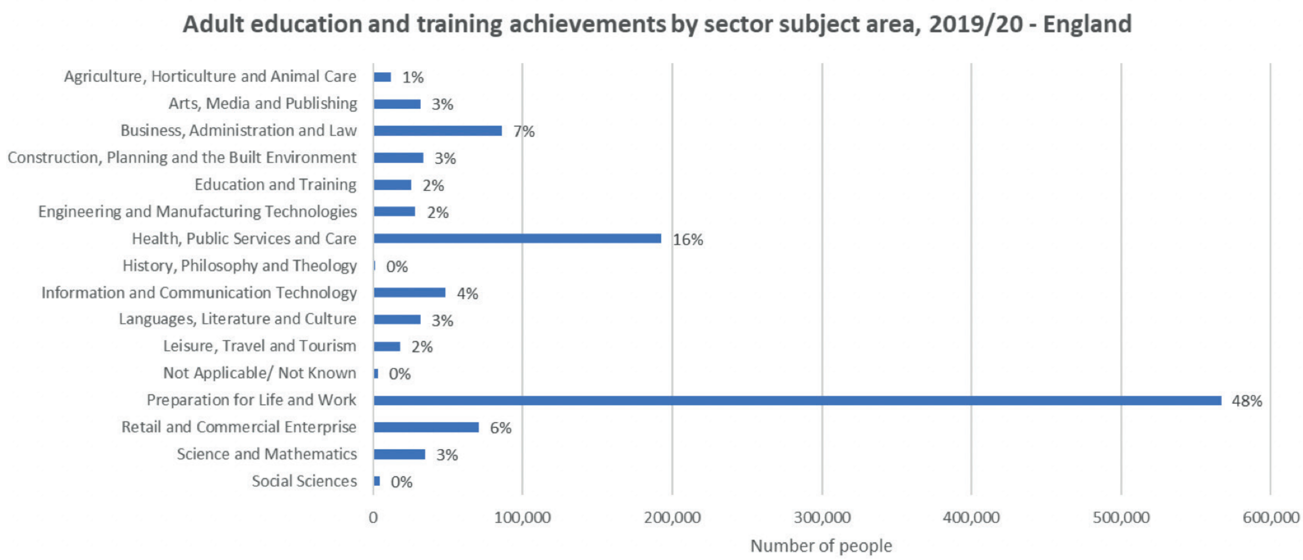
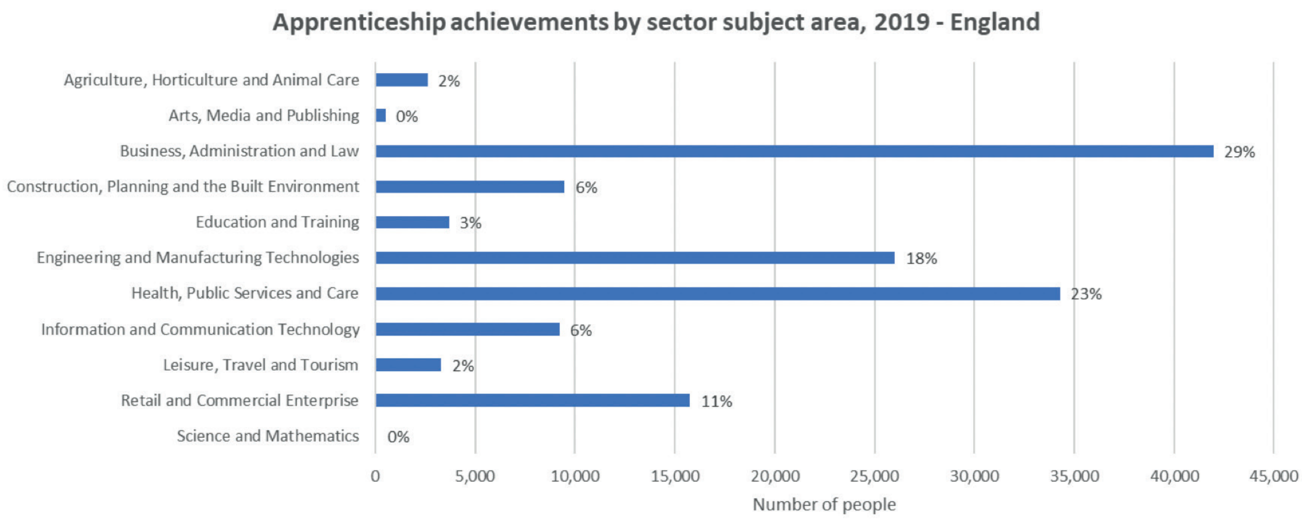




Figure 10: The distribution of Further Education provision is here contrasted between the West Midlands and England. Source: Further Education & Skills data, DfE, (published 2020), 2020 SAP boundaries

**Apprenticeship Achievements**
As with broader Further Education, the distribution of provision is remarkably similar in the West Midlands as compared to England in general. As with the devolution of AEB funding, this indicates the potential that exists for further tailoring of opportunity to fit local employers and industrial and strategic priorities.



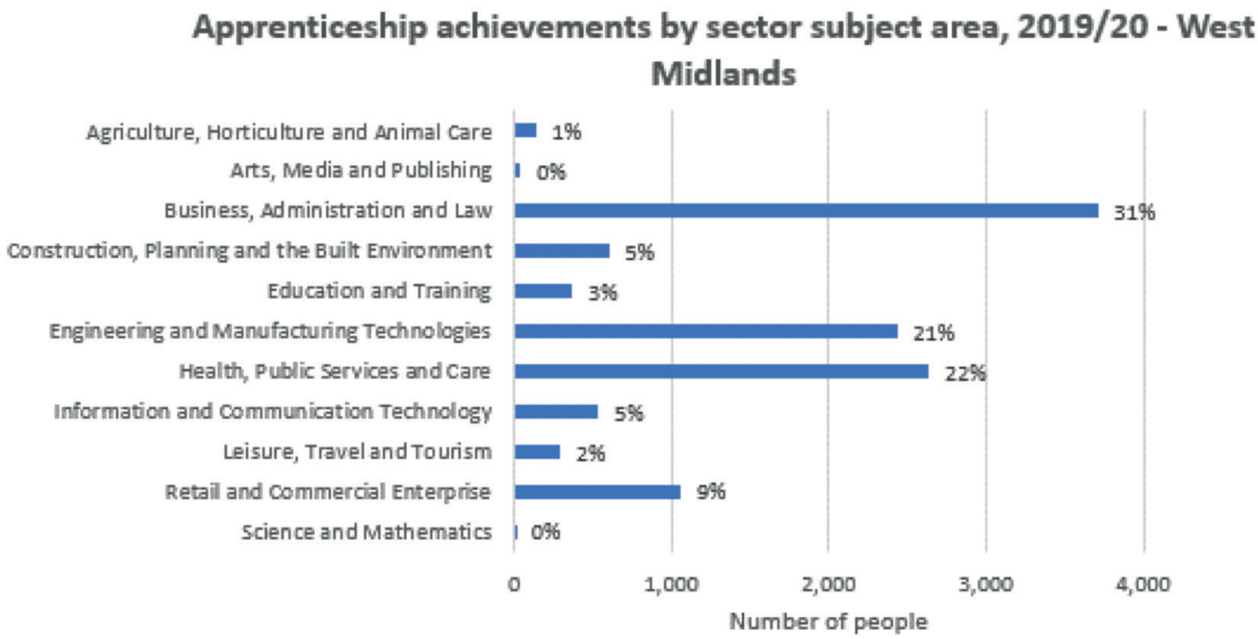




Figure 11: Apprenticeship distribution, West Midlands contrasted against England. Source: Apprenticeships data, DfE, (published 2020), 2020 SAP boundaries

**KS4 destinations**
A modest difference between the West Midlands and England averages can be attributed to a lower proportion of young people staying in education (likely attributable to the generally higher level of deprivation within the region), with the proportions going on to apprenticeships or sustained employment the same.

| | Sustained education, employment & apprenticeships | Sustained education destination | Sustained apprenticeships | Sustained employment destination |
|---|---|---|---|---|
| **West Midlands** | 93.3 | 86.4 | 3.7 | 3.2 |
| **England** | 93.7 | 86.9 | 3.7 | 3.2 |

Table 3: Comparison of Key Stage 4 outcomes, West Midlands vs England. Source: KS4 destination measures, DfE, 2018/19 (published 2020), 2020 SAP boundaries

**HE Qualifiers by Subject**

Engineering and Technology, and Computing make up a larger proportion of West Midlands graduates than for England in general, and a similar plurality take up Business and Management. This implies that retention of graduates in STEM is a greater constraint than production is on the growing sectors demanding this skillset

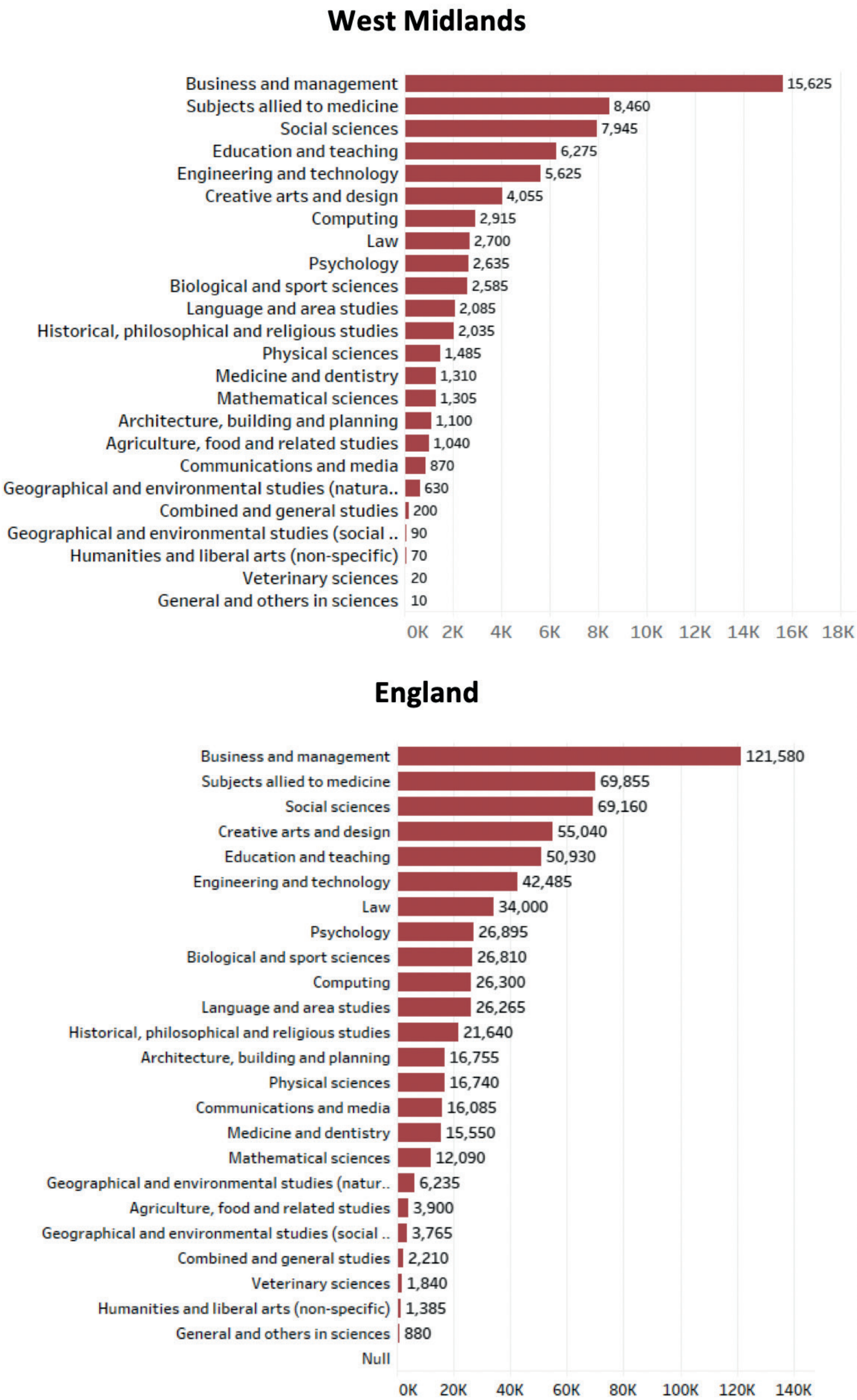



Figure 12: Higher Education qualifiers by proportion in each subject area, West Midlands vs England. Source: HESA public data.

**KS5 destinations, 2019/20 (2018/19 cohort):**
The negligible differences in outcomes between the West Midlands and the England average suggest that the region's challenges lie more in getting a sufficient proportion of its young people to attain higher qualifications than in improving outcomes for those who already have them. A broader analysis of 16-18 outcomes (see Annex B) yielded the following:

- Research and modelling by CityREDI suggests that levels 2 and 4 are under-supplied in the region, while level 3 is over-supplied.
- There are marked differences in outcome between ethnic groups and students from a disadvantaged background. Deprived students, whether in terms of free school meal eligibility or the index of multiple deprivation (IMD) at the school location, much less likely to remain in education at KS4 or KS5.
- Further Educations prior attainment data show that most FE students study at the same level or one level higher than their previous qualification, as might be expected. However, a plurality of students taking up level 5 qualifications already had level 6 qualifications, suggesting that level 4 represents the last rung of the ladder for many. This is compounded by the low overall enrolment figures for FE beyond level 3.

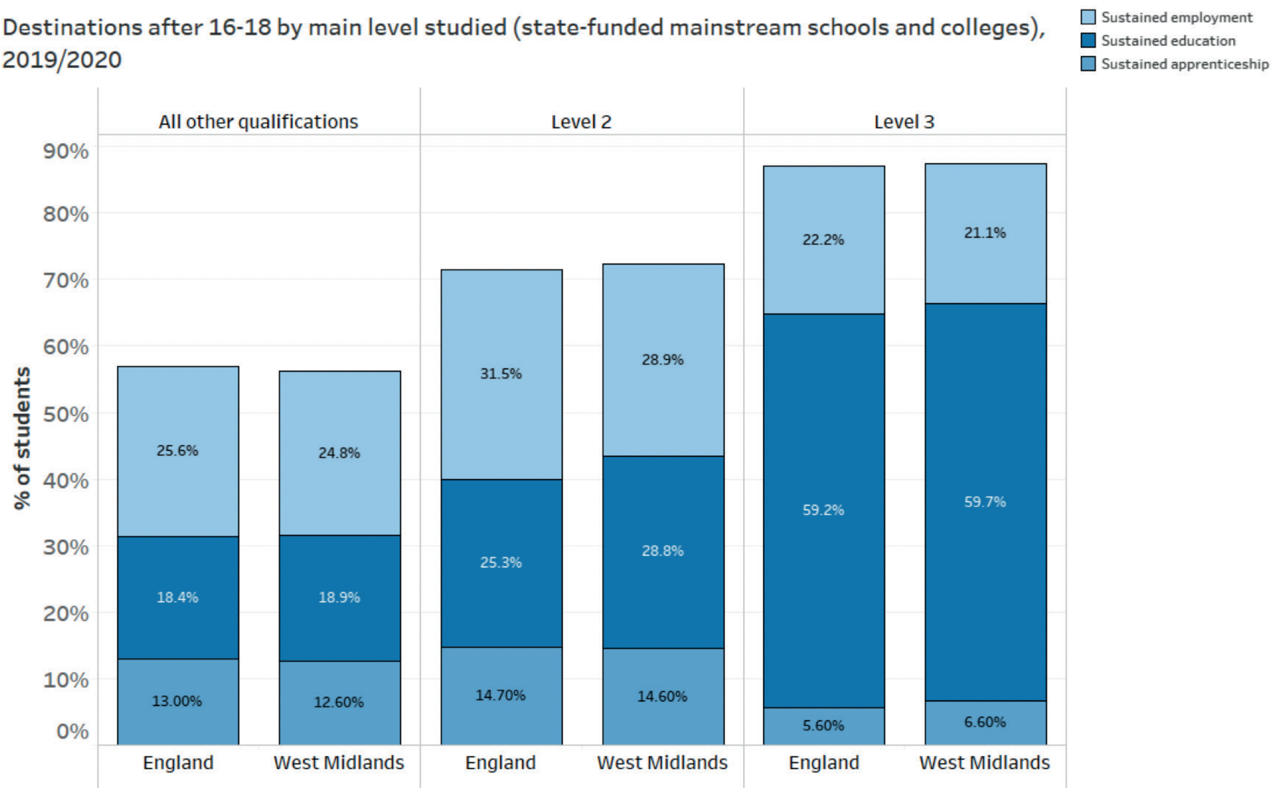
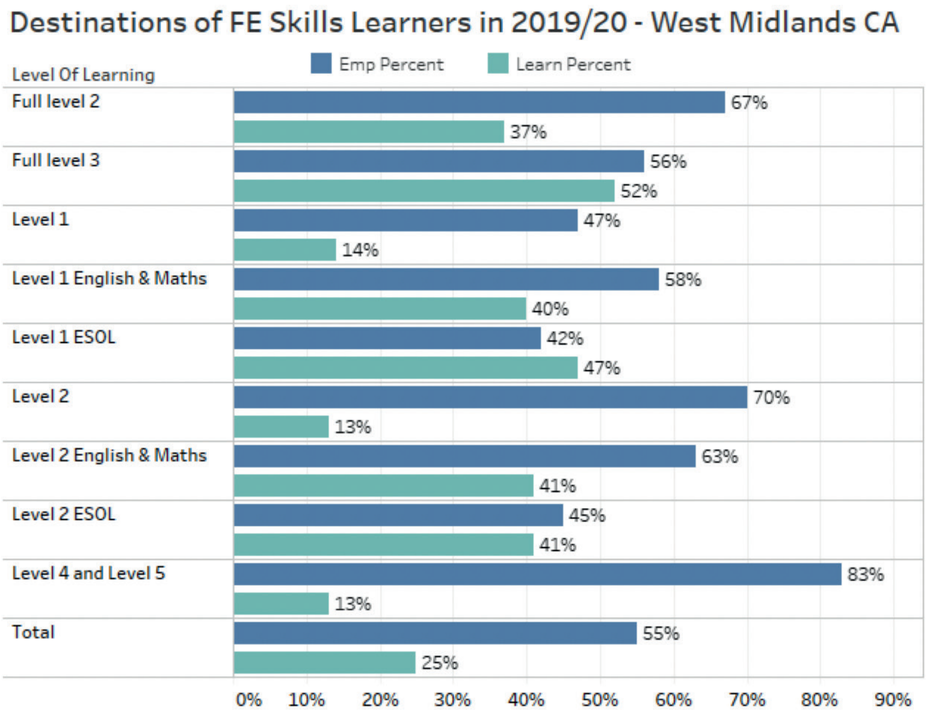



Figure 13: Outcomes for students aged 16-18, by level and outcome type. The West Midlands conurbation is compared to the England average. Source: 16-18 Destination Measures, DfE, 2018/19 (published 2020), 2020 SAP boundaries.

**FE and skills destinations**

The high proportion of FE learners at NVQ2 and 4 levels entering the workplace corroborates with CityREDI analysis (Annex B) indicating the shortages at these levels and surplus at level 3. The overall outcomes are somewhat weaker than the England average, with 55% of FE students going into sustained employment versus 60% in England, a discrepancy not explained by more of them staying in education.



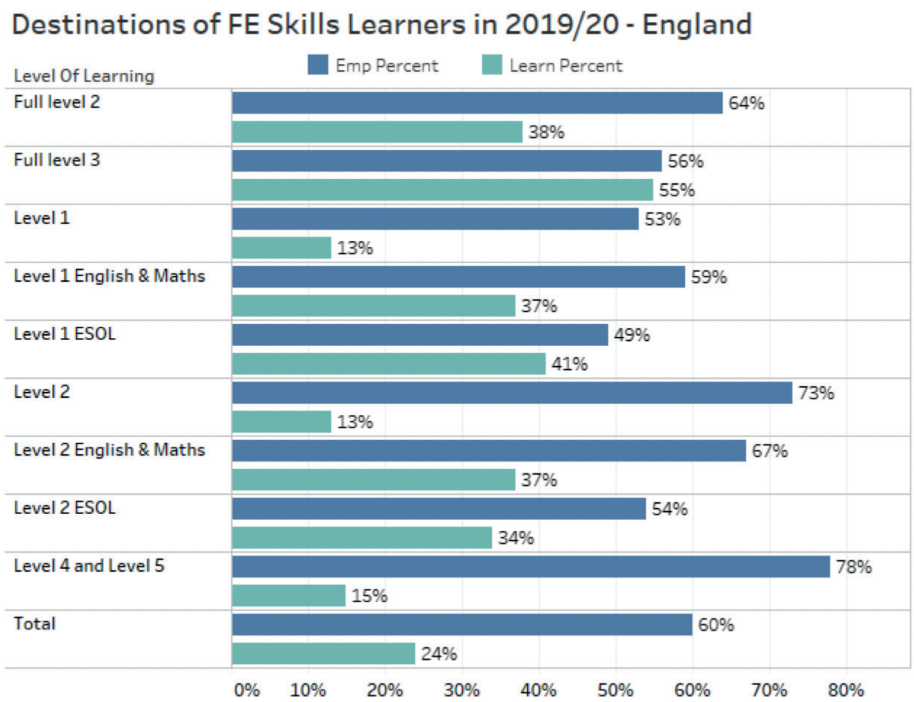
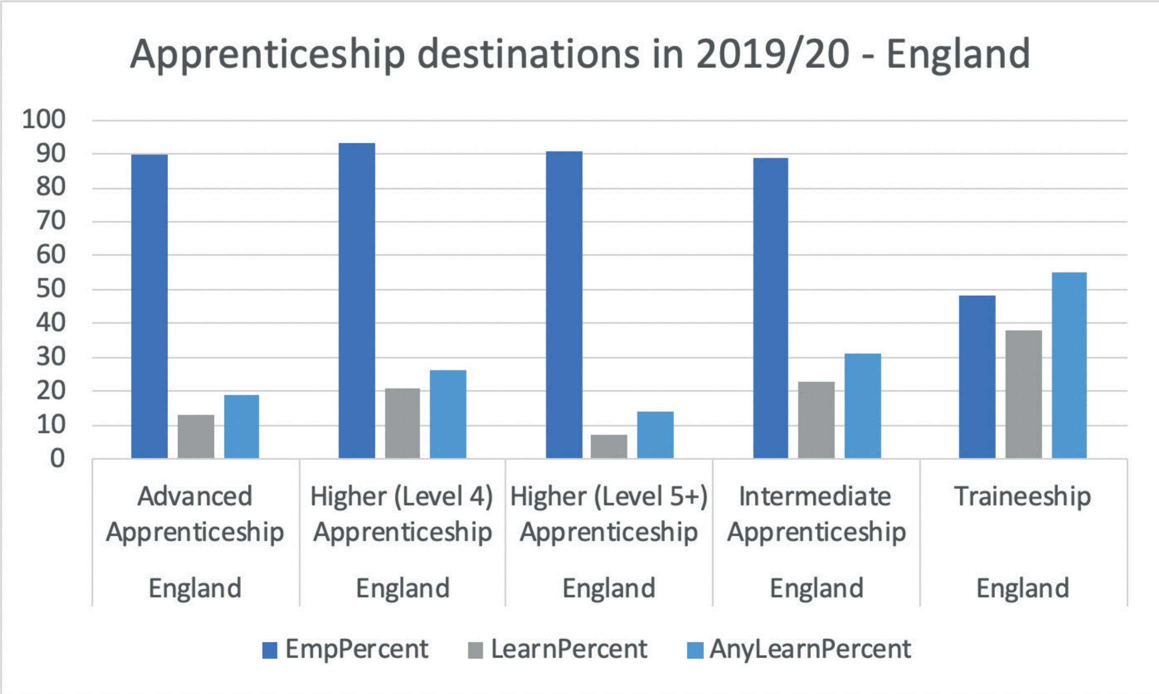




Figure 14: Comparison of Further Education students by level of study and proportion going on to sustained employment or education. The West Midlands Combined Authority is compared to the England average. Source: FE outcome based success measures, 2018/19 destinations, DfE, (published 2020), 2018 LEP boundaries

**Apprentices: 2019/20 destinations of 2018/19 cohort:**
There are no remarkable differences between the West Midlands and England averages with respect to outcomes for apprentices. However, modest differences exist across levels; the highest level apprenticeships see the largest proportion ending up in sustained employment, but outcomes for lower levels are still mostly positive. The challenge for apprenticeships in the region seems be more one of quantity (enrolment numbers have declined in recent years (see Annex A: Skills Supply), more than quality.



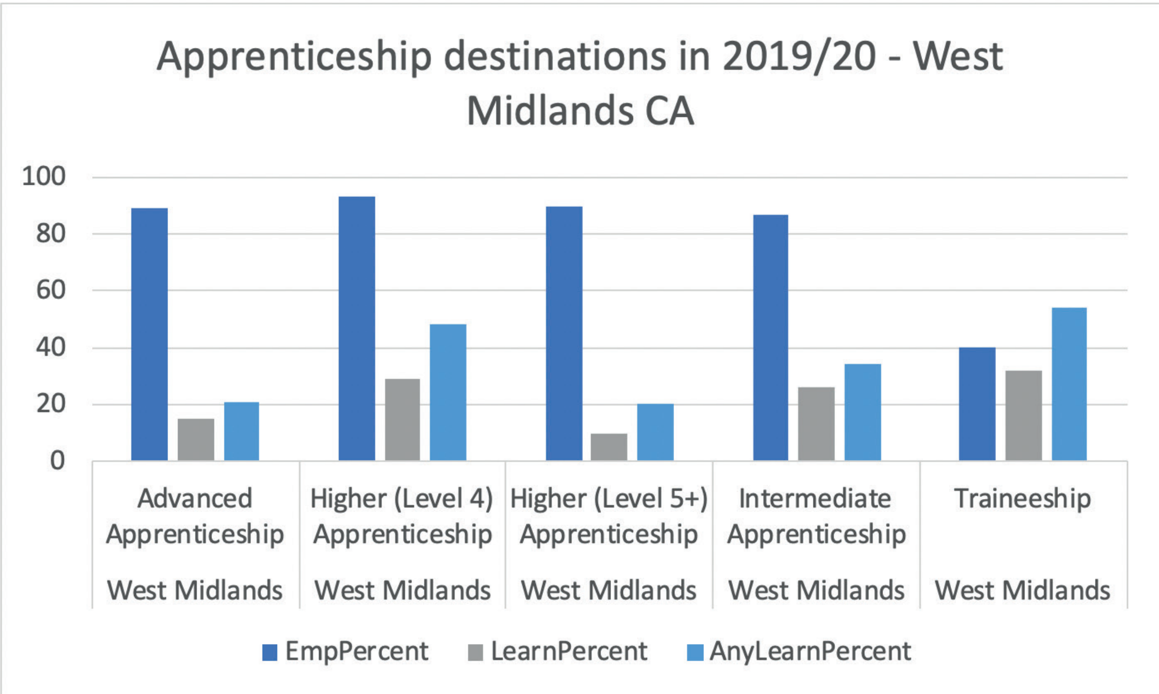




Figure 15: Destinations of 2018/2019 apprenticeship and traineeship cohort in the following year. The West Midlands is compared to England. Source: FE outcome based success measures, 2018/19 destinations, DfE, (published 2020), 2018 LEP boundaries

**HE graduate destinations**

The prospects for West Midlands graduates are not worse than for UK graduates in general, with a slightly larger proportion going into full-time employment, a slightly larger share unemployed, explained by fewer going into part-time work or further study.

As we will see, these outcomes do not necessarily reflect the region's labour market, given the high graduate mobility, but rather the strength of its university system.

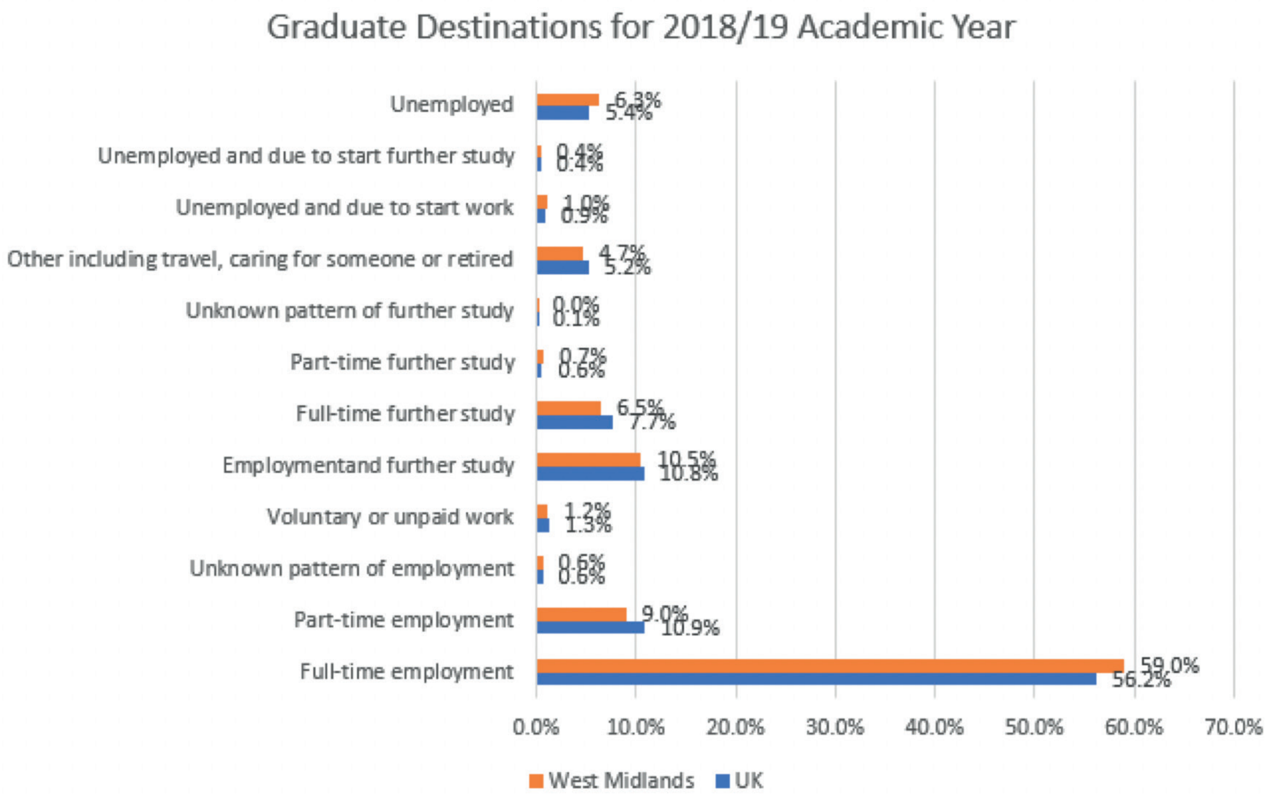



Figure 16: The West Midlands and UK are contrasted here in terms of the proportion of their graduates going on to different destinations. Source: HESA open data.

**Graduate retention**

There are marked differences in the attraction and retention of both students and recent graduates between UK regions. In the typology set out below, the West Midlands fits into the mild brain drain category, due to its successful attraction of students to its university system but subsequent loss of many young graduates to other parts of the UK.

The centralisation of opportunity in the UK is reflected in the fact that only London is truly a brain gain region, and in this sense the West Midlands is doing no worse than most other regions, and better than some (the North East, Yorkshire and the Humber.) The pathway to brain gain for the West Midlands would be to continue to attract the large number of students it does, but hang on to more of them, particularly graduates in STEM.

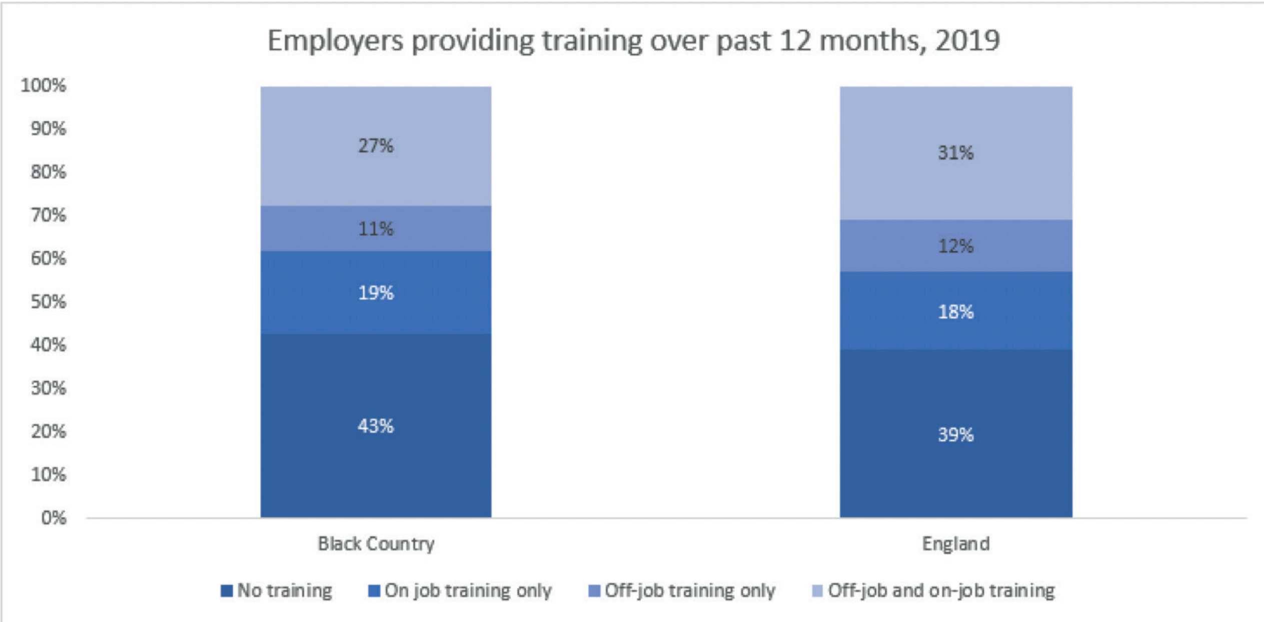
More detailed findings on graduate retention are presented in Annex B.

| Typology | Regions | Description |
|---|---|---|
| 1 | North East, Yorkshire & the Humber | Regions that attract and retain students but export new graduate workers – brain drain |
| 2 | East Midlands, West Midlands | Attractors of students but exporters of new graduate workers – brain drain |
| 3 | London | Regions that retain and attract new graduate workers – brain gain |
| 4 | East of England , South East, South West | Regions with low retention and high attraction of both students and new graduate workers – high mobility |
| 5 | North West, Wales, Scotland, Northern Ireland | Regions with high retention and lower attraction of both students and new graduate workers – low mobility |

Table 10: Summary of the five situations for graduate retention and attraction. Note that only London truly gains.
Source: Graduate Outcomes in 2017/18, DfE, (published 2020), 2020 SAP boundaries

**2019 Employer Skills Survey – Employer-provided training comparisons:**
No great differences separate the three West Midlands LEP areas from the England average, except for the lower proportion of Black Country employers providing training. This is likely a reflection of a lower overall base of formal qualifications.

West Midlands-wide data on the reasons cited by employers for not offering training cited first that their employees were all fully proficient (76%), then that no training in a relevant subject was available (11%), that training was not their highest priority (5%) and that funding was not available (5%).



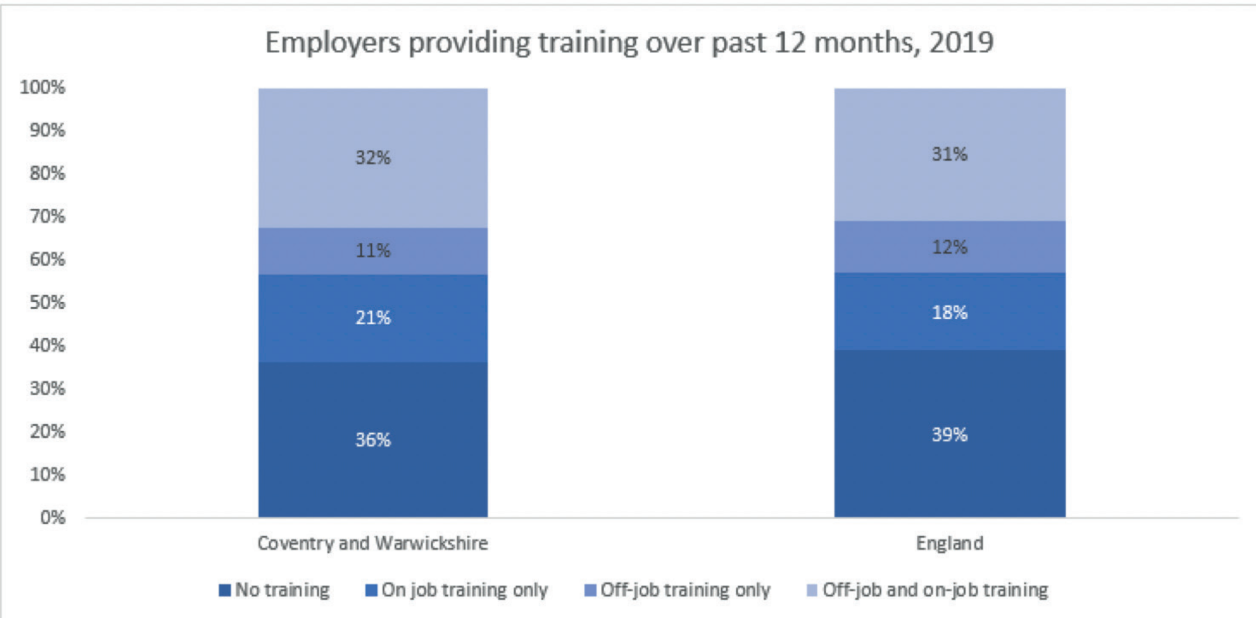




Figure 17: Comparison between the proportion of employers providing training, and whether this training is conducted during working hours, between West Midlands and England. Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries.

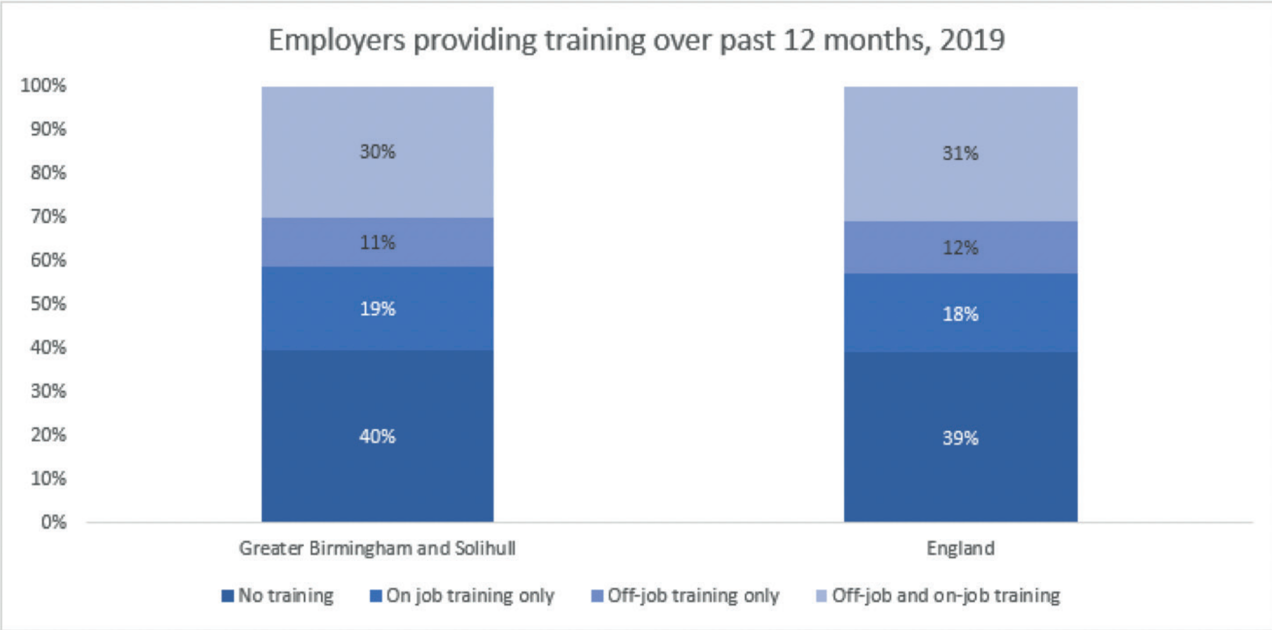



Figure 17 - Cont: Comparison between the proportion of employers providing training, and whether this training is conducted during working hours, between West Midlands and England. Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries.

# Skills Demand

## Skills Demand - Summary

### Key Findings

- ‘Replacement demand’, the need to replace retiring workers, will drive significant recruitment even in occupations with declining employment, such as machine operatives, skilled trades, and secretarial work. On the other hand, professional occupations are projected to grow strongly through the decade, with 26% of positions coming from expansion and 74% from replacement.
- There has been a rapid decrease in the percentage of the working-age population with no qualifications, and growth at most higher qualification levels. However, the West Midlands still is projected to see the slowest growth in residents educated to postgraduate level through 2027, and slowest decrease in those with no qualifications, in the country.
- A rapid recovery has been observed in job postings since the winter 2020/2021 lockdown, surpassing past trends. This can be attributed to the phenomenon of the ‘great resignation’, i.e. an unusual level of labour market mobility as people re-evaluate their careers in the aftermath of the pandemic.
- Lack of needed skills is cited by employers as the top cause of vacancies being hard to fill.
- There is a continuing lack of awareness amongst smaller employers of how the apprenticeship system works and how to take advantage of it.

## Online vacancies

**Emsi data** showing trends in unique job postings show a strong recovery in the region since the depth of the pandemic, with the current high mobility in the job market being reflected in totals much larger than before the pandemic.

**Adzuna data** corroborates this, and suggests that the West Midlands outstrips London and the England average in terms of the proportional increase in job postings, indicating very high turnover of staff through the recovery.

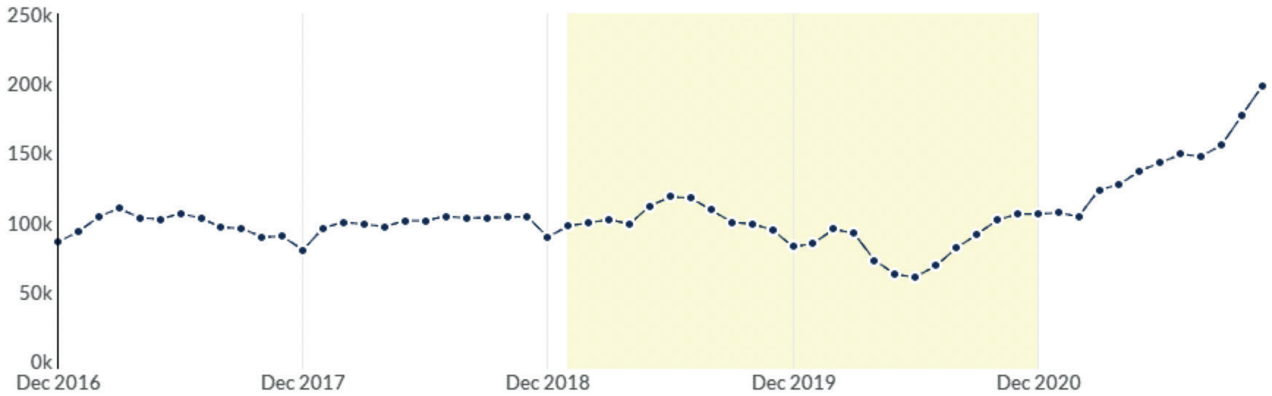



Figure 18: Emsi unique job postings. Source: Emsi economic intelligence.

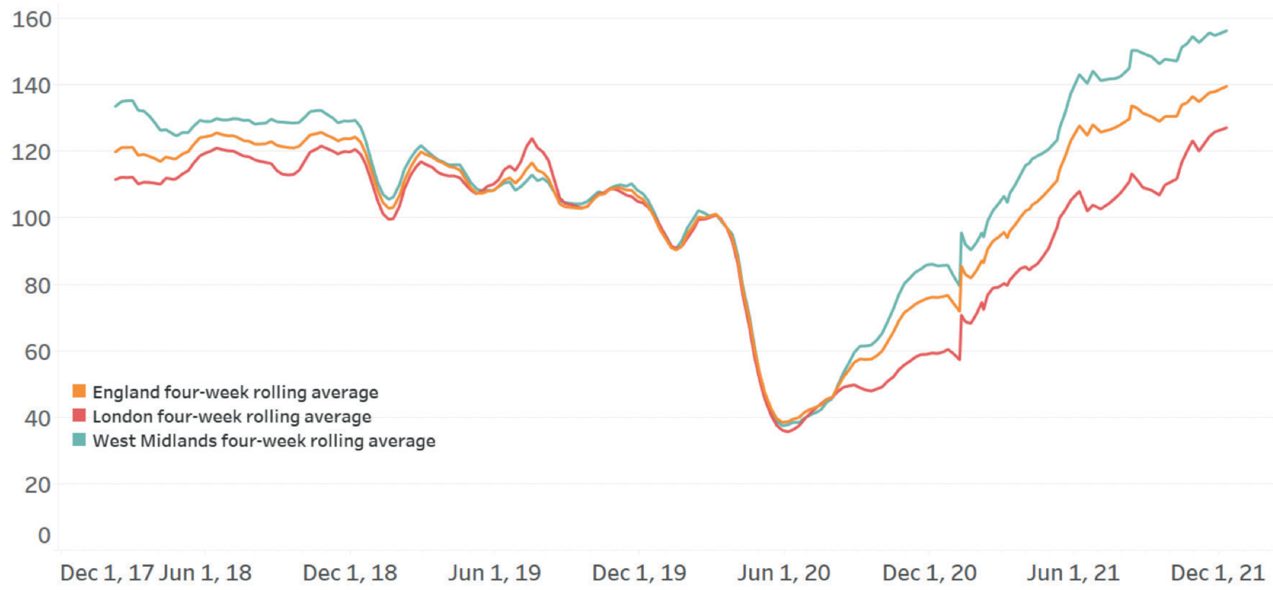



Figure 19: Adzuna data contrasting job postings by region, on a four-week rolling average. Source: Adzuna public data sourced via ONS.

## Sector growth forecasts

Several scenarios are possible for the effect of the coronavirus on growth within different sectors in the region. Depending on how much purchase remote working has in professional services in the long term, we may see displacement as workers evade long commutes and higher house prices and exercise greater geographical mobility. The role of the city centre may shift towards culture and entertainment, creating opportunities in these sectors to re-imagine urban spaces.

| Industry | BCLEP | CWLEP | GBSLEP |
|---|---|---|---|
| **Primary sector and utilities** | -2.40% | -2.50% | -4.70% |
| **Manufacturing** | -13.20% | -11.20% | -11.50% |
| **Construction** | 1.30% | -0.50% | 0.30% |
| **Trade, accomod. and transport** | -0.80% | -0.60% | -0.30% |
| **Business and other services** | 2.90% | 4.10% | 2.40% |
| **Non-marketed services** | 3.90% | 1.20% | 1.50% |

Table 4: Forecast total change in employment by sector and Local Enterprise Partnership, 2020-2027.

## Occupation growth forecasts

A key challenge for the region is that growth in professional services is on a smaller base than in the UK as a whole, and the corresponding decline in manufacturing employment is on a larger base. Combined with the relative youth of the region's population, there is a clear challenge for job creation.

**Black Country**

| Occupation | Change | Replacement | Total Demand |
|---|---|---|---|
| **Managers, directors and senior officials** | 11.9 | 38.7 | 50.7 |
| **Professional occupations** | 12.1 | 34.6 | 46.7 |
| **Associate professional and technical** | 9 | 32.9 | 41.9 |
| **Administrative and secretarial** | -14.9 | 31.8 | 16.9 |
| **Skilled trades occupations** | -11.9 | 25.9 | 13.9 |
| **Caring, leisure and other service** | 13.5 | 40.5 | 54 |
| **Sales and customer service** | -4 | 30.3 | 26.3 |
| **Process, plant and machine operatives** | -10.6 | 29.6 | 18.9 |
| **Elementary occupations** | -1.2 | 31.8 | 30.6 |
| All occupations | **1.5** | **33.1** | **34.5** |

**Coventry and Warwickshire**

| Occupation | Change | Replacement | Total Demand |
|---|---|---|---|
| **Managers, directors and senior officials** | 13.2 | 39 | 52.2 |
| **Professional occupations** | 11.8 | 34 | 45.8 |
| **Associate professional and technical** | 9.7 | 32.8 | 42.4 |
| **Administrative and secretarial** | -13.9 | 32 | 18.1 |
| **Skilled trades occupations** | -11.7 | 26.1 | 14.4 |
| **Caring, leisure and other service** | 12.6 | 40.2 | 52.8 |
| **Sales and customer service** | -2.6 | 30.6 | 28 |
| **Process, plant and machine operatives** | -9.1 | 30 | 20.9 |
| **Elementary occupations** | -0.3 | 32.3 | 32 |
| All occupations | **2.1** | **33.1** | **35.2** |

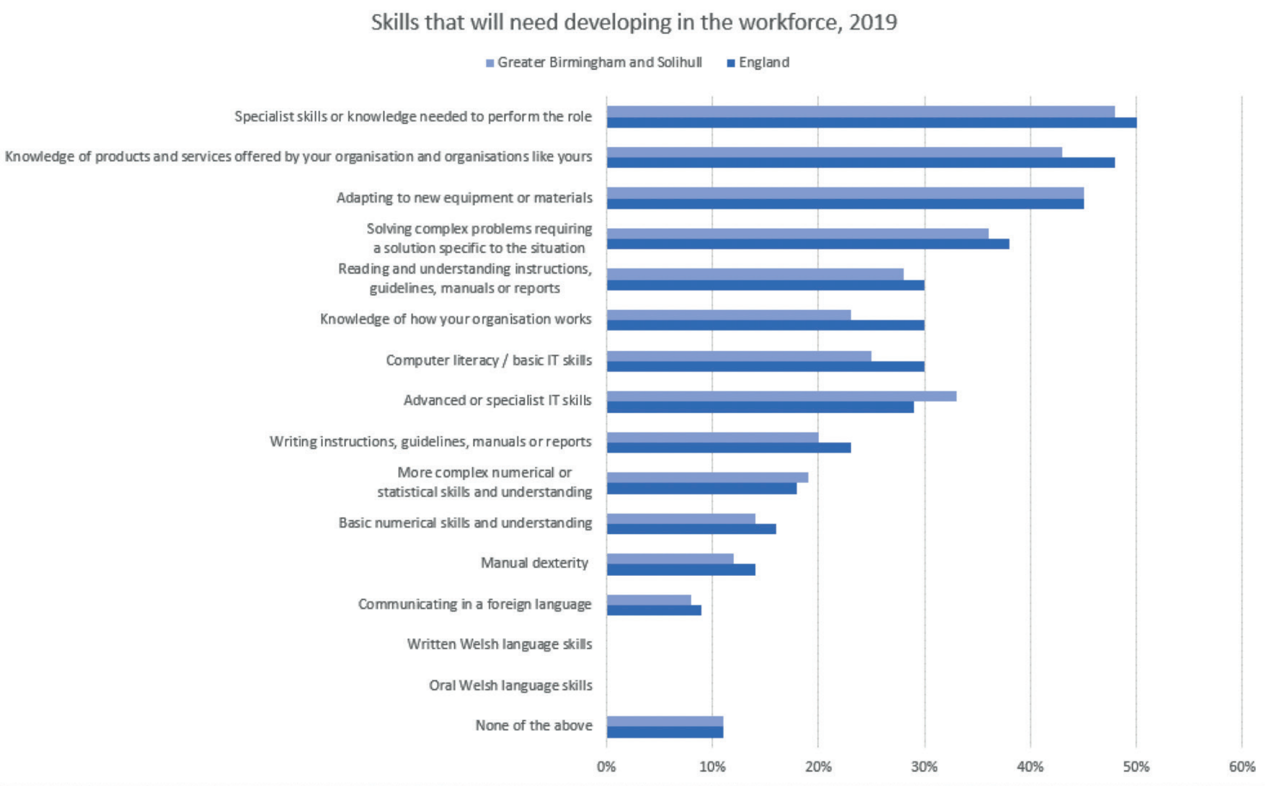
**Greater Birmingham and Solihull**

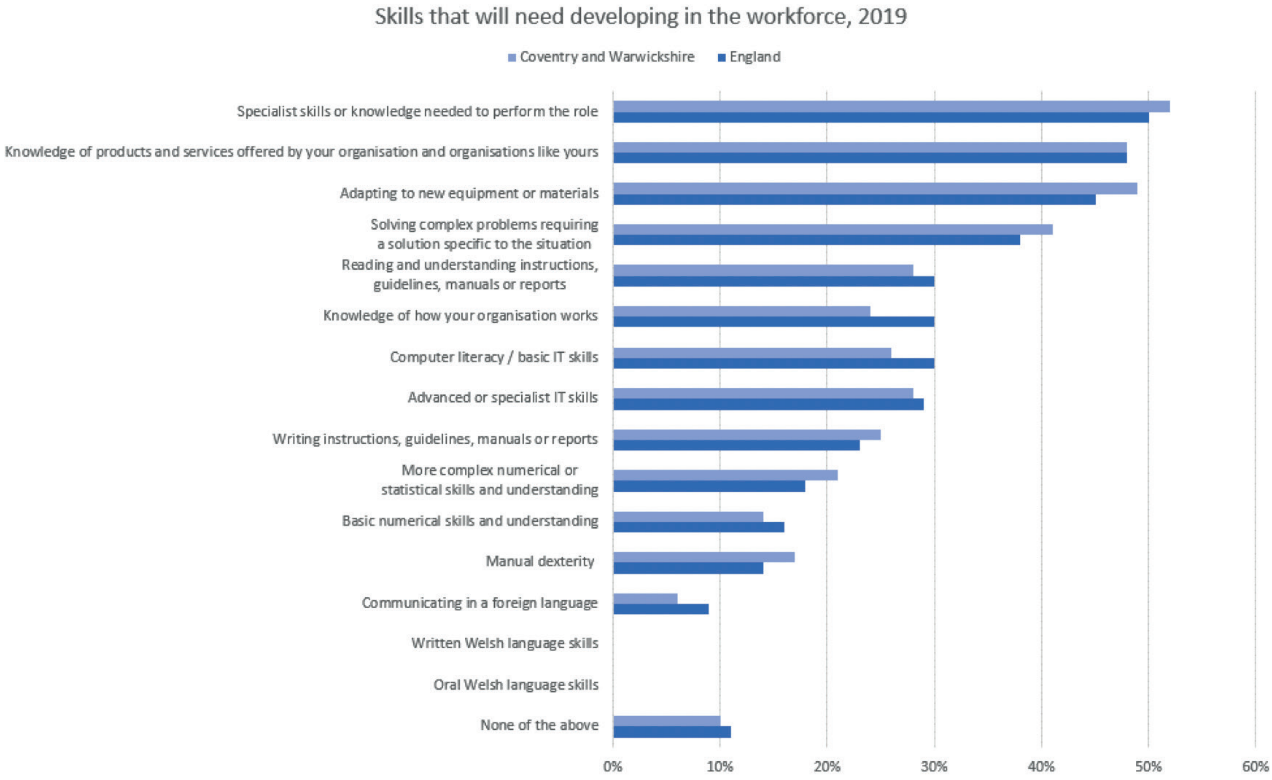
| Occupation | Change | Replacement | Total Demand |
|---|---|---|---|
| **Managers, directors and senior officials** | 12.9 | 39 | 51.8 |
| **Professional occupations** | 11.4 | 34.3 | 45.6 |
| **Associate professional and technical** | 8.8 | 32.7 | 41.6 |
| **Administrative and secretarial** | -14.7 | 31.8 | 17.1 |
| **Skilled trades occupations** | -11.3 | 26.1 | 14.8 |
| **Caring, leisure and other service** | 12.5 | 40.2 | 52.7 |
| **Sales and customer service** | -2.6 | 30.6 | 28 |
| **Process, plant and machine operatives** | -8.9 | 30.3 | 21.5 |
| **Elementary occupations** | 0 | 32.2 | 32.2 |
| All occupations | **2** | **33.2** | **35.2** |

Table 5: Replacement demand component of employment growth, LEP areas, Department for Education Working Futures projections, 2017-2027.

**Skills that need developing:**
A slightly smaller number of West Midlands firms rate employees as needing to develop themselves across these key skills than the England average. This is consistent with a smaller proportion of skills-shortage vacancies and suggests that specific technical skills within the existing workforce are less of a constraint here than England-wide.

Advanced IT skills are cited more in GBSLEP as a constraint than England-wide, likely because the significant overlap between professional services and growing IT and data skills will demand greater knowledge of coding, software and web development, and associated software packages.





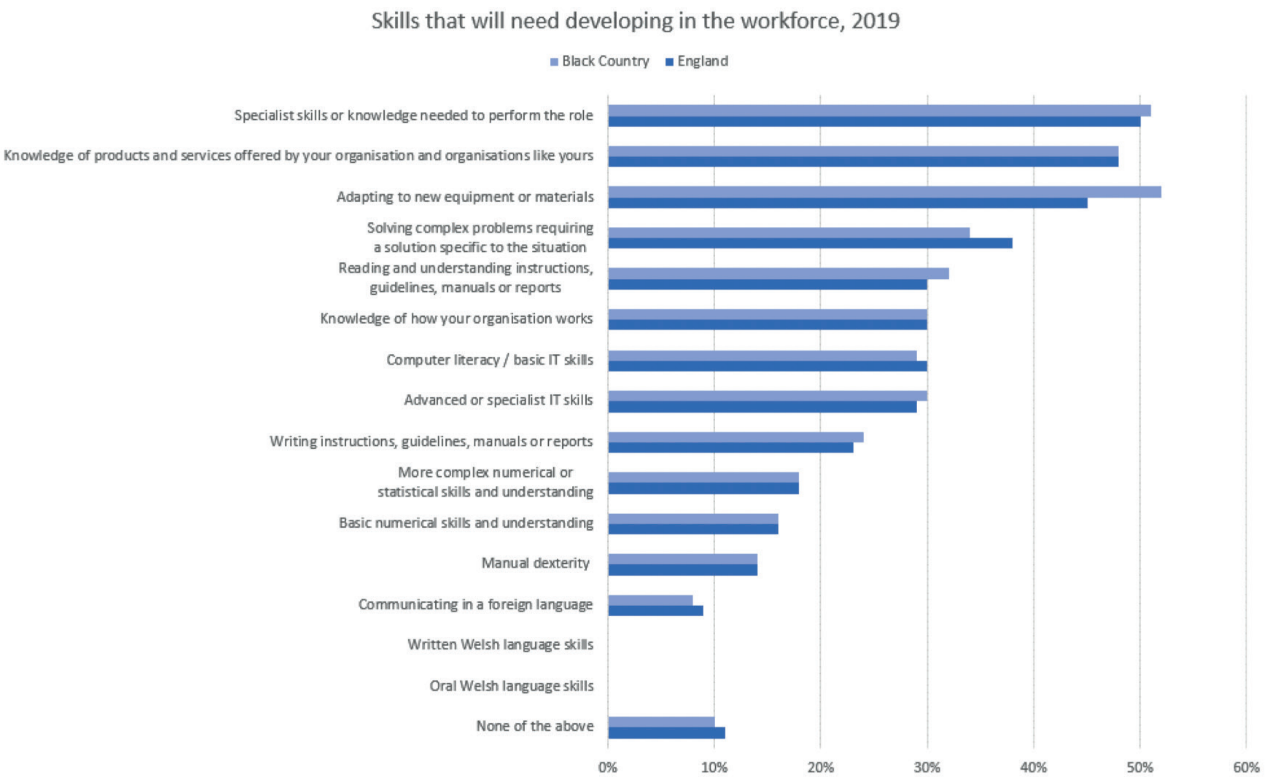




Figure 20: Employer rating of skills that need developing in the workforce, by LEP area, with England comparison.
Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

# Mapping Skills Supply and Demand

## Skills Supply and Demand - Summary

### Key Findings

- There is an undersupply of NVQ2 and NVQ4 and an oversupply of NVQ3 and NVQ1, within the West Midlands, creating an imbalance of demand and supply by skill level in the workforce.
- There is a national undersupply of people proficient in digital skills at all levels, with significant growth in the higher end skills and a lack of supply chain through all stages to fulfil these roles.
- The public sector, teaching, care and health remain resilient sectors in terms of job availability and advertisements and demand may outstrip supply with the impact of the pandemic and the ageing population demands.
- The supply and demand mismatches ultimately increase the workload of those around them, which can create a fall in productivity.
- In Further Education, shortfalls still exist in marketing, public services, business management, and administration. GCSE resubmissions and employability skills still dominate submission. While these may not align to job roles in specific sectors, they do support general preparation of young people for the workplace.
- Wage trends data from PAYE records indicate that wages in IT have grown significantly, arts and entertainment have seen strong wage growth (but correspondingly higher risk), while manufacturing and public sector-dominated professions have seen slow rises and are threatened by inflation. These trends reflect continuing difficulty meeting demand in IT-intensive roles, as well as being able to attract public sector staff in education and health.

### Proficiency of workforce

Skills development within the workforce appears to be less of a constraint in the West Midlands, perhaps due to a smaller share of the knowledge economy jobs which involve iterative development of technical skills, such as software development.

| | PROPORTION OF STAFF NOT FULLY PROFICIENT | PROPORTION OF ESTABLISHMENTS WITH ANY UNDER-UTILISED STAFF |
|---|---|---|
| COVENTRY AND WARWICKSHIRE | 4.33% | 35.00% |
| GREATER BIRMINGHAM AND SOLIHULL | 3.53% | 35.00% |
| BLACK COUNTRY | 2.96% | 32.00% |
| ENGLAND | 4.58% | 34.00% |

Table 6: Comparison between England and West Midlands LEP areas of proportion of staff deemed ‘fully proficient’ by employers. Source: Employer Skills Survey 2019. Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

**Hard-to-fill and skills shortage vacancies**

As with England in general, skills shortages are the most common reason for employers to be unable to fill a vacancy. The only difference beyond the margin of error is a lower proportion of skills shortage vacancies observed in Coventry and Warwickshire.

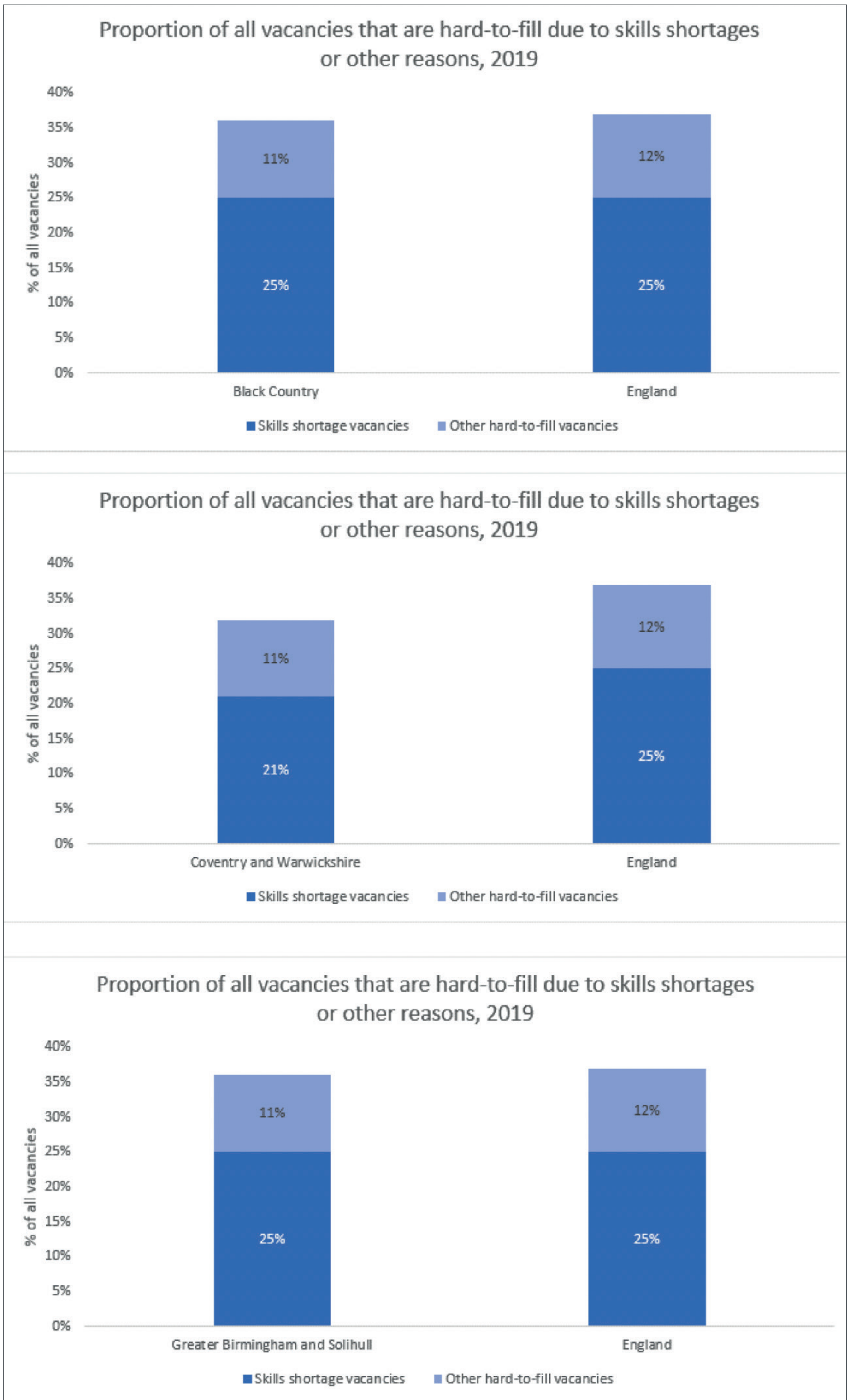



Figure 21: Comparison of hard-to-fill (due to skills shortages) vacancies by LEP area, compared to England. Source: Employer Skills Survey.

West Midlands
Combined Authority