



Birmingham Economy & Jobs O&S Committee

Scrutiny Inquiry: Closing the Skills Gap

Written Evidence

September 2012



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Birmingham Economy and Jobs Overview and Scrutiny Committee.

**Report of the Assistant Director for Employment, Development
Directorate**

September 2012

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1 Introduction

- 1.1** In terms of delivering this report, the Economic Policy and Research Team have drawn together some very specific data from a number of sources to provide a detailed analysis of the skills position within Birmingham, with an indication of where the growth in demand for skills is likely to come from in future. This has been included to give the context for this report. Appendices 1 – 3 provide more detailed local information on unemployment and skills.
- 1.2** Significantly the resource to address the skills gaps and support both employers and Birmingham residents flows through the training providers, in particular the FE Colleges. Colleges are well placed and resourced to deliver a range of training to support both the employers and individuals. However, despite the amount of public and private funding in skills development the issues of unemployment and skills in Birmingham’s priority areas remains. Funding remains fragmented across a number of funding streams, dependant on a variety of eligibility criteria. Freedoms and flexibilities recently introduced by BIS for colleges and other providers open the gate for a more innovative approach to addressing local needs in a focussed way.
- 1.3** The City Council’s role in delivering improved skills for Birmingham residents and supporting the local economy is therefore mainly limited to that of influence. However the importance of this influencing role, however difficult, should not be undervalued. There are significant levers that the City Council itself can bring to bear in the deployment and alignment of skills funding – access to job opportunities through planning and procurement, using commissioning powers, as a contracted provider and as key strategic partner in the City’s employment and skills arena.
- 1.4** There is no doubt we could do more. The emergence of the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) provides the platform to address the skills gap by addressing the competitiveness of the local economy and creating more skilled jobs. Those who are furthest from the labour market are the most disadvantaged in this situation, with more competition for jobs from people outside of Birmingham who have the skills base upon which to build.
- 1.5** Research commissioned¹ for the Greater Birmingham and Solihull LEP has proposed 7 growth sectors where there are opportunities for growth and inward investment.² Although a significant proportion of the employment opportunities in these sectors are likely to be for higher skilled workers, there will also be a demand for those with lower skills. Evidence also suggests that high growth sectors do not necessarily create a high number of jobs compared with other sectors. While we must and do support the policy of encouraging high growth sectors for the long-term health of the region’s economy, focusing solely on these from a skills perspective is not going to address growing levels of unskilled unemployed and particularly young people.

Considerable jobs growth is forecast in some lower skilled occupations, such as personal care and hospitality. There is therefore an imperative to ensure that Birmingham residents have the right skills to benefit from growth and the job opportunities that may arise at all levels.

¹ Key Sectors for Inward Investment. PA Consulting.2012

² Automotive manufacturing Supply Chain, Financial Services, Business and Professional Services, Computer Services and IT, Digital Media, Life Sciences, food and drink preparation

2. Context – Evidence Base

Technical Note

The statistics used in this report are principally derived from the Office of National Statistics data or produced by Birmingham City Council. Although the data is robust, there are some issues which should be noted:

- Relatively up-to-date data on skills is available at a city level from the ONS Annual Population Survey) .But for a detailed breakdown by community or ward the only source is the Census. 2011 Census data is not yet available, so we are reliant on the 2001 Census, which is now 11 years old.
- Despite all data being 'official' there are sometimes discrepancies between datasets, mainly due to differences in methodology or timing. But these are usually minor and do not affect the overall message.
- There are also gaps in the data and we have highlighted these in the report.

The skill levels of the resident population have a strong bearing on both the prosperity of the workforce as well as the competitiveness, productivity and performance of the Birmingham economy. With the ever growing importance of the knowledge economy, the ability to take part and compete in the labour market is increasingly dependent on skill levels and qualifications attained. Anecdotally it should also be noted that employers will often still cite behaviours, attitudes and motivation as key factors with regard to the employability of local people.

The data in this section is sourced from the ONS Annual Population Survey, and uses the following definitions.

No qualifications: No formal qualifications held

Other qualifications: includes foreign qualifications and some professional qualifications

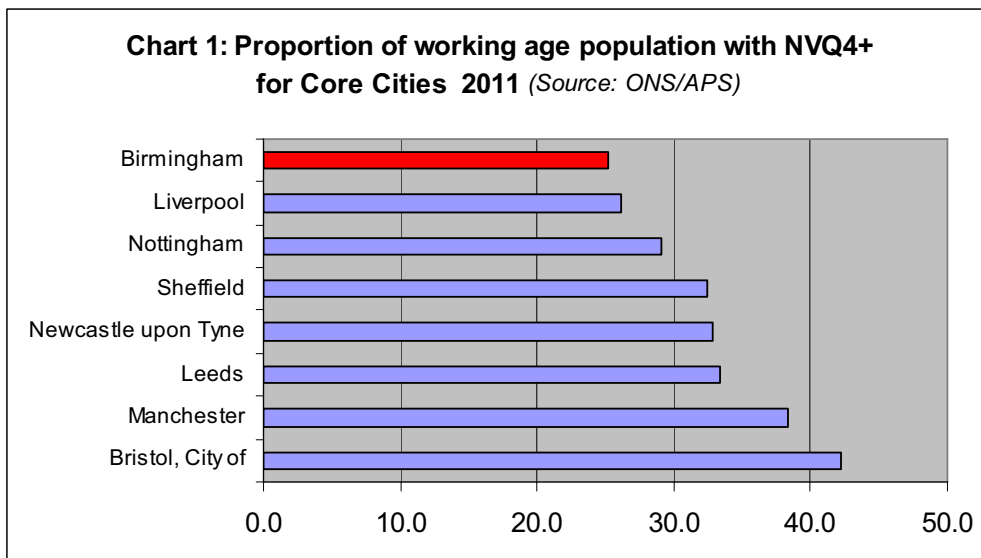
NVQ 1 equivalent: e.g. fewer than 5 GCSEs at grades A-C, foundation GNVQ, NVQ 1, intermediate 1 national qualification (Scotland) or equivalent

NVQ 2 equivalent: e.g. 5 or more GCSEs at grades A-C, intermediate GNVQ, NVQ 2, intermediate 2 national qualification (Scotland) or equivalent

NVQ 3 equivalent: e.g. 2 or more A levels, advanced GNVQ, NVQ 3, 2 or more higher or advanced higher national qualifications (Scotland) or equivalent

NVQ 4 equivalent and above: e.g. HND, Degree and Higher Degree level qualifications or equivalent

Birmingham has a large pool of highly skilled residents for businesses to draw upon. The 2011 Annual Population Survey shows that there are 169,100 working age Birmingham residents with degree level or higher qualifications. However, when these figures are analysed as a proportion - they show a different picture. Birmingham has a relatively low proportion of its population educated to NVQ Level 4 (Chart 1). At approximately 25% of the working age population with Level 4 qualifications, Birmingham is below the UK average and ranks towards the bottom of the eight English core cities. A similar picture emerges for those educated to Level 3, where Birmingham's rate of 43.5% is the lowest of all core cities.



This trend is also true at the other end of the skills spectrum. Birmingham has a higher proportion of its population with no formal qualifications than the majority of the other English core cities (17%). This proportion with no qualifications is significantly above the average for the nation as a whole. This skill shortage is a contributing factor to Birmingham’s low proportion of residents employed, and associated high claimant unemployment rate.

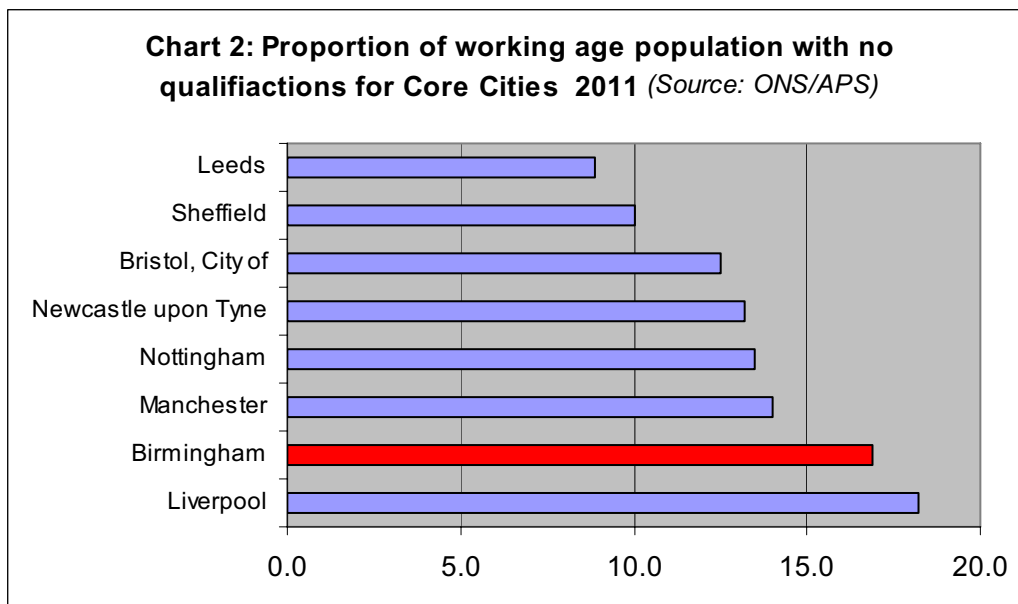


Chart 3 on the following page highlights the qualification gap between the city and the other core cities. Birmingham has a higher proportion of working age population with no qualifications than all core cities apart from Liverpool. And for NVQ levels 1-4 Birmingham’s rate is below that of all core cities.

Chart 3: Birmingham's Qualification Gap with Core Cities (2011)

	No quals	NVQ1	NVQ2+	NVQ3+	NVQ4+	Trade Apprentic- eships	other qualifications
Birmingham (Rate)	16.9	72.8	59.3	43.5	25.2	2.8	10.3
Gap with Core Cities (percentage point)							
Nottingham	3.4	-6.4	-7.4	-6.2	-3.9	0.4	3.0
Newcastle upon Tyne	3.7	-8.9	-11.4	-13.8	-7.6	-1.4	5.2
Liverpool	-1.3	-3.2	-5.0	-3.1	-1.0	0.0	4.5
Manchester	2.9	-6.6	-10.9	-13.5	-13.1	0.8	3.7
Bristol, City of	4.4	-8.8	-11.2	-14.2	-17.0	0.0	4.5
Leeds	8.0	-13.1	-13.2	-11.7	-8.2	-1.1	5.1
Sheffield	6.9	-11.5	-10.2	-8.6	-7.3	-1.2	4.5

Source: ONS/APS/BCC

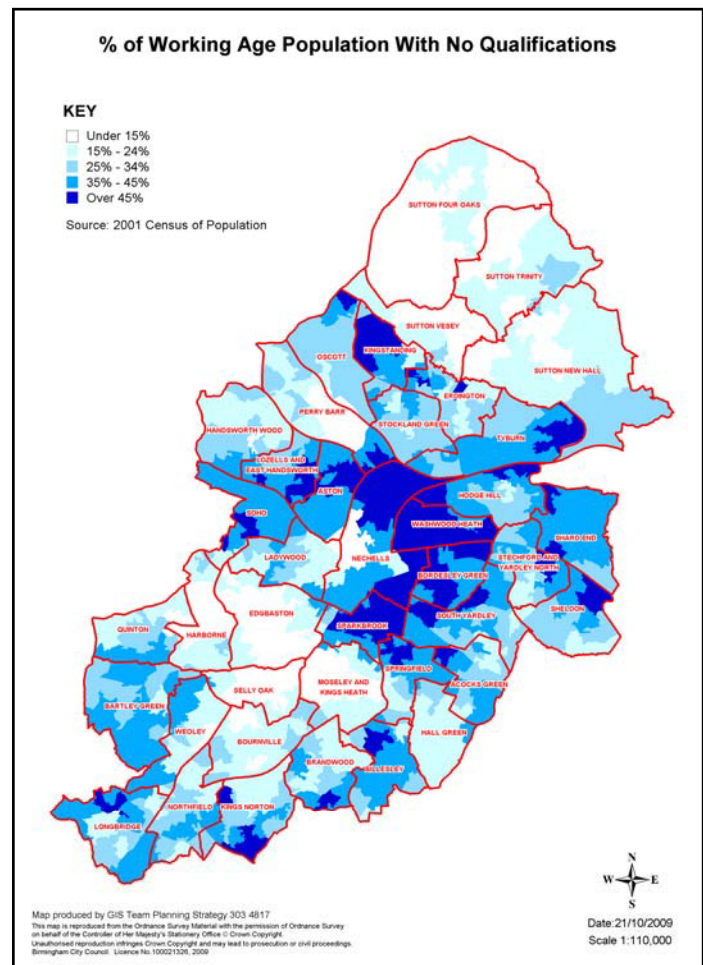
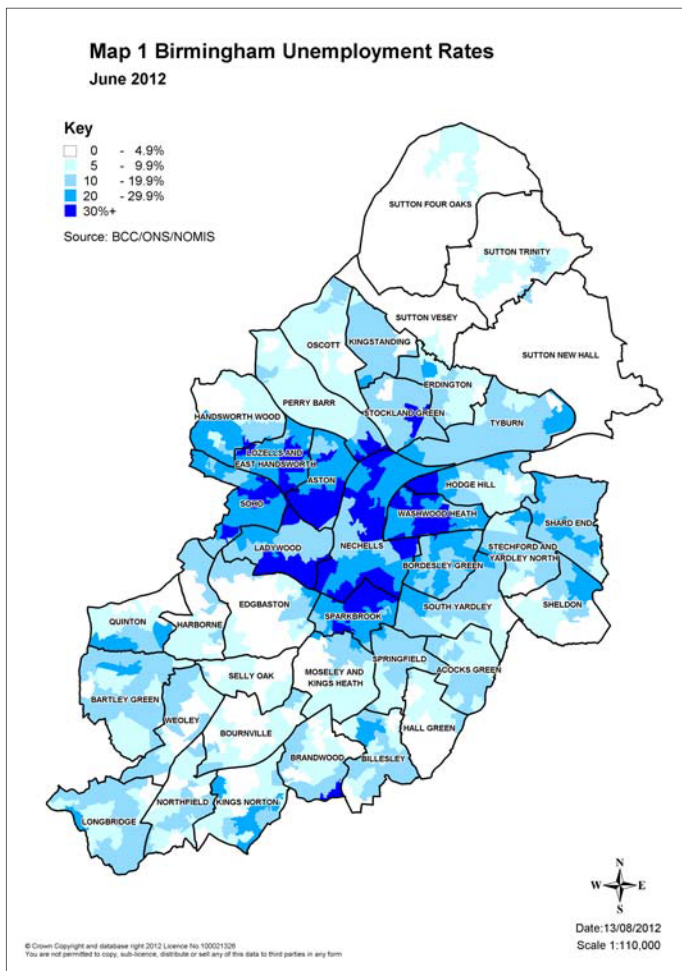
NVQs are a useful measure, but they do not take account of non-formal (NVQ) qualifications and on the job training. It is not possible to quantify these, and it would be helpful if a measure of these qualifications could be found. But it is important to acknowledge their role in improving the employment prospects of residents, and for some residents and businesses they may be more appropriate than an NVQ qualification.

Relationship between skills and economic activity

A much higher proportion of unemployed (49%) and economically inactive (55%) people have no formal qualifications compared to those who are employed (29%). Only 10% of unemployed people have a high level qualification (Level 4+) compared to 24% of employees. (Appendix 1)

However, despite these disparities, the figures also show that there are opportunities to use and build on the skill base of those outside the labour market. Although over 200,000 people aged 16-64 are recorded as being economically inactive in the 2001 Census, of these over 18,000 had a Level 4 qualification, and over 72,000 had a Level 1-3 qualification.

This relationship between skills and employment is shown clearly in the two maps below, which show the patterns of both unemployment and residents with no formal qualifications across the city. The maps also show the wide variation across the city in both skill levels and unemployment.



In 2001 over 40% of the working age population in 8 wards had no qualifications. 6 of these wards – all from the inner city – are also amongst the 8 wards with the highest unemployment rates. The other two wards are outer city areas (Shard End and Kingstanding), emphasising that skill levels are also an issue in some outer city communities. Interestingly, these are the 2 wards with the highest worklessness rate. (Appendix Table A). When the 2011 Census data is released (hopefully in November 2012) we can update these figures and identify where changes have occurred.

NVQs are a useful measure, but they do not take account of non-formal qualifications and on the job training. It is not possible to quantify these, but it is important to acknowledge their role in improving the employment prospects of residents, and for some residents they may be more appropriate than an NVQ qualification.

Attainment by ethnicity

There is wide variation in skill levels between different ethnic groups in Birmingham. Unfortunately data by ethnicity is only available from the 2001 Census. As with the ward data, we can only update these figures when the 2011 data is released. In 2001 53% of Bangladeshis, 50% of Pakistanis and 47% of Irish had no qualifications, compared to 30% of White British, 31% of Indians and 25% of Black Caribbeans. Only 9% of people of

Bangladeshi heritage and 10% of those of Pakistani heritage had University Degrees compared to 23% of Indians and 18% of Black Caribbeans.

When we look at the total of those educated to at least Level 3 – the measure of a world class workforce, a similar pattern emerges (Chart 4).

The low levels qualification levels in some groups will have a real impact on their competitiveness in the labour market, particularly in the current economic climate.

Chart 4 also compares the situation in Birmingham with two other Core Cities, and it is clear that ethnic minorities in Birmingham have, in most cases, significantly lower skills levels than those in Liverpool and Manchester.

Chart 4: NVQ Level 3 attainment for major ethnic groups in Birmingham and comparator cities 2001				
	Birmingham No.	Birmingham %	Liverpool %	Manchester %
White British	107,905	27%	26%	35%
Indian	12,958	34%	78%	63%
Pakistani	11,226	19%	56%	32%
Bangladeshi	1,874	16%	28%	35%
Black Caribbean	8,144	26%	36%	28%

Source: Census 2001

More detail can be found In Appendix 3 Chart C.

Schools Data

The percentage of pupils achieving 5+ A*-C in 2011 is 86.4%, compared with 81.9% in 2010. Birmingham's performance is one of the highest of the core city and statistical neighbour authorities and is above the England average (80.5%). Of particular note is the improvement in the percentage of pupils achieving 5+ A*-C including English and mathematics, from 54.9% in 2010 to 58.2% in 2011. For the second year Birmingham's results match the national results (58.2%). Birmingham's 5+ A*-C including English and mathematics result is above the average for the core city and statistical neighbour authorities. There are four schools below the new floor standard in 2011.

Provisional data for 2012 shows Birmingham's attainment continues to improve with 61% gaining 5 or more A*-C including English and Maths, and 90% gaining 5 or more A*-C grades.

While more needs to be done, encouraging improvements have been made in closing the 'equality gaps' for several of the groups at risk of underachieving. For example, Black Caribbean boys' 5+ A*-C including English and mathematics results increased for the third consecutive year by 6 percentage points to 45% and Somali boys' results increased by 14 percentage points to 50%. The result for white disadvantaged boys (those with free school meals) has remained the same as last year at 29%.

Young people's skill levels in Birmingham

Although GCSE results have improved greatly in recent years, and the proportion of 16 year olds gaining 5 or more GCSEs at A*-C grade is now above the national rate, it is likely to be decades before this significantly influences the overall working age qualification rates. The current definition of working age spans 48 years (16-64). Birmingham overtook the national rate for 5 or more GCSEs at A*-C in 2005, and the national rate for 5 or more GCSEs at A*-C including English and Maths in 2011, so even if older workers are also upskilled, those with improved school grades will only comprise a small proportion of the total workforce for a considerable number of years.

Encouragingly, the proportion of 16-19 years olds with no qualifications has fallen by around 10 percentage points since 2004, and now stands at around 12%, broadly comparable to the core city average. It is reasonable to assume this does reflect the improved schools attainment.

But when we look at the 20-24 year old cohort, there has been little change over since 2004 for both the proportion with no qualifications and the proportion with NVQ4+, and the city under performs compared to many core cities. This age group, will, of course, not just consist of those who attended school here, because of migration in and out of the city both within and outside the UK.

Graduates & Graduate Retention

Number of Graduates

There is limited information freely available on the number of graduates by institution, the Higher Education Statistics Agency (HESA) do hold data on the number of HE students obtaining degrees by class of degree and institution but this data needs to be purchased. The data in Chart 5 below shows there were 73,840 HE students studying in the city in 2010/11.

Institution	Postgraduate	Undergraduate	Total HE students	Total FE students	Total all students
Aston University	3,190	8,130	11,325	0	11,325
Birmingham City University	4,115	19,845	23,955	365	2,4320
The University of Birmingham	11,650	19,010	30,660	0	30,660
University College Birmingham	460	4,330	4,790	6,990	1,1785
Newman University College	290	2,825	3,110	0	3,110
Birmingham Total	19,705	54,140	73,840	7,355	81,200

Source: HESA

Graduate Retention

There is no available data on graduate retention in the city, there is no official data available at city level and the Universities themselves do not have the resources to carry out (and maintain) accurate surveys on former students and where they take up employment. A

report compiled before the recession (in 2008) for the West Midlands region³ identified that the low level of demand for graduate skills has a significant impact on graduate retention. However, the research also suggested that there was potential to increase this demand by improving both graduate and employer perceptions and improving employer investment in graduate training. Other findings included:

- Retention rates vary greatly by institution
- 40% of those who found employment outside the region work in higher paying and higher value private sector activities compared to 30% who stayed in the region.
- Work placements were considered by graduates to be an important factor in gaining employment.
- Having a positive image of the region is an important factor in deciding whether to stay.
- Many potential employers had negative perceptions about the softer skills and attributes of graduates

Growth Sectors and Employment Opportunities

This section describes the growth forecasts in the city and the challenges in ensuring that all Birmingham residents have the opportunity to benefit from them.

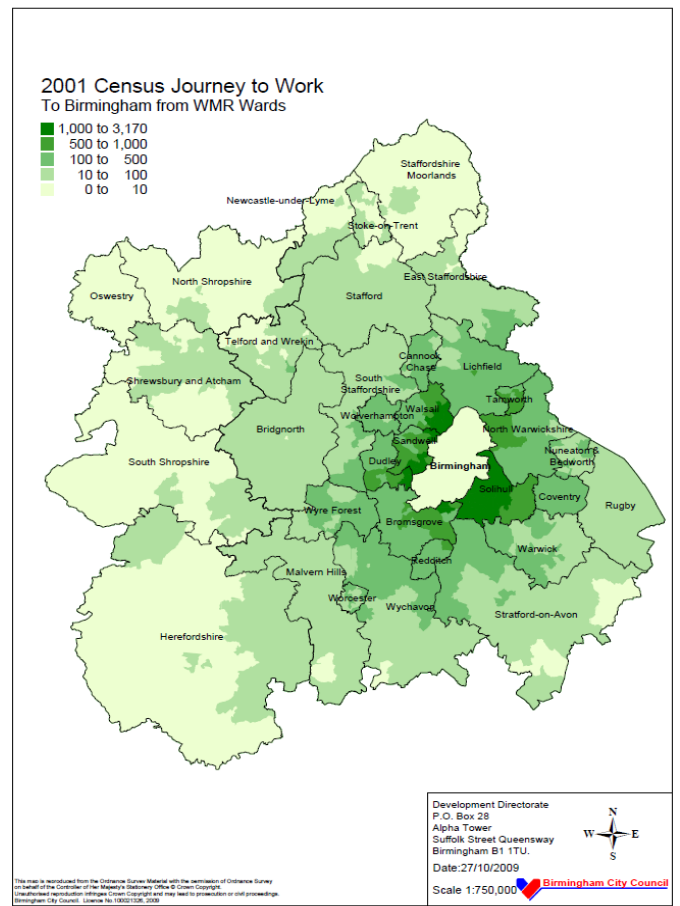
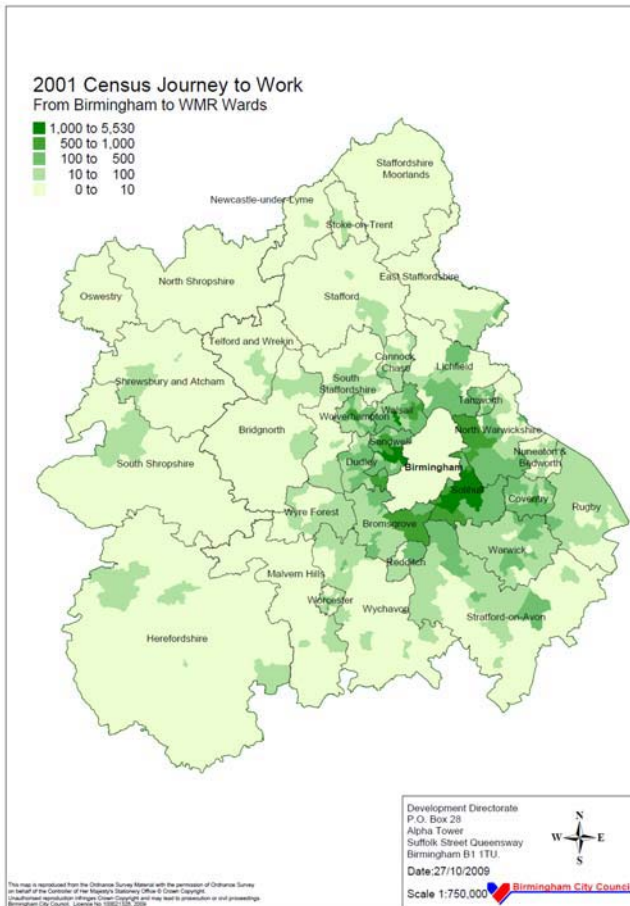
The Skills Gap and in-commuting

The available evidence suggests that there is a 'skill gap' in the city, with Birmingham's working age resident population not holding the necessary skills to fully meet the skills requirements of employers in the city (Appendix 2 Chart B). Given the move to a more knowledge focussed economy in future years it is likely that that the situation will deteriorate even further without significant improvement in resident skill levels (Chart 6). The future-proofing of the workforce will become an important factor, and the private sector will need to play a role in up-skilling its workforce. However, we also know there are many thousands of economically inactive skilled residents, offering an opportunity to grow the indigenous workforce, albeit with support to ensure their skills are appropriate for current and future job prospects.

This disjoint between skill levels and skill requirements in the city manifests itself in Birmingham being a large importer of workers from outside the city. Around 160,000 people commute into Birmingham for work accounting for around one third of employment in the city. Of these in commuters 54% (85,855) take up highly skilled employment. Around 75,000 Birmingham residents do commute outside the city for work; this however still results in Birmingham having a very large number (85,000) of net in-commuters to the city.

The two maps on the following page show commuting patterns between Birmingham and wards in the West Midlands Region. They clearly show the impact of Birmingham as the regional capital on in-commuting.

³ Graduate retention, attraction & employment study. 2008. West Midlands Regional Observatory.



The Birmingham Chamber of Commerce’s Quarterly Economic Survey for Q4 2011 shows that, of those companies looking to take on staff, just under 40% of service sector, and around 35% of manufacturing sector businesses were experiencing difficulties in finding suitable staff.

Although only covering around 60% of total vacancies, Job Centre Plus vacancy data also supports the existence of a ‘skills gap; in the city with vacancies for higher skilled occupations more likely to remain unfilled for longer than vacancies for intermediate and lower skilled occupations.

Employment and Sector Forecasts

In order to better understand the demand for skills in the future we have used our Local Economy Forecasting Model (LEFM) which gives projections of how economic output and employment in the local economy may change. The forecasts show that Birmingham’s economy is expected to show reasonable economic growth over the next decade but that over this period employment growth is expected to be subdued and that employment is not forecast to return to pre recession levels over the forecast period. This is in the context of a growing working age population in the city (Chart 5).

Chart 6: ONS Working Age (16-64) population projections for Birmingham		
Date	Projected population	Increase from 2010
2010	667,700	
2015	698,100	30,400
2020	722,400	54,700
2025	748,700	81,000
2030	776,500	108,800

Source: ONS 2010 population projections

The economy may not generate any net employment growth in this period but there will be job churn in the local labour market due to retirement, migration, etc. For example, we have estimated that over the period 2010 to 2020 replacement demand in the local economy will generate 186,400 job opportunities. In particular the churn in jobs currently taken by in-commuters offers an opportunity to move Birmingham residents into work provided they have, or can gain, the appropriate skills.

The LEFM can also project the types of jobs which will be created and the table below shows which occupations are forecast to grow and shrink, with those forecast to grow highlighted in bold.

Demand for Skills

Chart 7 below shows a forecast of how the occupational structure of employment in the city will change between now and 2025. Within the table a broad trend can be identified with increasing demand for what we have broadly grouped as higher skilled occupations and declining demand for lower skilled occupations. As much of the demand will be for the higher skilled occupations, such as corporate managers and science professionals, there will be an increasing need for residents to be qualified to QCF⁴ 6-8 (first and higher degree) level in order to access the employment opportunities being generated in the city. Whilst the general trend is for growth in higher skilled occupations there will still be demand for intermediate and lower skilled occupations such as caring and personal services, which will require lower level more vocational QCF qualifications.

Chart 7: Demand for Workers by Occupation in Birmingham 2011-2025					
Occupation	2012 employment	Change 2012-17	Change 2012-2025	% Change 2012-17	% Change 2012-2025
<i>Higher Skilled Occupations</i>					
Corporate Managers	52,609	6,781	19,739	13%▲	38%▲
Managers and Proprietors	12,430	-1,001	-1,889	-8%▼	-15%▼
Science/Tech Professionals	15,289	2,135	5,925	14%▲	39%▲
Health Professionals	8,109	68	623	1%▲	8%▲
Teaching/Research Prof.	31,117	-1,856	-2,494	-6%▼	-8%▼
Business/Public service Prof.	15,921	1,108	3,517	7%▲	22%▲
Science Associate Prof.	10,786	298	994	3%▲	9%▲
Health Associate Prof.	22,715	803	3,647	4%▲	16%▲
Protective Service Occs	3,683	105	431	3%▲	12%▲

⁴ n January 2011 NVQs were replaced with new Diplomas and smaller Awards and Certificates for continued professional development under the Qualifications & Credit Framework (QCF).

Chart 7: Demand for Workers by Occupation in Birmingham 2011-2025					
Occupation	2012 employment	Change 2012-17	Change 2012-2025	% Change 2012-17	% Change 2012-2025
Culture/Media/Sport Occs	7,223	283	1,152	4% ▲	16% ▲
Bus/Public Serv. Assoc Prof.	27,585	2,825	8,451	10% ▲	31% ▲
Intermediate Skilled Occupations					
Admin & Clerical Occupations	46,157	-1,347	- 2,037	-3% ▼	-4% ▼
Secretarial & Related Occs	9,583	- 2,815	-6,272	-29% ▼	-65% ▼
Skilled Metal/Elec Trades	16,924	-2,026	- 5,510	-12% ▼	-33% ▼
Skilled Construct. Trades	14,760	-136	- 414	-1% ▼	-3% ▼
Other Skilled Trades	8,152	-1,623	-3,410	-20% ▼	-42% ▼
Lower Skilled Occupations					
Caring Personal Service Occs	40,336	4,699	15,225	12% ▲	38% ▲
Leisure/Oth Pers Serv Occs	7,974	- 398	- 707	-5% ▼	-9% ▼
Sales Occupations	39,210	-1,266	-1,283	-3% ▼	-3% ▼
Customer Service Occupations	11,386	1,881	5,405	17% ▼	47% ▼
Process Plant & Mach Ops	19,030	-2,452	-6,415	-13% ▼	-34% ▼
Transport Drivers and Ops	19,913	391	1,452	2% ▲	7% ▲
Elementary: Trades/Plant/Mach	18,627	- 908	- 2,120	-5% ▼	-11% ▼
Elementary: Clerical/Service	43,076	- 695	- 725	-2% ▼	-2% ▼

Source: LEFM

Occupations where demand is forecast to grow are highlighted in bold

Working Futures have produced some data at GBSLEP area level which shows the forecast change in demand for skills between 2010 and 2020. There are tight restrictions on the use of the data but it in chart 8 below it can clearly be seen that higher skilled employees will increasingly be required.

Chart 8: Demand for Employees by Qualification Group			
Qualification Group	2010 % share	2020 % share	% Change 2010 - 2020
QCF 7-8 Higher Degree & Doctorate	6	11	85
QCF 4-6 HE & First Degree	23	27	26
QCF3 A level & equivalent	19	18	-5
QCF2 GCSE(A-C) & equivalent	23	22	0
QCF1 GCSE(below grade C) & equivalent	19	15	-14
No Qualification	10	6	-34
Total	100	100	5

Source: Working Futures

Opportunities for growth and inward investment

Research commissioned for the Greater Birmingham and Solihull LEP⁵ has proposed 6 sectors where there are opportunities for growth and inward investment. These would also offer opportunities for growth within the city:

- **Automotive** Manufacturing supply chain (Longer term: Low Carbon Vehicle)
- **Financial services** Back-office/ shared service functions
- **Business and professional services** UK/Regional HQ
- **Computer services & software** Large IT-related operations (outsourced operations) (Longer term: Ecommerce hub)
- **Digital media** Games development
- **Life sciences** Medical & surgical equipment manufacture & research, Clinical trials
- **Food & drink** Process & production

Although job forecasts were outside the scope of this study, advanced manufacturing and automotive in particular were identified as having the best opportunity for jobs growth

Although a significant proportion of the employment opportunities in these sectors are likely to be for higher skilled workers, there will also be a demand for those with lower skills, particularly in the food and drink sector. And there will be demand for lower skilled staff to support growth in the other sectors, such as receptionists, canteen staff, cleaners etc.

⁵ Key Sectors for Inward Investment. PA Consulting. 2012

3. The Role of the Council in delivering Skills

3.1 Using our influence

3.1.1 The City Council clearly has a role in terms of influencing the provision that currently exists, and influencing future delivery and resource allocation to ensure that Birmingham's priorities in terms of tackling disadvantage are met. In delivering across the skills agenda, there are a number of levers that the City Council can call into play to deliver and develop skills.

3.1.2 A number of those sit within other Directorates (outside Development and Culture) of the City Council and will be submitting evidence separately, for example the Children and Young People and Families Directorate (CYPF) holds a strategic commissioning role for young people aged 14 to 19 (to aged 24 for specific groups) and the Birmingham Adult Education Service is a contracted provider of Adult Skills training and Community Learning.

3.1.3 There is clear synergy between the roles of Directorates in delivering skills, and this is encompassed in *the Corporate Employment and Skills Plan* which is currently being refreshed. Senior Managers within the Council have overseen the development of a Corporate Employment and Skills Action Plan which identifies how council services can contribute effectively to tackling employment and skills, contributing to the work of strategic partners in the city. This covers the City Council as an employer, as a purchaser of services, engagement with vulnerable communities through statutory provision and its active engagement with developers and employers at a number of levels.

Examples of this approach include more closely aligning the commissioning of 14 – 19 provision with the needs of the local economy and supporting the progression and development of looked after children.

3.1.4 The loss of external funding streams such as Working Neighbourhoods Fund has inevitably impacted on the City's ability to fill funding gaps and address priorities. Over recent years the changes in the way skills funding is commissioned has meant that it is becoming increasingly complex to navigate.

3.1.5 What is clear is that there is no systematic planning process for skills development in the city, including the deployment of the resources that currently flow through the Birmingham Adult Education Service (BAES). This currently amounts to over £5 million pounds per annum, and the City can deploy any uncommitted funds to meet immediate eligible priorities

The majority of skills funding currently (approx. £75m) flows through providers contracted by the Skills Funding Agency through the Joint Investment Programme for Adult Skills Fund, and most providers in the City including FE Colleges and BCC Adult Education can access this funding. Similarly contracted Work Programme Prime Contractors hold resources to support unemployed people with the skills support they need to access employment. However, despite the amount of public and private funding in skills development the issues of unemployment and skills in Birmingham's priority areas remains.

3.1.6 Access and eligibility for skills funding for both those in employment and out of work can be complex, depending on circumstances and current attainment levels. Although colleges have increasing freedoms to deliver training, there is currently no single point of access for companies who wish to access these funds for in work development, and companies would need to approach providers directly to access this. Providers themselves are increasingly demand-led, and often planning for future skills needs is problematic due to the time lag in developing appropriate provision.

3.1.7 Council Officers continue to have dialogue with the three Prime Contractors appointed in April 2011 by DWP to deliver the mandatory Work Programme in the Birmingham area: Newcastle College Group, EOS Works and Pertemps People Development Group. The providers have shared their delivery models, supply chains and service access points in order to address number of concerns around potential and perceived access to service gaps both in terms of the geographical spread of service access points and perceived barriers for specific client communities. A series of meetings have been brokered between the Primes and Centro, Best Network and Birmingham Social Housing partnership to explore joint working arrangements to address these perceived gaps. This has resulted in an increase in ad hoc specialist service purchasing from third sector agencies.

3.1.8 With the advent of the **GBSLEP** in 2010, there is increasingly an employer led approach to skills. The need to bring these bodies and programmes together has been recognised by GBSLEP. The Board have created a **GBSLEP wide *employer led Employment and Skills Board*** (ESB). The ESB is charged with producing an annual skills priorities statement to inform skills commissioning plans and underpin the business plans of providers such as FE Colleges.

A GBSLEP Strategic Provider Forum has been established alongside the ESB, bringing together major organisations involved in the delivery of employment and skills. It will be supported by dialogue with new groups such as the GBSLEP FE Principals' Forum and existing networks such as the Association of Colleges.

While the lead for supporting the skills agenda for the GBSLEP is not coming from Birmingham as the Core City but Solihull MBC, we are working through the established governance arrangements to ensure that the voice of the "Core City" is reflected back in terms of priorities and actions, particularly through the deployment of the City Skills Fund to develop skills plan for the wider LEP area.

3.1.9 Birmingham City Council is the accountable body for the £500,000 ***City Skills Fund*** which has been secured by the GBSLEP Employment and Skills Board to capacity build and support effective partnership working between the LEP and key local partners including employers, local colleges, independent providers, Universities, schools and communities.

The ***Skills Plan*** developed from the Fund will be jointly agreed with key partners, the FE sector and others, for example; universities, schools and Jobcentre Plus. As well as the local ESBs. Discussions with partners will also include how the investment by employers and through the FE sector will align and support the priorities within the plan, and how different funding sources including employer investment available locally can be aligned and complement plan priorities.

3.1.10 Closely linked to the Skills element of the **City Deal** (Appendix 5) agreed between

the GBSLEP and the government, we are working to ensure that the City Skills Fund is deployed to develop locally focussed structures which support the broader LEP priorities and Birmingham priorities.

These include:

- The development of a Skills Hub incorporating an apprenticeship hub to provide a brokerage role for both employers and residents to access the skills training and apprenticeships to support growth in jobs and access to employment.
- Alignment of all stakeholders (schools, colleges, employers) to ensure skills development, learning and careers advice to reflect current and future opportunities by facilitating closer links between business and schools.
- Development of provider forums to providers to contribute to LEP thinking and better alignment of funding.
- Research and analysis of existing and future skills priorities and local labour market data, enable detailed consultation with key stakeholders and publish a final comprehensive Skills Plan that sets out a collaborative approach to meeting local skills needs and stimulating growth in the GBS LEP area

3.1.11 The City Council is a key participant in the ***employer led Birmingham Employment and Skills Board***, with representation by the Assistant Director for Employment and from within CYPF. This recognises the unique position that the City Council holds in ensuring that opportunities for skills development are focussed on local residents, including tackling of youth unemployment, as well as itself being a large scale employer.

The Birmingham ESB has produced a draft Forward Plan which highlights priorities of the Board. A series of Task and Finish Groups have been set up to support the implementation of activities to support these priorities, with Council Officers key to their implementation and delivery.

Briefly these are:

- To create greater and more productive partnerships between businesses and schools and work to discover practical and creative ways this can be established
- To focus on youth unemployment at all skills levels and use the development of the “skills hub” to tackle the issues surrounding this, including pre-employment and pre-apprenticeship training
- To promote the UK Skills Show to the best advantage of the City of Birmingham and its residents

For example, the Board are keen to support the ***World Skills Show***⁶ in November and have supported the bid for ESF funding for “Have a go” activities. We are also looking to secure City Skills Fund to provide enhanced support through mentoring for particularly disadvantaged young people such as looked after children and young people with learning disabilities and their carers, so that they can take full advantage of the opportunities offered by the Skills Show.

⁶ Further details can be found at <http://worldskillsuk.apprenticeships.org.uk/the-skills-show>

Both the City Council and the Birmingham ESB will be keen to adopt a more robust and challenging approach to Skills “asks” for the second wave of City Deal to ensure greater powers within GBSLEP to target resources where there will be greatest impact.

- 3.1.12** We are also deepening links with local **FE providers** to encourage and support their new freedoms and flexibilities in deploying their skills budgets to more closely align with other provision and support local priorities.

Working with the Skills Funding Agency we are seeking to ensure that FE Colleges are fully engaged in addressing disadvantage caused by lack of skills in Birmingham’s most deprived communities by agreeing a **local protocol** for working together to achieve our individual and shared priorities, and be able to identify the local impact of national funding streams.

- 3.1.13** At the request of the Leader of the Council, the Cabinet member for Development Jobs and Skills is leading on the convening of a **Youth Unemployment Commission**. The work of the Commission is currently being scoped, and the findings of the Commission will be released later in the year.

- 3.1.14** With the support of the Skills Funding Agency and the National Apprenticeship Service, the Employment Team has developed an **Apprenticeship Strategy** for Birmingham which is shortly to go out to consultation with stakeholders before being launched later in the year. As well as supporting the wider aspirations of Greater Birmingham and Solihull LEP to increase the number of apprenticeships across the area the strategy will focus on the City Council as an employer, using procurement and planning functions, promoting apprenticeships through schools and using the links that the City Council has with employers to promote apprenticeships to a broader audience.

- 3.1.15** The Employment Team are working closely with HR colleagues to develop a structured approach to providing work placements and work experience, including the apprenticeships and Graduate internships, a model that we hope will be adopted across other public and private sector organisations and the voluntary sector.

3.2 Capturing job opportunities

- 3.2.1** The Employment Team has taken a role in capturing job and training opportunities for those who are out of work, harnessing the unique position that the Local Authority holds as a Planning Authority, but also as a large scale purchaser of goods, services and procurer of capital projects. The Employment Team’s **Employment Access Team (EAT)** utilises the Council’s planning and procurement powers to work with developers and employers to capture jobs, so they can be made available to organisations supporting unemployed priority residents into employment and apprenticeships. The work of the EAT culminates in a series of localised recruitment campaigns with customised training linked to specific vacancies identified through links with developers and employers. As well as facilitating access to specific vocational training there is an increasing emphasis on developing employability skills to support the most disadvantaged groups into work, and more importantly stay in those jobs or progress to others.

The EAT brings together the collective resources of Birmingham City Council,

Employers, Jobcentre Plus, local colleges and training providers to deliver actions focusing on alleviating unemployment and worklessness in line with the Council priorities.

3.2.2 A **Procurement Policy Framework for Jobs and Skills** was adopted by Cabinet in July 2010, this has resulted in commitment for up to 5,400 jobs for local residents. EAT works with successful contractors to ensure they meet their contracted training and employment targets. Recent examples of EAT recruitment campaigns being taken forward around key development sites include: Birmingham Gateway New Street Station; Library of Birmingham; East End Foods, Aston; Extra Care Village, Newtown.

We are presently evolving the Council’s **Planning Policy** to provide a similar overarching framework to enable the systematic application of planning conditions which will secure the agreement to jobs and training targets by developers – both at construction stages and into end-use, and therefore in all sectors of the Birmingham economy. The team also links with Marketing Birmingham to offer in-locating companies a co-ordinated recruitment and training service.

3.2.3 We are currently seeking approval to draw upon **Section 106 funds** to run a **targeted Employment Campaign in North West Birmingham** driven through partnership between Birmingham City Council Employment Team (Employment Access function) and key employers around tranches of specific vacancies. The aim will be to match workless residents of North West Birmingham, particularly those from communities most distanced from the labour market, into these jobs via short **customised training packages** jointly devised with the relevant employers to match their skill needs, leading to interview/ jobs guarantees for successful completers.

3.2.4 The work of the EAT team culminates in job matching and a series of localised targeted recruitment and customised pre-employment training campaigns linked to specific vacancies identified through links with developers and employers arising from the planning and procurement links described above.

3.2.5 Examples of **Targeted Recruitment & Training campaigns** recently undertaken and the resultant employment outcomes are summarised in the table below:

Major Project / Sector / Employer	Employment Outcomes Achieved		Source
Library of Birmingham (Carillion and their supply chain – Edmonds & Co, Morrisroe, Argus Fire Protection Co, Briskair, Capita Symonds, Capricorn Blinds, DSM, EMCOR, Emtor Engineering Services, Horbury Group, Interclass, Johns of Nottingham, Linder Façade, Lyndon Scaffolding, Marlborough	260	(includes 82 apprenticeships)	EAT Reports to Project Board

Major Project / Sector / Employer	Employment Outcomes Achieved		Source
Brickworks, Munnelly's, Optima Contracting, Roseville Plastering, SkyBlue Solutions, The Grating Company, Titan Ceilings, TPS)			
Birmingham Gateway New Street Station (Coleman & Co, Volker Fitzpatrick, Keltbray, Martifer Construction, Shaylor, Lyndon Scaffolding, NG Bailey, Atkins, John Doyle Construction, Irvine Whitlock)	190	(includes 20 apprenticeships)	EAT Reports to Project Board
Building Jobs in Birmingham (BCC Housing, Thomas Vale, UL & Decent Homes projects, Frank Haslam Milan, Longbridge & other Construction Projects)	47		
Highways PFI Contract (Amey plc)	74	(includes 20 apprenticeships)	EAT database (as per date)
Service Birmingham	163	(15 more in pipeline due to start 24 Sept)	EAT database (as per date)
Railtrack	35		EAT database (as per date)
Environmental Projects (Groundwork, Birmingham Energy Savers, EON)	89		EAT database (as per date)
Retail & Hospitality Jobs (Tesco, Morrisons, East End Foods, hotels)	320		EAT database (as per date)
Health & Social Care Sector (Active leisure, Aspect care, Hunters Moor, ExtraCare Villages)	36		EAT database (as per date)
Manufacturing Routeway (Cadbury's)	88		EAT database (as per date)
Miscellaneous (including Jewellery Quarter)	15		EAT database (as per date)
Approximate Total:	Over 1,300 people from disadvantaged communities		

Major Project / Sector / Employer	Employment Outcomes Achieved	Source

3.2.6 The EAT also works to provide the brokerage role to support employers in accessing the plethora of funding that is available to support training and to simplify the means by which employers are able to recruit employees with the skills that they require.

3.2.7 **Example 1—the Constructing West Midlands Framework Contracts (Procurement Policy)**

EAT supported the procurement process with ACIVICO for the renewed framework contracts, setting the evaluation criteria and scoring the Jobs and Skills elements of the tenders. This led to the establishment of a benchmark figure for construction opportunities, i.e. 60 person weeks of paid work for new entrants / apprentices per £1million of contract value. This is now being implemented by the successful contractors and has led to a co-operative approach by the companies who are now exploring the idea of a Shared Apprenticeship Scheme for young people. The project work allocation starting on site through the CWM framework contract has been slow to date, but already 23 people from our priority communities have got jobs (11 of these apprentices).

3.2.8 Matching the ‘supply’ (of trained people) and ‘demand’ (of vacancies) sides in sectors like construction (and allied trades), requires a co-ordinated multi-agency approach. This is being developed under the **Building Jobs in Birmingham** banner, enabling individual unemployed new entrants to the industry to be supported from one temporary or fixed term appointment to another, thus sustaining people in work and enabling them to complete apprenticeships and qualifications which can take up to two years to achieve. ‘Get Into’ courses and pathways to the jobs for people, including work trials and work experience, are also necessary to helping people realise the opportunities.

The EAT also works to up-skill people in advance of known job opportunities and in readiness for growth sectors. The Team communicates with external partners regarding job opportunities, and promotes live vacancies widely to a wide range of partners and community-based service providers – over 180 organisations are on the EAT opportunities mailing list.

3.2.9 Example 2 –the new John Lewis and Birmingham Gateway New Street Station Southside development (Planning Policy)

The ambition to improve the visitor / customer service excellence experience will cascade beyond the Southside development across the wider city centre. Through an alliance of strategic public-private sector partners, the IAG providers across the city will be appraised of the 1,000 plus emerging job opportunities so that young people and the long-term unemployed can receive skills and personal development training now, to meet the standards expected by new in-locating employers. The initiative will be launched in the Autumn, with a ‘call-to-action’ targeting skills and training suppliers in the city.

3.2.10 In addition early work is underway in order to plan a response to the opportunities to be created through the newly designated Enterprise Zone, particularly in the creative industries, Information Technology and financial sectors.

3.2.11 The procurement process for the Delivery Partner for **Birmingham Energy Savers (BES)** is incorporating intensive dialogue with the shortlisted bidders over the jobs and skills requirements that will be integral to the contract. This is not only in terms of creating jobs and training opportunities through the delivery of BES per se, but piloting new skills training and qualifications in green technologies that will form the basis to support the growing Green economy in Birmingham that opportunities such as Green Deal will bring. The Employment Team have been leading on the dialogue phase for this element of BES to ensure that maximum benefit is derived from the delivery of the programme over the next few years.

3.3 Aligning Resources

3.3.1 Worklessness Co-design Project (WiSH)

3.3.2 The City Council is leading on the **DWP Co-design WiSH (Worklessness in Shard End and Handsworth) pilot** to offer individuals with multiple barriers to employment better access to support services to help deal with the underlying issues preventing employment being secured. This support is provided by a co-located partnership team involving Jobcentre P, Midland Heart, Pertemps People Development Group and the City Council. Services are also provided to other excluded groups i.e. care leavers and Birmingham residents leaving HMP Winson Green.

The Birmingham Worklessness Co-design project is one of five pilot projects launched and endorsed nationally by DWP. Birmingham’s project proposes the need for a radical redesign of employment support services. It was felt that “just providing more of the same”, would not make a difference in moving individuals, particularly those with multiple needs, into sustainable employment. Working with a cohort of workless residents, the co-design pilot aims to test the assumption that integrated, person-centred support services delivered in community settings, with clients receiving intensive one-to-one support tailored to their needs, would improve the client journey experience and therefore, be more effective in achieving sustainable

employment outcomes and efficiencies.

3.3.4 A project team of advisers has been established through the secondment of staff from Jobcentre Plus, Pertemps People Development Group and Midland Heart, and they are now delivering support to clients from a range of community venues in the Lozells and East Handsworth and Shard End areas of Birmingham, in the latter case working as a fully integrated arm of the Community Based Budget Family support pathfinder initiative. The project has also been used to trial interventions for specific priority client groups (Ex-offenders, refugees and career leavers) on a pan Birmingham basis.

3.3.5 The WiSH project has been operational since June 2011 and is scheduled to run for 2 years until May 2013. An evaluation framework for the project has been developed, agreed and shared with DWP at a national level. The evaluation is on-going and is due to report back in full in May 2013. An interim evaluation has recently been undertaken to coincide with the end of the first year of operation. The interim evaluation was undertaken in house with reference to a critical friend function provided by University of Birmingham.

3.4 Addressing skills shortages in Advanced Manufacturing and Engineering (AME)

3.4.1 We are establishing a **Task Force** to address the immediate crisis that is currently being faced in the advanced manufacturing and engineering sector in the region that will seek align resource to provide accelerated skills routeways into the sector. The Task Force will complement the work of the LEP and the LEP ESB, funding programmes such as the Advanced Manufacturing Supply Chain Initiative (AMSCI) proposed, Advanced Manufacturing Hub in Aston, and the expansion of major companies such as JLR and BMW

3.4.2 We are currently in discussions with **SEMTA**, the Sector Skills Council **for advanced manufacturing and engineering** to establish a locally focussed pre-employment programme to support unemployed residents into opportunities within local companies within the sector. Based on a model currently being piloted in the North East funded through colleges' adult skills budgets, we are currently looking to align other funding sources to provide more intensive pre-pre-employment support to enable those further away from the labour market to benefit, and to provide ongoing wraparound support such as mentoring in employment to maximise retention.

This programme will be launched at the World Skills Show in November 2012, and will complement developments such as the Aston University Engineering Academy.

3.4.3 BCDA

The Employment Team are working with the Birmingham Care Development Agency Learning and Development Service to support the recruitment and skills needs of the sector under the framework contract for personal care. This is a sector where there is considerable jobs growth in future years. The services on offer include workforce intelligence, planning and recruitment support, access to learning and development for social care and social work and opportunities to influence change via participation in reference groups and networks within the sector.

4. Moving Forward

4.1 Recent years have seen massive upheaval in the skills landscape – in terms of funding, shifting of powers and the drive towards employer ownership of skills. While potentially empowering it may appear both complex and confusing. There is, however, a will to work together to achieve our mutual priorities and we need to build upon that.

4.2 Whilst the GBSLEP gives a framework and a commitment to drive up the skills levels in the wider LEP area, there is a need within the City to take action to close the skills gap. Substantive amounts of funding flows through institutions i.e. Universities, Colleges, training providers etc. By bringing together commissioners and providers there is the potential to further reinforce the work of the GBSLEP and develop collective targets and a single action plan for Birmingham.

Clearly we will need to deploy our own resources to support this. The establishment of a Skills Hub could provide the required intelligence base, together with a planning and services co-ordination base with a view to informing the asks in the second wave of City Deal.

4.3 We will continue to explore in partnership with DWP (JobCentre Plus) the opportunities offered by the Flexible Support Fund to develop innovative and locally delivered skills support, using the strengths of Birmingham’s community and voluntary organisations.

4.4 The establishment of the Youth Unemployment Commission will draw on the skills and expertise of a broad range of individuals and organisations to address the issue of youth unemployment and prevent young people becoming the long term unemployed of the future,.

Shilpi Akbar
Assistant Director Employment
Development Directorate

0121 303 4571

shilpi.akbar@birmingham.gov.uk

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APPENDIX 1

Table A: Unemployment by ward (2012), Worklessness by ward (2011) and % of Working age population without qualifications by ward (2001). All sorted by worst performing to best performing

Ward	Unemployment Rate (% of economically active population)	Ward	% of Working age population claiming out-of-work benefits	Ward	% of Working age population without qualifications
Aston	29.7%	Shard End	27.2%	Washwood Heath	50%
Washwood Heath	28.6%	Kingstanding	27.1%	Bordesley Green	46%
Lozells & East Handsworth	27.8%	Washwood Heath	26.9%	Sparkbrook	45%
Nechells	27.1%	Sparkbrook	26.3%	Aston	44%
Sparkbrook	25.7%	Nechells	26.3%	Kingstanding	43%
Ladywood	25.6%	Lozells and East Handsworth	26.0%	Lozells & East Handsworth	43%
Soho	23.9%	Soho	24.8%	Shard End	42%
Bordesley Green	19.7%	Aston	23.5%	Soho	40%
Shard End	14.9%	Tyburn	23.5%	Tyburn	39%
Stockland Green	14.9%	Stockland Green	22.3%	Springfield	39%
Kingstanding	14.8%	Kings Norton	21.6%	Nechells	38%
Tyburn	14.0%	Bartley Green	21.3%	Hodge Hill	37%
Springfield	13.7%	Weoley	21.2%	South Yardley	36%
Hodge Hill	13.5%	Hodge Hill	21.0%	Stechford & Yardley North	35%
South Yardley	12.8%	Stechford & Yardley North	20.9%	Bartley Green	35%
Handsworth Wood	12.5%	Bordesley Green	20.4%	Billesley	35%
Weoley	11.9%	Longbridge	20.2%	Acocks Green	34%
Stechford & Yardley North	11.6%	Brandwood	20.1%	King's Norton	34%
Bartley Green	11.5%	South Yardley	19.8%	Longbridge	33%
Acocks Green	10.4%	Erdington	19.1%	Sheldon	31%
Brandwood	10.3%	Billesley	18.9%	Oscott	31%
King's Norton	10.0%	Acocks Green	18.9%	Weoley	31%
Longbridge	9.8%	Quinton	18.5%	Brandwood	30%
Billesley	9.6%	Ladywood	18.2%	Erdington	29%
Erdington	9.6%	Northfield	17.7%	Stockland Green	29%
Moseley & Kings Heath	9.5%	Springfield	17.5%	Northfield	28%
Quinton	9.3%	Moseley & Kings Heath	16.6%	Ladywood	28%
Edgbaston	9.1%	Sheldon	16.6%	Handsworth Wood	28%
Northfield	8.8%	Handsworth Wood	16.0%	Quinton	28%
Sheldon	8.1%	Bournville	14.5%	Perry Barr	26%
Perry Barr	7.7%	Oscott	14.0%	Hall Green	23%
Harborne	7.2%	Perry Barr	12.9%	Bournville	22%
Oscott	7.0%	Hall Green	11.7%	Moseley & Kings Heath	18%
Bournville	6.8%	Harborne	11.4%	Sutton Trinity	18%
Selly Oak	6.4%	Edgbaston	11.0%	Harborne	17%
Hall Green	5.4%	Sutton Trinity	10.1%	Sutton New Hall	17%
Sutton Trinity	4.2%	Sutton Vesey	7.4%	Sutton Vesey	15%

Sutton Vesey	3.2%	Selly Oak	7.1%	Sutton Four Oaks	14%
Sutton Four Oaks	2.8%	Sutton Four Oaks	6.8%	Edgbaston	12%
Sutton New Hall	2.7%	Sutton New Hall	6.5%	Selly Oak	12%
Birmingham	12.20%	Birmingham	18.1%	Birmingham	31%

Source: Census 2001 and ONS/NOMIS/BCC

Chart B: Qualifications by economic status in Birmingham 2001			
Aged 16-64	No qualifications or level unknown	Lower level qualifications (NVQ1-3)	Higher level qualifications (NVQ4+)
Total	39%	44%	18%
All Economically Active	31%	48%	22%
Employee – Economically Active	29%	47%	24%
Self-employed – Economically Active	39%	39%	21%
Unemployed – Economically Active	49%	41%	10%
Full-time student – Economically Active	10%	76%	14%
All Economically Inactive	55%	36%	9%
Retired – Economically Inactive	72%	16%	13%
Student – Economically Inactive	18%	69%	13%
Looking after home/family – Economically Inactive	61%	33%	7%
Permanently sick or disabled – Economically Inactive	74%	20%	6%
Other – Economically Inactive	66%	26%	8%

Source: Census 2001/BCC

The term 'no qualifications' describes people without any academic, vocational or professional qualifications. The term 'lower level' qualifications is used to describe qualifications equivalent to levels 1 to 3 of the National Key Learning targets (i.e. GCSE's, 'O' levels, 'A' levels NVQ levels 1 – 3). The term 'higher level' refers to qualifications of levels 4 and above (i.e. first degrees, higher degrees, NVQ levels 4 and 5, HND, HNC and certain professional qualifications).

Chart C: Qualifications by ethnicity in Birmingham (2001 Census)							
Numbers							
16-64	Aged 16 to 24 years	No qualifications	Level 1	Level 2	Level 3	Level 4/5	Other qualifications/level unknown
All People	606,173	197,538	99,364	107,306	59,145	106,552	36,268
British - White	401,133	121,577	71,259	74,849	40,298	67,607	25,543
Irish - White	19,151	8,961	1,974	2,515	1,225	3,225	1,251
Other - White	10,880	2,007	799	1,101	1,627	4,625	721
White and Black Caribbean - Mixed	6,173	1,730	1,371	1,563	615	599	295
White and Black African - Mixed	798	170	118	169	107	189	45
White and Asian - Mixed	2,874	874	385	560	383	539	133
Other - Mixed	2,054	451	294	370	264	546	129
Indian - Asian	38,132	11,912	5,120	6,474	4,133	8,825	1,668
Pakistani - Asian	59,880	29,930	7,937	8,309	4,494	6,732	2,478
Bangladeshi - Asian	11,600	6,195	1,529	1,577	831	1,043	425
Other - Asian	6,274	2,296	730	916	663	1,353	316
Black Caribbean - Black or Black British	31,310	7,864	6,236	6,549	2,590	5,554	2,517
Black African - Black or Black British	4,246	694	334	773	580	1,674	191
Other - Black or Black British	3,525	713	768	845	350	604	245
Chinese	3,915	836	229	363	590	1,755	142
Other	4,228	1,328	281	373	395	1,682	169
Percentages							
16-64	Aged 16 to 24 years	No qualifications	Level 1	Level 2	Level 3	Level 4/5	Other qualifications/level unknown
All People	100%	33%	16%	18%	10%	18%	6%
British - White	100%	30%	18%	19%	10%	17%	6%
Irish - White	100%	47%	10%	13%	6%	17%	7%
Other - White	100%	18%	7%	10%	15%	43%	7%
White and Black Caribbean - Mixed	100%	28%	22%	25%	10%	10%	5%
White and Black African - Mixed	100%	21%	15%	21%	13%	24%	6%
White and Asian - Mixed	100%	30%	13%	19%	13%	19%	5%
Other - Mixed	100%	22%	14%	18%	13%	27%	6%
Indian - Asian	100%	31%	13%	17%	11%	23%	4%
Pakistani - Asian	100%	50%	13%	14%	8%	11%	4%
Bangladeshi - Asian	100%	53%	13%	14%	7%	9%	4%
Other - Asian	100%	37%	12%	15%	11%	22%	5%
Black Caribbean - Black or Black British	100%	25%	20%	21%	8%	18%	8%
Black African - Black or Black British	100%	16%	8%	18%	14%	39%	4%
Other - Black or Black British	100%	20%	22%	24%	10%	17%	7%
Chinese	100%	21%	6%	9%	15%	45%	4%
Other -	100%	31%	7%	9%	9%	40%	4%

Source: 2001 Census/BCC

1. The highest level of qualification variable uses both the educational and vocational qualifications question, and the professional qualifications question.

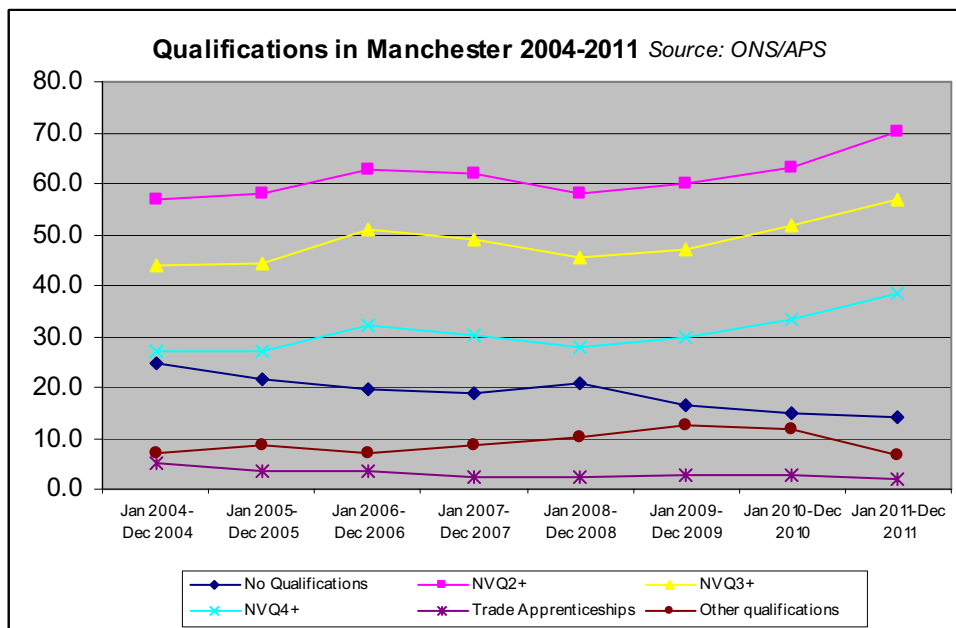
No qualifications: No academic, vocational or professional qualifications.
Level 1: 1+ 'O' levels/CSE/GCSE (any grade), NVQ level 1, Foundation GNVQ.
Level 2: 5+ 'O' levels, 5+ CSEs (grade 1), 5+ GCSEs (grade A - C), School Certificate, 1+ 'A' levels/'AS' levels, NVQ level 2, Intermediate GNVQ or equivalents.
Level 3: 2+ 'A' levels, 4+ 'AS' levels, Higher School Certificate, NVQ level 3, Advanced GNVQ or equivalents.
Level 4/5: First degree, Higher Degree, NVQ levels 4 - 5, HNC, HND, Qualified Teacher Status, Qualified Medical Doctor, Qualified Dentist, Qualified Nurse, Midwife, Health Visitor or equivalents.
Other qualifications/level unknown: Other qualifications (e.g. City and Guilds, RSA/OCR, BTEC/Edexcel), Other Professional Qualifications.

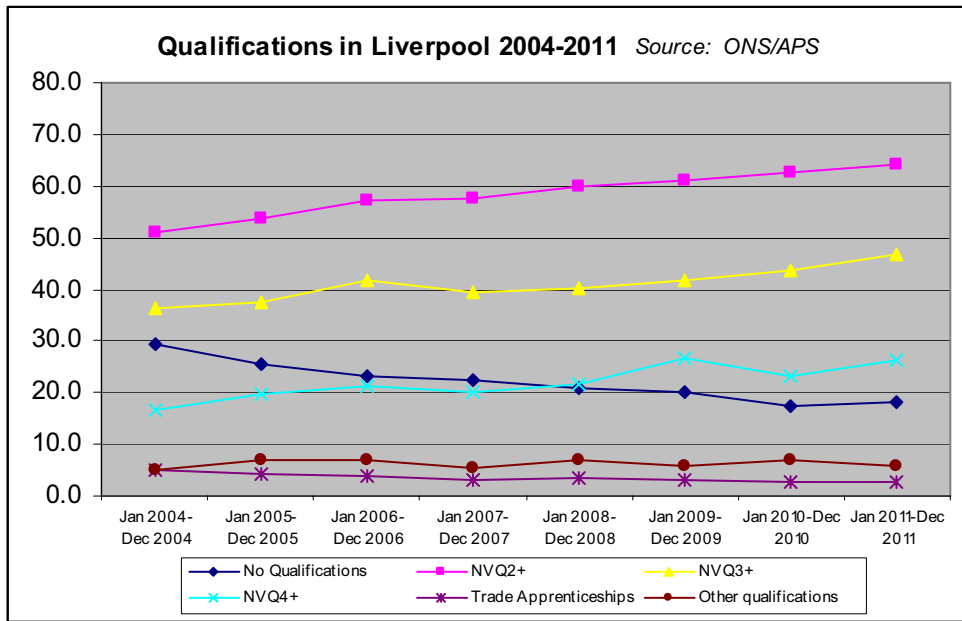
Comparison of Qualifications in Birmingham, Manchester and Liverpool over time (2004-2011)

The three tables on the next page show how skill levels have changed in Birmingham since 2004 (the earliest data available) compared to 2 other Core Cities – Manchester and Liverpool.

The charts show that over the period:

- The proportion of the working age population with no qualifications has decreased by 2 percentage points in Birmingham, but by 11 percentage points in both Manchester and Liverpool.
- The proportion of the working age population qualified to NVQ2+ has increased by 4 percentage points in Birmingham, but by 13 percentage points in both Manchester and Liverpool.
- The proportion of the working age population qualified to NVQ3+ has increased by 2 percentage points in Birmingham, but by 10 percentage points in Liverpool and 13 percentage points in Manchester.
- The proportion of the working age population qualified to NVQ4+ has increased by 1 percentage point in Birmingham, but by 9 percentage points in Liverpool and 11 percentage points in Manchester.





City Deal – Skills

Proposal 2: Skills for Growth

Deliver a world class skills system through a “Skills for Growth Compact” that radically recasts careers education as “Work Inspiration” and drives growth in our target sectors (and wider economy) through a “Skills for Growth Hub” that will rapidly increase Apprenticeship uptake and sustainable employment.

Across the LEP area there are significant skills challenges: high proportions of the working population with no formal qualifications; low proportions of the working population with higher level skills; attainment levels which, despite significant improvement, have not caught up with the national average; and An unemployment rate of 11.1% for 18-24 year olds, compared to a national average of 8.4%.

The Greater Birmingham & Solihull Local Enterprise Partnership has a vision for it to become a more competitive, more productive and a more prosperous economy. To achieve this aim the GBS LEP area needs to tackle the long-standing skills deficit that weakens our economy. The public sector currently spends £430m on skills provision in the West Midlands, with a significant amount more invested by the private sector. Despite the clear focus of attention on improving performance, employers continue to report difficulties in recruiting young workers with the skills and aptitudes that they need. There is also a mismatch between the things young people study and the outcomes employers want providers to deliver. To enable the step change we are committed to a series of interventions led by private sector leadership via the Employment & Skills Board (ESB) chaired by Jaguar Land Rover. The ESB will catalyse a new partnership between business, education and learners that will be the vehicle for long term sustained radical reform, delivering an enhanced market-led system in which demand from informed and engaged learners matches employer demand, producing skilled workers who will boost business growth. In the immediate term it will deliver our **Skills for Growth Compact**.

This will commit employers, colleges and schools to build a best-in-class skills service to link pupils and learners with real-world work opportunities with at least 25% of local businesses signed up by 2015. The Compact will reflect a dynamic partnership where schools, colleges and employers work together to align careers advice, learning and preparation for work. In this compact, business will take a fundamental and ongoing role in education and learning – from today’s co-existence to tomorrow’s co-creation. It will provide young people with clear aspirations and an informed and objective route to achievement, embedding enterprise and work-related learning built on an understanding of the opportunities in the LEP area. For the employers we will ensure that the compact addresses employers’ perceptions of “work readiness” to ensure they get the skills they need to prosper.

Secondly, we will undertake further action through our **Skills for Growth Hub**. Based on the underpinning market intelligence gained through the City Skills Fund and the leadership of the ESB, we will rapidly increase apprenticeship uptake across the LEP area in high growth and key employment sectors. We will give employers the flexibility to design, in partnership with providers, new training provision that meet their needs. For the provider, through increased use of the innovation code, we will de-risk the creation of new qualifications by allowing delivery and accreditation to be delivered in parallel. Finally, to ensure colleges have the industry specific facilities required to deliver high quality, training we will support them with ring fenced capital investment to ensure learners that are required.

The proposals in detail

Inspired leadership	
GBS LEP Commitments	Government Commitments
<p>To recruit industry champions who will be leaders of, and catalysts for change, delivering fundamental reform through shaping and piloting our new employer-led system; leading by doing; engaging and inspiring employers, providers and learners.</p>	<p>To work with the ESB to identify and endorse pioneering industry leaders who will be credible and visible champions; A commitment to work with, support and enable the work of our champions, engaging them actively in policy and framework development.</p>
<p>Impact The ESB is credible as it is led – and seen to be led – by recognised, inspirational and engaged private sector leaders.</p>	

Partnership-focused	
GBS LEP Commitments	Government Commitments
<p>Deliver a Skills for Growth Compact where schools, colleges and employers work together and sign up to align careers advice, learning and preparation for work with the real opportunities that exist now and in the future.</p>	<p>A commitment from the DfE and BIS to work with us to explore ways to embed this integrated approach to improve transition from education to work.</p>
<p>Impact Careers advice and guidance delivered in schools and colleges will reflect the ESB’s Statement of Priorities and shared understanding of available and future opportunities; Employers’ perceptions of “work readiness” improves year-on-year; Employer and apprentice satisfaction with specified Apprenticeship Frameworks (relating to key growth sectors) improves year-on-year.</p>	

Aspiration-building	
GBS LEP Commitments	Government Commitments
<p>To deliver systematic and sustained business engagement in our schools and colleges (with 25% of all local businesses signed up by 2015) creating informed learners and improving pathways to real work opportunities.</p>	<p>BIS, DfE and DWP to work with us to design and implement this new system, potentially utilising secondments.</p>
<p>Impact Businesses take a fundamental and ongoing role in education and learning – from today’s co-existence to tomorrow’s co-creation – providing our young people with clear aspirations and an informed and objective route to achievement, embedding enterprise and work-related learning built on an understanding of the opportunities out there in the LEP area.</p>	

Growth-driven	
GBS LEP Commitments	Government Commitments
<p>To pilot a system identifying opportunities and barriers to growth (e.g. lack of appropriate training provision for the Green Deal)</p> <p>To articulate local needs and priorities, aligning investment and delivery through our Skills for Growth Hub.</p>	<p>Supporting innovation by giving us the ability to ensure that revised and new courses that respond to local needs are accredited as they are developed;</p> <p>£1m in capital investment to allow us to provide specialist equipment and tools required to meet the needs of our key growth sectors.</p>
<p>Impact</p> <p>☑ A growth-led system that is responsive to new opportunities and needs in the real economy;</p> <p>☑ The LEP area is recognised as an exemplar of world-class skills provision.</p>	

Demand-oriented	
GBS LEP Commitments	Government Commitments
<p>To de-risk and increase provision in targeted growth sectors by delivering new employer-shaped learning opportunities through the Employer Ownership Pilot and new apprenticeship frameworks;</p> <p>To maximise opportunities from new development and LEP investment (including Enterprise Zone, Growing Places projects, Green Deal and Life Sciences) using tools such as Section 106 agreements and the West Midlands Procurement Framework;</p> <p>Delivering a formal <i>quid pro quo</i> with business (e.g. linking AGE payments to a quantified commitment to schools/college as expressed in the Compact).</p>	<p>To support the development and delivery of our Employer Ownership Pilot;</p> <p>To work with us to ensure that new provision developed under the innovation code can be built in to the development of current and emerging apprenticeship frameworks;</p> <p>A notional allocation of 1560 of the Apprenticeship Grant for Employers payments in line with the LEP area's proportionate share of the 16-24 year old population;</p> <p>A further notional allocation of up to 2,000 Grants to support the delivery of apprenticeships by SMEs in growth sectors, where uptake can be stimulated.</p>
<p>Impact</p> <p>☑ A market-led system where learner demand reflects employer demand, driven by a real understanding of and opportunities in the LEP economy</p>	

Source:

Greater Birmingham -A city region powered by technological innovation
The Local Enterprise Partnership's City Deal Proposal
5 July 2012

http://www.dpm.cabinetoffice.gov.uk/sites/default/files_dpm/resources/Greater-Birmingham-and-Solihull-LEP-City-Deal-Final.pdf

Case Study - WiSH

Customer X moved to Birmingham to escape a violent situation. She had left school with no qualifications – but has since gained multiple NVQ's at Levels 2 & 3. She has been in prison and has multiple convictions.

Before joining WiSH Customer X had obtained work in the NHS, but the offer was withdrawn as she had (unintentionally) not disclosed convictions. She was told she was not now welcome to apply for any further jobs within the NHS – an area she especially wanted to work in.

Customer X thought that CRB was a barrier to employment and had a very negative attitude to her career and life prospects.

She had been on JSA since May 2009.

Customer X received support from a WiSH Coach who:

- Re-did her CV and helped with covering letters for applying for vacancies
- Contacted regional and national NHS HR departments to explain that the customer had not deliberately withheld information about convictions - achieving the outcome that the customer would be able to apply for future vacancies
- Advised the customer the best way to disclose previous convictions – explaining troubled past and taking a previous CRB check at interview stage
- Helped customer to start a volunteering position
- Has helped the customer understand how to use experience to support others by volunteering at charitable organisations
- Persuaded the customer to apply for short term jobs and jobs that would require CRB checks – resulting in a temporary Xmas job
- Checked how working fluctuating hours of a potential job would affect her benefit entitlements and what she should do if offered the job

Customer X started work in NHS on 20/02/2012

CASE STUDY Birmingham Gateway - New Street Station

Birmingham – A First Class Journey to Work

Birmingham is well on the way to achieving its goal to bring New Street Station into the 21st Century. This transformation cannot be achieved without talented, passionate and committed individuals who are dedicated to moving a complex programme of works forward.

The Project Team was recently joined by a local unemployed resident from Aston who has just completed his HND with Birmingham Metropolitan College. Damien Walton started his employment as a Trainee CAD Technician with Mace, the project construction management agent on behalf of Network Rail for the project.

Damien's passion and expertise in this area shone through during a visit to the college by Richard Thorpe, Project Director Mace, where he had the opportunity to see first hand how Damien with the support of his college tutors had produced some excellent work throughout his 4 years of training.

Damien said "I am really pleased that I have been given this opportunity and my passion in this area of work and my strong work ethic will enable me to make a positive contribution to the work of the team, so that in 2015 I can proudly say that I helped build the station – I take huge pride in my work and for my first job this is a really amazing opportunity."

Dr Christine Braddock CBE, Principal and Chief Executive of Birmingham Metropolitan College said: "It's fantastic that the talent, skills and enthusiasm of our student graduate will be utilised on such a major transformation project.

"Damien is one of our many learners whose collaborative work with a local organisation has resulted in employment. This shows how vital it is for young people to benefit from work experience and project briefs that enable them to demonstrate their ideas and expertise. It's opportunities like these that showcase the budding talent surrounding the city."

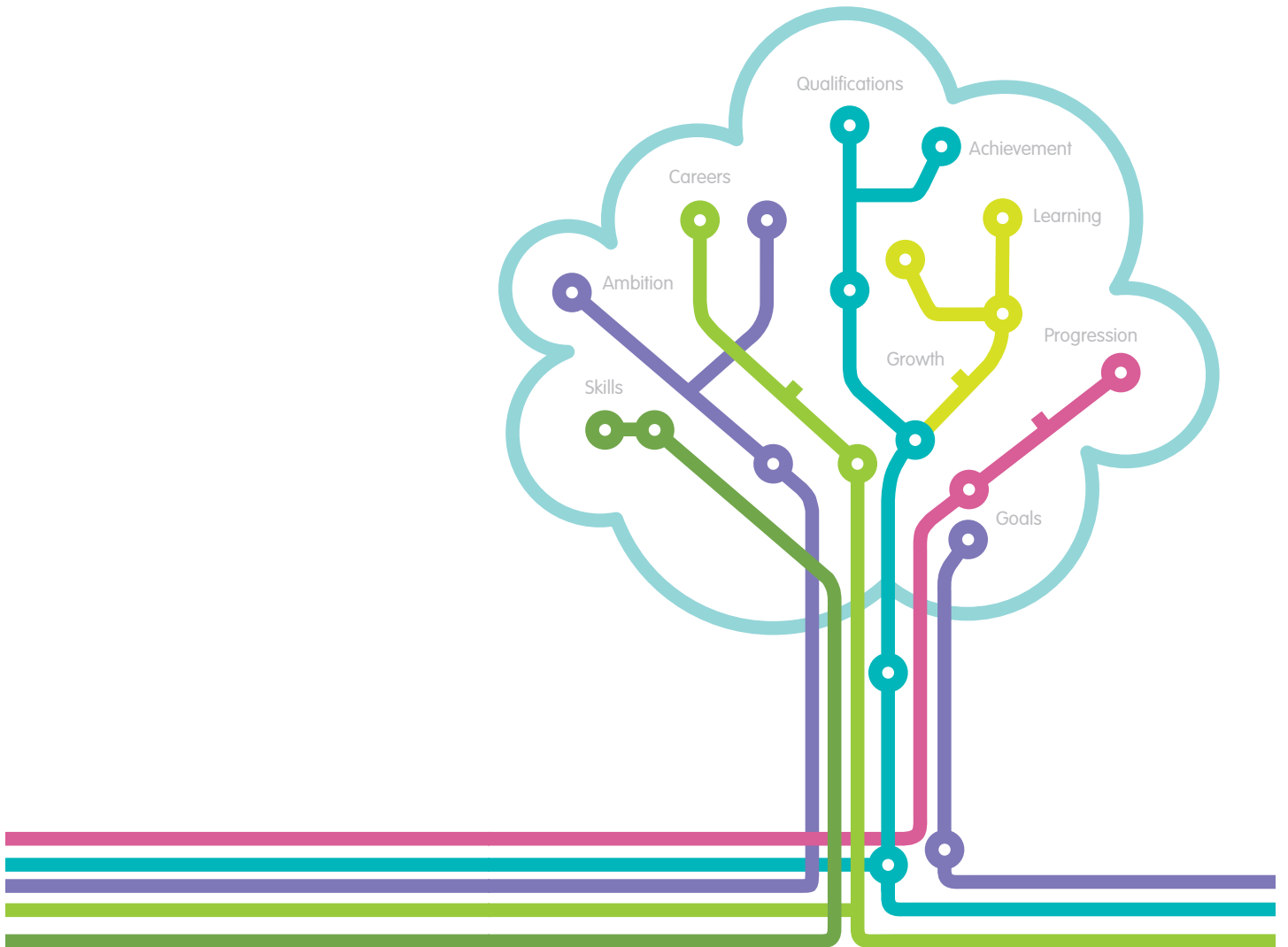
Connecting with the education and training sector to access young talent for the future job market is something that the City Council are doing with all the development projects in Birmingham – it is important that employers can access work ready individuals who can contribute to their businesses.

Birmingham is proud to have first class training provision and an abundance of young talent – it is this that will take the City forward and enable us to achieve the economic success and bring forward further regeneration and growth in the years to come.

Report to
Birmingham Economy and Jobs O & S Committee

“CLOSING THE SKILLS GAPS”

➤ September 2012



BIRMINGHAM ADULT EDUCATION SERVICE (BAES)
Report to Birmingham Economy and Jobs O & S Committee
“Closing the Skills Gaps”

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BIRMINGHAM ADULT EDUCATION SERVICE (BAES)

Report to Birmingham Economy and Jobs O & S Committee

“Closing the Skills Gaps”

1. Purpose of the report

- To give members an overview on the role that Birmingham Adult Education Service (BAES) plays in addressing the Skills Gaps and Employability agendas in Birmingham
- To brief members on new developments in Skills work being undertaken by BAES in collaboration with other Directorates (including Regeneration, Jobs & Skills, and Adults & Communities), employers and other external partners
- To make recommendations to the City Council on actions that will further support our work in raising skill levels in Birmingham’s citizens

2. Overview of Birmingham Adult Education Service

BAES is a direct delivery service, entirely funded through external grants, offering a mix of accredited and non-accredited courses. Contracts are held for 16-18 and Adult Skills Budget (ASB) provision. The service is also the main contract holder for SFA-funded Community Learning (CL) provision in Birmingham. Within the CL contract we have a large and successful Family Learning provision that is also now directly delivered. A successful full-cost recovery programme in English as a Foreign Language (EFL) is located at Brasshouse Language Centre. The Service also contracts for delivering a number of externally funded projects.

The Service has been located within the Adults and Communities Directorate of Birmingham City Council since April 2006 and is moving to Local Services in September 2012.

2.1 Mission

Birmingham Adult Education’s mission is to provide learning that enables adults and communities to develop and succeed by:

- developing skills that help employment
- targeting provision and support to address disadvantage
- providing a broad range of programmes of benefit to individuals, communities and employers
- promoting quality, equality and diversity

2.2 Funding

- The Service is externally funded by grants and project funding. No income is received from Birmingham City Council
- Annual funding streams totalling **£12.3m** through the Skills Funding Agency (SFA) and the Education Funding Agency (EFA). A further **£900k** is received in learning support and discretionary learner funds and about **£1.8m** is collected in learner fees.

- Allocations for 2012/13 Academic Year are:
 - SFA Adult Skills (Accredited/Basic Skills) **£5,480,562**
 - SFA Community Learning (non-accredited learning, non fundable qualification courses, family learning and learning for personal and social development) **£5,405,211**
 - EFA 16-18 Provision (500+ learners mainly on GGSE Maths English, Science, Languages and Health & Social Care courses) **£360,000**
- BAES has the largest Adult funding allocation of any local authority in England. .

National – Largest Local Authorities	SFA 12/13 Allocation
BIRMINGHAM CITY COUNCIL	£11,919,003
KENT COUNTY COUNCIL	£10,990,186
LANCASHIRE COUNTY COUNCIL	£10,621,623
WESTMINSTER CITY COUNCIL	£10,519,296
ESSEX COUNTY COUNCIL	£9,966,409
MANCHESTER CITY COUNCIL	£8,378,094
Regional – Largest Local Authorities	
BIRMINGHAM CITY COUNCIL	£11,919,003
COVENTRY CITY COUNCIL	£6,777,515
WALSALL MBC	£3,985,100
WOLVERHAMPTON CITY COUNCIL	£3,405,579
SANDWELL MBC	£2,909,404
DUDLEY MBC	£1,135,988
Core Cities	
BIRMINGHAM CITY COUNCIL	£11,919,003
MANCHESTER CITY COUNCIL	£8,378,094
LIVERPOOL CITY COUNCIL	£5,742,724
NEWCASTLE UPON TYNE CITY COUNCIL	£5,547,067
SHEFFIELD CITY COUNCIL	£3,794,451
BRISTOL CITY COUNCIL	£2,876,014
LEEDS CITY COUNCIL	£2,555,630
NOTTINGHAMSHIRE COUNTY COUNCIL	£2,145,428

- In 2012-13 the Skills Funding Agency will be allocating over £84m of public funds to Birmingham institutions for 19+ education and training of which £10.9m (15%) will be through BAES. Other providers who receive Skills Funding Agency Funding include South and City College Birmingham, Birmingham Metropolitan College, Bournville College and Joseph Chamberlain College. There are also a number of small private and voluntary sector training providers who receive SFA funding.
- SFA and EFA funding has to be used for the delivery of learning provision. It is subject to clawback if insufficient activity and volumes are achieved against contract values. It can be withdrawn if the quality and outcomes are judged to be poor
- Funding is projected to reduce by 25% over the next 4 years –this will have an impact on the volumes and range of skills work we can undertake

- In addition to the work within the funding streams above, BAES is increasingly developing projects that do not rely on SFA/YPLA funding:
 - Health Literacy funded through HOBTPCT
 - Employment and Skills programmes
 - Training programmes for Birmingham City Council

2.3 Management

- The Ofsted Inspection of March 2011 was highly critical of the existing management arrangements – a key driver for the current restructuring (see below)
- Currently 3 geographical Areas – North, East and South plus Brasshouse Languages Centre. As a result of funding reductions and recommendations from Ofsted in March 2011, BAES is in the process of implementing a restructure with a focus on curriculum led, rather than geographically based management. As part of the service redesign we intend to reduce our operational areas from four to three, the boundaries of which have not yet been finalised.
- Curriculum is led and planned for the whole service by the Head of Curriculum and six Curriculum Leaders, with operational management provided through geographically based business support services

3. Learners and Provision

- 18,701 individual learners, 34,607 enrolments on 2,500+ courses (July 2012).

Learner Profile

- 16-18 years 3%, 19-23 years 6%, 24 -59 years 76%, 60+ 15%
- Female 76%, Male 24%
- Declaring a disability 10%
- White British 46%. Largest minority ethnic groups are Asian-Pakistani 16%, Black-Caribbean 7%
- Learners attracting “disadvantage uplift” 73%
- Eligible for full funding (free courses) 35%, eligible for reduced fees 21%, co-funded (standard fee) 44%
- In full time employment 30%, in part time employment 6%, not in employment 64%
- In receipt of JSA/WRAG 14%
- In receipt of “other” income based benefits 22%
- Retired or not in employment and not in receipt of income based benefits 16%
- Prior qualifications: no qualifications 14%, Entry level 14%; Level 1 15%, Level 2 15%, Level 3 11% , Level 4 or above 29%
- 92% live in Birmingham, 8% live outside of Birmingham. BAES recruits learners from all wards/constituencies across the city, with highest concentrations in Sparkhill, Springfield, Aston, lowest in Perry Barr, Tyburn, Sheldon, Sutton Newhall

- We have provision across the whole of Birmingham delivered at 10 main centres, a further 20 significant venues and over 100 other locations used for learning.
- Approximately 850 staff, of which 480 are hourly paid sessional tutors.
- Programmes mainly part-time, covering 13 of the 15 national subject sector areas. The largest numbers of enrolments are in Basic Skills/Skills for Life (28%), Languages (21%) Arts, Media & Publishing (16%) ICT (12%) and Health & Social Care (8%)
- BAES has the largest Basic Skills/Skills for Life (Literacy, Numeracy and ESOL) provision in Birmingham (26% of Birmingham's SFA funded enrolments in these subjects).

BAES Basic Skills: ESOL, Literacy and Numeracy 2011-12

Level	ESOL		Literacy		Numeracy		All Basic Skills	
	Starts	%	Starts	%	Starts	%	Starts	%
Entry Level	1,246	89%	917	56%	602	40%	2,765	61%
Level 1	103	7%	391	24%	615	41%	1,109	24%
Level 2	44	3%	322	20%	293	19%	659	15%
Total	1,393	100%	1,630	100%	1,510	100%	4,533	100%

Within our Community Learning Provision a large, highly successful Family Literacy, Language and Numeracy programme with 1,900 parents and similar numbers of children is delivered in partnership with schools and Children's Centres

77% of Basic Skills provision is at Entry & Level 1, 19% at Level 2, 4% at Level 3, reflecting the relatively very low levels of these skills in Birmingham and in the communities we target. There is great unmet demand for Pre- Entry ESOL which is currently ineligible for SFA Skills funding.

4. Outcomes for Learners

4.1 Summary of qualifications achieved 2010-11

We are still collating data for 2011-12 but data shows the following qualifications outcomes at learners in 2010-11 (the last full year for which data is available)

Type of qualification	No learners achieving in 2010-11	% known to have progressed onto next level at BAES in 2011-12	% intending to progress to the next level with another provider
Level 1 vocational qualifications	6,796	44%	22%
Level 2 vocational qualifications	1,766	15%	41%
Level 3 vocational qualifications	224	0%	25%
Level 4 vocational qualifications	0	n/a	n/a
GCSE English	176	n/a	n/a
GCSE Maths	224	n/a	n/a
GCSE Science	130	n/a	n/a
Literacy	1,287	43%	12%
Numeracy	1,017	44%	8%
IT	932	46%	10%

4.2 Success Rates

In 2010-11 BAES overall success rates were below the national rates for the FE sector. In-year performance data for 2011-12 shows considerable improvement but we will not have the final position until November 2012. Our biggest challenge in improving success rates is to

increase retention rates, while achievement rates are generally much closer to the FE sector average.

BAES Success Rates 2011-12				
Sector Subject Area	16-18	19+ Adult Skills Budget	19+ Community Learning	% all BAES Learners
1. Health, Public Services & Care	83%	81%	90%	8%
2. Science & Maths	77%	87%	71%	2%
3. Agriculture /Horticulture	-	73%	93%	1%
4. Engineering & Manufacturing	-	-	-	0%
5. Construction	-	-	-	0%
6. ICT	83%	83%	96%	12%
7. Retail & Commercial	-	70%	89%	4%
8. Leisure, Travel & Tourism	-	0%	74%	2%
9. Arts, Media & Publishing	51%	71%	84%	16%
10. History, Philosophy & Theo.	-	-	92%	0%
11. Social Science	-	-	100%	1%
12. Languages, Lit & Culture	71%	80%	85%	21%
13. Education & Training	71%	71%	94%	3%
14. Preparation for Life & Work	75%	67%	96%	28%
15. Business, Admin & Law	60%	75%	88%	2%
Overall	73%	73%	87%	100%

4.3 Non-accredited outcomes

BAES surveys learners every year in order to assess what wider impact learning has had on their lives and prospects. A total of 4,820 learners who participated in our annual "Making a difference and "Next Steps Survey" in 2010-11. This only gives us a snapshot at one point in time and does not capture outcomes for learners who have already left, or what happens to them after the survey, so it does have its limitations. Tracking actual destinations over time is very complex, difficult, expensive, time consuming and there is no accepted, robust methodology for doing this. Nonetheless the results of the survey show some very positive indirect, non-accredited outcomes for learners as a result of their learning with BAES.

4.3.1 Employment related outcomes

This course has helped me:	Number	%
Get an interview for a job	291	6%
Get full-time employment	130	3%
Get part-time employment	194	4%
Become self employed	91	2%
Start an apprenticeship	44	1%
Cope with redundancy	49	1%
Get a work placement or internship	98	2%
Get a better job/promotion at work	208	4%
Other	121	3%
Total responses indicating positive employment related outcomes	1,226	25%

4.3.2 Personal skills development outcomes

This course has helped improve my:	Number	%
Personal confidence	3,424	71%
Practical Skills	2,406	50%
Creative Skills	1,583	33%
Maths Skills	913	19%
Writing Skills	2,152	45%

Listening Skills	2,538	53%
Speaking Skills	2,287	47%
Reading Skills	2,110	44%
IT Skills	963	20%
Study Skills	1,324	27%
Money Management Skills	356	7%
Health & Fitness	421	9%
Enjoyment of Life	1,444	30%
Other	335	7%
Total responses indicating positive personal skills outcomes	22,256	33%

4.3.3 Family and community outcomes

This course has helped me:	Number	%
Get voluntary work	372	8%
Become more involved in my local community	575	12%
Become more involved in my child's education	1,107	23%
Feel more confident about my parenting skills	889	18%
Become a governor or similar	78	2%
Encourage others to take up learning	1,134	24%
Other	251	5%
Total responses indicating positive family /community outcomes	33,740	13%

4.3.4 Learning intentions at the end of the course

Return to continue this course	466	10%
Join higher level course (same subject) - BAES	1,125	23%
Join higher level course (same subject) - other provider	328	7%
Join a course (different subject) - BAES	553	11%
Join a higher level course (different subject)- other provider	200	4%
Enrol on HE course (Level 4 or above)	182	4%
Take a break from studying	82	2%
Total intending to continue with learning	2,672	59%

4.3.5 Employment related intentions at the end of the course

Continue / start apprenticeship / professional training	144	3%
Seek employment / self employment (if not employed)	339	7%
Continue current part-time employment	214	4%
Continue current full-time employment	187	4%
Continue current self-time employment	54	1%
Seek / continue with voluntary work	324	7%

5. Quality of provision

5.1 Ofsted Inspection (March 2011)

BAES had its last full Ofsted inspection in March 2011. ESOL and Literacy provision was reinspected in May 2012 and judged to be "satisfactory". The profile of outcomes of Ofsted inspection following the reinspection is as follows;

Grades

Overall effectiveness of provision	Grade 3	Satisfactory
Capacity to improve	Grade 3	Satisfactory
Outcomes for Learners	Grade 3	Satisfactory
Quality of provision	Grade 2	Good
Leadership and management	Grade 3	Satisfactory
<i>Safeguarding</i>	<i>Grade 2</i>	<i>Good</i>
<i>Equality of opportunity</i>	<i>Grade 2</i>	<i>Good</i>

Learning for qualifications

ICT	Grade 2	Good
Languages, Literature and Culture	Grade 2	Good
Child Care & Classroom Assistant	Grade 3	Satisfactory
Literacy and ESOL	Grade 3	Satisfactory

at reinspection May 2012

Learning for social and personal development

Family Learning	Grade 2	Good
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Strengths identified by Ofsted

- Good development of learners personal confidence, motivation, technical, personal and employment related skills
- High rates of retention in non-accredited learning
- Good teaching and learning
- Outstanding partnerships that benefit learners
- Good support for learners with learning difficulties and disabilities
- Good safeguarding arrangements
- Good promotion of equality and diversity and reach into disadvantaged communities
- Good financial and childcare support for learners

Areas for improvements identified by Ofsted

1. Literacy and ESOL - attendance and retention rates, the standard of teaching and learning and the structure of programmes
2. Retention rates on accredited and non-accredited programmes in all subject areas where these have declined and are below the national averages
3. Development of tutors' skills and their engagement in quality improvement and self-assessment
4. Progression guidance and the capture of non-accredited outcomes and destinations
5. Management structures, clarity of roles and responsibilities and accountabilities
6. Speed and timeliness of data collection and reports to inform decision-making, quality monitoring and quality improvement
7. Accuracy and effectiveness of the system for monitoring and improving teaching and learning
8. Accommodation and resources - standards of equipment, resources and refurbishment
9. Speed and timeliness of decisions by the Council, especially in relation to staff recruitment, property improvement, purchasing and CRB checks

5.2 Learner Views

BAES has high consistently high levels of learner satisfaction across a wide range of indicators through our internal learner views surveys. Highest levels of satisfaction are shown with teaching and learning. The lowest scoring question related to progression guidance is an area for improvement that we have made very good progress on in the past 12 months. Every learner now has a "progression plan" as part of their individual learning plan.

2010-11 BAES Learner Views Survey.

Questions		Very good	Good	Good or better
1	Is the course meeting your needs?	85%	12%	97%
2	Are you happy with the content of the course?	87%	10%	98%
3	Are you happy with the quality of the teaching?	92%	6%	98%
4	Is the speed of the lessons right for you?	79%	17%	95%
5	Have you been able to talk to your tutor about your progress?	86%	8%	94%
6	Are you getting good support on this course?	88%	8%	96%
7	Do members of staff treat you with respect?	95%	3%	99%
8	Have you been given any advice of what you can do after this course?	72%	8%	80%
9	Do you feel safe in your centre and in class?	97%	2%	99%
10	Overall do you think BAES provide a good service for learners?	86%	10%	96%
Overall aggregated level of satisfaction		87%	8%	95%

2010-11 Learner Views – SFA national on-line survey (FE Choices)

A total of 1,568 BAES learners on SFA Skills funded programmes completed the on-line questionnaire in 2010-11. The results confirmed good levels of learner satisfaction and we maintained our position of having the highest overall rating (out of 10) all FE providers in the city.

BAES	8.7
South Birmingham College	8.5
Bournville College	8.2
Solihull College	8.2
City College Birmingham	8.0
Birmingham Met	7.4

6. Work with employers and partners to develop skills

In our Ofsted inspection in 2011 our partnership work was judged to be “outstanding”. We work with over 300 partners in Birmingham on both strategic and operational levels. These range from large government agencies such as Jobcentre Plus and the Skills Funding Agency to internal City Council directorates such as Regeneration, Jobs and Skills. We also work with a large number of local community partners from the third sector.

Over the last 24 months BAES has developed specialist areas of work to move the service closer to the Employment and Skills Agenda. This development has been prompted by changes in the funding criteria for Adult Education providers in response to the governments “New Challenges, New Chances” White Paper. Key developments have been:

6.1 Work Skills training and qualifications

BAES has made great strides in targeting unemployed learners and in increasing referrals from Job Centre Plus. We have introduced “Work Skills” curriculum which is a short course targeted at unemployed learners. The course provides jobs search training, CV advice and interview preparation leading to an accredited certificate in Work Skills. Learners not only develop these skills but also get a nationally recognised Workskills Qualification. To date we have had over 1,000 JCP referrals resulting in 560 learners onto Work Skills courses. Of these, 140 have now gained employment.

All our mainstream funded vocational courses now also have Work Skills /Employability units and elements built into them.

6.2 Recruiting for employers

Work Skills is also the main tool we use when working on pre-employment training projects. BAES has worked with the City Council's Employment Access Teams (EAT) and Job Centres Plus on specific recruitment campaigns for named employers. BAES has worked with NHS, Tesco's, Service Birmingham, SME clusters in Adult Social Care, Hospitality and Catering and the Textiles trade. In each case we worked to train unemployed learners for interview for real vacancies.

Through this route we have engaged over 1,000 unemployed learners over the past 3 years and seen 331 of our candidates gain employment. BAES is currently working with EAT to fill over 100 vacancies at a major retail store in Birmingham. The store needs warehousing and retail staff ready for its opening early in 2013. BAES will be providing pre employment training opportunities to 300+ unemployed Birmingham residents to get them job ready for the recruitment process. BAES is providing initial literacy and numeracy screening for 1,000 candidates and will also deliver a two week intensive Work Skills Award for all candidates. At the end of the process the employer will select 100 candidates to go through to the final recruitment stage.

Working in partnership with Birmingham Care Development Agency (BCDA) we have recently developed pilot training programmes for unemployed people wishing to enter adult social care. This programme is in its infancy, however initial success rates are high with over 66% of learners entering employment in full or part time work.

6.3 Meeting employer training needs

BAES also works with employers on identifying and meeting the training needs of their workforces. Examples include:

- Maths and English skills training for the assembly line staff at the Jaguar Landrover Castle Bromwich Plant. To date over 50 workers have participated and gained certificates in Literacy, Numeracy and IT
- ICT training to a range of employers including NHS organisations (60 learners) , private sector care providers (100+ learners) and a large programme for Birmingham City Council itself. We have delivered training to over 2,000 BCC employees in the last two years.
- In Adult Social Care BAES has also provided learning opportunities for those already in work. Working in partnership with BCDA we have ensured 153 learners were able to achieve either a level 2 or level 3 Diploma in Adult Social Care last year. This work was co-funded with employers in the sector and has proved so successful we are working with BCDA on developing this into an Apprenticeship Route during the coming year.
- We are in early talks with the Skills Funding Agency, The Adults and Communities Directorate and a range of SMEs to develop an Adult Social Care Apprenticeship programme for 2013 in partnership with the Birmingham Care Development Agency (BCDA)

7. Engaging non traditional learners in skills development

7.1 Work with local FE colleges

BAES recognises that traditional adult learning engages more female learners than men. This is a serious issue, particularly in a city with such high levels of long term male unemployment. This year BAES is working with Bournville College, South & City College and

Birmingham Metropolitan College to address this issue, by using some of our Community Learning funding to develop a curriculum offer that could attract more male learners and also attract females into non traditional skills areas. From September 2012 we are offering a range of introductory courses in Car Service & Repair, Painting & Decorating and Construction Crafts in Bournville's excellent new facility in Longbridge. If successful we plan to extending this model to other parts of the city with other college partners from January. These courses have been designed to progress learners on to full vocational programmes delivered by partner FE colleges.

7.2 Community Learning Trust Pilot

BAES has also been successful in a bid to develop a **Community Learning Trust (CLT)** for Birmingham in 2012-13. This is a major government initiative in the field of informal adult learning. We are one of only 15 pilots in the country and BAES is the lead partner of the Birmingham CLT consortium which includes all FE colleges and third sector partners such as the NHS to deliver this programme. The purpose of Community Learning Trusts is to:

- Maximise **access to community learning** for adults, bringing new opportunities and improving lives
- Promote **social renewal** by bringing local communities together to experience the joy of learning and the pride that comes with achievement
- Maximise the impact of community learning on the **social and economic well-being** of individuals, families and communities

The CLT is a significant opportunity to develop community learning in exciting new ways in order to engage those at disadvantage, lever in new sources of funding and work with other agencies to maximise the impact of grant funding. Although this development has a focus on health and well-being as a specific theme, it also has a focus on community learning in 3 areas of the city – West Northfield, Shard End and Ward End.

Our involvement in CLTs are at a very early stage but our participation will help us safeguard Community Learning funding stream for the City Council and for Birmingham, as well as enable us to influence and shape the future of community learning, both of which can only be of benefit to the City's adult learners.

7.3 Engaging the Voluntary Sector to deliver skills training

BAES are committed to delivering learning and training in every community in the city. Sometimes we recognise that our partners, particularly those in the voluntary and community sector are better placed to deliver learning than ourselves. This year we have undertaken procurement exercises for sub contracting activity to partner agencies to deliver vocational learning, information advice and guidance (IAG) and ESOL training on our behalf. So far this has gone well and we have made great strides in engaging with third sector agencies such as The Birmingham Employment Skills and Training (BEST) network, Birmingham Ethnic Education Advisory Service (BEEAS) and Birmingham Voluntary Service Council (BVSC).

8. Conclusions

- BAES activity brings in the region of £14m of external funding resource to help develop economically, personally and socially valuable skills, particularly in Birmingham's most disadvantaged communities where other FE providers have less of a presence
- Through the engagement of large numbers of Birmingham's citizens in locally accessible learning, Birmingham Adult Education Service makes very a significant contribution to raising the levels of economically valuable skills and qualifications in Birmingham. We are especially effective in developing the confidence and skills of

those who have been economically inactive for long periods and those who have very low levels of literacy, language, numeracy and IT skills. These are fundamental prerequisites for access to and progression within employment, as well as for social inclusion. Our analysis of learners existing qualification levels show we also help address the individual skills gaps of those with higher level qualifications e.g. through our large IT provision, languages

- BAES's reach into disadvantaged communities is impressive. We are well placed to engage with Birmingham citizens who have very low vocational and basic skills levels and who are far from the job market
- BAES is developing very effective collaborative work with employers, Jobcentre Plus and other key partners. This contributed to the services OFSTED Grade 1 for Partnerships achieved in the March 2011 inspection. This is a strength the Local Authority should capitalise on.
- BAES has made great strides in developing employer and employment focussed curriculum, including responsiveness to the Councils own training needs as an employer

9. Recommendations

To close the skills gaps in Birmingham and increase BAES's ability to contribute more effectively to achieving this, Birmingham City Council should:

9.1 Facilitate a cross-directorate Strategy for Adult Skills in Birmingham supported by Local Skills Plans

Birmingham desperately needs a holistic and very practical Strategy for Adult Skills. The withdrawal by the Skills Funding Agency from its planning function to a purely commissioning role has left a huge vacuum in the city. The Council should seize this opportunity to develop and implement this strategy and capitalise on the contribution its own adult education service can make to that, along with local FE colleges, training providers and employers. The City Council should plan how it can use the resources of City Deal, the allocation of ESF and other European Funding Streams and the resources of BAES to develop Local Skills Plans. BAES should continue to work with EAT and other partners in Regeneration Jobs and Skills to address the needs of employers and unemployed citizens

9.2 Support BAES to explore options for increased flexibility around core business processes

Consideration should be given to how BAES (and other services within the Council who need to be highly responsive) can be enabled to work more flexibly to develop skills focussed work with learners, employers and other partners. In our case Ofsted highlighted the decision making processes and operational constraints of working within the City Council as a significant weakness for the service. We therefore recommend that the Service be supported to explore options that may free it from these constraints to enable quicker decision making, simpler authorisations, increased flexibilities for core business processes like staff recruitment, procurement, sub-contracting, ICT.

9.3 Maintain the integrity and coherence of city-wide curriculum planning and delivery of BAES within Local Services

In moving to Local Services BAES welcomes the opportunity to engage with localities more directly and systematically and be more accountable to them and their constituents for the education and training services provided. Very careful consideration needs to be given to the

practicalities of management and deployment of resources to ensure that fragmentation of BAES curriculum planning and delivery does not occur.

9.4 Give high level, cross directorate support to finding strategic solutions to BAES's accommodation crisis

BAES has significant weaknesses in relation to its accommodation. One of BAES's unique features is that we bring learning into the heart of communities. Learners, particularly those who have low educational attainment and low skills levels, need and deserve access to high quality learning environments and learning technology. While colleges and schools have all have had massive capital investment, too many of BAES's 18,000 learners try to improve their skills in substandard accommodation. Building condition surveys for our sites point to a requirement for £15m of essential maintenance. High level cross-directorate consideration and support needs to be given to BAES to help find creative solutions for improving accommodation.

9.5 Use BAES as a resource to address City Council's own skills gaps and training needs

We recommend that The Local Authority make more use of BAES as a training provider. . Given the significant contribution BAES has made to ICT training for the City over the last three years we would recommend that the Authority seeks to use BAES as its "provider of choice" when considering its own skills and training needs.

Sue Knottenbelt
Head of Adult Learning

5 September 2012

Appendix: 2011-12 Learners by residence and place of study

2011-12 BAES Learners by Residence and Place of Study	Learners' residence			Quadrant	Place of study		
	Total	% all BAES learners	% Bham learners		Total	% all learners	Quadrant
BARTLEY GREEN	429	2%	3%	South 28%	235	1%	South 25%
EDGBASTON	322	2%	2%		314	1%	
HARBORNE	383	2%	2%		199	1%	
QUINTON	457	2%	3%		986	3%	
EDGBASTON CONSTITUENCY	1,591	9%	9%		1,734	6%	
KINGS NORTON	339	2%	2%		136	0%	
LONGBRIDGE	350	2%	2%		247	1%	
NORTHFIELD	392	2%	2%		1,655	6%	
WEOLEY	406	2%	2%		69	0%	
NORTHFIELD CONSTITUENCY	1,487	8%	9%		2,107	7%	
BILLESLEY	519	3%	3%		1,474	5%	
BOURNVILLE	485	3%	3%		306	1%	
BRANDWOOD	390	2%	2%		46	0%	
SELLY OAK	329	2%	2%		1,940	6%	
SELLY OAK CONSTITUENCY	1,723	9%	10%	3,766	13%		
ASTON	763	4%	4%	2,458	8%	Central 21%	Central 32%
LADYWOOD	477	3%	3%	5,146	17%		
NECHELLS	444	2%	3%	928	3%		
SOHO	427	2%	2%	186	1%		
LADYWOOD CONSTITUENCY	2,111	11%	12%	8,718	29%		
HANDSWORTH WOOD	340	2%	2%	346	1%		
LOZELLS & EAST HANDSWORTH	550	3%	3%	196	1%		
OSCOTT	337	2%	2%	315	1%		
PERRY BARR	226	1%	1%	0	0%		
PERRY BARR CONSTITUENCY	1,453	8%	9%	857	3%		
BORDESLEY GREEN	502	3%	3%	151	1%	East 35%	East 27%
HODGE HILL	502	3%	3%	165	1%		
SHARD END	340	2%	2%	1,099	4%		
WASHWOOD HEATH	582	3%	3%	899	3%		
HODGE HILL CONSTITUENCY	1,926	10%	11%	2,314	8%		
ACOCKS GREEN	577	3%	3%	1,924	6%		
SHELDON	133	1%	1%	35	0%		
SOUTH YARDLEY	423	2%	2%	54	0%		
STECHFORD & YARDLEY NORTH	291	2%	2%	20	0%		
YARDLEY CONSTITUENCY	1,424	8%	8%	2,033	7%		
HALL GREEN	380	2%	2%	584	2%		
MOSELEY AND KINGS HEATH	513	3%	3%	23	0%		
SPARKBROOK	817	4%	5%	396	1%		
SPRINGFIELD	913	5%	5%	2,830	9%		
HALL GREEN CONSTITUENCY	2,623	14%	15%	3,833	13%		
ERDINGTON	398	2%	2%	1,434	5%	North 16%	North 15%
KINGSTANDING	426	2%	2%	1,066	4%		
STOCKLAND GREEN	442	2%	3%	71	0%		
TYBURN	248	1%	1%	134	0%		
ERDINGTON CONSTITUENCY	1,514	8%	9%	2,705	9%		
SUTTON FOUR OAKS	274	1%	2%	107	0%		
SUTTON NEW HALL	234	1%	1%	34	0%		
SUTTON TRINITY	324	2%	2%	18	0%		
SUTTON VESEY	408	2%	2%	1,652	6%		
SUTTON CEYFIELD	1,240	7%	7%	1,811	6%		
TOTAL - BHAM POSTCODES	17,092	92%	100%	29,878	100%		
TOTAL - NON BHAM POSTCODES	1,523	8%		100%	100%		
TOTAL ALL BAES	18,615	100%					

Briefing about the Birmingham Employment and Skills Board

September 2012

Background

1. The Birmingham Employment and Skills Board (ESB) was originally set up 25th April 2007 to inform the Local Learning and Skills councils about local issues with skills and employment needs. They were also developed at the same time in the Metropolitan Areas of Birmingham and the West Midlands to inform the City Strategy Pathfinder on Employment and Skills and they informed many Neighbourhood Employment and Skills Plans that were being developed at that time. The Employment and Skills Board were developed to shape and influence the employment and skills strategy for their local sub-region to link into a wider regional plan.
2. The Boards in the West Midlands Metropolitan Area were originally sub-regional in nature and originally it was the Birmingham and Solihull ESB. It was with the changes in partnership arrangements that in September 2011 Birmingham and Solihull split to set up their own local boards. These now inform a wider LEP board for economic development purposes.
3. The Employment and Skills Boards have enjoyed significant support from partnerships and have worked with many national and regional programmes for employment and skills. With the setting up of Local Enterprise Partnerships (LEP) it was an obvious move to make ESBs a forum or sub group to inform the LEP. This has happened in many LEP areas across the country, especially those that participated in the City Strategy pathfinder.

Birmingham experience

4. Birmingham Board is well established and has 15 members drawn from the Private Public and Third Sectors. It has undertaken a number of actions to help inform the local needs of partnerships. Such as reports commissioned on graduate retention and employment, youth employment, employability skills and skills gaps.
5. The Birmingham Board has recently developed priorities that it sees a need for in the area and has worked in employer task groups to develop those priorities into an action plan for delivery. The Board realises it cannot deliver these things itself and must rely on partnership work to do this. The board convened 4 task groups to work up the final forward plan and has determined the six priorities with 3 actions to take forward in the short term. The six priorities are:

- i. Develop a shared understanding of current and future economic needs
- ii. To take a joint employer and provider led approach to planning courses, qualifications, employability skills and the wider school curriculum
- iii. To engage with and influence young people through schools (before young people choose their options), colleges and universities
- iv. To provide the right information, advice and guidance to people of all ages that effectively responds to changes within businesses and the economy
- v. To clearly articulate the core employability skills required to enter the workforce and support providers in embedding these skills and an understanding of the workplace in the learning experience.
- vi. To focus skills development on apprenticeships and higher level skills, particularly higher level apprenticeships and the pathways to level 4 and above.

6. The three actions have been derived from the identified short term needs in Birmingham where all sector agree a difference can be made to take forward the employment and skills agenda. They are something that can be achieved through the partnership within the board. The three immediate actions are:

- A. To create greater and more productive partnerships between businesses and schools and work to discover practical and creative ways this can be established
- B. To focus on youth unemployment at all skill levels and use the development of the “skills hub” to tackle the issues surrounding this, including pre-employment and pre-apprenticeship training.
- C. To promote the UK Skills Show to the best advantage of the City of Birmingham and its residents

Current Work

7. The ESB has used research undertaken by various bodies to form a view of the Birmingham economy to inform its priorities. It recognises the need to look at emerging sectors such as low carbon, digital media and medical technologies. Evidence suggests that High Growth sectors do not necessarily create a high number of jobs compared with other sectors. While the ESB must and do support the policy of encouraging High Growth sectors for the long-term health of the City’s economy, focusing solely on these from a skills perspective is not going to address growing levels of unskilled unemployed and particularly young people.

In the short to medium term, and given the low skill levels in Birmingham, a focus on up-skilling people to fill high volume, but lower wage and skill-level jobs remains the main challenge.

8. Currently the Board has set up two task groups to take forward the actions on schools and business and also the skills show. These task groups are currently active and working towards actions to take forward in the near future.

9. Business Schools interaction:

The following areas of knowledge base have been identified. It is recognised by the Board that we do not necessarily know what is happening on the ground. Therefore our knowledge needs to be developed and it is necessary to identify and work with all actors and stakeholders where possible. One of our first areas of research was good practice already in the City. Board members visited Small Heath school to look at their approach to working with business. The board also received information about the work at Harborne Hill with the Queen Elizabeth Hospital. The following Objectives and activities are being followed through initially.

Objective	Activity
Check Current school business activity and To look at school destinations to help inform our understanding of any future targeting of activity/support.	Quick Survey of Schools to see who is interacting with local companies and to what extent. Does the school have a business development manager. Any Schools considered joint funding of such a post?
Check current activity at teacher training establishments around whether work experience and employability ideas are part of a teachers training experience.	Short research
Check with Governor Support Service to establish the involvement of businesses in School Governance and try to obtain a list if possible. This to help us to establish some 'ambassadors' who are already working at a leadership level in schools.	Short research
Young People understanding the Reality of work	Ensuring young people have more than just academic qualifications. A work ready framework for schools to use. Link schools to the annual "Skills Show"

Track whether young people are receiving information.	Consider whether the "You Choose" Database can give information back on numbers accessed
PR Campaign to engage Business and Schools	Target small areas/wards to start and roll out across Birmingham. Mix easy hits with possible failing areas.
Access by business to Schools	Anyone who runs a business should be able to interact with a school. Simple framework for actions. Find/Develop a framework or toolkit to help access to engagement in partnerships. Check out, CBI, BITC, BNI. Who has info from BXL demise?
Links with industry to lead to access to employment	Aspirational. Can we link businesses into clusters and sectors to deliver information about type of job roles to schools. Check HE local + Sheffield.
Introduction to Enterprise	Could be a question on Survey? Does young enterprise still run? Is there any ethos for self-employment? Involve Chamber and HE in this area.

10. Skills Show actions:

The task group for this area has worked on an action plan to develop methods of ensuring schools know about the show and employers can also contribute in a number of ways. The board is partnering with Birmingham Chamber to ensure there are links across the City to make this happen. The following Objectives and Activities are in place. These have been incorporated into a Joint Board and Chamber approach working with local skills providers.

Objective	Activity
Engage with Schools and Colleges for "Show" awareness	Check with Organisations already involved with Schools to ensure they are promoting. Eg. TBG Learning, CBI in the classroom, BITC. IOD, Chamber, Prospects, Colleges and providers. Check gaps. Partners to promote in their networks and use PR opportunities.
Involve School Heads	The Show to be raised at Heads meeting
Support for vulnerable individuals	Some wraparound activity to support access to the skills show and beyond. Some thoughts about business mentors to help with this community.
Check out Families projects to raise awareness with this community.	Work with EOS (ESF) and family services to develop awareness of show and ideas of careers options.
ESB members to promote Show.	Link on Company website, volunteer to be Champion or Ambassador. Also encourage and cajole colleagues to do likewise.
For help with future shows check what 'Metrics' are in Place.	For anything we do a clear set of outcomes and targets to be in place. A postcode analysis of attendees to check any glaring gaps for follow up next year. Some measure of changes in circumstances of vulnerable groups.
Ensure any Skills activity can be launched during the period	BCC Apprenticeships strategy. Youth enterprise awards ESB meeting at the Show
Ensure we have an idea of what others are doing for the show.	Check back with various organisations? BVSC and volunteering.
Work towards Leipzig - World Skills Show	Can we get a local school/individual into skills finals at the show. Or at least help?

11. The final task for this year is to work with City Skills and develop a Skills Hub to include apprenticeships and pre-employment needs of individuals. This will be across the LEP. However, the Board see a large focus need in Birmingham as the need is far greater among priority wards in the City.
12. The other priorities within the plan are not on hold. We are monitoring activity of other stake holders to ensure actions are being taken.

Birmingham Employment and Skills Board



Birmingham Employment and Skills Boards

Priorities

for a

Forward Plan

Introduction by the Chairman of the Birmingham Employment and Skills Board.

As Chairman of the Employment and Skills Board for Birmingham, I am delighted to present our forward plan for skills and employment in this area. This document provides the thoughts and wants of the Board, and is to allow a significant opportunity to drive change and enhance the skills of our people, and thus improve employment prospects and the productivity of local business.

This is our first forward plan and is intended to set initial direction of travel for the future. It is based around 6 priorities for people and business in Birmingham, and we hope can be delivered in partnership with skills providers and employment bodies in the City.

As a board our role is to set the strategic context in partnership with other stakeholders.

We intend to harness and improve the many initiatives that influence the continuous improvement in our City's skills. It is a "given" that the level of our skills base has profound implications for our economy. We will promote a proper understanding of the issues and keep the imperative of skills at the forefront of the worlds of business, education and political governance.

We will give firm leadership for the employment and skills agenda from the employers point of view. We acknowledge that we can only influence activities in the City. We also realise that we cannot achieve everything at once. Therefore within the first 18 months we have decided to influence and achieve the following three activities which are drawn from our six priorities.

1. To create greater and more productive partnerships between businesses and schools and work to discover practical and creative ways this can be established
2. To focus on youth unemployment at all skill levels and use the development of the "skills hub" to tackle the issues surrounding this, including pre-employment and pre-apprenticeship training.
3. To promote the UK Skills Show to the best advantage of the City of Birmingham and its residents

Whilst our plan seems simple, it is, in fact, highly ambitious. For us to succeed it will be vital that employers embrace a flexible approach to achieve our goals. There is an interdependence between business and training which should be recognised and encouraged with education

providers working hand in hand with business to create a work force that can hold its head up high on the World stage.

The Government recognises the importance of skills to our economy and we would hope to influence the input of City Skills, City Deals and Apprenticeship hubs to further the engine of growth that Birmingham is and can be for the greater area.

Kate Canty

[Birmingham ESB Chairman.](#)

Priorities

- 1. Develop a shared understanding of current and future economic needs***
- 2. To take a joint employer and provider led approach to planning courses, qualifications, employability skills and the wider school curriculum***
- 3. To engage with and influence young people through schools (before young people choose their options), colleges and universities***
- 4. To provide the right information, advice and guidance to people of all ages that effectively responds to changes within businesses and the economy***
- 5. To clearly articulate the core employability skills required to enter the workforce and support providers in embedding these skills and an understanding of the workplace in the learning experience.***
- 6. To focus skills development on apprenticeships and higher level skills, particularly higher level apprenticeships and the pathways to level 4 and above.***

Economy and the Local Labour Marketⁱ

Intelligence & Analysis

Much of the data the Board required was already in the public domain. Some intelligence gaps were identified and subsequent action to plug these has been undertaken. These included the following:

Growth sectors and in particular the scale of current employment, growth potential and arising skills gaps. The IBM PLIⁱⁱ reports were identified as a useful starting point.

Traditional Sectors their role in the future and in particular, recruitment churn and its impact on skills gaps. The Birmingham City Council research team developed the data in this strand.

An **analysis of current vacancies** and in particular the sectors they represent, why they are not filled and an analysis of the issue of 'Vacancies v Individual Choices'

Recent changes in **automotive and aerospace** manufacturing sectors and in particular supply chain issues and job creation, the reality of local people having the skills to fill vacancies and the impact of 'travel to work' patterns on these jobs

Given the skills statistics across different **ethnic groups**, it was felt important to investigate further into diversity issues and the data available on qualifications and skills, ethnicity, gender and age.

Finally, to investigate the **information colleges hold on skills** needs and gaps and how this is shaping their current business plans. In particular the changes they are introducing in the light of the challenges in the economy.

Findings

The story emerging from the research has thrown up some interesting issues that will challenge the LEP ESB but may help focus attention on some key areas.

High Growth vs. Job Growth

In 2010, cost/quality mapping research conducted by IBM PLI identified a number of sub sectors in which Birmingham had a competitive advantage compared to other competing national and international cities. The work identified not only sectors of existing strength but also those that were also expected to grow globally and which could be a target for growth and investment:

- Shared Service Centres and Business Process Outsourcing - HR /legal & Financial SSC
- Financial Services - back and middle office operations
- Transportation technologies - green automotive assembly
- Emerging opportunities

- low carbon R & D
- Clinical trials
- Digital Media

This research is under continuous review and further analysis will be required on an ongoing basis.

Evidence suggests that High Growth sectors do not necessarily create a high number of jobs compared with other sectors. While we must and do support the policy of encouraging High Growth sectors for the long-term health of the region's economy, focusing solely on these from a skills perspective is not going to address growing levels of unskilled unemployed and particularly young people.

In the short to medium term, and given the low skill levels in Birmingham, a focus on up-skilling people to fill high volume, but lower wage and skill-level jobs remains the main challenge.

It is predicted that the largest jobs growth area will be in the Caring Personal Service occupations (+18,300). However, changes to benefits and pensions may have some effects on this sector.

Other potential growth areas are in various management and professional occupations; we would therefore need to ensure the development of excellent leadership and management skills.

Secretarial, Administrative and Clerical roles are expected to show a sharp decline, as are lower skilled process plant and machine operatives.

We will liaise with local skills providers and discuss with them their business plans and their relevance to changes in the local economy, together with the performance measures they have set themselves and what achievements have been made against them.

Private vs. Public Sector

The recent Centre for Cities Outlook 2012 Report argued that buoyant cities economically are those with a greater private sector balance over public sector.

Private sector employment in Birmingham declined by 2,700 over the period 2003-8¹, while public sector employment rose by over 10,000. This historical reliance on the public sector for employment growth does not give the city a strong position for a private sector led recovery.

¹ There is a discontinuity in the data, so data for 2009 and 2010 is not comparable to the pre-recession data. Also, a change in the reporting of public sector employment in the city between 2009 and 2010 makes comparison between these two years unreliable.

The largest sectors in the city by employment are currently Wholesale and Retail (15.1% of all employment), Health (13.5%) and Education (12.1%) (ONS BRES 2010). See Table 1.

Table 1: Employment in Birmingham by Broad Industry Groups

Industry	Jobs	Percent
Utilities and Mining	3,900	0.8%
Manufacturing	41,100	8.6%
Construction	19,900	4.2%
Wholesale and retail trade; repair of motor vehicles	72,000	15.1%
Transport & storage (inc postal)	18,600	3.9%
Accommodation & food services	23,400	4.9%
Information & communication	13,200	2.8%
Financial & insurance	26,500	5.6%
Property	6,900	1.5%
Professional, scientific & technical	31,400	6.6%
Business administration & support services	37,500	7.9%
Public administration & defence	42,000	8.8%
Education	57,600	12.1%
Health	64,500	13.5%
Arts, entertainment, recreation & other services	17,600	3.7%
Total	476,100	100.0%

Source: ONS 2010 BRES

Employment forecasts to 2025 (Cambridge Econometrics) predict strong growth in a number of established sectors - Business, professional and financial sectors, construction and health. But overall employment growth is forecast to remain very subdued.

Low technology manufacturing could be entering a phase of resurgence. How significant an impact this could have on job creation, in a previously assumed declining sector, needs to be properly understood. What support might this sector need to recreate lost jobs?

Vacancy Churn and Travel to Work

Many more job opportunities will become available through job churn, than through employment growth.

There is not a great deal of statistical information available on job churn. The Office for National Statistics Annual Population Survey (APS) surveys 50,000 UK households each quarter in order to calculate the official Unemployment Rate (as defined by the ILO). Individuals in these households are surveyed for 5 consecutive quarters before the household is rotated out of the sample frame. Researchers have used this survey information to analyse respondents work data in quarter 1 and then again in quarter 5 to estimate the proportion of people who change jobs over the course of a year.

Local data is not available, but national data shows the greatest churn is in Accommodation and Food Services, Construction, Wholesale and Retail trades.

Extrapolating this national data to Birmingham allows us to estimate the annual job churn at around 60,000.

It is difficult to quantify the levels of commuting accurately as the data is either old or small sample. One available source of information that can give a strong indication of economic linkages between areas is travel to work data. In this report we use 2001 Census Travel to Work Data to analyse the commuting patterns across the area focussing on travel flows in and out of Birmingham. The levels of commuting to and from Birmingham, and the surrounding local authorities, is high with a total of 163,000 people commuting to Birmingham. It is clear that Birmingham provides a large amount of employment for residents of other areas - being a net importer of almost 84,000 employees. To some degree this would be expected. As a Core City, Birmingham is an employment hub for its hinterland areas. However, the magnitude of the in-commuting levels coupled with the high levels of worklessness amongst Birmingham's resident population, indicates a level of disjoint between local residents and the jobs generated in Birmingham.

From a purely Birmingham-centric viewpoint, this influx of daily commuters means that pressure for local jobs is increased significantly. The availability of a highly skilled pool from the wider region (split roughly 50/50 between the higher skilled and lower skilled occupations) gives the city both a competitive advantage and may pose problems to local, unskilled workers and jobseekers.

Ensuring Birmingham residents have the skills to take advantage of these opportunities would provide the best opportunity to address low employment rates in the city, and give local people a better chance of gaining employment. The table 2 below gives a snapshot of notified vacancies for February 2012. This looks at Birmingham and its immediate borders and the type of occupations notifying vacancies.

Table 2

vacancies - notified by occupation							
ONS Crown Copyright Reserved [from Nomis on 26 March 2012]							
date	February 2012						
Occupation	Birmingham	Bromsgrove	Lichfield	North Warwickshire	Sandwell	Solihull	Total
1 : Managers and Senior Officials	378	36	17	14	98	65	608
2 : Professional Occupations	301	17	43	5	126	31	523
3 : Associate Professional and Technical	1,580	138	73	18	154	143	2,106
4 : Administrative and Secretarial	422	35	38	26	120	67	708
5 : Skilled Trades Occupations	701	27	51	46	261	104	1,190
6 : Personal Service Occupations	1,054	140	161	105	280	185	1,925
7 : Sales and Customer Service	1,128	123	57	108	142	191	1,749
8 : Process, Plant and Machine Operatives	764	33	174	146	446	98	1,661
9 : Elementary Occupations	782	84	82	107	235	325	1,615
Column Total	7,110	633	696	575	1,862	1,209	12,085

LEP partners need to work to optimise the opportunities this recruitment churn presents whilst mitigating the pressure for local jobs. We can optimise the opportunities for recruitment by using the employer engagement activities of providers of skills, work programme, local authorities, Chambers and Job Centre Plus.

Demographic & Cultural Issues

Youth Unemployment

2010 Office for National Statistics mid-year population estimates show that Birmingham has a younger age profile compared to the national average. This offers many opportunities for the future, however, the projected growth in the working age population puts considerable pressure on the labour market at this time of economic slow-down, and significant job creation is required just to maintain current employment rates, which are amongst the lowest in the country.

This pressure is reflected particularly in the youth unemployment rate which has risen from 15% in 2008 to 25% currently - which at present is over twice the national average.

Ethnicity

At around 50%, the Pakistani and Bangladeshi populations have the highest proportion of the working age population with **no qualifications**. The proportion for the white population is around 30%. The lowest proportions are for the Black Caribbean (25%) and Black African (16%) groups.

Research shows that population growth will be most apparent in the Pakistani, Bangladeshi and Black African groups. This, therefore, has implications for the city's future employment rates.

Only 22% of Pakistani and Bangladeshi women are in employment - well below other groups. Yet Pakistani and Bangladeshi girls achieve higher than average educational attainment at school so there is clearly a mis-match between the skill levels of those in the 'employment market' and the potential levels in the wider 'ethnic group'.

To improve employment prospects there needs to be considerable work with the local community through community centres and groups, as well as through Job Centre Plus and the various local skills providers.

Worklessness

There are approximately 122,000 people claiming out-of work benefits in Birmingham equating to 18% of the working age population. There are pockets of high worklessness across the city, but the highest rates are concentrated in

both the inner city ring and also in the outer estates. There is close correlation between these areas and both high deprivation and low skills.

Over 50,000 people claim Job Seekers Allowance in Birmingham (Dec 2011) equating to 12.4% of the economically active population. Unemployment is heavily concentrated in the inner city ring, in areas characterised by BME communities. Rates for some groups are very high, for instance approximately 25% of economically active residents of Pakistani origin are unemployed.

Table 3 Changes in Vacancies by some occupations over twelve months.

Occupation	January 2011	January 2012	Change over 12 months
24 : Business and Public Service Professionals	71	23	-48
32 : Health and Social Welfare Associate Professionals	399	139	-260
34 : Culture, Media and Sports Occupations	93	31	-62
41 : Administrative Occupations	388	252	-136
82 : Transport and Mobile Machine Drivers and Operatives	641	440	-201
11 : Corporate Managers	130	251	121
52 : Skilled Metal and Electronic Trades	197	293	96
61 : Caring Personal Service Occupations	611	904	293
71 : Sales Occupations	876	1,681	805
91 : Elementary Trades, Plant,Storage Related Occupations	223	320	97

There is also a mismatch between vacancies available and the type of work being looked for by claimants.

It is important that major developments, such as HS2 and construction projects within the City encourage and support the development of employment and skills, through apprenticeships and training.

The Board will press for:

1. All capital projects undertaken in the locality to have a skills and employment dimension based around the local labour force.
2. The Youth contract to include innovative ways to enter employment and gain experience.
3. More timely data than currently available to be able to base future decisions more efficiently.

Employers and Providers

At present the link between providers and employers seems somewhat ad-hoc. There are links between individual employers and providers but this is very much based around the delivery of specific vocational qualifications and bespoke training needs. However, there is little contribution to specific local links or feedback to changes in curriculum to reflect local development and changes in the economy. This has in the past been the role of sector skills councils which have seemed remote from local businesses, and which create total NVQ frameworks, rather than training required to undertake a job of work.

Sector Skills Councils were developed to enable employers to feedback needs for skills development in various sectors. The UK Commission for Employment and Skills sums up Sector Skills Councils as.²

Sector Skills Councils (SSCs) are independent, employer-led, UK-wide organisations. The SSCs and the UK Commission are committed to working in partnership across the four nations to create the conditions for increased employer investment in skills which will drive enterprise and create jobs and sustainable economic growth. They share a belief that the sectoral approach is the most effective way to do this. There are currently 22 SSCs covering over 90% of the economy.

The network of licensed Sector Skills Councils provides the employer leadership to address skills needs within and across sectors. The SSC licence is the unique identifier which signals to employers and government that they are a focal point for raising skills in sectors to drive enterprise, jobs and growth.

Through their sectoral reach, SSCs are ideally placed to articulate the voice of employers on skills; to develop innovative skills solutions and to galvanise employer ambition and investment in skills and job creation. In doing so, they are key strategic partners in creating the conditions for increased investment in skills.

The remit of the UKCES is to ensure that good market intelligence drives increased investment to achieve greater impact on skills, jobs and economic growth. This will be achieved through the key priorities and actions set out in the UK Commission's business plan.

The Alliance of SSCs and the UKCES will work together on four joint priority outcomes:

1. To make and win the economic argument for greater investment in skills
2. To enhance the value and accessibility of vocational training especially apprenticeships
3. To galvanise industries and sectors to improve the skills and productivity of their workforces

² UKCES Website March 2012

There is a great variation in how these SSC's operate and some are more attuned to sectoral changes than others. As they are national bodies and mostly made up of large employers they may not totally reflect the local needs of SME's and an economy needing growth in business start-ups.

Apprenticeship frameworks and vocational qualifications for level 2 and 3 seem to be fairly comprehensive for many of the City's growth needs. This does assume they are delivered by local providers. However, higher level apprenticeship frameworks are quite sparse at present and the funding for them now and in the future is unclear. Whether the Skills Funding Agency (SFA) or the Higher Education Funding Council for England have the responsibility for this is uncertain as the Higher Education system is capped on numbers and the SFA capped on spending.

Each of the ESBs needs to have a closer relationship with its employers, with local providers and their forward plans based on the changes in the local economy. One "ask" by providers is Pump priming to develop new curriculum to reflect the changes in the local economy and the needs of SMEs.

The Board will:

1. Develop links with a local provider forum as well as a wider LEP forum.
2. Work with Providers to develop new curriculum to reflect changes in the local economy pressing for pump priming funds to enable this.

Engage and Influence young people

The big question is whether young people are aware of the vast opportunities that are open to them if they make the right choices. Also, those that can be closed to them by making certain choices too early in their career/life.

What the board need to determine is the information that is currently available to young people to enable them to make choices. Also, how qualified are the people giving information to young people. The board wants to find ways to broaden access to placements and jobs for young people in various sectors. It should be possible for us to relate these to various sectors with the largest churn over the next 5-10 years so that future jobs and skills needs are easier to forecast.

The board can also help by encouraging companies to volunteer to engage with schools and colleges to undertake actions such as:-

Mock Interviews

Short term work shadow placements

Work shadowing opportunities

The board will also look at opportunities to work with programmes that link work and education in the community to ensure young people can understand choices available.

The board will investigate ways of overcoming the barriers to companies of being engaged in placements and job opportunities. We will look at current brokerage systems that link schools to companies and see if these can be enhanced. We will also lobby for resources to enable fruitful intercourse between school and work environments. It will be vital to ensure paper and bureaucracy is minimal for all parties.

Initiatives for working with companies in Birmingham are fairly limited at present and tend to deselect small companies because of the cost. The local Education Business Partnership has collapsed with little sign of it being picked up in its entirety by some other organisation. The local Business in the Community is seen by many companies as an expensive way to show their corporate social responsibility (CSR), with costs for small companies of £3700 plus costs to be involved in programmes. The CBI has a programme called Business in the Classroom. Business in the Classroom promotes partnerships between businesses and schools which aim to increase young people's knowledge of the work place and improve their employability skills. This is limited and tends to be with large companies.

The Board will work with the various organisations to ensure a wider coverage of Employer and Education interaction.

The Board aspire to better collaboration with local schools and organisations to develop knowledge of sectors in the economy. A programme run by University Hospital Birmingham gives a an example of good practice for working with youngsters.

In a partnership with a local school the Hospital aims to develop the young person's knowledge of the health service and the range of jobs offered. This is focused on developing job preparation skills. The Hospital supports the development of the student workbook by sending across current paperwork that the Hospital uses to ensure the student's learning is current. Students attend sessions at UHB's Learning Hub to find out about the provisions available to jobseekers. These focus on looking at the young person's CV offer and then help with filling in a "real" application form and interview skills. Finally, each young person has a one to one mock interview with a senior NHS manager for a job in the organisation. Feedback is then given back to the young person on how to improve performance.

The board would like to ensure:

1. Every young person has a meaningful engagement with an employer
2. Encourage collaboration between SMEs to support work placements.
3. Look for good examples of how employers and schools interact well and develop pilots from these.
4. A framework or mechanism to deliver brokerage between employers and schools /young people. Looking at possibly using funding for this from the Business Growth fund or Employer Ownership Pilot.

Information Advice and Guidance

It is important to be able to monitor the implementation and development of the new all age careers service. It is noted that there seems to be an over reliance on technology to run the service and a possibility that we move back to amateur advisors in schools.

On 13 April 2011, the Department for Business, Innovation and Skills announced the brand name and key features of the new careers service that will be available in England.

They also confirmed that it will continue to fund:

A high-quality online and helpline service for adults. From September 2011, these will be linked to similar services for young people, so there is a single point of access for all users of each service

A network of public, private and voluntary sector organisations to provide face-to-face careers guidance to adults.

From April 2012, the single point of access to online and helpline services, and the network of organisations funded by the Department for Business, Innovation and Skills will be known as the National Careers Service.”³

John Hayes (Minister of State for Further Education, Skills and Life Long Learning) promised:

“The service will be free and available online or over the telephone for adults and young people (13 and over) in England; adults will also be able to speak to an adviser face-to-face in their local community.

The National Careers Service will replace the current Next Step service, operating to a new national quality standard for careers guidance, and its advisers will work to a set of new professional workforce standards.”⁴

“The new model will transfer the responsibility (in 2012) for career information advice and guidance from local authorities to schools. Schools will have a duty to secure access to these services - which must be independent and impartial - for pupils in years 9, 10 and 11.

⁵

The National Careers service states:

“The National Careers Service (formerly Next Step) provides information, advice and guidance to help you make decisions on learning, training and work opportunities. The service offers confidential, helpful and impartial advice, supported by qualified careers advisers.”⁶

³ Skills Funding Agency 2011

⁴ Skills Finding Agency Website 2011

⁵ Institute of Career Guidance Conference November 2011

⁶ <https://nationalcareersservice.direct.gov.uk/aboutus/Pages/default.aspx>

The board will monitor current research about advice in schools and colleges as well as for young unemployed people.

The Board will press for:

1. Monitoring and feedback of the work and effectiveness of the new All Age Careers Service. This to ensure accountability of the new service.
2. Engagement of business representative organisations with the new careers service to develop CSR models to enable a good standard of information advice and guidance on various business sectors.
3. A local Business Award for Business-school collaboration

Employability Skills

The big question is very much - what is required by employers in the workplace from an employee? The issue is defining what employability skills are.

Anecdotally, most employers would say that they require commitment to being at work and then the skills for the job can be taught.

Defining and measuring Employability Skills

The Learning and Skills Network undertook research in 2008 with employers around this topic and concluded as did the Board that there are four key issues that impact on the way “employability” is used.

1. How are employability skills measured?
2. Is there a set of identifiable skills that people need to acquire and maintain a job in all sectors?
3. Does a person need different skills to get the job as opposed to keeping a job?
4. What responsibility does each stakeholder have in the development of employability skills?

Certain factors must be taken into account when trying to define employability skills, namely

- Level of occupation
- Labour market needs
- Job specific needs
- Sector specific needs
- Stage of the individuals career
- Culture and multicultural
- Technology

The Boards concluded that the needs of employers differ from sector to sector. A task group of the Board determined two working definitions that would fit locally before trying to determine answers to the four issues.

“ 1. Understanding a work ethic, a good attitude, the importance of appearance and manner.

2. At least level 1 competency in literacy and Numeracy skills.”

The development of employability skills can be seen as a continuum of learning both important to realising a job as well as progressing in the job or changing jobs.

1. To measure skills levels the board realises that the differing skills needs would depend not only on the sector but also the level of occupation. (see The Manchester University Employability Skills Audit for graduates. ⁷) Simple diagnostic tools do exist to measure basic employability skills as well as more complex needs but small companies do not know about them or have access to them.
2. The identifiable skills are those of communication, behaviours as well as level 1 skills for numeracy and literacy. However, no one single set of skills is universally required as sectors and levels require different sets. (See table1 from University of Kent⁸)
3. There are differences in getting and keeping a job. This revolves around the whole person and their attitude to the workplace as well as initiative. Again this is measurable but a great deal is subjective and qualitative.
4. The Board felt there were various stakeholder responsibilities for the employability of individuals and this started at School because many of the skills were for life as well as work. There are also definite responsibilities of college and University, this was lumped together as a Government responsibility. The workplace also had a responsibility to enable people to move on and learn the various norms and mores required in the workplace.
5. It is extremely important that the board is able to articulate to all colleges and providers the core employability provision that should be delivered to learners and potential employees. It is clear that employability skills wanted by employers vary enormously and therefore there is probably no single / uniform list (however, there are likely to be a number of key common areas where provision may be targeted).

Funding

All colleges / private providers funded by the Skills Funding Agency have a single Adult Skills Budget which they can utilise to deliver classroom and workplace learning to adults aged 19+ including full qualifications and units to the unemployed. Colleges and providers have been given the freedoms and flexibilities to ensure provision is available and relevant in order to meet the needs of their learners, communities and businesses.

Most of the monitoring controls have been removed from the Skills Funding Agency for the Adult Skills Budget as part of the simplification agenda and because colleges / providers now have the freedoms and flexibilities and responsibility to respond to the further education sector. The Skills Funding Agency undertakes quarterly performance monitoring reviews where there are issues with the performance of colleges and providers.

⁷ <http://www.careers.manchester.ac.uk/students/employable/skills/>

⁸ <http://www.kent.ac.uk/careers/sk/skillsmap.htm>

Skills Conditionality

Skills conditionality involves Jobcentre Plus referring claimants to a skills training provider, Further Education College or Next Step adviser with potential benefit sanctions for non-participation. The training will include vocational skills; basic skills, such as literacy, numeracy and employability training. The aim of the policy is to ensure that those claimants on active benefits who have a skills need preventing them from getting and keeping a job take the necessary steps to address that need as part of their journey back to work.

In future, colleges and training providers will have greater freedom to tailor their provision to the needs of their local community and Jobcentre Plus will have a vital role in shaping that offer. Jobcentre Plus already works closely with colleges and independent training providers and will continue to build on these working relationships at local and national level, including through the implementation of Skills Conditionality, which will rely on strong communication links between local partners including Next Step.⁹

The Board recognises this can be a valuable approach to getting people back to work but would want to ensure the advice given and subsequent training is appropriate. Some pilots and work undertaken by local companies show that the implementation of pre-employment training and work tasters are very useful to engage people in the work place and allow people access to new sectors. The board would like to see this as an approach.

The Board would like to see.

1. A form of Education Maintenance Allowance be reintroduced for poorer students.
2. That more emphasis is placed on pre-employment needs and that pre-apprenticeships and pre-employment activities are part of the "Apprenticeship Hub".
3. That all companies in the LEP and ESBs sign up to apprenticeships and roll these out to their sector.
4. The public sector Procurement Framework is rolled out to all the public sector and large private sector companies to link local people to jobs.
5. That the impact of the Public Services Social Value Act 2012 is monitored

⁹ Skills Conditionality – Government response March 2011

Apprenticeships

Current Higher Apprenticeships

In 2010 the Government announced its commitment to grow Higher Apprenticeships. As a result, there are now seven to choose from, with additional Apprenticeship frameworks being developed in several occupational areas, creating career pathways right through to higher level roles and on-going opportunities to maximise the benefits of a highly skilled workforce.

Currently, Higher Apprenticeships are available in the following areas:

Table 4

Higher Apprenticeship	Level
Accounting	4
Business and Administration	4
Contact Centre Operations	4
Engineering Technology	4
Food and Drink	4
IT, Software, Web & Telecoms Professionals	4
Providing Financial Advice	4
Leadership and Management	5

Further information on Higher Apprenticeships can be found at:
<http://www.apprenticeships.org.uk/Home/Employers/The-Basics/Higher-Apprenticeships.aspx>

Information on **frameworks in development** can be found at:
<http://www.afo.sscalliance.org/frameworkslibrary/> (see the right hand side of the screen, yellow box). This is the Apprenticeships Frameworks On-line website. There is a lot of information on this site.

The main issue for the Board is who has the responsibility for funding Higher level apprenticeships and vocational qualifications and whether they will be caught up in the undergraduate capping exercise currently underway.

The other major issue is that many employers still do not understand the comparison of NVQ and academic level and how this operates in practice.

A map of **Qualification levels and descriptions** can be found at:

http://www.direct.gov.uk/en/EducationAndLearning/QualificationsExplained/DG_10039017

The Board recognises a responsibility to ensure a take up of apprenticeships at all levels and in all sectors. It will work closely with stakeholders on any new Skills and Apprenticeship hub developed under the City Deals and City Skills initiatives. The Board recognises the need to complement and not duplicate provision for the City.

The Board would like to see:

1. A robust monitoring system for Information advice and guidance in the future to enable this to equate to the local economy.
2. Transparency on Higher Level Apprenticeship Funding through the various agencies.
3. Simpler ways of engaging with SME's to implement apprenticeship models.

ⁱ This is an extract from a longer economic analysis undertaken by BCC Research Team for the ESB.

ⁱⁱ Seven profiles of High growth sectors in Birmingham

**Closing the Skills Gap
Birmingham Economy and Jobs Overview and Scrutiny Committee
Department for Work and Pensions
August 2012**

The Birmingham Labour Market

- The local employment rate is 57% the lowest is the West Midlands. The Local Labour Market remains slow though there are welcome signs of improvement in jobs notified and in the numbers leaving the JSA register for work.
- The overall unemployment rate for Birmingham remains roughly twice the national rate and has been at this level since the recession in 2008. The JSA register rose more slowly than in other parts of the country for example in Solihull but has also fallen at a much slower pace. The average length of time on JSA before the recession in 2008 was 13 weeks. It is now over 20 weeks.
- Proportionally Youth unemployment is lower than in other parts of the country despite Birmingham having a higher percentage of the population aged under 25. There are still substantial numbers, over 14, 000, but there has been a drop of just under 1000 in the previous 12 months. This masks an increase of almost 50% in those who are 6 months unemployed in the previous 12 months.
- JSA claimants with qualifications are now higher than the Black Country but lower than any other part of the West Midlands. 27% have minimum level 4 and 75% at minimum level 1. 15. 5% have no qualifications with the majority of these aged over 25.
- The number of Lone Parents on Lone Parent Benefit continues to fall as structural changes in the Benefit System continue to be implemented. In February 2009 there were 23,400 and in February 2012 there were 18,890. This is still the highest level in the West Midlands
- In contrast the ESA/ IB register remains much the same at 59,460 in February 2009 and 59,610 in February 2012.

Vacancies notified to Jobcentres

In the last six months there has been

- an overall increase in construction trades, particularly electrical
- a large increase in manufacturing, metal forming, welding trades and assembly reflecting improvements in the automotive industry
- a large increase in transport jobs
- a decrease in financial administration reflecting a decrease in call centre related activity
- A large decrease in government administration reflecting local government redundancies and a slow down in central government recruitment.
- a large decrease in sales assistants and related occupations
- a large decrease in hospitality

Work Trends

- Employers state they are unable to recruit because the local labour force lacks the skills needed. They believe schools do not teach young people the skills necessary to enter the jobs market – including basic literacy and numeracy to soft employability skills especially the right attitude towards work.
- ESOL and basic skills remain a gap for many in Birmingham. Whilst there is sufficient at entry level there needs to be a stronger occupational and employment basis. There is a distinct lack of pre entry ESOL which cannot be delivered by colleges owing to funding constraints
- 27,000 people are unemployed over 6 and 12 months, 20,000 of which are over 25. Enabling these to successfully compete and retain Level 1 & Entry jobs is key to addressing unemployment in Birmingham.
- Structural Changes in the Jobs Market demonstrates increases in Part Time work and Self Employment. Support for people considering part-time or self employment is essential particularly financial literacy
- Strategic policy can be viewed as contradictory. DWP policy is to move people quickly into work whilst addressing systemic disadvantage. DBIS/Skills Funding Agency policy is aimed at long term training and qualifications. Overarching Family Focused Policy particularly Troubled Families seeks to align policies and activities across departments.
- There need to be a more systematic promotion of Apprenticeships as an alternative and equal to further education / higher education
- New growth sectors such as low carbon, medical technology , green economy require new skills but the number likely to be engaged in these industries is very small when compared to the number of jobs which will be generated by labour market churn and new technology applied to existing industries
- Targeted and meaningful work experience and work placements remain critical for young people to provide work skills. Giving employers the chance to see young people in the work place facilitates more jobs and better retention rates.
- Large new developments require early identification of skills and employer needs so that local people can be trained in new skills and reduce the import of skilled labour from elsewhere for example the successful partnership activity for the Birmingham Library.

The role of DWP: Get Britain Working Measures

There are many DWP initiatives and schemes. It is essential that they are understood by “movers and shapers” at all levels and that effective partnerships are formed to put together bespoke and effective packages which tap the help available, removing unnecessary and costly duplication.

- **Work Clubs** provide unemployed people with a place to meet, find opportunities and provide each other with mutual support.

- **Work Together** reflecting the importance of encouraging unemployed people to take volunteering opportunities.
- **Work Experience** Offers young people a few weeks with a local employer to help build their CVs and job skills.
- **Sector-based work academies** – Bespoke occupational training for young people - a maximum of 6 weeks including pre-employment training, a work experience placement and a guaranteed job interview.
- **Youth Contract** A package of support worth almost £1 billion to help young unemployed people to prepare for work and find a job.
- **New Enterprise Allowance and Enterprise Clubs** Provides support for those looking to grow a business by providing access to finance and valuable support from local entrepreneur mentors
- **Skills Offer and Skills Conditionality** supports advisers to address the skills needs of customers where they are a barrier to getting back to work by accessing SFA funded provision
- **Flexible Support Fund** which can be used by Advisers to cover expenses associated with taking up work or training and by District Managers to add additional provision or make Grants for work with Partners.
- **Work Programme** A core contracted programme offering personalised help to a range of customers. Work Programme providers are free to design support based on individual and local need using payment by results to support claimants into employment and retaining jobs longer, with higher payments for supporting the hardest to help
- **Work Choice specialist** disability employment programme to provide support for disabled people facing the most complex barriers to getting and keeping a job.

Future Changes in the Welfare System which will impact claimants and potentially the support available

- **Universal Jobmatch** Autumn 2012 will be one of the largest jobsites in the UK, providing a new online service to post and fill jobs with automated job matching for both employers and jobseekers using CVs
- **Disability Living Allowance Reform- Personal Independence Payment** April 2013 replacement of DLA for people of working age (16-64) with Personal Independence Payment to create a fairer, more transparent and sustainable system, ensuring that it continues to support disabled people who face the greatest barriers to participating in society
- **Housing Benefit Reform** April 2013. Limits to the amount of Housing Benefit that people in the private and social rented sectors are entitled to, based on their household size, will encourage people to make sensible decisions about what they can reasonably afford, and improve work incentives.
- **Benefit Cap** From April 2013, a cap on the total amount of benefit that working-age people can receive so that households on out-of-work benefits will no longer receive more in welfare payments than the average weekly wage for working households.
- **Social Fund Reform** April 2013 new LA administered system to claim crisis loans

- **Universal Credit** October 2013, part of the Government's vision of making work pay, especially for the poorest in society and will provide a new single system of means-tested support for working-age people who are in or out of work. Support for housing costs, children and childcare costs will be integrated in the new benefit. It will also provide additions for disabled people and carers.

Synergy with other Local and Central Government Initiatives where worklessness is seen as a key policy driver

- **Local Authority led pilot for Universal Credit** September 2012 until September 2013, help claimants develop online skills to claim Universal Credit, and help people develop financial management skills and address employability issues. DWP will provide on site support in the new Letting Suites
- **Troubled Families Programme** turning around the lives of 4600 troubled families in Birmingham by 2015, by getting children back into school, reducing their criminal and anti-social behaviour, getting parents on the road back to work. DWP will appoint a Think Family Adviser in every jobcentre who will work the family member(s) and their support worker on employability.
- **Local Enterprise Partnership and Birmingham Employment Skills Board** - seek to develop the local economy by pump priming regeneration and generating infrastructure projects as well as creating better links between employers and schools to address employability skills. DWP is key influencer and provider of services and data to aid these processes
- **Localism** - The varying local labour markets result in different issues in different localities. Local worklessness activity should where possible reflect this. Increase the effectiveness of local services by working with partners to tackle worklessness as well other barriers to employment such as transport and childcare is a key aspect of DWP policy but must ensure that local activity complements national welfare-to-work provision while meeting specific local needs.

Conclusion

There is great willingness to tackle worklessness and closing the skills gap is a key component. There is already much in place but more can be done to align funds and eligibility and reduce the administrative complexities so that employers, claimants and partners can address worklessness effectively

Zanny Lomas and Jane Liptrot

Scrutiny Inquiry: Closing the Skills Gap

The feedback from businesses is that there are broader skilling issues. For instance scientist may also need to have language skills. Also some businesses have stated that it is very hard to get people with the right level of engineering design talent or focussed creative design talent. People with these skills find it easier to get employment given the growth of key Midlands businesses, such as JLR and so there is a shortage in this area. Similarly creative design skills are in short supply as there are quality job offers in London which may appear more attractive than working in Birmingham this is resulting in loss of talent.

Some key sectors proposed as priorities for this region which have a relevance for Birmingham City University include: education and the knowledge economy, health and medical technologies, social work, computing, ICT, manufacturing including in particular advanced manufacturing including those focussed on premium brands, business management and accounting, environmental technologies, culture and communications. Key themes, such as design-driven innovation, are also seen as vital in delivering enhanced competitiveness within the region.

Around 70% of our students come from the area and tend to work in the area. The University and businesses have a collaborative relationship, creating knowledge transfer partnerships, with the University assisting businesses with their competitiveness needs. There are also work based placements and some courses are co-designed with businesses. An example of students gaining real life market experience is in Games design whereby students design and develop games in a studio environment aimed at meeting the needs of this market place and focussed on meeting real production outputs and requirements.

The City's reputation is not as strong as it should be. There are good areas of work but more activity and joint working is needed. We need to gain a reputation in key areas and be seen as another 'Milan'. For instance 60% of jewellery made in the UK is made in Birmingham and there is amazing talent here that is business ready.

A large number of graduates are staying in Birmingham. However, London may be seen as having a better international reputation. The City therefore needs to make links accessible so that everyone knows the opportunities we have here.

Key lines of enquiry:

- What is the skills gap in Birmingham? Bournville College's (BCFE) experience suggests that skills are required in many sectors across Birmingham. These include – ITC, Digital media, Telecommunications, Digital Electronics, Construction, Manufacturing, Food processing, Engineering (Advanced Engineering – including automotive and aerospace), Logistics, Business support.
- What skills do businesses in Birmingham require now and in the future? There is often an unrealistic demand by some sectors that they require skilled staff immediately to fulfil vacancies that occur, when the sector hasn't been involved in training and development of individuals for considerable amounts of time. This situation occurs too often even when it is known that a particular employer has an aging workforce. Succession planning is required to maintain the continuity and skill levels to remain competitive and avoid the 'watering down' of skills competency.

Businesses would benefit from up-skilling their existing workforce into increased skilled positions within their organisations where possible, to help fulfil their immediate requirements and consider a thorough skills training programme similar to the indentured apprenticeship programme. Businesses should also invest in long term development of skills within their organisations. The specific requirements appear to be those where a mandatory certificate is required – i.e. Construction – CSCS, Logistics – CPC, Health and Social Care – Level 2 award.

Research commissioned by the Greater B'ham & Solihull LEP & Enterprise Skills Board, has confirmed the already competitive offer in key sectors (Automotive and Advanced Engineering; Financial, Business and Professional Services; Computer Services, IT and Digital; Life Sciences; and Food and Drink) which also yield significant potential for expansion both from inward investment and indigenous growth. It would therefore make sense to focus on the necessary skills required to satisfy these areas.

- What are the current and future skills needs of employers? As above & in addition the Automotive Manufacturing Sector requires skilled CNC programmers, setters, operators and assembly operatives with basic engineering knowledge. Highly skilled designers and production managers are sought after but not in the same volume. What do we need to do to ensure inward investment in the city is not hampered by current and possible future skills gaps? The Greater Birmingham & Solihull LEP & Enterprise Skills Board is also considering this question. It is considered that our central location and access to the rail and motorway networks lends itself to best serve the manufacturing supply chain requirements. Although Birmingham has seen a decline in recent years of its manufacturing base it is still a significant employer and it would be wise to maintain the necessary skills required for this sector.
- Do current employees and future employees have/will have the necessary skills to meet business needs; Not if we were to continue on this current path. Although the 'Manufacturing Passport programme' has been launched under many guises over the years to support

manufacturing across Birmingham and the West Midlands, it has not become embedded. This programme(s) gave individual manufacturing operatives evidence that they possessed the necessary skills needed by employers. The benefit to the employer was that the individual came with a known level of skills that had also been verified.

- What needs to be done to ensure that Birmingham residents have the necessary skills that businesses require?
 - How are universities, colleges, training organisations and the third sector ensuring Birmingham residents have the right skills for employment, in particular how will they work with those without skills? BCFE, like other colleges, work with JCP, Connexions and in partnership with other providers to offer skills required by employers to fulfil their needs. However these initiatives are not necessarily funded to an extent where significant skill levels can be attained by the participating individuals. Therefore a focus on softer skills, such as interviewing techniques is generally employed, and a small amount of time is dedicated to gaining specific skills.
 - What role do businesses play in ensuring new and current employees have the right skills for employment? Some employers work with training providers to develop individuals with specific skills. These are usually based around training programmes where the financial outlay from the employer can be minimised. Therefore the attained skill sets are often compromised. Employers will need support to finance their required skill training and development needs.
 - What role should the City Council, educational organisations and training providers play? A study of the Birmingham based workforces age and current skill sets is required. This is to be matched against employers' future requirements, to further support the data/intelligence required to make informed decisions regarding the specific resources needed. We also need to move away from centralised planning structures, to those that facilitate dialogue/partnerships between businesses and training providers in order to facilitate specific skill training and development of individuals. Structures need to be organised in order to facilitate inward investment which includes educational institutions, the City Council, employers and other funding bodies.

Aston University

Scrutiny Inquiry: Closing the Skills Gap

The key lines of enquiry being pursued will include:

What is the skills gap in Birmingham? What skills do businesses in Birmingham require now and in the future?

The big skills gap is that of young people leaving the education system, whether at 16, 19 or after graduating, without some of the key employability skills. These skills include attitude, aptitude, time-management, initiative, strong communication skills, common sense, problem solving, team working, numeracy and literacy.

What needs to be done to ensure that Birmingham residents have the necessary skills that businesses require?

Employers seek the employability skills listed above as well as level 3 qualifications in the necessary discipline, and English and Maths. These basic attributes will always be necessary whereas the application of these skills will change with time.

How are universities, colleges, training organisations and the third sector ensuring Birmingham residents have the right skills for employment?

Aston University has worked with companies such as E-ON, National Grid, Scottish and Southern, the Post Office and others to create bespoke foundation degree and degree programmes. The knowledge and skills acquired are fit for purpose and for careers in engineering.

What role do businesses play in ensuring new and current employees have the right skills for employment?

Businesses that can be described as learning organisations have excellent induction and on-going mentoring, coaching and professional development programmes in place. Others contract such work out and some sadly do not have any! Many businesses work with Schools and Colleges through CSR programmes to provide relevant curriculum and resources to education. A relevant example is the partnership between business, Aston University and teachers that has developed the new and innovative curriculum in the Aston University Engineering Academy for 14-19 year olds which opened in September 2012. At level 3 it offers A levels, BTec National Engineering and an Apprenticeship. All programmes have input from a range of employers making the learning relevant and insightful for the students.

What role can the City Council, educational providers and other training organisations play in “closing the skills gap”?

Broker partnerships between the large organisations and their SME supply chains for joint initiatives. Act as an umbrella to enable developed materials to be shared with

all secondary and primary schools. Place any developed materials in one location so all learners and employers can benefit.

Wynyard Park House
Wynyard Park
Billingham
TS22 5TB

Customer Services

T: 0845 643 9001

E: customerservices@semta.org.uk

www.semta.org.uk

www.nsa-m.co.uk

Semta Response to Birmingham City Council Scrutiny Inquiry: Closing the Skills Gap

Semta is the Sector Skills Council (SSC) for Science, Engineering and Manufacturing Technologies. We are licensed by government to address the sector's skills needs, providing expert support to companies of all sizes to improve their performance and growth. Semta's footprint covers approximately 132,000 companies employing over 2 million people.

We work directly with employers within our footprint across the Four Nations and also operate networks of employer led groups- Sector Strategy Groups which are responsible for developing sector based skills strategies (automotive, aerospace, marine, electronics, mechanical, metals, composites) and Regional Councils which drive the strategic response and action on skills priorities at a regional level.

Semta's operating structure differs from other SSCs in that we have field based Business Partners, skills experts with sector experience operating at a regional level whose core activity is working directly with employers of all sizes. Two Business Partners cover the West Midlands and three others live within the region and can be readily deployed as required. Additional support is provided via Semta's specialist staff covering aspects such as Policy, Funding, Research, Standards and Frameworks Development.

Our 2011 West Midlands Engineering Factsheet highlighting key skills challenges for the region is attached to this response.

Semta's National Manager for England (South), Christian Warden, will be providing evidence in person to the committee on 25 September.

What is the skills gap in Birmingham? What skills do businesses in Birmingham require now and in the future?

Our labour market information covers West Midlands as a whole and additional work would be required to refine this to more specific detail for the Birmingham area. We would highlight the following points:

Semta data shows that 201,100 people are employed in 9,420 engineering companies in the West Midlands. 92% of these companies employ less than 50 people and approximately 13% of the workforce is aged 60 plus. 27,000 engineering establishments are currently reporting skills gaps.

For the engineering workforce in West Midlands to be at world class levels, there is an upskilling requirement for 56,700 people, with a third at level 3 (skilled tradesperson) and 18,000 at level 4 and above (professional/managerial level).

The Advanced Manufacturing and Engineering sector (AME) has an increasing need for a workforce qualified to level 3 and above. We would suggest the following areas merit particular focus:

- increasing the pipeline of young people who wish to enter the AME sector which offers excellent career and career opportunities, in particular increasing the number of companies taking on apprentices
- supporting SMEs to understand the benefits of investing in development of their workforce
- supporting innovative approaches to reskilling employees to facilitate transfer of skills between sectors and organisations within the region
- improving the employability skills of unemployed people of all ages, to better equip them for jobs within this growth sector

Semta is actively working on each of these areas, at a regional and national level.

What needs to be done to ensure that Birmingham residents have the necessary skills that businesses require?

We believe that the route to success lies in strong partnerships at a local level, with all key stakeholders aligning activity and giving a consistent message. Within the Birmingham area we are aligning our activity with that of the council and Local Enterprise Partnership. We also work closely at regional and national level with the National Apprenticeship Service, Manufacturing Advisory Service and Job Centre Plus, as well as Regional/Trade Associations, Trades Unions and training and skills providers, including FE and HE institutions. The AME sector in the Birmingham area is experiencing significant growth which requires pace and urgency in the response from all parties, to deliver a coherent strategy for skills development.

We are conscious that aspects of our work will also have relevance for other sectors of the Birmingham economy and would welcome any mechanisms which support mutual sharing of best practice, lessons learned and the opportunity to extend activity into other sectors.

How are universities, colleges, training providers and the third sector ensuring Birmingham residents have the right skills for employment?

As detailed above, we believe that strong local partnerships are essential to ensure that provision at all levels is aligned to the needs of employers. An example of this is the activity Semta is currently undertaking in partnership with Greater Birmingham and Solihull LEP and Job Centre Plus to develop and deploy a Pre Employment Programme which will better equip local residents to undertake real, identified jobs within the AME sector. Through the partnership approach, we anticipate that the programme will be delivered through more effective use of funding streams which are currently available rather than requiring bid submissions for competitive funding sources.

Ensuring that provision meets employer need in terms of quality and content is an ongoing challenge. There are some excellent training providers, both public and private, but also others who are not yet sufficiently responsive, particularly when dealing with SMEs.

What role do businesses play in ensuring new and current employees have the right skills for employment?

Businesses have a key role to play. Semta's experience suggests that employers are willing to invest in training once they see or understand the benefits but a key barrier, particularly for

SMEs, is navigating the complex landscape and understanding how to access funding or training provision. Consistent messaging and high quality, accurate information, advice and guidance are critical to successful engagement of SMEs. This can only be achieved through strong partnerships operating at a local level.

What role should the City Council, educational organisations, training providers and the third sector play in “closing the skills gap”.

Two aspects are important:

- Active local partnerships
- Speedy and appropriate action to address skills challenges, for example, task force approaches to respond to specific opportunities

Many of the relevant stakeholders are already engaged in Semta’s employer led West Midlands Regional Council and we would be delighted to discuss how a sub group of this, with additional members, could support the Council in driving this agenda forward.

Semta in the West Midlands Engineering Sector Factsheet 2011

research@semta.org.uk



Engineering profile in the West Midlands

- The West Midlands accounts for 16% of UK engineering employment and 14% of all UK engineering employers.
- 201,100 people are employed in 9,420 engineering establishments.
- 122,100 people (61%) are employed in direct technical roles as engineers, scientists and technologists.
- 92% of engineering sites in the West Midlands employ less than 50 people.

Source: Estimated by Semta from ABI

Workforce Demographics

- Approximately 13% of the technical workforce is aged 60 plus, with only 5% aged 16-24 years old.

Source: Labour Force Survey 2009, ONS

Recruitment

- 6% of engineering establishments had vacancies in 2009, 1,770 engineering vacancies in total
- 1% of engineering establishments had hard-to-fill vacancies, the majority of which were due to skills shortages in applicants

Source: NESS 2009, UKCES Weighted data

Skills

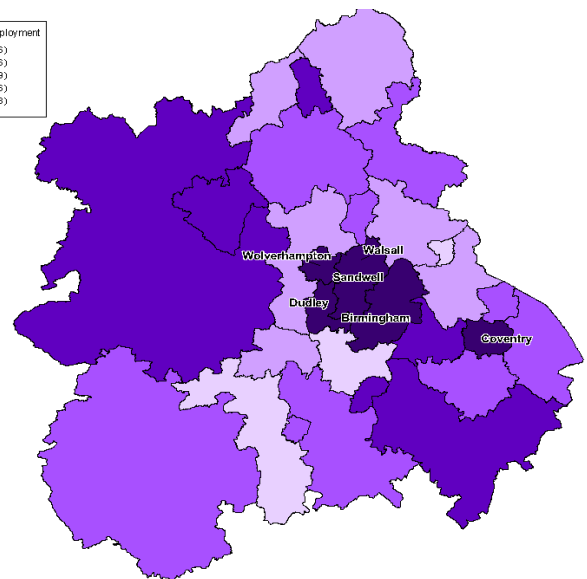
- 27% of West Midland engineering establishments reported skill gaps (26% across England).
- Skills gaps were most likely in management and skilled trades and craft occupations.
- The proportion of companies with skills gaps tended to increase by size of employer. This ranged from:
 - 21% of micro-sized establishments (<10 employees)
 - 31% of small employers (10-49 employees)
 - 38% of medium sized employers (50-249 employees)
 - 72% of large employers (250+ employees)
- Approximately 19,700 employees (10% of the total workforce) in the Engineering sectors in the West Midlands had skills gaps, with over a quarter of this total being in management and technician occupations.

Source: NESS 2009

Qualifications

- 12% of the technical workforce in West Midlands engineering companies has no qualifications compared to 8% of the technical workforce across UK engineering.

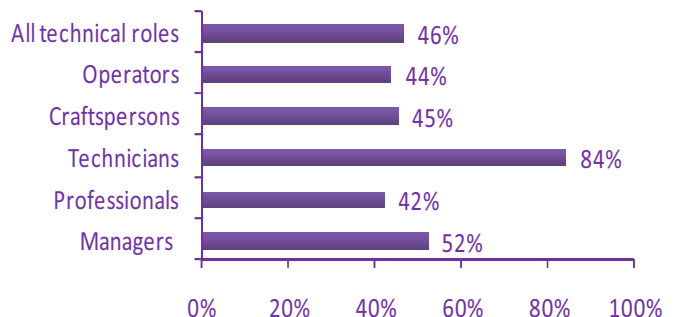
Source: Source: Estimated by Semta from ABI & LFS data



Source: Business Register and Employment Survey (BRES 2009)

Employees: An employee is anyone aged 16 years or over that an organisation directly pays from its payroll(s), in return for carrying out a full-time or part-time job or being on a training scheme. It excludes voluntary workers, self-employed, working owners who are not paid via PAYE.

Proportion of technical workforce qualified below world-class levels in the West Midlands



Source: Source: Estimated by Semta from ABI & LFS data

Upskilling requirements by qualification level for global competitiveness

- For the engineering workforce in the West Midlands to be at world-class skills levels there is an upskilling requirement for almost half of those working in technical roles, some 56,700 people.
 - 8,500 Managers, 6,200 Professionals and 3,300 Technicians at Level 4+
 - 22,200 Craftspersons at Level 3
 - 16,500 Operators at Level 2

Projected recruitment requirement to replace those engineers, scientists and technologists retiring between 2011-2016:

- 11,000 (56%) technical engineering recruits (1,700 per annum)
- 18,100 (3,000 per annum) recruits across all occupations in the engineering sector
- These recruits will also require training.

Source: Source: Estimated by Semta from ABI & LFS data

Training

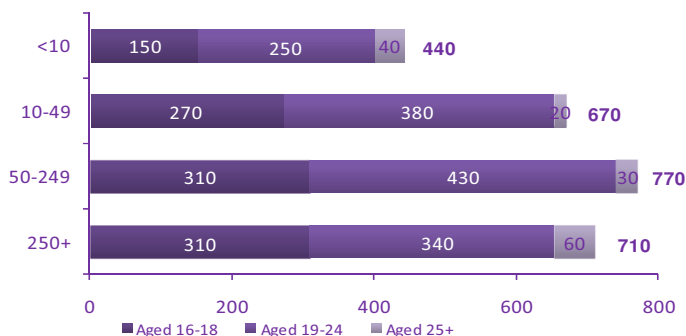
- 75% of engineering establishments provided staff training (43% provided both off-the-job and on-the-job training).
- 25% of establishments did not offer training. By size of company this ranged from:
 - 32% of micro establishments
 - 22% of small establishments
 - 6% of medium sized establishments
 - There were no large employers that did not offer training
- 49% of the workforce received training in the past 12 months, with emphasis on training for skilled trade and craft and machine operative occupations.
- Each employee trained received 5 days training or an average of 4 days per employee.
- 23% of engineering establishments offer apprenticeships or employ apprentices, ranging from 18% of micro-sized employers (less than 10 employees) to 64% of large employers (250+ employees).

Apprenticeships

- 2,570 apprentices were employed by engineering establishments in the West Midlands, with over half employed in large establishments (250+ employees).

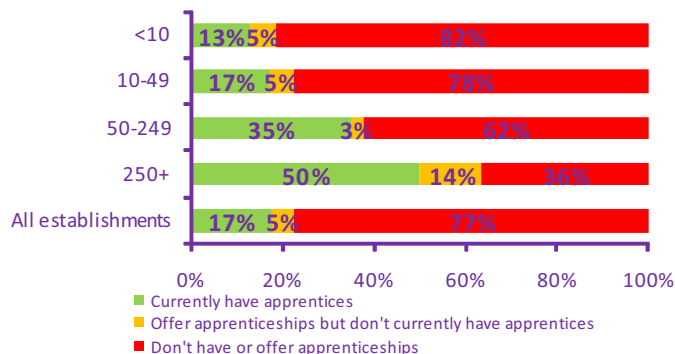


Total number of apprentices employed in the West Midlands engineering sector by age and company size



Source: NESS 2009

Proportion of establishments that currently have, offer or don't have apprenticeships in the West Midlands engineering sector by company size



Source: NESS 2009

Semta's key focus points

Employer priority	Semta's direction	Semta's initiatives	Government support areas
Easier access to high quality programmes and materials.	<ul style="list-style-type: none"> • Sector based approach. • Bite sized chunks. • Clusters approach. 	<ul style="list-style-type: none"> • Low Carbon Skills Cluster Report. • Electric vehicle supply chain events. 	<ul style="list-style-type: none"> • Sector specific needs analysis. • Credit Frameworks. • Consolidation of Sector Skills Councils.
Higher quality training programme delivery.	<ul style="list-style-type: none"> • Joint Investment Plan. • Quality provider network. • Quality assured assessors. 	<ul style="list-style-type: none"> • Women and work project. • Establishment of Regional Councils in England. • Apprenticeship framework web portal. 	<ul style="list-style-type: none"> • Promote business benefits of training and development. • Focus funding on NSAM approved programmes. • Quality focus on SASE regulations.
More technical skills to combat ageing workforce and improve productivity.	<ul style="list-style-type: none"> • Maintain high quality apprenticeship frameworks. • Secure more apprenticeships technicians places. • Support for re-skilling adults. • SME support. 	<ul style="list-style-type: none"> • Apprenticeships Ambition. • Apprenticeship and Advanced Apprenticeships framework development. 	<ul style="list-style-type: none"> • Promote apprenticeships. • Target higher level skills. • Reskilling in new technology areas.
More quality STEM students emerging from education system with better employability skills.	<ul style="list-style-type: none"> • Support for diplomas. • STEMNET/Engineering UK partnerships. • Flexible HE provision. • Reemployment programmes. 	<ul style="list-style-type: none"> • STEM groups and representation at IAG events. • Securing funding for priority qualifications. 	<ul style="list-style-type: none"> • Remote expansion of Ambassadors. • Short and sandwich courses. • Higher Education/Business links. • UTCs specialising in STEM. • Higher Apprenticeships.

Source: Semta Sector Skills Assessment (SSA) report for England 2011.
UTCs: University Technical Colleges.

Please note:

In some instances percentages may have been rounded up or down and may not always total 100. Graphics may not be to exact scale and are for visual representation only.



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or contact

Semta customer services:

T: 0845 643 9001 @: customerservices@semta.org.uk

Web: www.semta.org.uk Web: www.semteal.co.uk

BIRMINGHAM CITY COUNCIL

Briefing Paper to:	Birmingham & Economy and Jobs Overview and Scrutiny Committee	
Date of Meeting:	September 2012	
Report of:	Chief Executive, Service Birmingham	
SUBJECT:	Scrutiny Enquiry: Closing the Skills Gap	

1. Purpose of report:

1.1 The purpose of this report is to contribute to the Scrutiny Inquiry into what is the 'skills gap' in Birmingham is, and what needs to happen to close it.

2. Main conclusions:

2.1 That the report be noted

Lead Contact Officer(s):	Bob Carter, Strategy & Policy Director, Service Birmingham
Telephone No:	07766 925 401
E-mail address:	Bob.carter@servicebirmingham.co.uk

3. Introduction

In April 2006 Service Birmingham Limited (SB) was created as an innovative partnership between Birmingham City Council (BCC) and Capita Business Service Ltd. The partnership was set up to reduce costs, improve services for BCC and to date has created 528 new jobs in the city. Five hundred staff transferred from BCC to the company in 2006 and we now have over 1000.

The partnership, created to support the Councils ambitious business transformation programme as a strong focus on developing staff of the City Council in two key areas through a programme called 'Talent Management'

Firstly, for the staff that have seconded into Service Birmingham, there was a commitment that two £2 million would be spent on training and developing individuals so that they have the skills necessary to delivery a quality service and support the Council in achieving its business transformation objectives.

Additionally, as the Council transforms its services to citizens, the roles of many staff within the Council have evolved and developed. They will use different tools and adopt different skills and techniques. This aspect of transformational change was built into the Excellence in People Management Programme.

4. The 'Skills Gap' (What is the skills gap in Birmingham? What skills do businesses in Birmingham require now and in the future?)

- *What are the current and future skills needs of employers? What do we need to do to ensure inward investment in the city is not hampered by current and possible future skills gaps?*

Developing capacity and capability involves a strategic approach to attracting; recruiting; developing and retaining skilled people required to deliver the vision, we call this 'Talent Management'. Our talent management strategy recognises that people are the difference between success and failure. The way people are led, motivated, trained, involved, empowered and rewarded makes the difference.



Developing the skills demanded by excellent service delivery requires a creative and innovative approach: blending classroom training with secondments, work shadowing, mentoring and online learning.

A number of our ICT staff have successfully been re-skilled through the talent management process and are working in roles on business transformation projects and within our Project Services area.

During the last six years all Service Birmingham staff have completed skills assessments based on the Skills for the information Age Framework (see below)

- *Do current employees and future employees have/will have the necessary skills to meet business needs;*

Digital technology in the form of the Personal Computer and the Internet has already transformed work, education, government, leisure and entertainment, generating new market opportunities and having a major economic impact across a broad range of sectors.

The emergence of new digital infrastructures, including wireless networks, mobile devices and positioning technologies, heralds the next radical shift in digital technology as it becomes embedded into the public spaces, architectures, furniture and the personal fabric of our daily lives.

Until recently there had been no commonly agreed classification of the jobs that exist in ICT or of the skills required to perform them. This has meant it has not been possible to:

- give employers a framework which they can use to measure the skills they have against the skills they need and identify skill gaps
- allows ICT practitioners and users to benchmark which skills they need for particular jobs or career paths
- gather Labour market intelligence coherently and consistently
- quantify the skill requirements of the ICT market
- identify skills which are in short supply, or report on how short the supply is
- set national education and training targets for the IT community
- tell education and training providers what the job market wants

Skills for the Information Age enables the measurement and benchmarking of an organisation's collective ICT skills and its processes for managing and developing these.

- *What needs to be done to ensure that Birmingham residents have the necessary skills that businesses require?*
 - How are universities, colleges, training organisations and the third sector ensuring Birmingham residents have the right skills for employment, in particular how will they work with those without skills?

Raising the skills of Birmingham's residents is crucial to ensure the city's continued economic success. It is important that progress is made in bridging the digital divide.

Service Birmingham has a programme partnering with BCC to recycle computers in place since February 2007; the programme is well on its way to achieving its recycling target of 20,000 council computers. The total items disposed since 2007 is 42451. The total number of PC's disposed in the same period: 9479.

All of which has been recycled requiring no landfill. The programme is designed to help bridge the digital divide by providing affordable technology to the community. It also creates employment opportunities for the charitable organisations responsible for distributing equipment to the community.

- *What role do businesses play in ensuring new and current employees have the right skills for employment?*

As part of Service Birmingham's commitment to Corporate Social Responsibility we have over the last five years developed a three year apprenticeship scheme. The scheme targets 16 to 18 year olds from disadvantaged backgrounds or under achieving in education yet have real latent potential.

During a three year apprenticeship, we provide them with a rigorous and comprehensive introduction to working in a leading ICT company. The apprentices experience the full range of skills and experience necessary for a subsequent career working as an ICT professional. To further increase their chances of future employment, we encourage, support and facilitate the apprentices to work towards and IT Apprenticeship Level 3 Qualification.

In 2011 we recruited five apprentices, a total of 15 young people are currently part of the Service Birmingham Apprenticeship Programme. We also appointed three former apprentices in permanent posts



Closing the Skills Gap

Midlands TUC Submission 5/9/12

The TUC is the voice of Britain at work. With 54 affiliated unions representing 6.2 million working people from all walks of life, we campaign for a fair deal at work and for social justice at home and abroad.

INTRODUCTION

It is first important to note that when Birmingham is discussed, it must be recognised that the city is not an island and that economic links exist with the wider conurbation. Consequently, the concept of the Birmingham city-region is a useful mechanism for understanding the economic dynamics of the city.

Before analysing the skills gap in the city and what should be done to address this shortage, it is worth first pointing out that the first priority of Birmingham City Council (BCC) should be in securing growth and jobs in the city. Without quality jobs and growth the skills gap will not be addressed. And, to be fair, without the necessary skills and strategic leadership for the city, Birmingham will not be able to fully capitalise upon its strengths and growth potential.

It is also important to note that if Birmingham (and the wider UK economy as a whole) is to recover sustainably, it is vital that we secure wage led growth. Therefore, an overarching aim of BCC should be to secure quality jobs that help to deliver greater social justice and more resilience to market economy.

History

In many high profile cases industry that had developed during the first 50 years of the 20th Century was closed down, moved abroad or mismanaged by its owners. Where there was a need for tens of thousands of skilled workers there was now work for hundreds. New generations had to look for other ways and, in many cases other places, to earn their living.

The economy began to change in other ways too. While employment opportunities fell new migrants coming to Birmingham brought with them the hard work and self-reliance that would help family-run businesses to become established. From those modest community-based origins independent businesses have grown, employing more people and taking their place in a new Birmingham economy that embraces and employs all.

sections of the city's diverse population.

Future

The Birmingham city-region's historical and existing strength in manufacturing/engineering provides a signpost about how the city region can develop over the coming 20 years. If we are to deliver these goals it is fundamental that BCC adopts a 20 year vision for the city and places a relentless focus on delivering this objective. In so doing, BCC needs to ensure that all social partners, employers and politicians are able to 'buy into' such a grand vision to ensure the sufficient long term thinking and planning is undertaken to deliver the municipal renaissance that we all wish to see.

A 20 year vision would help to ensure that policy actions are cohesive, joined up and that a direction of travel is undertaken as opposed to policy incoherence and contradictions that too often afflict local authority decision making and planning as a consequence of the inevitable economic, political and social ups and downs.

Clear leadership and vision is required, with efforts made to disseminate this vision across BCC and across the city as a whole. The Midlands TUC hopes that this process kick starts the journey to a Birmingham industrial and skills renaissance, and we welcome the opportunity to contribute to this important, vital and much needed process.

Trade Union Education

The Trades Union Congress and affiliated trade unions are closely linked with Birmingham FE sector through the provision of education and training programmes for union representatives. Union reps, acting as workplace learning representatives, have been negotiating with employers to invest in learning, training and apprenticeships. Their members are being helped to engage with the opportunities that have been made available.

The Midlands TUC have compiled a database of the learners that have accessed Trade Union Education (TUEd) courses. The figures are useful in providing a spotlight on both the numbers of workers undertaken union education and in understanding what sectors of the economy are providing learners for TUEd.

Of the employers that have provided learners for TUEd in Birmingham there is an even split between public and private sector employers. Indeed, public sector employers have provided 47% of learners whereas 53% of learners in TUEd have come from the private sector. In total 160 different employers in Birmingham are engaged with TUEd.

The industry breakdown of learners is identified in the table below:

Arts/entertainment	2%
Civil Service	16%
Construction	2%
Distribution/transport	12%
Education	6%
Energy supply	3%
Engineering	6%
Financial services	3%
Food/drink	2%
Healthcare	11%
Information/communication	7%
Local government	9%
Manufacturing	9%
Retail	7%
Waste management	2%
Other	3%

Over recent years, attendance figures for courses at the Birmingham TUEd centre has steadily increased:

2009	1287
	learner

2010	1487 learners
2011	1756 learners

The figures suggest that Trade Union Education reaches across Birmingham's economy and plays a vital role in the continued skills development of the cities workforce. Indeed, TUEd is in the ideal position to deliver on the skills agenda that we all recognise is so important.

Employers should be encouraged to work with the Trade Unions to capitalise on this particular learning opportunity. A partnership approach that is of benefit to the employer, to the workforce and to the long term skills maximisation in the city is paramount. The concept of the learning rep and TUEd could be promoted across Birmingham's communities to encourage more of the city's citizen into learning and self-development

Clearly, BCC has a unique position in the city to promote TUEd and to play a role in ensuring that TUEd continues to thrive. Obviously, the anticipated reduction in learners for 2012 is of concern. The Midlands TUC is of the firm belief that BCC can play a role in working with unions, FE colleges and businesses in Birmingham to ensure that workers in Birmingham have access to quality training and education.

Skills and Social Partnership

The TUC firmly believes that a social partnership approach to skills must take centre stage if we are to truly meet the skills needs of employers and the workforce. Moreover, social partnership should be at the heart of a renewed sectoral and regional approach to improving skill levels.

If BCC were to take an imaginative and determined approach to 'closing the skills gap', embracing and promoting the social partnership would be at the core of this policy approach. Learning from established successful social partnership models (most notably in Scandinavia and German-speaking countries), BCC should promote this positive model for the city-region, and lead the UK in moving towards this more rounded, successful and comprehensive approach to skills development that has, too often, been lacking in the UK.

Making partnerships effective

In essence, a *Birmingham Social Skills Partnership (BSSP)*, encompassing unions, employers, FE colleges and other public bodies, should be established to provide the necessary city-wide focus and priority on the skills agenda.

It will be important to generate an environment whereby employers have the opportunity to honestly and constructively state what skills they need as businesses to grow going forward.

Moreover, to be truly successful in developing the skills base larger companies across the city-region could do more with their supply chains. A long-term approach to the successful economic development of the city would involve a relationship between employers that goes beyond securing the lowest unit cost from suppliers. A more collaborative approach with suppliers on developing skill levels through joint training, apprenticeship opportunities and so forth would be of tremendous value.

In addition, the thorny issue of the 'underperforming tail' of industry needs to be tackled. Many companies have never wanted to be involved in partnership working or see the long term benefit. This is not something that can be easily addressed. However larger companies working with their supply chains could be a way for securing greater 'buy in' to the long term

skills agenda.

Unions, through TUEd and unionlearn, have often proved the most effective way of generating 'buy in' by generating awareness of skill shortages in workplaces. This will continue to be the case and a social model approach, as described, could help embed this culture across more companies.

What's more, a comprehensive skills partnership, embracing the social model, has an opportunity in the present climate to secure more ownership of the skills funding agenda through engagement with the *Employer Ownership of Skills* pilot.

Employer Ownership of Skills Pilot

The government is currently piloting major changes to the skills funding regime in England. At present the vast majority of the government subsidy for workforce training (including apprenticeships) is distributed by the Skills Funding Agency and National Apprenticeship Service to colleges and training providers rather than direct to employers.

The current pilot is testing out the impact of changing the routing of skills funding by offering employers in England the opportunity to bid for direct access to up to £250 million of public investment over the next two years to design and deliver their own training solutions. The pilot is jointly overseen by the UK Commission for Employment and Skills (UKCES), the Department for Business, Innovation and Skills (BIS) and the Department for Education.

Funding under the pilot can be used for apprenticeships, wider employee skills development and innovative approaches to the design and delivery of skills development and training. The pilot states that it is up to employers, working with partners, to define the activity they want to pursue and set out the rationale for why public investment is needed. Evidently, a BSSP could play a strategic role in shaping the funding that comes into the city region through this potential funding stream (any any other future funding opportunities)

Any such partnership, at its core, should include the following values

- the importance of giving unions and employees a proper voice
- ensuring that employers maintain high standards of quality and equality of access in any training

that they are providing using direct government subsidy

- preventing 'deadweight' (i.e. ensuring that employers do not receive government subsidy for training that they would have delivered anyway in the absence of any funding contribution)
- ensuring that the direct funding route is delivered in a way that requires employers to increase their levels of investment
- ensuring that the college and training provider network is not destabilised by the major changes to the routing of funding.

Industrial Policy

If the UK is to end its over reliance on financial services a renaissance in manufacturing needs to take place, and Birmingham and the midlands region is in prime position to deliver this agenda.

The problem of industrial skills plainly cannot be seen in isolation. Birmingham and the West Midlands have been through a process of deindustrialisation. What's more, as noted elsewhere in this submission, young people are sceptical about career prospects in manufacturing and therefore efforts need to be made to ensure that young people know that companies and public bodies are serious about industry if they are to consider careers in any great numbers. Fundamentally, if we are to maximise the development of an industrial policy across the city-region, BCC need to be engaged in championing industry and widening awareness of industry externally, to maximise potential inward investment opportunities, but also inwardly to local citizens to raise awareness of career opportunities.

The TUC has produced a report '*German Lessons: Developing industrial policy in the UK*' which seeks to learn lessons from the success of the German model. Given the industrial make up of the city-region many of the recommendations are extremely pertinent for BCC to consider.

The report highlights the following areas that are of direct relevant to the Birmingham city-region:

- Urgent action on skills - while skills shortages plague both countries, Germany has many more apprentices and a long-established dual vocational system which puts the country in a much better place than the UK.

- Increased support for medium-sized companies in the UK, and new ways to encourage small firms to grow so they can employ more people and supply big industry. At present, there is a great deal of emphasis on large firms and on the very smallest companies, but little thought or support is given over to medium-sized enterprises. Yet in Germany, the 'mittelstand' - a network of thousands of medium companies - is the backbone of the economy and a crucial part of the German supply chain. Indeed, the Birmingham 'City Region' most resembles this 'mittelstand' model

and is in need of support, investment and development.

- The creation of a strategic investment bank that could raise large sums of money in the commercial markets, backed by a smaller capital base provided by the government. Whilst a national objective BCC could lobby for the establishment of a West Midlands regional bank, based in Birmingham, that knows its local area and can provide the much needed funding for local businesses to grow and develop.

- A smarter approach to procurement - other countries make a much better use of public money to boost their own industries - where every pound of public money in the UK is spent encouraging the development of a modern, highly skilled economy

Apprenticeships

1) Quality

There is an urgent need to drive up the quality of all apprenticeship programmes and to tackle exploitation.

Apprenticeships must be high quality, holistic career development opportunities and should not be viewed simply as a means of subsidising employers to deliver occupation-specific training. If concerns about quality are not addressed, there is a risk that apprenticeships will become a damaged brand and go the way of past failed schemes such as YOP or YTS.

- According to the OECD, in the dual system German-speaking countries at least 40% of school leavers are taken on by employers in three year apprenticeships leading to a recognised qualification. In England, only 6% of 16-18year olds were in apprenticeships in 2010 and apprenticeships last on average just over one year

- The findings of a BIS Apprenticeship Pay Survey revealed that 20% of apprentices were paid less than the legal minimum wage and 20% did not receive any recognisable training.

2) Social Partnership

Apprenticeships should be delivered via the social

partnership model as is the case in those European countries where extensive access to high quality apprenticeships is a central feature of their labour market and where active industrial policies are more closely integrated with skills policies.

The Organisation for Economic Co-operation and Development (OECD) has highlighted the need for unions in the UK to operate in a way that replicates the role played by their counterparts in countries where a social partnership involving high-level agreements between employers and unions underpins the way that apprenticeships are administered.

For example, the 2008 *Jobs for Youth* study noted that:

'In countries with a long tradition of apprenticeship training, unions are a key player alongside employers and the institutional actors. In Germany, unions have been instrumental in securing action from employers when apprenticeship places have proved to be insufficient to meet demand.'

Union involvement in apprenticeships at the institutional level in the UK is largely restricted to the 'union voice' on SSCs. While this is important, it is a far cry from the social partnership arrangements and binding sectoral/sub-sectoral collective agreements in other countries. Again, a *Birmingham Social Skills Partnership* could play a role in delivering this.

3) Engagement

Employer engagement in apprenticeships should be boosted through the introduction of a number of measures, including more proactive use of procurement, requirements on supply chains, binding sectoral and sub-sectoral agreements by social partners. Again, employer engagement through the BSSP would help deliver this engagement.

Procurement policy can be used by BCC and other public bodies to drive apprenticeships (and other social goals) as it was under the 'Policy Through Procurement Action Plan' pursued by the previous Labour Government.

4) Equality

Urgent action is required to tackle the major equality and diversity challenges affecting the apprenticeship programme, with women, BME groups and disabled people

facing significant barriers to accessing high quality provision.

Procurement

There are serious problems with the implementation of public procurement policy in the UK. The TUC has campaigned for a more intelligent procurement strategy for many years and we are pleased that this issue, in particular is one in which there is very little difference between our views and those of employers, not individual companies and employers' organisations. Put simply, across industry there is a view that the attitude to procurement is a wasted opportunity for British business.

Specifically, there is a concern that we do not make procurement work for the benefit of our economy or industry. The economic context makes this issue more important than ever. Government spending cuts mean that, in those areas where public money is being spent, it is essential to achieve value for money. But for as long as value for money is interpreted as being synonymous with low cost, we will never be able to make procurement work for the wider economy and society.

The TUC sets this simple test for the future of procurement policy and urges BCC to adopt this in their procurement policies. For every pound of taxpayer's money spent on procuring goods and services must do something that can be demonstrated to support the development of a modern high-skill, high value economy in the local area. We are no more specific than that.

Policy makers should be encouraged to devise procurement policies that work for the local economy and society. Indeed, using the tender process BCC is able to stipulate that it will only attract bids from companies who match a certain criteria. Examples of such criteria could include:

- Employing a certain number of young people on apprenticeships / training schemes (to help address the chronic problem of youth unemployment in the city - in particular black youth unemployment)
- Located within a 20 mile radius of the city centre (on environmental grounds)
- Adhere to paying the Living Wage

- Companies that recognise trade unions

There is much wariness about such conditions being written into public procurement. However, it is clear that if local authorities do this at the outset of the tender process then this is perfectly compatible with European law.

Therefore, the use of procurement is by far the easiest means by which BCC can directly deliver improvements to the skills (and thereby the future economic development) of the city.

Birmingham's economy

Manufacturing

Birmingham has a strong base in manufacturing. Despite the well documented decline in the regions manufacturing over the last thirty years there is much recognition about the need to reboot our manufacturing sector. Birmingham, and the West Midlands, is well placed to capitalise upon this economic necessity. The city still has a good number of companies, skills and the 'know how' to capitalise upon opportunities.

We want to see finished products going out to the world from Birmingham and, importantly, we see the need to increase the resilience and robustness of manufacturing supply chains. Therefore, detailed attention needs to be given to how SME manufacturers can work in partnership with universities and further education colleges to secure the supply of the labour that is needed. In too many cases manufacturers and businesses in general seek to recruit employees who, having gained training and experience elsewhere, are workplace ready. The infrastructure that made that possible in the past is damaged. It must be rebuilt for the new age.

The TUC, Unionlearn and the trade union movement will use its means to influence employers to engage in that process promoting, as we have been doing, staff development, apprenticeships and technical training. Union representatives can generate a 'bottom-up push' to make new things happen.

Employers complain about poor basic (now functional) skills among the workforce. There is still a need to help people gain the skills and confidence they need to move on to higher level vocational training. However colleges and universities must be able to commit resources, create structures and develop their own staff to carry out this essential work with employers. It is a continuous process and continuous improvement is required.

Education

Education is increasingly important as both sector of employment in its own right, but also as part of developing the skills base across the city.

The city currently has 4 universities and 3 large HE

colleges:

Universities

- University of Birmingham
- Aston University
- Birmingham City University
- University College Birmingham

FE Colleges

- South and City College Birmingham
- Birmingham Metropolitan College
- BCC Adult Education Service - Fircroft College

These institutions are both significant employers and also a strength for the city in terms of the skills agenda. It is important that BCC makes every effort to support this sector to ensure that the diversity that the FE and HE sectors currently provide continues.

Our FE Colleges bring together students from all parts of the Birmingham's diverse populations. People are studying academic and vocational subjects and in that sense they are the nurseries of the city's future economy and indicators of its future prosperity.

Nevertheless, it is important that success is carefully monitored. It isn't just a case of getting people a qualification. It is important to try and work towards a situation whereby institutions are delivering courses that are directly addressing skills shortages in the present economy and/or delivering the anticipated needs of the economy going forward.

Anecdotally, courses have sometimes become an end in themselves, with attempts made to increase numbers, rather than having links to the wider economic needs.

Therefore, going forward, if education providers and the wider social partners (of which BCC should play a part) thought needs to be given as to how we can ensure that FE colleges and courses and continually revising and adapting to meet the expected needs of Birmingham's economy as we drive forward the economic development across the city.

With the growth of the education sector, graduate retention will continue to be an important issue for the future skills level within the city. Without having attractive jobs to apply for then students will inevitably leave the city. This was historically a key aim of the Regional Skills Partnership Graduate

retention helps with marketing opportunities for inward investment as well as supporting the existing health of companies already operating in the city.

Tourism

Birmingham has a well established tourist offering, from its historic waterways to its thriving nightlife and cultural offerings. These should be rightly championed and efforts made to ensure that workers are able to access life long learning opportunities as well as training opportunities. Working to combat exploitation and casualisation in areas of this sector would help to establish a pathway into training for workers via trade union education and other training opportunities.

Transport

Clearly, the development of High Speed 2 (HS2) is of long term strategic importance to the city and offers tremendous opportunities for economic development. BCC should work with social partners and businesses to ensure that HS2 is developed at the earliest opportunity and that the establishment of a new high speed terminal is optimised to deliver economic developments.

The existing public transport network is a benefit and the development of this would boost the construction industry, provide jobs, and work towards the over arching agenda of the 'green city'.

It is important that HS2 goes ahead and that the issue is not 'kicked into the long grass' by Government. Therefore, BCC could play an important role in pulling together the coalition of interest groups in favour of HS2 to keep the pressure on Government to deliver the project.

HS2 presents an opportunity to develop construction industry skills in the short term and unions and employers in this sector need to be engaged to maximise upon this opportunity. However, in the longer term, policy makers should be encouraged to analyse the potential needs of a city-region that will be brought that much closer to the economic powerhouse of London. Potential development of Birmingham's airport capacity together with HS2 could have a fundamental impact on the economic orientation of the city. The impact of these large infrastructure projects should be reflected in the longer term vision and planning

for future skills needs.

It is also important to note that we must continue to see investment and priority given to expanding the existing rail network between Birmingham and the wider conurbation. This would help our construction, transport and manufacturing sector and would also be part of any 'green city' agenda that could be adopted.

Vision for the city

As identified above, there is a real opportunity for Birmingham to capitalise upon its **manufacturing** base. Given societal and economic dynamics we are living on the cusp of a new, 21st century **green** industrial revolution. Birmingham should get ahead of the curve and lead the way in delivering this agenda in the UK.

A commitment to the social model, the development of a Birmingham Social Skills Partnership, awareness of green skills, positive planning and appropriate marketing should all be part of the mix in the 20 year vision.

Moreover, BCC could adopt a bold position and push for the establishment of a West Midlands regional bank to be located in the city. Such a regional bank, that knows the business community in the region, understands the particular dynamics of the regional economy and is prepared to invest in the technologies of the future could provide the much needed investment in the companies and enterprises needed for the 'green city'. Birmingham has always had a financial heart. The opportunity exists for Birmingham to be at the vanguard of a new banking system that looks to regionalism at its heart.

Education will continue to be an important sector in the city. Efforts have to be made to encourage students to come to the city from across the UK and abroad. However, efforts should also be undertaken to widen the horizons of the depressed areas within the city to enable young people to engage in training opportunities that will enable them to be a part of the industrial development of the city.

The local authority should be working closely with educational providers, other public sector organisations, voluntary organisations to ensure that policies and programmes are implemented (and constantly updated) to engage all of Birmingham's young people in pursuing suitable skills training. No young person should be left behind.

As mentioned earlier, FE colleges are integral in improving the skill base within the city. However, in order to ensure this occurs, it is important that efforts are made to ensure that existing FE lecturers are themselves engaged in continual development. If lecturers do not pick up new skills as they develop then, quite simply, these skills will not disseminate

to the wider community. Again, BCC need to work with education providers to ensure that the latest skills and issues are woven into the fabric of FE courses.

One important issue to note is the robustness of FE colleges to deliver the skills required to promote an advanced manufacturing base. FE colleges often do not have the machinery/equipment necessary to deliver state of the art training owing to the capital investment often required. Therefore, effort needs to be made to bring on board the West Midlands' major employers, social partners and FE colleges to engage in a genuine partnership whereby employers invest in FE colleges to deliver the state of the art equipment needed. Again, a BSSP could deliver this.

Evidently, such a partnership approach is a win-win for all parties. However, this needs all partners to engage with, and commit to, the long term agenda. A good example is in Derby whereby Rolls Royce have a good working relationship with Derby College. Students are able to train on quality equipment and have the skills needed to benefit Rolls Royce (and ultimately the wider supply chain).

Too often, at present, employers, FE colleges are too distinct and focussed on short-termism; i.e. what is of immediate benefit to each organisation. This short-termism is holding back the skill level, and thereby economic potential, of the city. Commitment from the local authority, major employers and FE colleges to delivering joined-up facilities is needed if Birmingham is to retain its competitive advantage in manufacturing skills and know-how.

Learning and Skills Councils was a mechanism for trying to ensure coordination. However, employer engagement was patchy which meant that the success of coordination was, inevitably, patchy. Therefore, it is essential that employer engagement with the skills agenda is secured. We must work towards a city wide partnership between employers, unions and education providers. Time and effort need to be committed to making this work.

The Green City

Given the reductions in law to reduce carbon emissions by 80% by 2050, it is clear that, irrespective of political control and short term economic ups and downs, there will continue to be an economic pressure to deliver greener industry and to develop the green industries of the future.

Therefore, Birmingham would be wise to capitalise upon this and aim to become the 'green skills' city of the UK. BCC should adopt the goal of the 'Green Skills City' over the next 20 years and colonise this area. Moreover, this should be undertaken on sound economic rationalism. As the pressure for greening the economy intensifies, this offers businesses the opportunity to become more efficient, boosting profits and thereby boosting growth and jobs.

Birmingham is in prime position to promote and attract the green industries of the future. Again, working with FE colleges and the HE sector, it would be possible to create a network of institutions determined to attract green manufacturers to the area.

The "*Green Silicon Valley*" of the UK is a realistic policy aim. Our education sectors and existing skills base in manufacturing combined with the city's geographical location make this a realistic policy goal.

Thought should be given towards reconciling the planning policy and economic development arms of the city council to promote this agenda. In addition, the 'Green City' concept could be extended to wider public policy goals such as an improved urban realm (delivered via urban design planning policies) to foster a greener, more attractive city centre that would, ultimately, support the wider retail, leisure and tourist sectors. Such an approach would, of course, chime with the existing desire to break the concrete collar currently strangling the city centre.

Youth awareness/engagement

As part of a longer term vision for a 'green/educational' economy for the city, attention should be made towards increasing the awareness of job opportunities and relevant career opportunities amongst young people.

Recent polling work by the Midlands TUC has shown that under 25s in the Midlands hold more negative perceptions about career prospects in manufacturing than the over 50s. For example, when asked the question whether Midlands' manufacturing can survive with the rise of India and China, 43% of young male respondents and 50% of young female respondents felt that the Midlands could not compete. However, this contrasts with 26% of over 50 men and 39% of over 50 women. Indeed, the opinion polling found that younger people were consistently held more pessimistic views

of manufacturing.

Clearly, managing perceptions and ensuring that young people are aware of the positive opportunities that our manufacturing sector can provide today (and in the future) is a major task. Moreover, inextricably linked to the job of raising perceptions is the job of ensuring that all young people are aware of the different employment/training/education pathways into manufacturing (and other sectors) that are available.

Thought should be given towards how employers and social partners such as trade unions and FE colleges can be engaged in secondary schools to ensure that young people consider all their options, and have a wider appreciation of Birmingham (and the wider conurbations) economic structure and likely development prior to leaving school.

Too often, FE colleges and unions through TUEd and unionlearn are left 'picking up the pieces' . We should aim to move from a reactive skills training regime to a proactive skills promotion within the city.

Recommendations

Based on the well known saying 'If we always do what we've always done we'll always get what we've always got' what we think and do has to be different and better and more larger scale than anything that has gone before.

- Establish a Birmingham Social Skills Partnership comprising all social partners to deliver a coordinated strategic approach to skills across the city-region
- Promote TUEd and unionlearn opportunities across the city to ensure continued upskilling
- Engage in tackling negative perceptions of young people in schools regarding manufacturing career opportunities
- Awareness of training/skills opportunities, particularly for young people
- Green Strategic Vision - to encompass 20yr focus on green skills and all associated areas of public policy
- Campaign for regional bank in Birmingham to support local economy
- HS2 coalition campaign to ensure delivery.
- Use of procurement to demonstrate BCC taking a proactive lead

What is the “skills gap” in Birmingham, and what needs to happen to close it?

What is the skills gap in Birmingham? What skills do businesses in Birmingham require now and in the future?

Skills Gap in Birmingham

Skills in Birmingham is a complex issue. Whilst overall unemployment within the city is high there is significant variance by sector. Businesses based within the knowledge sector for example have much higher levels of employment which demonstrates a positive future for the city's economy within these sectors, particularly with forecasts suggesting that economic recovery will be driven by the 'knowledge economy'.

The Centre for Cities *2012 City Outlook* confirms that Birmingham is one of the ten worst cities in the UK in terms of the proportion of its residents which are unskilled and lacking in any qualifications. Its private sector to public sector employment ratio of 2.3 to 1 also sits below the national average of 2.7.

Demographics play a key part with wide disparities between ethnic groups. Over 50% of working age people of Pakistani and Bangladeshi heritage have no qualifications compared to 31% for the White population. This has implications for future skill levels in the city because the ethnic make-up of the city is set to change significantly in the years ahead.

Unemployment in Birmingham is the highest of any of the UK's core cities and in the decade of growth prior to the current recession, Birmingham saw a net fall in private sector employment, a contrast to the national picture. An increase of 9,000 jobs in the city centre was only achieved as a result of the growth in public sector jobs. In April 2012 unemployment levels were at 10.7% compared to a UK average of 5.2%. However Furthermore universities are key tools for future economic success and with well-regarded colleges and universities in the city, and wider region, and more research students than most core cities Birmingham is well placed to deliver the graduate skills base the city needs.

What skills do businesses in Birmingham require now and in the future?

Nationally there is an ambition to develop a world-class skills base that provides a consistent source of competitive advantage - and can stimulate the private-sector growth that will bring new jobs and new prosperity. There is also an ambition to develop education and training provision that gives fresh hope to young people currently not in education, employment or

training, adults who lack the basic skills they need to access employment and participate in society and support the unemployed who are actively seeking work.

Marketing Birmingham's Role

Marketing Birmingham takes a keen interest in skills as it has a significant impact on two major strands of our work: Inward Investment and the Visitor Economy.

On the Inward Investment front, we find we are only able to attract, retain and relocate businesses to the city if we have a skilled workforce that meets the needs of the sectors we target.

Marketing Birmingham commissioned research into emerging and high growth sectors capable of transforming the economy of Birmingham.

Sectors such as transport technologies and other advanced engineering industries, professional & financial services, transport & logistics, hospitality & tourism, retail and construction, which are already the mainstays of the Greater Birmingham and Solihull economy, are forecast to enjoy healthy growth going forward. While not currently particularly well represented within the local economy, sectors such as pharmaceuticals and biotechnology, environmental technologies and low carbon R&D and digital media also have strong growth prospects. (More details of the skills required for these sectors follow below)

As a result the demand for new and upgraded skills continues apace – whether, for example, to cope with a challenging business environment, adapt to competitive pressures, target new growth markets or to exploit new opportunities created by inward investment.

We work closely with the city council's Employment Access Team and others to facilitate new and high growth businesses into the emerging Enterprise Zone developments and the skills element is key to the success of these plans.

To this end, Marketing Birmingham senior management liaises closely with all skills stakeholders including in particular FE and HE partners in the city to ensure that our sectors' needs are met. Proposals for resource to link our shared agendas are being developed, for example, and will help forge strengthened links between business and skills providers.

On the Visitor Economy, we have a role supporting the growth of this sector and maximising opportunities for leisure and business tourism. As a growing sector, there are significant employment opportunities to support entry level, middle and senior management roles. It is vital that skills provision in the city supports this sector as it provides prospects for local people as well as imported 'experts'.

Existing drivers of economic growth

Transport technologies

The UK transport technologies sector has suffered badly in recent years. Automotive firms have faced a slump in consumer spending and investment in businesses in new vehicles. In aerospace, meanwhile, firms have been faced by the cancellation of orders by airlines and cuts in global defence expenditure, coupled with intense competition from Europe for high value R&D and emerging economies for lower value assembly. Nevertheless there are still significant opportunities in niche markets such as low carbon R&D – for example the development of low carbon engines. Birmingham is well placed to benefit from this latter development given significant recent inward investment by companies such as Tata and Shanghai Automotive, a sizeable, specialised and experienced workforce, an extensive supply chain and considerable expertise in low carbon and energy efficient fuel types within local universities.

Companies need access to people with a combination of higher level technical and wider generic skills in order to exploit these opportunities to the full – for example:

- Design, process, CAD & software, mechanical and electrical engineers with at least a second degree or post doctoral qualifications
- Commercial acumen, sales and marketing, written and verbal communication and language skills

Professional & financial services

The professional & financial services sector continues to be in a state of flux. Firms are still grappling with a difficult trading environment and are not prepared to make long term plans which will lead to a restructuring of the banking, insurance and private equity industries and introduce new professional standards for financial advisers. The other key trend is the continuing out-sourcing of support and back office functions such as IT, customer care and finance from London to lower cost locations elsewhere in the UK and overseas. Birmingham in particular, is well positioned to take advantage of these trends. The city offers a large labour pool from which to recruit staff and a wide choice of office real estate available – Birmingham has more standing office space available than any other UK city. These trends are generating a need for:

- More skilled paraprofessional staff such as legal executives and accounting technicians
- Better developed generic skills in areas such as leadership & management, interpersonal skills, literacy & numeracy, customer service, basic ICT, financial capability/quantitative skills among new entrants, managing teams, sales and managing relationships

Good Practice

Examples of good practice include the following:

- Wesleyan Apprenticeship Programme.

In a recent meeting Marketing Birmingham was told that Wesleyan are taking on double the number of Apprentices this year compared to their usual intake, as their scheme has proved so successful.

From their website:

Wesleyan is looking to recruit trainees to take part in its latest 12-month Apprenticeship programme. They will be placed in the Wesleyan Bank, General Insurance or Customer Services divisions.

Since 2010, 17 people have joined the scheme, working at the city centre head office in Birmingham, as they work towards an NVQ Level 2 in Business Administration or Providing Financial Services. All apprentices are moved into specific permanent roles once they complete the programme.

The scheme has been designed to provide an alternative route for young people to kick-start a career in financial services, in association with the National Skills Academy for Financial Services, with support from Birmingham Metropolitan College.

- **KPMG's school leaver programme**

Launched in Birmingham last year - "We believe that our School Leavers' Programme is a compelling alternative to pursuing a traditional university route. We've developed an innovative 6-year programme that offers the opportunity to get a job in our audit team, obtain an accounting degree at Birmingham, Durham or Exeter University, and become a fully qualified chartered accountant with the ICAEW or ICAS. It's innovative because KPMG was the first to launch such a programmes and no other programme offers the same powerful combination of benefits that will see you build a rewarding career as soon as you finish school or college. Importantly, we're also paying a great starting salary of £20k (in London). This could be your opportunity to be completely free of student debt because your university tuition & accommodation fees and your professional qualification fees will be paid for by us."

"Birmingham Business School at the University of Birmingham is one of the most popular places in the UK to study business – located in the UK's second city. Our vision is to inspire today's brightest students to make a major impact on a global society, and to become the leaders of tomorrow in whatever field they pursue. That's why we work hard to provide you with the best possible teaching, research facilities and support services to ensure that you will reach your full potential. KPMG's School Leaver's programme at Birmingham promises the experience of working and developing ideas alongside world-leading academics."

- **Graduate Internship Scheme at Deutsche Bank**

"A unique chance to experience the world of investment banking and corporate finance with a global leader – in Birmingham. This is a fantastic opportunity for talented graduates, with any discipline of degree, to join this leading financial services brand on a 4 month paid internship that will offer a solid introduction to the financial services industry and the corporate world. With over 60 distinct teams operating in our prestigious central Birmingham offices, if you are successful, Deutsche Bank will aim to offer you a role in the area that best

reflects your interests. The graduate internship offers an opportunity to put the skills and experience you have gained during your degree into practise within a well respected organisation. Over your time with Deutsche Bank you will deal with a range of colleagues from analysts through to senior management; some teams will also give you the chance to liaise closely with external clients. Over the course of your 4 month graduate internship you will not only conduct work essential to Deutsche Bank and its ability to carry out the financial transactions that are essential to our business, but you will also receive support and training that will give you essential skills for wherever your career takes you next.”

Challenges

- Leading Financial Services business feedback

A Financial Services client has been complimentary about being able to access most of the skills they require from the local market, although are starting to have some challenges with higher level IT roles. On the whole they have been extremely pleased with their new Graduate intern programme, but commented that a number of graduates lacked communication and other basic ‘business’ skills. They had some problems with attrition, but the workforce has now stabilised, and attrition has reduced to a much more acceptable level.

Visitor Economy - Hospitality & tourism

While across the sector businesses are currently grappling with the challenges of the economic downturn, some are benefitting from an increase in domestic holidays and day trips. Urban destinations are benefitting most; Birmingham has performed consistently in this area in recent years. For example:

- Between 2009 and 2010 numbers of overseas visits to Birmingham rose by more than 4% at a time when total visits to the UK fell by 0.3 %
- Overall visitor numbers rose by 13% between 2005 and 2010 and the economic impact of the visitor economy has increased by £0.7b.

In addition, in order to compete effectively hospitality & tourism businesses are investing in new technology to promote and market their business. Key technological changes include a growing use of the internet to purchase goods and services and the adoption of faster broadband technologies (enabling customers to access Wi-Fi, for example). There is a concern, however, that many businesses are struggling to access the skills they need to exploit these trends to the full. Key skill deficiencies within the workforce include:

- A lack of skills and expertise to maximise the use of technology – particularly among small and micro businesses
- A lack of skills in marketing, people and financial management among managers and owners of smaller businesses
- Inadequate communication, team working and people and kitchen management skills among chefs
- Low level customer service skills across businesses

A Visit Britain Skills Strategy highlights the following issues that are mirrored here in Birmingham:

If the visitor economy is to grow, investment in the people that work in the industry is crucial. The people that make up the industry's workforce are in fact the product and are the most important tourism asset. They must be supported, developed and equipped with the skills to deliver the best possible experience for visitors. If businesses want to increase their productivity and performance, investment in their people (and therefore their product) is essential. To do this effectively businesses need to be able to easily recruit people with the skills they need, and have access to the right training solutions to develop the skills of their existing staff.

Addressing the skills needs of the sector is important for:

- **Business** - *for without a skilled workforce, businesses will not be able to function effectively, maximise their delivery, grow or compete with one another or with international competitors;*
- **Local destinations** - *as visitors are less likely to return if they have experienced poor quality service. Similarly, without people with the necessary skills, businesses will find it more difficult to perform effectively and therefore increase visitor spend;*
- **Government** - *the sector employs approximately 1 in 14 workers across the working population. It is a significant job creator and it is set to grow. The sector can help social mobility as it provides a career structure that enables those who enter the sector in frontline positions to progress into higher skilled and management roles.*
- **Sector growth** - *by 2017 the sector will require an additional 290,000 managers, 61,000 chefs and 400,000 front facing roles from 2007 levels.*

Opportunities

The sector is one of very few areas of the economy which has continued to recruit during the economic downturn reflecting the fact that the sector is easy to enter offers diverse employment opportunities across a wide age range and offers a multitude of flexible working opportunities.

Visit England Skills Action Plan 2010 -2020

Potential growth drivers

Digital media

The computer games industry is currently facing increasing competition from tax relief incentivised international competitors and is currently lobbying for the introduction of tax breaks. The Interactive Media sector, meanwhile, covers a range of specialist companies and jobs including the design and development of web sites and web applications, online content, offline multimedia experiences, mobile applications and content and interactive television. The sector fulfils a key support function in the wider Creative Media Industries as well as other industries.

Computer games firms are seeking to recruit and/or develop a mix of very high level skills, particularly in programming and computer science, as well as more creative skills in games art and animation. Commercial skills, particularly in relation to negotiation, intellectual property generation and exploitation, and online 'freemium' distribution are also in demand,

together with more traditional business skills such as those associated with managing and leading technical teams. A significant proportion; however are experiencing recruitment difficulties and skill shortages – notably in relation to leadership & management, creative talent and various specific technical skills. Skill gaps within the existing workforce, meanwhile, tend to be in areas such as sales and marketing, leadership and management, finance and business development.

Interactive media employers report shortages in entrants with the appropriate combinations of 'hybrid' skills – a mix of specialist skills (e.g. graphic design), and core generic skills (e.g. business/commercial acumen) with cross sector awareness (the ability to provide services to clients from other sectors of the wider economy). More than half, meanwhile, highlight sales and marketing, technical skills such as computer programming, leadership and management, business skills and skills in using sector specific software packages (31%) as skills gap areas within the existing workforce.

Environmental Technologies

Significant opportunities are expected to arise in renewable energy and micro generation technologies, recycling and waste management and clean and waste water management. This could potentially create a demand for scientific specialists, operational waste plant specialists, installation skills relating to renewable energy systems and appropriately skilled and qualified energy assessors. There is also a demand for more generic skills such as awareness of the global development of environmental technologies and a broad based understanding of sustainability issues.

Birmingham Energy Savers initiative has a job creation element that is an example of good practice that could be emulated elsewhere across the city.

Pharmaceuticals & biotechnology

The pharmaceuticals and biotechnology industries are an attractive magnet for investment and development, looking to maintain a competitive edge through use of intellectual capital. Firms are offsetting the lower labour and raw material costs of emerging markets in Asia and Eastern Europe by adding value to commodities, using lean manufacturing techniques and developing supply chain efficiencies. The UK is a global leader in medical biotechnology, with a proliferation of SMES and micro businesses originating as university spin-outs at the cutting edge of developments in areas such as:

- Stem-cell research, bioengineering and regenerative medicine
- Drug testing
- Bioinformatics
- Life sciences (e.g. genetically modified organisms, industrial biotechnology)
- Innovation in pharmaceutical production
- Processing biological materials
- Patient optimised therapies
- Bio medical device integration

The rapid pace of development of new products and technologies is underpinning a growing need for staff with specialist skills in professional science & engineering (notably R&D) and craft and technical occupations. Three quarters of the workforce have degrees or higher degrees and the demand for new and upgraded skills is high – notably for higher level professional, leadership & management and competence based skills. As a result businesses are looking for training and qualifications that equip people with vocational and practical skills.

Do current employees and future employees have/will have the necessary skills to meet business needs?

The needs of employers can be summarised as falling into two key areas:

- High level skills for growth sectors – requiring graduate level skills
- Entry level jobs – requiring the aptitude to be trained by the employer 'in-house'

Evidence suggests that High Growth sectors do not necessarily create a high number of jobs compared with other sectors. While we must and do support the policy of encouraging High Growth sectors for the long-term health of the region's economy, focusing solely on these from a skills perspective is not going to address growing levels of unskilled unemployed and particularly young people.

In the short to medium term, and given the low skill levels in Birmingham, a focus on up-skilling people to fill high volume, but lower wage and skill-level jobs remains the main challenge.

It is predicted that the largest jobs growth area will be in the Caring Personal Service occupations (+18,300). However, changes to benefits and pensions may have some effects on this sector.

Other potential growth areas are in various management and professional occupations; we would therefore need to ensure the development of excellent leadership and management skills.

There appears to be a mis-alignment between academic achievement in schools and the needs of business. While Birmingham schools have made great strides in recent years to raise GCSE attainment levels, this does not then translate into work-ready young people.

Businesses tell us anecdotally that education attainment is not a guarantee of business acumen nor does the curriculum in schools and colleges teach useful business 'behaviours'.

Inward Investors to the city tell us that the time lag between identifying a work force with specific skills and the ability of training providers to deliver them can make the difference in the decision to move here.

What needs to be done to ensure that Birmingham residents have the necessary skills that businesses require?

There are a plethora of programmes and initiatives being led by the LEP, City Council, Third and public sector organisations.

It is of paramount importance that all of these programmes are co-ordinated and complement one another rather than duplicate or conflict with each other.

City leaders need to engage the business community and work in tandem to identify work and training opportunities. Without jobs to fill, the skills issue is irrelevant.

Incentives for employing 'local people' may need to be explored. Travel to work patterns across the LEP area mean that many of the higher level jobs go to people outside of Birmingham.

There is an impetus currently to encourage greater collaboration between schools and businesses. This is seen as a priority for the LEP and City Council. Plans to develop a business-focused baccalaureate for city schools would help drive this forward. However, the rise in academies and free schools means that influencing and engaging with all schools is challenging. Schools have more autonomy to choose both curriculum and business engagement priorities or not and coordination of any initiatives at city level is therefore problematic.

There is a great emphasis on employment, which means that enterprise and self employment initiatives can tend to be overlooked. All skills training should include an element of entrepreneurialism to foster a culture of enterprise.

Additionally without taking account of demographic needs, programmes remain too generic and perpetuate the current flaws failing to tackle neighbourhood skills issues among certain demographic groups including Pakistani/Bangladeshi males.

LEP Role

To take forward ambitions at a local level the Greater Birmingham and Solihull Local Enterprise Partnership (LEP) has created an employer-led Employment and Skills Board with strategic responsibility for employment, skills and learning. The Board will ensure that employment and skills activity is truly demand-led and is driven by six emerging priorities:

1. To take an employer and demand led approach to planning courses, qualifications and the wider school's curriculum
2. To engage with and influence young people through schools (before young people choose their options), colleges and universities
3. To provide the right careers advice to people of all ages based on what businesses are saying and doing
4. To identify the basic and core employability skills required to enter the workforce and communicate this to providers

5. To focus on higher level skills and apprenticeships, particularly higher level apprenticeships
6. To develop a shared understanding of current and future economic needs

However, as the LEP skills priorities have only recently been developed, there is a need for impetus to galvanise the 'delivery' stage.

Birmingham Employment & Skills Board

The Birmingham ESB is a sub group of the main LEP Skills Board. Made up of private and public sector businesses it has established the following six priorities for the city:

1. Develop a shared understanding of current and future economic needs
2. To take a joint employer and provider led approach to planning courses, qualifications, employability skills and the wider school curriculum
3. To engage with and influence young people through schools (before young people choose their options), colleges and universities
4. To provide the right information, advice and guidance to people of all ages that effectively responds to changes within businesses and the economy
5. To clearly articulate the core employability skills required to enter the workforce and support providers in embedding these skills and an understanding of the workplace in the learning experience.
6. To focus skills development on apprenticeships and higher level skills, particularly higher level apprenticeships and the pathways to level 4 and above.

In the eighteen months from summer 2012 the first three actions the ESB is leading on are:

1. To create greater and more productive partnerships between businesses and schools and work to discover practical and creative ways this can be established
2. To focus on youth unemployment at all skill levels and use the development of the "skills hub" to tackle the issues surrounding this, including pre-employment and pre-apprenticeship training.
3. To promote the UK Skills Show to the best advantage of the City of Birmingham and its residents

Task groups have been established to kick-start delivery of these priorities and clear actions have yet to be published.

How are universities, colleges, training organisations and the third sector ensuring Birmingham residents have the right skills for employment, in particular how will they work with those without skills?

Birmingham is one of the largest student populations in Europe, with 18 universities within a 1 hour drive of the city, producing just under 97,000 graduates each year. Over 75% of all graduates from Aston University and University of Birmingham achieve a 2:1 or 1st class degree.

There are over 15,000 Business & Finance students within three main Birmingham universities, rising to 60,000 within universities within a 1 hour drive. Similarly there are over 8,000 Computer Science, Engineering and Technology students within the central Birmingham area, rising to almost 36,000 within an hour's drive.

Excluding 'English' from the total, there are almost 9,000 language students studying at universities within a one hour drive, with large numbers studying French and Spanish.

It is not clear from our statistics what the percentage of student numbers are from Birmingham itself.

In addition, the city has award-winning Further Education (FE) campuses offer a wide range of skills training provision, apprenticeship training and sector-specific courses, such as Technology, Financial Services and Telecommunications apprenticeships.

Students at Birmingham's Universities and Higher Education Institutions 2009/10 (Source HESA)

	Total	Total Key Subjects	All Science	Math'cal sciences	Computer science	Engin'g & Techn'y	Law	Business & Finance	Languages total (excl. English)
Aston University	10,900	9810	2,725	265	530	1,490	0	4,430	370
Birmingham City University	24,835	14875	6,875	20	465	2,485	1,025	4,000	5
The University of Birmingham	30,125	20060	9,065	635	545	2,470	1,000	4,710	1635
University College Birmingham	4,435	2860	340	0	15	55	0	2,450	0
Newman University College	3,050	775	570	0	120	0	0	85	0
Birmingham universities total	73,345	48380	19,575	920	1,675	6,500	2,025	15,675	2010

In recognition of the City and Region's comparative problems with youth unemployment and deficiency in workforce qualification, the Government announced that Aston University Technical College (UTC) will open in September 2012. It is designed to address the shortfall in the number of skilled staff in the manufacturing and engineering industries.

Apprenticeships in Birmingham

The table below shows that up to 2010/11 apprenticeship starts in Birmingham had risen significantly. Though official data since then is not available, National Apprenticeship Service management has reported unofficially that this rise has now stalled. In order to secure the numbers of apprentices promised as part of City Deal (3500 across the LEP area) and other

programmes announced in recent months, significant recruitment will be necessary across all sectors and in deprived localities across the city.

Apprenticeship Starts					
Age Group	2009/10 Full Year	2010/11 Full Year	2011/12 for 9 months only to 30/4/12	Difference 2010/11 to 2009/10	% Change
Birmingham 16-18	2350	3100	2090	750	+32%
Birmingham 19-24	2020	2970	2120	950	+47%
Birmingham 25+	950	3720	3280	2770	+291%
Grand Total	5320	9800	7490	4480	+84%
West Midlands 16-18	10930	12370	9690	1440	+13%
West Midlands 19-24	9780	13210	10370	3430	+35%
West Midlands 24+	4440	17210	13950	12770	+287%
Grand Total	25150	42790	34010	17640	+70%
England 16-18	116776	131702		14926	13%
England 19-24	113767	143425		29658	26%
England 25+	49133	182083		132950	271%
Grand Total	279676	457210		177534	63%

National Apprenticeship Service July 2012

The top five apprenticeship frameworks being taken up in Birmingham are:

- Health and Social Care (13%)
- Customer Service (12%)
- Business Admin (10%)
- Industrial Applications, Engineering and Manufacturing (9%)
- Management (9%)

Third Sector - Big Lottery 'Talent Match'

BVSC is acting as 'secretariat' to manage the recently announced Big Lottery £7.5 million for investment in Birmingham and Solihull over 5 years from 2013 onwards. BVSC's role is to pull together the relevant voluntary, public and private sector partners and to work with local

young people in designing a prospectus setting out how the money should be invested. This will link to a range of other programmes to tackle NEET unemployment.

Alongside this, the City Council has announced the establishment of a Birmingham Youth Unemployment Commission to explore the scale of the youth unemployment issue.

What role do businesses play in ensuring new and current employees have the right skills for employment?

At present the link between training providers and employers is random and led mainly by larger organisations with structured HR resources. These tend to be links between individual employers and providers but this is very much based on the delivery of specific vocational qualifications and bespoke training needs. There is no focused mechanism for SMEs to influence and shape training delivery to meet their needs.

So while the role for business ought to be one of influence and identification of business need, the mechanisms to facilitate this are not known or clear.

Additionally, businesses have a key role to play in engaging schools in work-related learning (see earlier comments)

What role should the City Council, educational organisations and training providers play?

Leadership

The City Council – and in particular its Leader, need to be seen to deliver real change in relation to skills and employment. The change in political leadership within the city council provides an opportunity to galvanise this leadership role.

While the skills issue features in the Leader's newly published policy document, this needs to be matched with co-ordinated delivery.

The LEP too needs to demonstrate leadership at LEP ESB and Birmingham ESB levels. Communication of clear priorities to the business community in the city needs to be regular and consistent.

Chamber and other business representative organisations will need to demonstrate leadership by engaging their members in the issue and generating job creation opportunities. They should encourage business mentoring and support to schools.

They can be the facilitators of mechanisms to ensure two-way communication with providers.

Social Inclusion Process

The Bishop of Birmingham, the Rt. Rev David Urquhart, established a process examining how effectively public funds in the city are made available to the poorest communities. Its aim is to understand the impact of social and economic exclusion, to explore what works in tackling disadvantage and to make recommendations on the practical responses needed to achieve an overall vision for a high quality of life for all citizens of Birmingham.

Led by the City Council, the 'Social Inclusion Process' has five Key Lines of Enquiry (KLOE) groups that have been established to explore issues including, Diversity of Place, Diversity of People, Wellbeing, Economic Inclusive Growth & Young People. A 'Green Paper' setting out the groups' recommendations will go out to consultation through the autumn of 2012. A final policy document will be produced later in the year after the consultation has closed. Skills issues and have been considered by three out of the five KLOE groups.



making equality work for **everyone**

BIRMINGHAM ECONOMY AND JOBS OVERVIEW AND SCRUTINY COMMITTEE INQUIRY: CLOSING THE SKILLS GAP

AUGUST 2012

1. brap welcomes the opportunity to respond to Birmingham City Council's Economy and Jobs Overview and Scrutiny Committee Inquiry 'Closing the Skills Gap'.
2. brap is a think fair tank, inspiring and leading change to make public, private, and voluntary sector organisations fit for the needs of a diverse society. brap offers tailored, practical, and common sense solutions to equality training, consultancy, and community engagement issues.
3. brap has worked extensively in the field of employment and poverty reduction, with our work falling into two main areas:
 - research: brap has undertaken a number of research projects evaluating the effectiveness of anti-poverty strategies and exploring the factors behind persistent worklessness. Most recently, we have worked with young people to identify some of the barriers around employment
 - project delivery: brap delivers on-the-ground projects which aim to tackle some of the causes of poverty such as low aspiration, disconnection from education or training, and (more specifically) the availability of support around entrepreneurship. Our most recent project, 'Back on Track', puts young people at risk of getting involved with gangs in touch with a team of mentors who provide support on issues such as self-esteem, anger management, job hunting techniques, application and interview skills, and so on
4. In this submission we have restricted our comments to two of our main beneficiaries: young people and people from Black and minority ethnic (BME) backgrounds.
5. At the end of March 2012, 19.2% of economically active BME people in Birmingham were unemployed. This is compared to 10.2% of White people.¹ Analysis of Job Seekers Allowance (JSA) claims show unemployment rates, in the same period, of:
 - 5.4% for White British residents
 - 16.6% for Black residents
 - 8.6% for Asian residents. These figures hide particularly high proportions of Pakistani (11.9%) and Bangladeshi (10.5%) people out of work
 - 12.6% for 'mixed race' residents²
6. Figure 1 (see appendix) shows White and BME unemployment rates, in Birmingham and England, over the last eight years. Disproportionality ratios, which show how much more likely BME people are to be unemployed, are shown by red dotted lines. As can be seen:
 - problems with BME unemployment are historic and not a result of current economic circumstances. Between January 2004 and June 2007, when the national unemployment rate never exceeded 5.5%, BME unemployment in the city averaged 17.9%
 - BME people in Birmingham are 1.9 times more likely to be unemployed than White people
7. On this last point it is interesting to note the BME disproportionality ratio has steadily decreased over the last eight years from a high of 3.4 in 2005. However, as the graph

¹ ONS Annual Population Survey. See figure1

²See Birmingham City Council (2012) *Unemployment by Ethnicity Briefing May 2012*. Categories reflect those used by the Office for National Statistics are not necessarily endorsed by brap

shows, this reduction is largely due to White unemployment growing at a much faster rate than BME unemployment (as opposed to decreases in the rate at which BME people become unemployed). How we measure equality is important. We should be wary of situations in which everyone is equally deprived.

8. Youth unemployment in Birmingham is particularly high, standing at 31.1% in March 2012 (compared to 21.1% across the whole of England).³ Figure 2 (see appendix) shows unemployment rates for those aged 16-24 and over 25, in Birmingham and England, over the last eight years. Disproportionality ratios, which show how much more likely young people are to be unemployed compared to adults, are shown by red dotted lines. As can be seen:
 - young people in Birmingham are 3.3 times more likely to be unemployed than over 25s
 - neither this disparity nor the wider problem of high youth unemployment are the result of current economic circumstances. Between January 2004 and June 2007, when the national unemployment rate never exceeded 5.5%, youth unemployment in the city averaged 22.3% and the disproportionality only reached a 'low' of 2.8.
9. Recognising the importance of making a distinction between skills and qualifications, it may be useful to briefly examine levels of attainment in Birmingham. This is particularly important given young people are more likely to be out of work the lower the level of their qualification.⁴ Indeed, in Birmingham, people with no qualifications are making up an increasingly smaller proportion of those employed (8.6% in 2011, down from 11.2% in 2004). This reduction of over 20% is in contrast to the 13.2% rise in the employed workforce of people with NVQ level 3 during the same period.⁵
10. Given this qualification premium, it is important education providers in the city are supported to raise attainment levels. Currently, 16.9% of the city's working age residents are without a qualification. This is in contrast to a figure of 10.4% for the country as a whole. Whilst the extent to which Birmingham underperforms in the area has been improving, this difference is still higher than it was in 2004 (see figure 3).⁶
11. One important reason for this discrepancy is the extent to which training programmes are – or aren't – seen through to completion. We have noted elsewhere the degree to which further education providers in the city fail to meet national benchmarks for the retention of Bangladeshi, Pakistani, 'Other Asian', Black Caribbean, 'Other Black', and 'Other' students.⁷ We suggest below why this might be the case. To conclude here, however, we note the effect of poor educational experience on outcomes. Notoriously, there are significant inequalities in the attainment of five GCSE A*-C grades (including 'core' subjects: English, Maths and Science) by pupils from particular minority ethnic groups. Our 2006 study of the situation, *System and Stereotype*, also identified worryingly disproportionate levels of exclusion for African Caribbean students, a trend that continues to 2012. It is difficult to consider broader problems with Birmingham's skills gap in isolation from facts like these

³ ONS Annual Population Survey. See figure 2

⁴ See 'Impact of Qualifications on Work' on the Poverty Site: www.poverty.org.uk/31/index.shtml#def

⁵ ONS Annual Population Survey

⁶ ONS Annual Population Survey. See figure 3

⁷ brap (2004) *Furthering Education, Furthering Inequality*

about the social patterning of inequality. With over 50% of the city's under-16 population from BME backgrounds, systemic inequality of this type will continue to affect overall skills outcomes.

12. We expect submissions to this inquiry to talk futuristically about the need to promote skills associated with biotechnology, computer programming, the creative industries, and so on. This is quite right given Birmingham's existing economic and demographic landscape. We would note, however, that confidence and optimism amongst young people without work fades fast. Our survey of over 450 16-25 year olds in the city shows the proportion who are in education and 'positive' about the future is two thirds higher than those who are unemployed (35.4% compared to 58.8%). Similarly, 7.6% of those who are unemployed said they felt 'really negative' about the future, compared to only 4.9% in education.⁸ In addition, we would also note the corrosive effect a lack of confidence can have on people's propensity to apply for jobs and sell themselves on job applications and in interviews.⁹
13. As such, in addition to long-term measures, it is important work is undertaken to stimulate the employment of (young) people in the short term. An analysis of the industries in which people are employed in Birmingham shows that in the last 12 months, the proportion of people working in sales and consumer services occupations and as process, plant, and machine operatives has increased. Since December 2011, there has also been a rise in the number of people employed in secretarial and administrative occupations.¹⁰ Fortunately, there is an overlap between the skills required in these industries and the skills employers generally say they are looking for when recruiting the unemployed. In both cases, employers are looking for 'soft skills' – things like communication, independence, forward planning, the ability to maintain constructive work relationships, and self-confidence.¹¹
14. Interestingly, many of these skills are the same ones young people say they need development in.¹² brap research suggests this is particularly the case with people from families where long-term unemployment is a norm. The intensive support these young people need around developing human capital and knowledge of workplace etiquette can be taught explicitly or developed through exposure to the workplace. Often, the best approach is a combination of the two – placement with an organisation that works with young people whilst providing employment experience. We work with a number of such organisations and would be happy to provide further details should this prove useful. We would recommend the Council include elements of good practice exhibited by these organisations into its proposed Business Charter for Social Responsibility and be mindful of them when commissioning.
15. Finally on this point, we would note the many young people from second-generation unemployed families who have not had a great deal of feedback about their skills and rarely find opportunities to gain experience. A scheme that works with young people on their

⁸ brap (2012) *A Line in the Sand*

⁹ Ibid. See also West Midlands Regional Observatory in *The Causes and Dynamics of Worklessness* (2009), available at <http://tinyurl.com/9g5m24v>

¹⁰ ONS Annual Population Survey. See figure 4

¹¹ See, for example, Hillage et al (2002) *Employers Skill Survey*: DfES; Newton et al (2005) *What employers look for when recruiting the unemployed and inactive*: DWP; Constable and Touloumakos (2008) *Satisfying Employer Demand for Skills*: The Work Foundation; Birdwell et al (2011) *The Forgotten Half*: Demos

¹² brap (2012) op cit

transferable skills and provides opportunities to gain experience that is specifically matched to this would be invaluable.

16. In addition to these considerations around soft skills, our research has highlighted the importance of ensuring training and further education opportunities are appropriately funded. In our recent survey, 59.0% of people we spoke to those who had dropped out of a training programme or further education course said money was the main factor. For some people falling into this category, the cost of training/education is not earning an income. Such people often reported feeling 'trapped' since they can't devote the time needed to obtaining qualifications and therefore more lucrative employment. Individuals in this situation often relay the need for bursaries and funding, although, as they recognise, these would have to be quite substantive as many use their wages to support parents, siblings, or children.
17. This is particularly important since many of the hardest to fill vacancies are those relating to occupations which require specialist skills. The 2011 Employer Skills Survey, for example, shows that, nationally, 41% of vacancies for 'skilled trade' occupations are hard to fill, the highest ratio for any sector.¹³ (In fact, Birmingham has seen a marked increase in the proportion of people employed in this sector since 2009.¹⁴) Entry to the kinds of occupation falling within this category – plumbing, bricklaying, car mechanics, electrical work – is often through apprenticeships and other work-based training programmes. Nationally, however, the number of BME people taking up *and* completing apprenticeships is very low – about 7% of the total.¹⁵
18. As part of our research and community engagement work brap has anecdotal evidence from young BME people that they are not offered apprenticeship or training placements for skilled trades by Jobcentre Plus in the same way White young people are. Greater exploration of whether this is true – and if so, the reasons why – would be very welcome. Currently, in Birmingham, the proportion of White people in skilled trades is half as many as the proportion of BME people.¹⁶ Understanding the causes and remedies of this inequality will probably go a long way to understanding why relatively low levels of qualification attainment in the city persist.

CONTACT DETAILS

For more information about any aspect of this response, please contact:

Joy Warmington
brap CEO
2nd floor Lockside
5 Scotland Street
Birmingham
B1 2RR

joyw@brap.org.uk
0121 237 3600

¹³ UKCES (2011) *UK Employer Skills Survey 2011: First Findings*

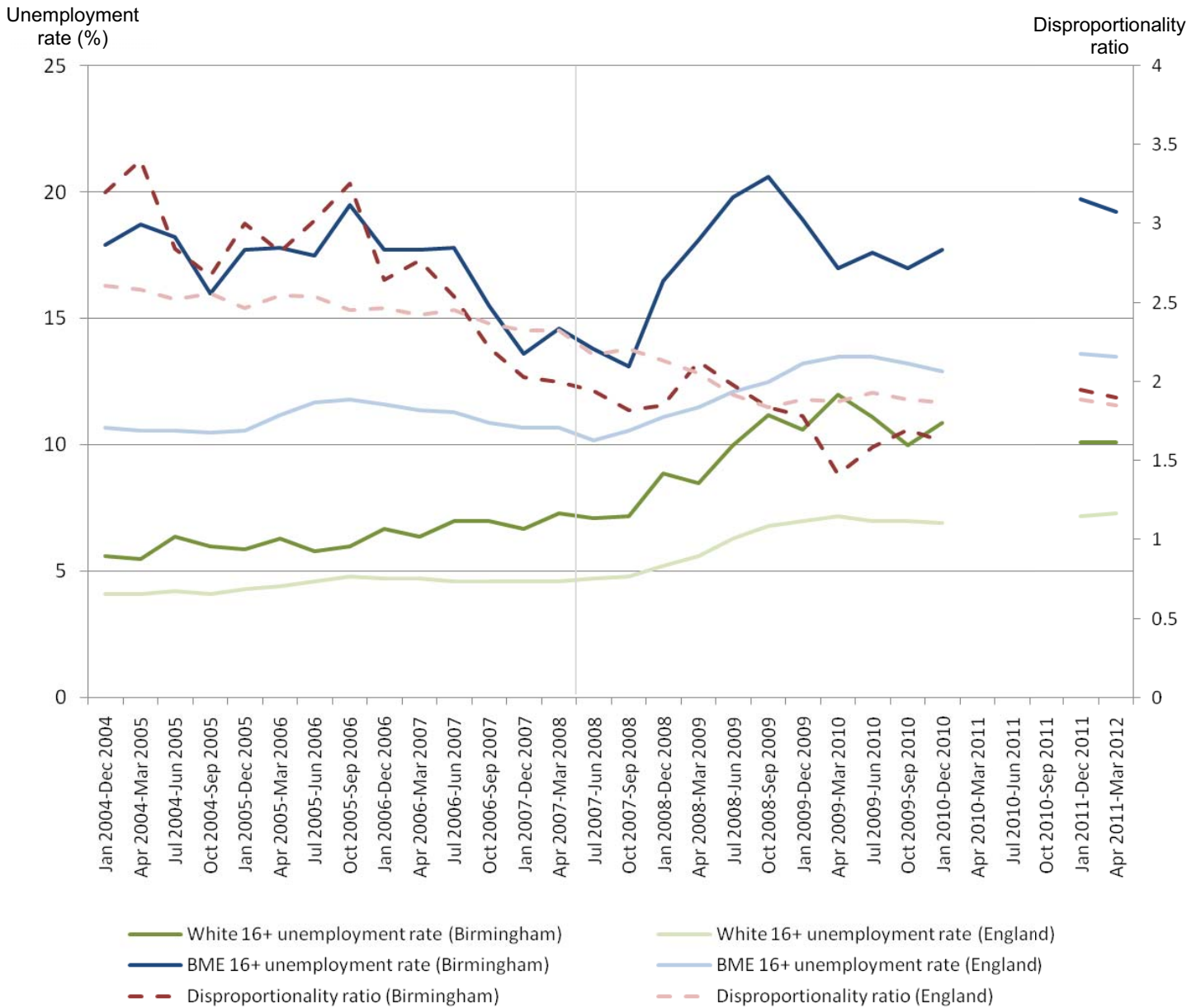
¹⁴ See figure 4.

¹⁵ 'Youngsters from ethnic minorities miss out on apprenticeships' in *The Guardian* 22 February 2011

¹⁶ ONS Annual Population Survey. See figure 5

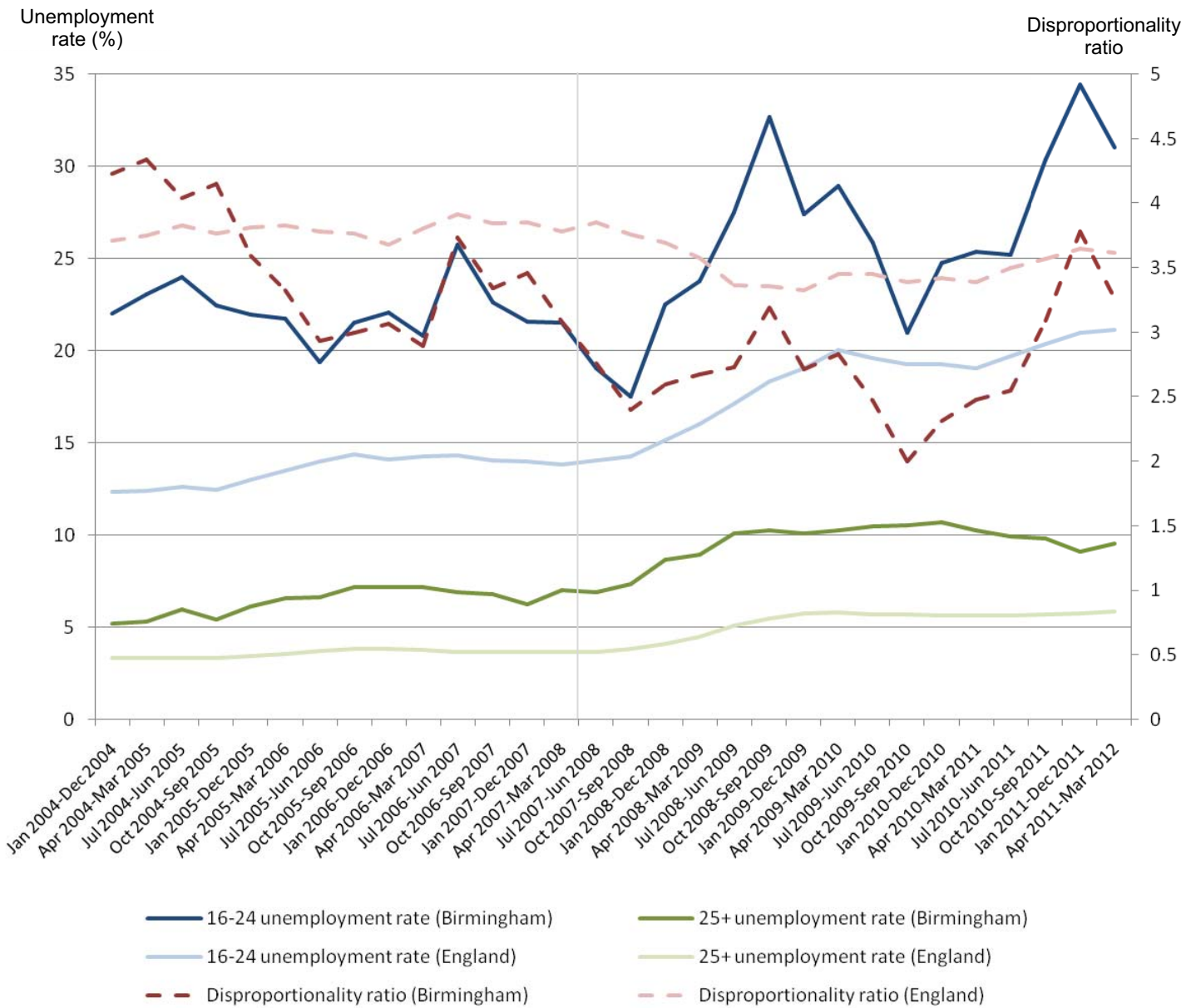
APPENDICES

Fig 1: Unemployment by ethnic group (2004-2012)



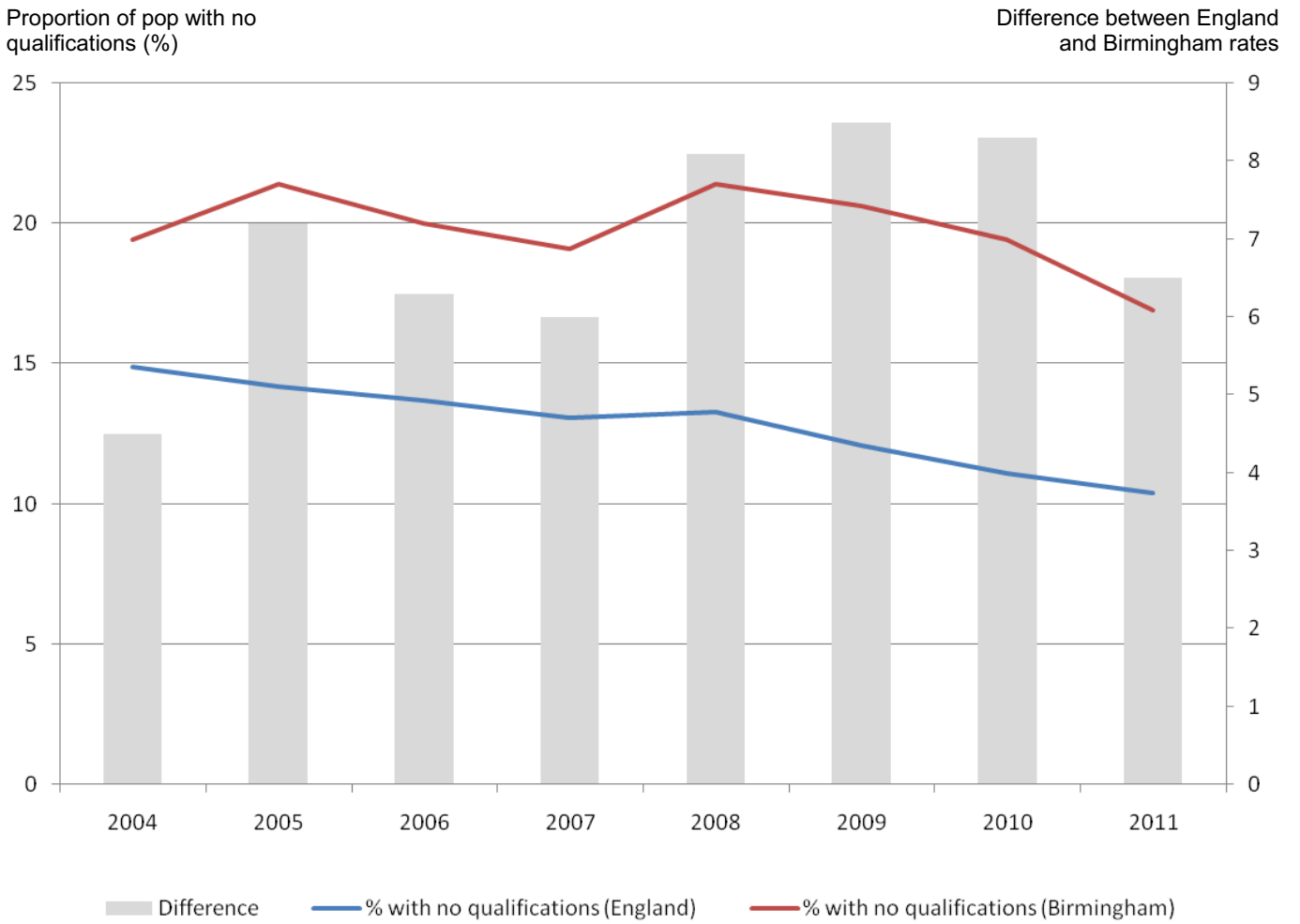
Source: ONS Annual Population Survey
 Gray line shows the start of the 2008-09 recession. Due to changes in the ethnicity questions on the Annual Population Survey during 2011 these estimates are not included as part of the time series

Fig 2: Unemployment by age (2004-2012)



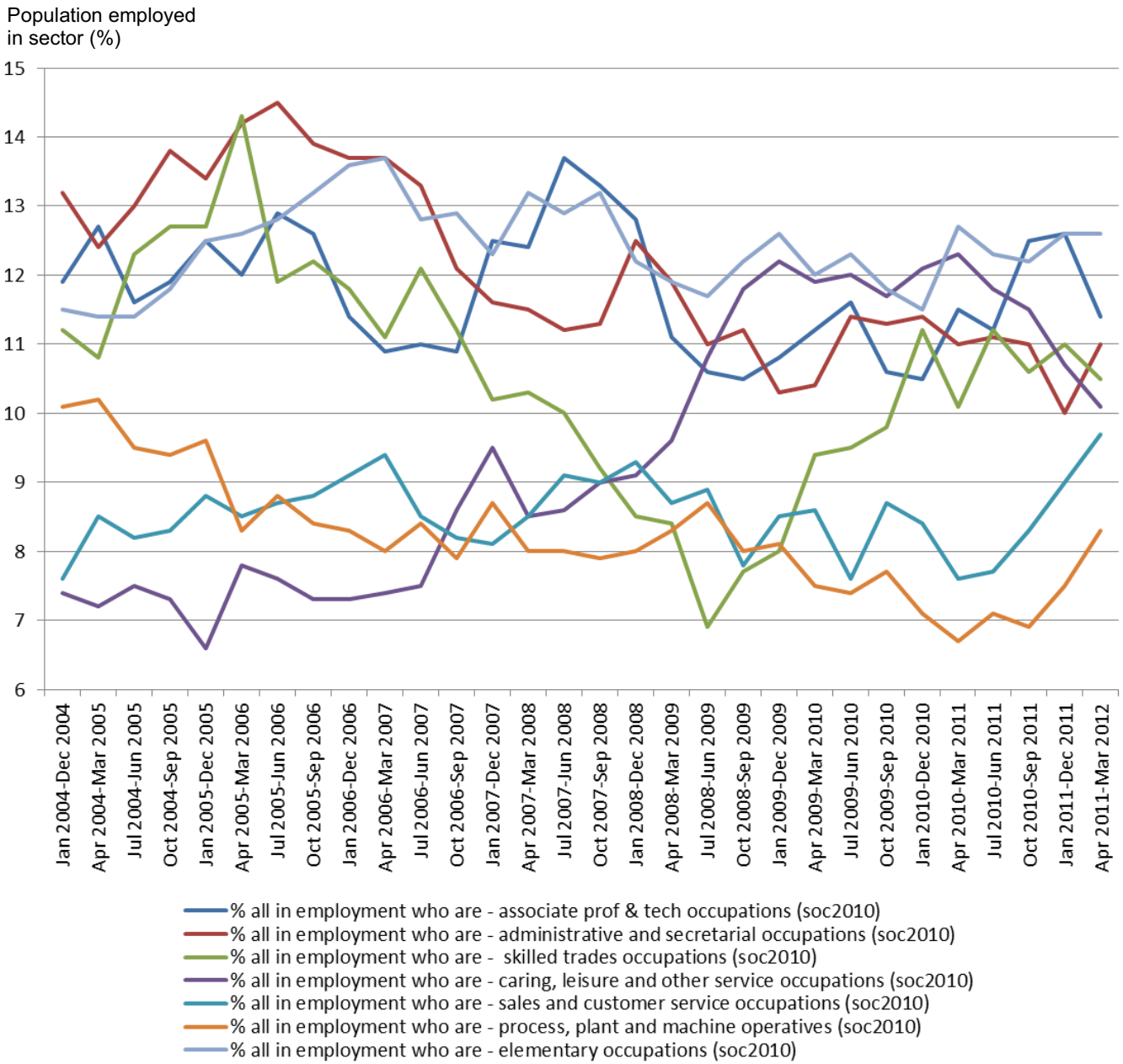
Source: ONS Annual Population Survey
 Gray line shows the start of the 2008-09 recession.

Fig 3: Qualification attainment in 16-64 population (2004-2012)



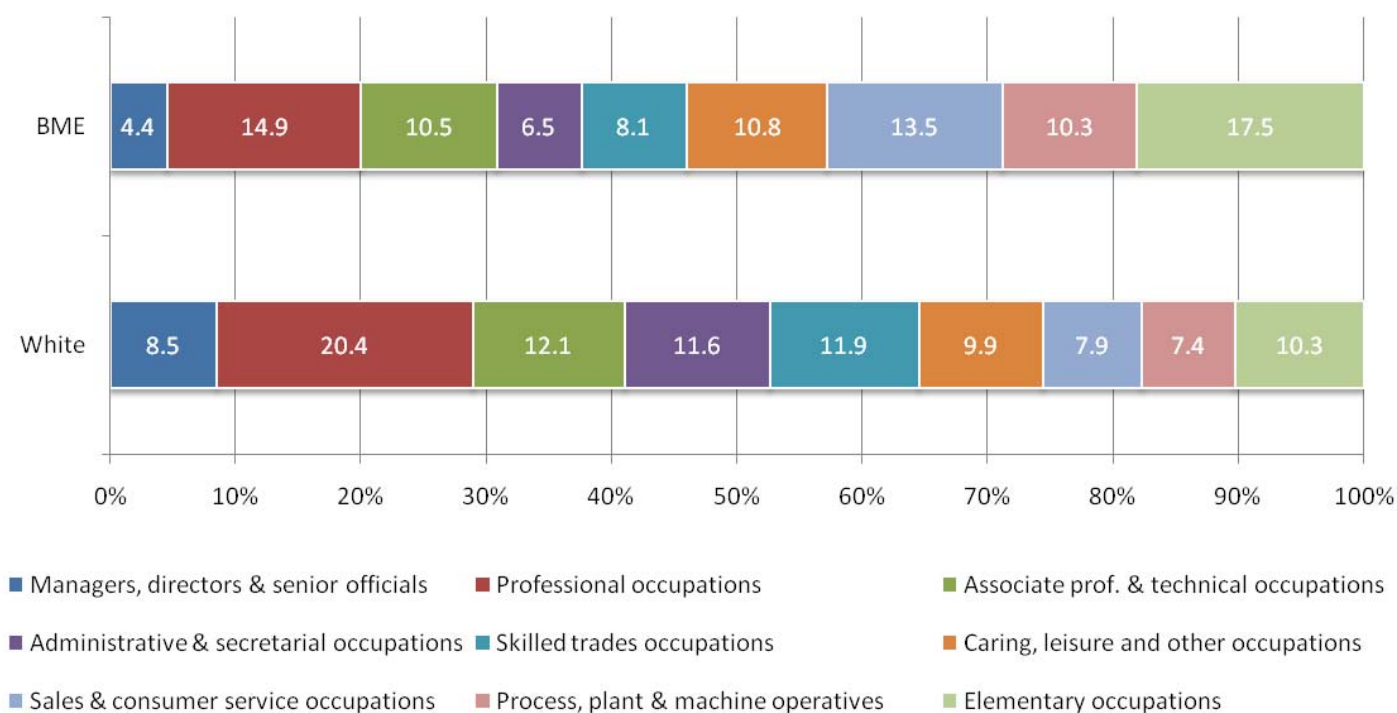
Source: ONS Annual Population Survey

Fig 4: Employment in Birmingham by sector (2004-2012)



Source: ONS Annual Population Survey
 Descriptions of the groupings can be found in ONS (2010) *Standard Occupational Classification 2010 Volume 1: Structure and descriptions of unit groups*. Available at: <http://tinyurl.com/como4bo>

Figure 5: Employment by ethnicity and sector in Birmingham (March 2012)



Source: ONS Annual Population Survey
 Descriptions of the groupings can be found in ONS (2010) *Standard Occupational Classification 2010 Volume 1: Structure and descriptions of unit groups*. Available at: <http://tinyurl.com/como4bo>

Councillor Ian Cruise
 Chair – Birmingham Economy and Jobs Overview and Scrutiny Committee
 The Council House
 Victoria Square
 Birmingham B1 1BB

Tuesday, 4th September 2012

Dear Councillor Cruise

Firstly, I will like to thank you for inviting our organisation to submit our thoughts to the Committee.

I am sure you are already aware that Eos is uniquely placed in Birmingham, being both a Work Programme Prime Contractor and the contract-holder for the ESF Workless Families provision. By the very nature of our services, our staff interact daily with Birmingham residents who are severely detached from the local labour market, and skills deficits form an integral barrier that prevents their situation from changing for the better. I am therefore sure that you will understand that our response is mainly focussed around the skills issues for *workless* Birmingham residents.

In formulating our reply, I have focussed on three critical issues – the disparity between local employers' skills needs and the competences of the local workless population; employer perceptions of Government-funded on-the-job training; and the lack of an intelligent system to provide joined-up services between “welfare-to-work” and skills provision.

The Birmingham Skills Gap for the Workless Population

It is inevitable that, in every local labour market, there is a difference between what employers need and which skills the local residents have. Workplaces are constantly evolving, never more so than during the technology revolution in which we live, and the skills of today can be swiftly replaced by the skills of tomorrow. This generic problem poses two issues: How do we ensure that the current workforce's skills constantly keep up with new employer needs? And how do we ensure that the local unemployed can acquire these skills in order to attract employers?

As I am sure that you can imagine, in order to deliver our contracts' targets, we carry out a large amount of employer engagement. Our Birmingham employers vary from single traders to multinational corporations, but the common denominator is their need to employ staff that can work effectively in order to keep the organisation competitive.

There is a plethora of information available regarding the needs of Birmingham employers, but I thought that the committee might find it useful to receive some anecdotal feedback from our employer-base and operational staff:

1. **Qualifications.** Very few employers that we work with place value on qualifications below degree-level. The exception tends to be around regulated industries, such as Care and Security, where an external body has required the organisation to ensure a “qualified workforce”. Other than where this is the case, our employers are far more interested in the finite skills that our clients possess, married with recent experience of putting these skills into practice.
2. **Skills/Experience.** Paradoxically, employers place a lot of stock in the currency of applicants' skills and experience, with applicants who have experience within the last 3 months looked upon far more favourably than others.
3. **Recruitment Agencies.** Sectors such as manufacturing, warehousing and logistics are often heavily staffed by temporary workers, employed by recruitment agencies. Unfortunately, we are



increasingly seeing agencies not even considering jobseekers if they have been unemployed, and therefore not maintaining the currency of their skills, for more than 6 months.

4. **Changing Work Practices.** With the advances of technology, some entry-level occupations that have previously been ideal for first-time workers now require applicants to be able to demonstrate certain skills. For instance, many manufacturing/logistics employers now require applicants to be able to use hand-held scanners, side loaders and narrow aisle forklift trucks – a set of skills that cannot be acquired without work experience or training.
5. **Work Placements.** Although work experience/placement schemes have been in existence for many years, most have failed with their ultimate objectives of equipping the jobseeker with recent, relevant skills and experience. This has largely been due to the majority of placements being secured in the retail sector (often with charity shops), leading to jobseekers improving their generic employability skills, but not the sector-specific skills that the employer wants from applicants.
6. **Government-Funded Training.** Employers feel a disconnect between the skills that they want, and the Government-funded schemes available to unemployed applicants. This is particularly seen with our small employers, who are unaware of the process that qualifications undergo to be developed and ultimately funded. The fairly recent launch of the Qualification Credits Framework has improved the situation, and many of our employers willingly engage in the design of funded pre-employment training, helping to choose the qualification units that most closely match the skills that they need.

We are in an economic phase where the long-term unemployed face two critical barriers – an economy that is reluctant to recruit, and a large labour pool with highly skilled applicants clearly more attractive than our customer-base. As much as we providers can appeal to employers to consider our customers, the needs of the business will almost always force them to consider the most skilled person for the role. The question then becomes “how do we make our customers at least as skilled as the “average” applicant?” And this is where we believe that the system has a major flaw, but one which Birmingham City Council could act as a catalyst for a local solution, as described in the final section.

Employers’ Perceptions of Government-Funded On-the-Job Training

Our employers clearly see the benefits of on-going training for their workforce. How much they are willing to invest in this training varies greatly, with some refusing to use Government funding (preferring, instead, to have complete autonomy in deciding what is delivered, to whom, where and when) and others willing to have their entire training function dictated by the terms and conditions of Government schemes.

There are two main sources of Government funding to help employers to up-skill their workforce – apprenticeships and the Skills Funding Agency’s “Workplace Learning” (co-funded by the European Social Fund).

Apprenticeships

We generally find that apprenticeships suffer from two problems – how they are perceived by employers, and the “one size fits all” nature of the contents. If we reflect back on Government funding from the recent past, there were two contracts aimed to support those in work to develop their skills – apprenticeships and “Train to Gain”. Both were funded by the SFA’s predecessor, the Learning & Skills Council, and there was a clear delineation between the two services’ target groups and content:

Apprenticeships were aimed at young people, and required the completion of both job-specific and generic qualifications - the latter focussing on literacy, numeracy and wider “key skills”, based on the

assumption that many young workers had not yet fully developed in these areas (now known as Functional Skills).

Train to Gain was primarily focussed on older workers, and gave employers the opportunity to access free workforce development programmes in relevant occupational areas, with their employees gaining “just” an NVQ in a relevant discipline.

This simple dual offer allowed employers to choose the scheme that best suited the employee. There was a flaw in Train to Gain (many providers delivered nothing more than qualification assessments with no real skills development), but employers clearly understood the differences between the two services and actively participated in both.

With the termination of Train to Gain, and the removal of apprenticeship age limits, we have now seen many providers use apprenticeship funding to deliver what is, in effect, Train to Gain with Functional Skills bolted on. Unfortunately, this has led to the Train to Gain flaw still existing, with the additional issue of mature workers now being required to undergo Functional Skills training/assessment in order to satisfy contractual requirements, whether the employer wants it or not.

Some employers are keen for their workers to undergo Functional Skills development, but the issue is that they cannot choose whether or not they want this included, it is a requirement of the apprenticeship framework. Similarly, employers have very little choice regarding which **vocational** qualification their workforce undergoes – it is driven by the framework that the apprentice is entered for.

This is understandable, as there is a clear need for all apprenticeships in a particular sector to have a degree of standardisation, but our employers often feel that this approach requires them to choose a framework that “nearly” matches their employees’ job roles, rather than being able to pick and choose the qualifications/units that are most relevant to the nature of their business and therefore have an apprenticeship scheme that is wholly fit for their own business’ purpose.

As mentioned earlier, employer perception of apprenticeships is another problem that needs to be overcome. To many people, the word “apprentice” relates to a school leaver entering a first job, mostly in a technical sector such as engineering or advanced manufacturing. Employers and employees often find that there is a stigma associated with the word, as it implies that the apprentice is unskilled and very junior. Also many employers don’t consider the apprenticeship scheme as they believe that only teenagers are eligible, despite the removal of the age limit.

SFA/ESF Workplace Learning

Like apprenticeships, this scheme is focussed on accredited skills training for employees, however it has the following key differences:

- Where Birmingham apprenticeships can be delivered by any organisation that holds an SFA contract, irrespective of where in the country they are based, Workplace Learning is a single contract that covers the whole of the West Midlands (the current contract holder is Calderdale College). Whilst the issuing of a single contract allows the SFA to manage the provision simply, it removes the competitive nature (which drives up quality and added value) and, to some degree, the amount of qualification choice that an employer has.
- Functional Skills are **not** a part of the offer, thus making this contract comparable to Train to Gain.
- Employees must have low skills (either no qualifications or below Level 2). Level 3 provision is only available for 19-24 year olds within SMEs.

- It is expected that all participants will progress into a positive outcome, such as an apprenticeship; skills training at a higher level; moving into secure employment (from temporary to permanent work or an increase in working hours); promotion or increased responsibility.

Unfortunately it is this final point that creates a disincentive for employers. It creates a service that should only be delivered where it can lead to a tangible progression, rather than “just” improving an employee’s skills and productivity.

The programme could be used as a highly effective tool to move entry-level workers into higher roles. As a pre-apprenticeship programme, this service could develop workers’ skills to Level 1 or 2, leading to them then progressing into a Level 2 or 3 apprenticeship. However, we would question how well the “single contract holder” status of the service interacts with the multiple apprenticeship providers offering their services in Birmingham. There is a clear incentive for the contract holder to progress learners onto their own apprenticeship provision, rather than whichever is “best” for the employer and learner.

The Lack of Joined-Up Services between “Welfare-To-Work” And Skills Provision

In this section of our response, we would invite the committee to consider the three aspects of; back-to-work support; pre-employment training and; workforce development.

Back-to-Work Support and Pre-Employment Training

To provide some historical context, until relatively recently there were three programmes, funded by two Government departments. The Department for Work and Pensions funded back-to-work support for both the short- and long-term unemployed. Crucially, this **included** pre-employment training, either through dedicated programmes¹, or as part of a wider package of support courtesy of the New Deal programmes. Provision was heavily structured, with providers being contractually obliged to deliver accredited training, often with an accompanying work placement. Once in work, the employee could continue with his/her skills development, either through apprenticeships (young people) or Train to Gain (eligibility permitting). Lines of responsibility were clear, as DWP maintained responsibility for **all** pre-work provision for the unemployed, and the Learning Skills Council (replaced by the Skills Funding Agency) were responsible for all in-work Government-funded learning, i.e. services for the unemployed were funded by DWP, employee training was funded by the LSC.

More recently, DWP have passed responsibility for all training services to the SFA. With the advent of the “black box” approach, this places an emphasis on welfare-to-work providers to design solutions to the worklessness problems, free from conditions imposed by the funder.

At approximately the same time, the SFA changed both funding eligibility and the structure of their contracts. In August 2011, the new Adult Skills Budget was released. This allows SFA providers to deliver a range of provision from one funding source, dynamically allocating monies to priority programmes. At the same time, the full fee remission eligibility was changed, making only JSA and ESA (WRAG) claimants entitled to fully funded adult learning. The net result of these changes is that, by and large, we now have two different providers working with the same client group – DWP-funded organisations delivering back-to-work support, and skills providers delivering pre-employment training. Although there are some providers that hold contracts/subcontracts with both

¹ Basic Employability Training (BET) for people requiring language, literacy and/or numeracy training to increase employability; Short Job-Focussed training (SJFT) for those with skills needs that required relatively short interventions and Longer Occupational Training (LOT) for those workless people whose skills were relatively poor for their chosen job goals

DWP and the SFA, the majority of pre-employment skills provision is delivered by colleges, who have had to carry out some major changes to their infrastructure in order to cater for the fact that only people on active benefits receive full fee remission. Even for those colleges/providers that have succeeded in delivering to this client group, there are severe challenges in terms of accessing the learners and delivering training that is employer-led and aimed at achieving job outcomes.

This shifting of funding responsibility, and therefore shifting of delivery bodies, has created a problem whereby jobseekers are no longer able to receive a seamless package of services, the result of which is very much a backward step in the delivery of a coherent and integrated employment and skills service. At a time when the long term unemployed need to be able to at least compete with the average jobseeker, this fractured system is a significant challenge.

Transiting from Unemployment to In-Work Development

Although the greatest fissure in a coherent package of Government-funded support is the one described above, there is also a significant issue with the lack of smooth transition for a person to move from unemployment into a job with training. As described previously, apprenticeships and the Workplace Learning service are funded, but there is no clear system that enables people moving from Welfare to Work into employment to be automatically assigned to the appropriate workforce development programme (eligibility permitting). This is not due to a lack of funding – apprenticeship providers can deliver their services anywhere in the country and the National Apprenticeship Service provides a gateway between employer and provider. Moreover it is the case that there is a lack of strategic partnership working between Welfare to Work providers and colleges/training providers. An unfortunate by-product of having two very separate funding departments is that it creates two very separate provider networks. Each provider can meet its business objectives without such an interaction, meaning that the victims of such a lack of networking are the new employee who fails to receive the training, and the employer that fails to improve its business as a result of the training.

A Joined-Up Approach to Employment & Skills in Birmingham

Having described the three core problems above, we would respectfully ask the committee to consider some ideas for potential solutions described below.

Issue	Potential BCC Actions
<p>Skills/Experience & Work Placements Employers want recent experience and current skills. Work placements have mostly failed to deliver sector-specific experience/skills</p>	<ul style="list-style-type: none"> • Develop a work placement standard and promote its use by all Birmingham-based placement providers. • Use future funding to procure employer-led delivery of non-accredited training, or units of qualifications
<p>Employers Not Recruiting From the Long-Term Unemployed Unemployed jobseekers unable to match the skills/experience of other applicants</p>	<ul style="list-style-type: none"> • Liaise with local businesses concerning their expectations when recruiting, promoting the use of Government-funded provision to up-skill new employees recruited from the unemployed.
<p>Apprenticeship Take-Up/Perception Some employers won't consider apprenticeships, others dislike their rigidity and generic nature</p>	<ul style="list-style-type: none"> • Encourage (incentivise?) local employers to use apprenticeships. • Ensure circulation of sector-specific case studies. • Work with training providers to minimise impact of rigidity/generalist nature.
<p>Qualification Design/Customisation Lack of employer input in deciding which units of</p>	<ul style="list-style-type: none"> • Facilitate/chair sector-specific steering groups to create qualification pathways,

qualifications are delivered	particularly focussing on SME involvement.
Lack of Communication Between Training Providers/Colleges and Welfare to Work Providers Delivery of pre-employment training is largely in isolation to the main Welfare to Work programmes	<ul style="list-style-type: none"> Facilitate/chair network meetings between all providers. Create local system, with JCP, for Welfare to Work providers to request courses and training providers to list those that are scheduled..
Lack of Communication Between Workforce Development Training Providers/ Colleges and Welfare to Work Providers Reduces the take-up of apprenticeships/ Workplace Learning	<ul style="list-style-type: none"> Facilitate/chair network meetings between all providers. Benchmark and measure apprenticeship take-up against total job filled.

In closing, I would like to briefly answer, from our experience, the specific questions that are guiding your line of enquiry.

1. What is the skills gap in Birmingham? What skills do businesses in Birmingham require now and in the future?

From our angle, i.e. the skills gap between workless residents and local vacancies, the gap is severe and widening. With key growth sectors requiring higher level skills, the workless population will almost certainly be unable to secure employment in these new positions and, as such, we need to up-skill them sufficiently to be able to fill the vacancies created once current workers apply for, and take up, the new jobs created.

For the types of work that can be doable for our customers, businesses in Birmingham require a good level of “employability” skills and attitudes (i.e. timekeeping, team working, ability to work unsupervised, strong work ethic, resilience) and the ability to carry out the work that the job involves – but this should **not** be evidenced via a national qualification, but through recent experience.

2. What needs to be done to ensure that Birmingham residents have the necessary skills that businesses require?

Again, considering only workless residents, they need to be able to develop the finite skills that that particular employer needs, and put these skills to practice before applying for the position. This is where credible work placements can be vital.

3. How are universities, colleges, training organisations and the third sector ensuring Birmingham residents have the right skills for employment?

We have seen colleges/providers placing far more emphasis on the local labour market recently, analysing ONS data to identify in which sectors the vacancies exist. However, the two drawbacks to this approach are that:

- ONS data is woefully generic (for instance, “Elementary Trades, Plant and Storage Related Occupations” tells us very little) and;
- Funding requirements then lead to the provider offering national qualifications, which are too generic to carry any weight in job applications. We have seen very little of providers asking recruiting employers which units they value in a qualification – more often than not, the provider decides the units that will be delivered. This flies in the face of employer-led pre-employment training.

4. What role do businesses play in ensuring new and current employees have the right skills for employment?

This very much depends on the employer, and is often driven by the size of the organisation. At one extreme, employers are disillusioned with the generic nature of Government-funded training (see point B) above), and deliver/buy in specific, relevant courses. At the other extreme, employers can use Government funding to replace their own training department (in some

cases, employers have been known to use such provision to deliver training that they are legally obliged to deliver).

Sector Skills Councils and employer representative bodies/trade unions have a vital voice in qualification (and therefore training) design, but there is little scope for small and micro businesses to take part in these and influence the outcomes.

5. What role should the City Council, educational organisations, training providers and the third sector play in “closing the skills gap”?

Please see table on preceding page.

I hope that the above proves useful to some extent Councillor, and I look forward to attending the evidence gathering session on 18th September should you require us to do so.

Yours sincerely



George Khoury
Director of Business Development



Scrutiny Inquiry: Closing the Skills Gap

Inquiry Chair:	Birmingham Economy & Jobs Overview & Scrutiny Committee, BCC
Evidence Response:	Pertemps People Development Group (PPDG)
Key Witness Status:	Work Programme Provider
Key Question:	What is the 'skills gap' in Birmingham & what needs to happen to close it?

Key Witness Context:

PPDG has operated within Birmingham and Solihull since 1997 delivering Welfare to Work, Training and Recruitment services to local disadvantaged groups and the business community. We have delivered mainstream central government contracts including the Work Programme, New Deal and Employment Zone; local government contracts including Aston Pride & Working Neighbourhoods; community & neighbourhood based delivery including Deprived Area Funding & Positive Futures.

Our values-led approach has proven to be invaluable to the sustainable employment and occupational progression of disadvantaged job seekers, giving people local opportunities to change their lives. Being at the forefront of Birmingham's welfare to work & training industry allows us a unique insight into local business needs and skills requested by employers, and the subsequent gaps that can and may emerge.

Imaginative delivery has assisted in excess of 100,000 long-term unemployed individuals nationally into sustained employment, with up to 80% remaining with their initial employer and many more progressing to establish their own business. We have trained over 130,000 people nationally in vocational skills, with more than 175,000 individuals benefitting from our professional information, advice and guidance service.

Responses to Key Lines of Enquiry:

1) What is the skills gap in Birmingham? What do businesses in Birmingham require now and in the future?

- **Is there a Skills Gaps?** The West Midlands is one of the areas affected most by a density of skills shortage vacancies (with 1 in 5 vacancies reported as a skills shortage vacancy) – UKCES. From our experience it is not always necessarily a 'skills shortage', it is often other factors at play making them '**hard to fill**' i.e. the quality of candidates attracted; over-inflated qualification requirements (graduate Credentialism); the appeal of the job (shift work); lack of interest/application or lack of vacancy awareness.
- **Basic functional skills: Maths, English (including ESOL) & ICT** - the long term unemployed are over represented in the Birmingham Labour Market with at least 40% having basic skills needs, with IT basic skills included the percentage rises to almost 65% (from data collected from over a decades delivery in Birmingham). Improved ICT skills in all businesses can support efficiency; profitability and growth.
- **Experienced workers** (the world of work; life experience and maturity) – from an employer perspective it's probably having immediate access to people with experience – although there are

huge levels of untapped potential (high youth unemployment and general unemployment) – need new ways to engage and up skill this talent pool. Unless the employment is specialist or niche we are likely to have enough people to meet demand.

- **Work Ready Candidates with sound employability skills** – poor attitude & motivation is commonly reported by employers recruiting young people (UKCES), exacerbated by a mismatch of expectations.
- **Sector Specific/technical skills** including: Engineering, Manufacturing, ICT, Community, Social & Personal Service sector skills. Reports show that 24% of vacancies are unfilled due to skills shortages (UKCES). However in some cases employers add components over and above skill requirements that make access to vacancies more difficult and exacerbate the severity of a ‘skills gap’. Particularly with graduate Credentialism – lower skilled workers are squeezed out and graduates are ‘underemployed’ which would suggest skills underutilisation, not a skills gap.
- **Trade skills:** chefs; butchers; carpenters; plumbers etc. – needed to support SME growth but vocational options are not widely promoted for post 16 learners.
- **Better integration** with skills providers to plan pre-employment solutions
- **Improved platforms** to influence the design &/or delivery of ‘in work’ training (accredited training, apprenticeships, paid training, funded training)
- Further affordable choices for those looking to improve their skills whether in or out of work.
- Businesses need to be able to provide progression routes & **better career development options** for employees to ensure staff retention and long term employment prospects (integrate with NCS). The number of employers offering no training is highest in the West Midlands (UKCES). Training currently offered is likely to be reserved for senior staff. We can get employment for anyone based on the skills they have against the skills particular employers are seeking, but the likelihood of ever taking these people out of relative poverty is remote without further training in work.
- More **specific and focused commissioning** (including level 3 learning) that may support/attract inward investment and/or business growth.

UKCES findings specifically for Birmingham businesses: 4% report vacancies as Hard to Fill; 3% report skills shortages vacancies; 18% report a skills gap; 37% do not provide any staff training

2) What needs to be done to ensure that Birmingham residents have the necessary skills?

a) **Greater employer involvement and input from sector leaders** as a key stakeholder in developing the local skills offer in order to:

- Equip residents with skills employers are seeking by **tailoring local training offers** to employer need, but also addressing the foundation skills needed for the world of work in general
- Further enhance, through funded provision, the delivery of a ‘whole skills’ package wanted by employers - not just industry/practical experience but life skills such as: communication skills, ability to work as part of a team, integrity, confidence, character/personality, planning and organisational skills, analytical and decision making skills.
- Demonstrate employer commitment to local candidates etc. - informing potential employees of their expectations/roles – employer attendance at Provider events, in training sessions etc... **joining up training efforts to tangible job opportunities**. Further **reinforces supply/demand** communication and ensures funding is directed at labour market need and keeps learners engaged.
- Facilitate **meaningful & substantial work experience/placement opportunities** to support those with out of date and/or limited skills. Employers reporting a lack of basic work experience –

specifically needed for young people. Linked to apprenticeships or development of pre-apprenticeship schemes / Birmingham Baccalaureate/ studio schools.

- Employer involvement in recruitment and selection from funded programmes works well (e.g. Tesco, Aston Pride).

b) Sustainable Skills Solutions & Career Development:

- We need to **better align job pre-entry training with on-going training in work** and ensure that the Skills Funding Agency and employers are an intrinsic part of the overall employment and business growth solution.
- Create a local skills offer that not only helps people get into jobs by meeting employer's initial recruitment needs, but that also **helps them "get on" in work and supports business productivity & growth.**
- Explore how career development is funded – SFA introducing Advanced Learning Loans – removes expenditure from employers but will employees want to move into 'debt' – perverse effect may create disincentives
- Provision of programmes that integrate employment and skills delivery are the most effective and offer value for money – people do not only need technical & vocational skills to do a job, they need the right attitudes & basic competencies

c) Stakeholder Collaboration: –

- City Council needs to **align its commissioning strategy** and associated funding to skills outside of mainstream funding provision – e.g. achievement of milestones for unemployed customers who have direct access to local employment opportunities rather than through qualification led provisions.
- **City wide work experience/internship scheme** - promotion and facilitation of non-mandatory work experience opportunities would support the unemployed/young people and school leavers – similar to the Future Jobs Fund with emphasis on work experience rather than secured employment within local authorities could be a commissioning model.
- Create a **skills pipeline** that links inward investment and economic growth zone developments to the skills offer/provision
- **Local Employer Partnerships** to identify skills requirements which should be matched to specific skills support/training – **ensure funding and commissioning activity is linked to priority sectors and emerging industry** – maximise opportunities from section 106 requirements
- Educational organisations and training providers need to ensure cohesion and regular review of skills offer and ensure employer intervention/involvement is ongoing.
- Universities, Colleges, training organisations and the third sector do and should work together to ensure skills gaps are met & join up efforts. Partnership working with a variety of stakeholders ensures a more efficient use of resources.
- Singular and streamlined employer account management – simplify the employer offer.

d) Earlier Intervention (aligned to the Wolf Report):

- **Linkages with local schools and colleges** (Careers Advice) highlighting key industries in the area and courses/qualifications that would support application for roles/apprenticeships in these industries.
- Funded **Pre-Apprenticeship routeways** – improve candidate preparation and application success for apprenticeships
- Development of the '**Birmingham Baccalaureate**' - a standard, influenced by employers and curriculum leaders, that provides education within the context of work skills & vocational subject areas

- Businesses to be encourage to develop a 'Youth Policy' with commitments to create entry points and progression routes for young people
- Greater exploration of Studio Schools - establishments that offer a better balance between education & work experience/enterprise.

3) How are universities, colleges, training organisations and the third sector ensuring Birmingham residents have the right skills for employment?

- Things are improving; much more of the training delivered by these organisations is now better linked to employment particularly with big organisations like BMW forging strong links with the education sector. However the education of SME's and their approach to expansion is paramount, they are vital to economic growth.
- Most currently design **bespoke packages** to address local needs for employers and clients/residents. This work is largely accreditation led and is limited/inhibited by funding/commissioning restrictions.
- Linkages are in place between providers and colleges to **better join up funding** i.e. PPDG's relationship with BMET – led to creation of a Gaming Academy – a partnership approach ensuring that individuals had the right skills to fill niche sectors & skills shortage vacancies.
- Most seek to join up previously isolated agendas – **blending the offer of academic/vocational qualifications** with holistic support and **employability skills**. This will be further reinforced as funding agencies change funding models to reward both employment and qualification success rates. **A better balance between funded outcomes means that skills provision will need to be better linked to employment to ensure residents have the right skills to succeed.**
- Promotion & greater use of **internships** – i.e. Birmingham University has approached the W2W industry providers through Indus Delta advertising their School of Psychology students as a potential source of recruitment. Requesting interns; work placements etc. to give their students a more rounded offer and to improve employment rates of their graduates. Policy is set to move towards monitoring employment outcomes as part of OFTSED inspections – enables students to see which FE/HE establishments have the best employment rates.

4) What role do businesses play in ensuring new and current employees have the right skills for employment?

Our experience of working closely with local employers & businesses shows us that there are varying degrees of commitment & involvement, largely dependent on resources. In our current offer employers take several roles including:

- Working with our Employment Liaison Officers who provide **dedicated account management and job brokering services**. We offer pre-employment and pre-recruitment services to ensure we identify and match the best candidates to their skills needs – this is often vacancy led and is a reactive service. As we build relationships and become the recruitment option of choice, future needs/recruitment is captured and planned for via regular account management
- Working with our training teams to ensure we are aware of skills gaps so that suitable **pre-employment support** can be provided and candidates prepared for recruitment activities.
- Employer / candidate interaction - employer attendance at Provider events, in training sessions etc. This is particularly effective in supporting the recruitment for 'Hard to Fill' vacancies – discussing shift patterns etc.
- Offer **work tasters/placements** & guaranteed interview schemes etc.
- **Apprenticeship vacancies** – with a varying degree of input as to the on/off job training
- Many employers do not currently invest resource in pre-employment training until they have recruited staff because of the risk & cost of that preparation without a guaranteed return on investment.

5) What role should the City Council, educational organisations, training providers and the third sector play in “closing the skills gap”?

- Commission specific provisions based on local needs (such as Gaps FL contract).
- Design and **commission packages of retraining** support for growth sectors (particularly in response to huge redundancies in the public sector)
- Continue to have dialogue with all parties to ensure a focussed and team approach to supporting the residents of Birmingham. Create a '**Birmingham Skills Agenda/Economy**' document
- **Imaginative use of section 106** to design ring-fenced employment opportunities enhanced with training requirements/stipulations
- Utilise Councils **strategic strength** to invite targeted employers to discuss how we could support recruitment and training needs in conjunction with the SFA
- Focus of **return on investment of qualifications** delivered i.e. over supply of beauty therapists yet still widely delivered
- Focus on **individual and wider economic benefit** rather than a 'quick win' for funding requirements
- Similar points as given at response number 2 and 3

Scrutiny Inquiry: Closing the Skills Gap

Written submission by University College Birmingham (UCB)

Submitted by: Gary Wood Vice Principal (Academic)

g.wood@ucb.ac.uk

Tel: 0121 232 4138

1. Introduction

- 1.1 UCB is a Higher Education Institution (HEI) based in Birmingham City Centre, there are 7,500 students on Further and Higher Education programmes including 1100 international students from 65 countries.
- 1.2 The origins of our College can be traced back to the late nineteenth century with the foundation of a Municipal Technical School offering cookery and household science courses. UCB now has three teaching sites in the city centre and is currently building a new campus in the jewellery quarter.
- 1.3 We are unique in the HE Sector in that the mix of our provision is approximately 60% higher education and 40% further education. We offer programmes ranging from postgraduate and undergraduate programmes through to level two vocational qualifications and BTEC National Diplomas. This mix of provision enables students, sometimes with few if any formal qualifications, to develop their knowledge, skills and confidence to a point where they are able to progress to fulfil their educational potential on higher education programmes within the College. Our student profile provides ample evidence of our commitment to widening participation.
- 1.4 The College has long enjoyed very close links with the industries it serves; a point highlighted in the commendation for our Queen's Anniversary Award for Higher and Further Education in 1998. Links with industry take many forms ranging from student placement, bespoke training to product development.
- 1.5 The College has been graded 'Outstanding' over a 16 year period consistently the highest performing FE provider in the region (and nationally).
- 1.6 UCB has applied for full University title (due December 2012) but remains committed to retaining the FE provision.
- 1.7 Our mission statement is:
"To promote and provide the opportunity for participation in the learning process by those with the ambition and commitment to succeed and to maintain a learning community that meets the diverse needs of our students, the economy and society at large".

2. What is the skills gap in Birmingham? What skills do businesses in Birmingham require now and in the future?

- 2.1 There is evidence to suggest that Birmingham, in common with much of the UK suffers from a shortage of higher level skills in the workforce.
- 2.2 The UK falls behind other major OECD countries in the number of its workforce qualified to level 4 and aboveⁱ.
- 2.3 A recent report from the West Midlands Observatoryⁱⁱ highlighted the importance SMEs place on skills. It cited the access to the following skills set as drivers for growth:
 - Leadership and strategic decision making
 - Specific management skills
 - Sector specific skills
 - More generic employability skills
 - IT skills
- 2.4 There is a strong positive correlation between levels of formal qualifications, attainment, earning, unemployment and labour market participation rates.
- 2.5 The UKCES report 2010 highlighted the economic benefit for the individual and the economy of improving the UK qualification profileⁱⁱⁱ.
- 2.6 The differences across the country in the skills levels of the workforce are quite startling; a review by the Local Enterprise Partnership Network^{iv} highlights the difference with 41.9% of the London workforce having degree level qualifications while in the Black Country it is 19.1%.
- 2.7 In the areas that UCB serves the relevant Sector Skills Councils identify specific skills gaps for their sectors, for example People 1st identifying skills shortages within the hospitality and tourism sectors “The skills base of managers gives great cause for concern. Employers are recruiting managers without the full range of required skills, yet increasingly report that their managers lack those skills to meet business objectives, raising wider concerns about businesses’ ability to compete in a challenging economic climate and get the most out of their workforce”.^v

3. What needs to be done to ensure that Birmingham residents have the necessary skills that businesses require?

- 3.1 Birmingham residents need to have access to training and development that will enable them to acquire the skills necessary to compete with advantage in a global market. That access needs to be transparent and well signposted. The provision of skills training needs to span all levels and ages from school age to advanced higher level skills and technical skills. Individuals need to be able to see where they can train for career entry and then throughout their careers where and how they can continually develop.
- 3.2 Employers in Birmingham need equally to know where training is available and at what level.
- 3.3 Training providers need to provide easy access to information regarding their services for employers and individuals.
- 3.4 Better co-ordination to ensure businesses know where to find the skills training they require – something the LEP ESB is trying to address through business/provider forums.

4. How are universities, colleges, training organisations and the third sector ensuring Birmingham residents have the right skills for employment?

- 4.1 UCB works closely with the sectors it serves to ensure that the knowledge and skills it develops in its learners meet the needs of those sectors. UCB works with local as well as national employers to ensure that the curriculum is current and employment focused.
- 4.2 The vocational nature of the curriculum at UCB is focused on skills for employment including the more general employability skills.
- 4.3 Universities, colleges, training organisations and the third sector provide a broad range of training and development opportunities for individuals and employers in Birmingham. The provision covers all levels from Foundation learning through to apprenticeships and on to post graduate level study.
- 4.4 Birmingham colleges are in discussions with the City to establish a co-ordinator post, based in the Hub at Baskerville House. This post will draw together the colleges offer and work with the City to target offers to support inward investment.

5. What role do businesses play in ensuring new and current employees have the right skills for employment?

- 5.1 Employers may wish to take advantage of either using the skills training available in universities, colleges, training providers and the third sector through funding their employees or work in partnership with providers to develop relevant skills training programmes.
- 5.2 Employers can actively engage in apprenticeships. UCB employs apprentices in a range of disciplines and supports the programme as a means to creating employment opportunities and skills development.

6. What role should the City Council, educational organisations, training providers and the third sector play in “closing the skills gap”?

- 6.1 The City Council may support educational organisations, training providers and the third sector by providing channels of communication between all stakeholders: employers, learners and providers.
- 6.2 The City Council may wish to contribute towards the cost of establishing the ‘co-ordinator’s post.
- 6.3 There are already strategic plans for the provision of skills training and development across the region formulated by the LEP which seem to be working successfully, there is such a disparate and diverse provision of training that it would be extremely difficult and perhaps unwise to attempt to carry out any further cross sector strategic planning.

ⁱ OECD Education at a Glance 2011

ⁱⁱ Research on fast growing SMEs June 2012 WM Observatory

ⁱⁱⁱ The Value of Skills: An Evidence Review UKCES 2010.

^{iv} Creating Successful Local Economies – Review of Local Enterprise Partnership Economies in 2012. LEP Network

^v The State of The Nation Report 2011 People 1st

Briefing for Scrutiny: Overview of the Birmingham Baccalaureate

Background

The proposal to develop the Birmingham Baccalaureate (BBacc) was outlined in the Labour Manifesto and subsequently confirmed in the Leaders statement to City Council following the May 2012 elections:

“We will work with schools on the development of a Birmingham Baccalaureate - a new ‘Standard for Achievement’ - based on a comprehensive curriculum, which celebrates a range of skills and experiences, demonstrates accredited skills, guarantees a job or training interview and represents a partnership between the Council, schools, universities and businesses. This will ensure skills for Birmingham and for the future by putting learning and employability skills at the centre of the curriculum, a compact with employers and training organisations and an equitable access to placements for work or study.”

What is the BBACC?

The BBacc will provide a vehicle for responding to concerns long-expressed by employers, locally & nationally, around the ‘work-readiness’ and broader employability skills of school leavers.

It will be shaped by employers and education leaders to ensure it reflects an agreed standard covering a broad range of skills, attainment and experience.

It will be a recognised award of this range of achievements, endorsed by business. As such, employers will readily be able to see and confirm the validity of the skills & experiences achieved as part of the BBacc award.

Young people, parents & carers will be able to describe their achievements within a recognised, accredited framework, secure in the knowledge that the award has been co-designed by employers themselves.

It will provide a clear route through to interview and securing work/training opportunities. As such it will help bring education and business closer together to drive the economic growth across the city and subregion.

We anticipate the award framework will allow it to operate at a number of qualification levels, from intermediate to Level 3 and beyond. The component elements are yet to be consulted on, but may include:

- Formal education qualifications (schools, FE, HE)
- Training & skills awards
- Communication skills

- Teamworking experience
- Participation in civic life
- Leadership skills (Captain of team)
- Work and volunteering experiences

Current position & next steps

Developments underway include:

- Discussions with potential deliverers of the underpinning framework, including the accreditation/certification/awarding elements.
- Work with employer organisations to define the content of the BBacc
- Planning/engagement work to link schools into the project via the World Skills Show to be held in Birmingham in November.
- Looking at how best to deliver a Guaranteed interview for holders of the BBacc
- Other work to strengthen the partnership between BCC, schools, universities and business: eg networking schools to a group of employers, building upon a mapping exercise of existing schools: business links; Birmingham Children's University linked into the Skills Show
- mapping of work experience

Next steps:

- Finalise the draft specification for the BBacc during October
- Launch for consultation at the Skills Summit (World Skills Show) in November

Appendix

Attached is a mock-up of the BBacc, for illustrative purposes only



INTERMEDIATE GCSE A*-C, QCF L2 EQF L3

This is to certify that

Stephen Smith

has been awarded

Core Programme - DISTINCTION

Stephen has achieved Grade A or above in GCSE mathematics and English and 3 other GCSE or equivalent qualifications taken from at least 8 subjects.

Honours Programme - DISTINCTION

Stephen completed study programmes in IT*, Work Experience, a Foreign Language*, Enterprise and Personal Finance*, Voluntary Work*, Meeting a Personal Challenge* and Completing an Extended Project.

Awards: Duke of Edinburgh's Bronze, Junior Sports Leader

* These programmes of study have been externally accredited

Skills Passport

Stephen has achieved the following levels in employability skills, validated and moderated to national standards by Asdan Education.

Working with others	Level 2	Improving learning	Level 2
Research	Level 2	Oral presentation	Level 1
Problem solving	Level 2	Discussion	Level 1

Qualifications

Adult literacy level 2 pass Adult numeracy level 2 pass

I certify that this is a true record of the candidate's achievements

Head of Centre

Certificate Number: BY-1090-12007

Date: 18th June 2012

Small Heath School

Muntz Street

Small Heath

B10 9RX





Alan Volkaerts
Greater Birmingham & Solihull LEP
c/o LEP Executive
Baskerville House, Centenary
Square, Birmingham B1 2ND

Cllr Ian Cruise
The Council House
Victoria Square
Birmingham
B1 1BB

7 September 2012

Dear Cllr Cruise

**Re: Greater Birmingham & Solihull Local Enterprise Partnership
Employment and Skills Board**

Thank you very much for your kind invitation to submit written evidence to the Birmingham Economy and Jobs Scrutiny Committee 'Skills Gap' Inquiry.

Skills are a key priority for the Greater Birmingham and Solihull LEP and I am therefore very pleased to be able to provide written evidence to support this is a very important Inquiry. Please find attached a short note which summaries the approach of the LEP Employment and Skills Board which you might find useful.

Unfortunately I am not able to join you in person on this occasion; however Kate Canty, Chair of the Birmingham ESB and also member of the LEP ESB Board, will be able to attend one of your sessions. Kate will be able to talk about our strategy and approach as well as the detail of what the Birmingham ESB is doing, opportunities, challenges and what more the Council could do to support this.

Thank you once again for the opportunity to participate in the Inquiry.

Yours sincerely

Alan Volkaerts
Chair, Greater Birmingham and Solihull LEP Employment and Skills Board

Copy to:

Kate Canty, Chair, Birmingham ESB

Amanda.J.Simcox@birmingham.gov.uk

The Greater Birmingham & Solihull LEP Employment & Skills Board (ESB) Approach

Across the LEP area there are significant skills challenges

- Educational attainment levels have not caught up with national performance
- 60,000 fewer jobs in 2010 than in 2006
- Unemployment rate amongst 18-24 year olds of 11.1% compared to the national average of 8.4%
- Employers continue to report difficulties in attracting young workers with the skills and aptitudes that they require.

The LEP has asked for something different, recognising past approaches have not worked

- There are many players and many opinions, and sometimes this gets in the way.
- We need to be realistic about the levers and powers that the LEP has – we can't do everything
- We won't build a grand central 'skills plan' for the LEP - they have not worked in the past
- Detailed work determined by, and progressed through, the individual Employment & Skills Boards in the local areas (Birmingham, Solihull, North Worcestershire and Southern Staffordshire)

LEP ESB Vision

- **Our vision isn't intended to address all employment and skills issues across the LEP** but to drive forward a new approach to addressing the skills needed to support economic growth in key sectors. **There has been no great scientific exercise to select sectors** – they are those that offer real potential for growth where we already have particular strengths. Nothing is set in stone, we can always flex and adapt.
- **Mastering our destiny** - focusing on a handful of areas critical for growth , **we will** invest in specific networks of talent, experience and entrepreneurial drive, identify and tackle the 'people' issues
- **Future Truth** - Businesses say the education system fails to produce work-ready people. Educationalists say business is unclear about what work-readiness means and does not provide the work experiences needed. **We will** help young people get a real understanding of different kinds of jobs and specialism's and create a new vocabulary of jobs and careers that is relevant to young people
- **Connect & Expand** - Increase business involvement in education by fostering multiple relationships. We estimate that less than 10% of schools and less than 5% of businesses are engaged in this activity. We believe all schools and 25% of business should be involved. **We will** review existing models of business cooperation with education, identify what works, and focus our efforts on increasing the amount of business involvement in education.

How will the LEP ESB do this?

The proposals we have pulled together as part of the GBS LEP City Deal aim to target the significant skills challenges that exist. There are three areas we specifically wish to support:

- *Inspired Leadership* – becoming business driven through strong private sector leadership;
- *Partnerships and Aspiration* – creating shared understanding and partnerships between employers, education and training providers, as well as ensuring children and young people have high aspirations whilst maintaining realistic expectations about the world of work;
- *Growth and Demand* – ensuring a sustained focus on key sectors identified with the maximum growth potential and rebalancing the local skills system to be primarily driven by the targeted growth sectors and development and investment opportunities;
- **We are not going to build a grand central plan** designed to predict the future and act in accordance with this forecast as forecasts are too often wrong and this approach hasn't worked in the past.
- **Our Role** – Provoker, Focuser, Catalyst
- **We want to recruit champions to develop these themes** – do you have ideas of energetic entrepreneurial folk who are passionate about business and also about our region?
- **We ask that they** identify the top three leverage points and develop a small team of commercial or civic entrepreneurs to help force those points through local action and networks.
- **We offer** access to all our networks and a fixer, who knows the ways around the system
- **We will utilise the £500k allocation from the City Skills Fund** to support and develop partnership working, engagement with employers, schools, colleges and providers to develop our approach and deliver practical projects.
- The City Skills Fund is not for courses or training, but to 'oil the wheels', the detail of this will be developed by the ESB Officers Group (local authorities, SFA, National Apprenticeship Service, Association of Colleges, Chamber, Jobcentre Plus)

What can Birmingham City Council do?

- Continue to support the Birmingham ESB and its priorities
- Encourage private sector and school involvement
- Champion the ESB approach – not everyone will find it easy
- Help us find our champions
- Support the take up of Apprenticeship AGE grants