

ECONOMY OVERVIEW AND SCRUTINY PANEL

7 JUNE 2023

WORCESTERSHIRE'S WORKFORCE SKILLS INCLUDING THE ROLE OF COLLEGES

Summary

1. The Economy Overview and Scrutiny Panel has requested an overview of Worcestershire's workforce skills including the role of colleges.
2. The Cabinet Member with Responsibility for Economy, Infrastructure and Skills and the Assistant Director for Economy have been invited to the meeting to respond to any queries the Panel may have.

Background

3. Worcestershire has three Further Education (FE) colleges and one Higher Education (HE) University. The further education estate is split over seven sites across the county, and whilst generalist in nature to reflect the county's economic needs, where no sector dominates, there is specialist provision developed to meet growing need in some sectors.
4. Alongside this, Worcestershire has several Independent Specialist Training Providers who focus predominately on both entry to employment for those out of work and apprenticeship provision. The county benefits from a well-known and supportive Training Provider association who offer a best practice forum and discussion group for all providers in the county and also work alongside the Local Enterprise Partnership (LEP) and Worcestershire County Council (the Council) to support the skills agenda and in particular run the apprenticeship service Worcestershire Apprenticeships, whose role it is to promote the benefits of these routeways to young people, parents and employers.
5. Two of the county's most prevalent independent providers are specialist in nature and support the high level of engineering in county and the growth in digital skills. These providers and their colleagues in FE and HE are part of growth that should be seen as instrumental to the county's success economically.
6. The Council itself is a Learning Provider, providing education to some of the county's most vulnerable adults within areas of low social mobility through its Adult Education Budget and Community Learning contracts. Alongside this, the Council also holds the Department for Education Multiply contract for Worcestershire to upskill residents in Numeracy, worth around £800k a year.
7. Within Worcestershire in general terms, adult education and training achievements are concentrated in Health, Public Services & Care and Preparation for Life & Work. The former is significantly above the national level for Worcestershire in line with employment needs.

8. Apprenticeship achievements within Worcestershire are concentrated in Business, Administration & Law, Health and Care, Public Services and Engineering & Manufacturing Technologies, which together account for 74% of all achievements in 2021/22.
9. There are high rates of positive destinations from education and training settings, particularly into sustained employment (over 6 months) at all qualification levels.
10. The majority of graduates from Worcestershire HE settings remain within the West Midlands region after graduating.

The Role of a Further Education College

11. FE Colleges are predominately organisations focused on delivering 16-19 Education, Apprenticeships, Community and Adult Learning. The Colleges in Worcestershire work with employers to understand their needs and are driven by demand from students and demand for curriculum. FE colleges will work to meet demand where this demand is in volume. Predominately the FE offer in Worcestershire is not specialist in nature but is reflective of the economic need in the county.

Qualification Levels

12. The profile of qualifications in Worcestershire is similar to the national level, which can be seen in the graph below. However, a slightly lower proportion of the population have no qualifications or other qualifications and a slightly higher proportion have level 2 qualifications. (All qualifications in England are mapped to Levels, Level 2s are GCSE Equivalent to Grade A-C or 4-9 and Level 3s are A Levels, Level 4s are HNCs, Level 6s are Degrees)
13. District level data reveals that Bromsgrove has a higher proportion of level 2, level 3 and level 4+ qualifications than both the Worcestershire and national levels. Malvern Hills has a higher proportion of level 2 and level 4+ qualifications than Worcestershire or nationally. Redditch has a higher proportion of no qualifications, level 1 qualification, and other qualifications than both Worcestershire and England. Worcester exceeds Worcestershire and England for level 2 qualification and Wychavon for level 4+ qualification. Wyre Forest has a higher proportion of level 1, level 2, level 3 and trade apprenticeships than both Worcestershire and the national levels.

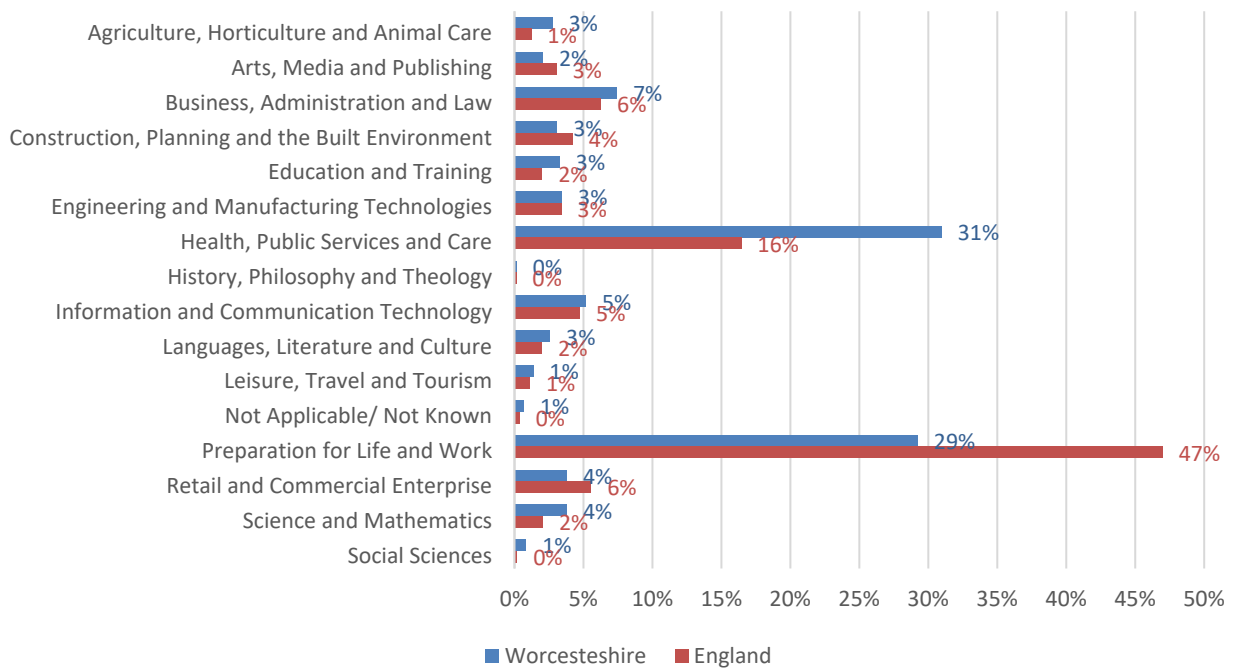


Education & training achievements within Worcestershire

14. As shown in the graph below, adult education and training achievements within Worcestershire are concentrated in Health, Public Services & Care and Preparation for Life & Work. Whilst the latter is significantly below national levels, the Health, Public Services & Care achievements in Worcestershire are 15 percentage points above the national level. Additional sectors where Worcestershire adult learning achievements are higher than the national level include Agriculture, Horticulture & Animal Care, Business Administration & Law, Education & Training, and Science & Mathematics.

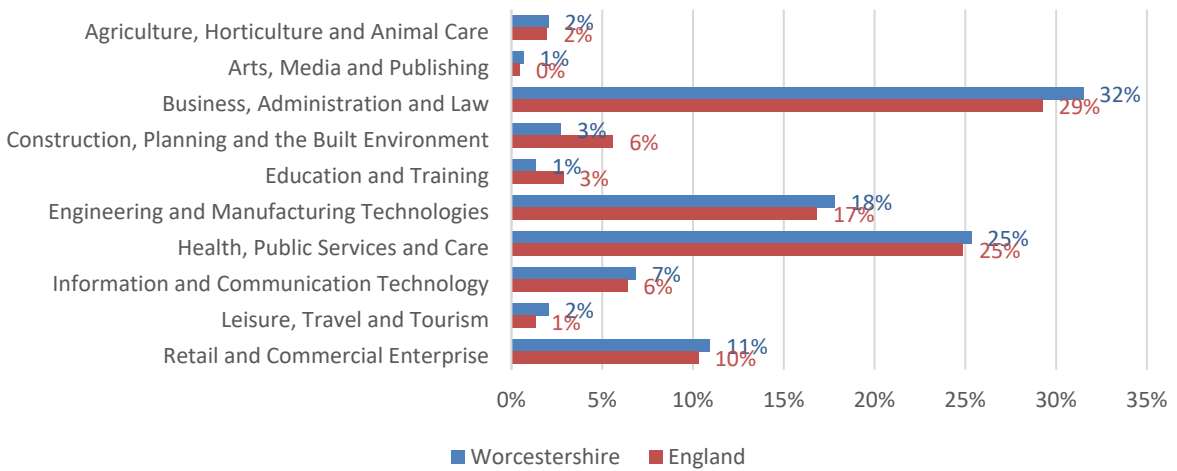
15. Over the last few years growth in achievements demonstrate a slight increase in Engineering (1%) and Health (3%) with less people training in Business Administration, again showing growth in areas of economic importance to Worcestershire.

Adult education and training achievements by sector subject area, 2021/22



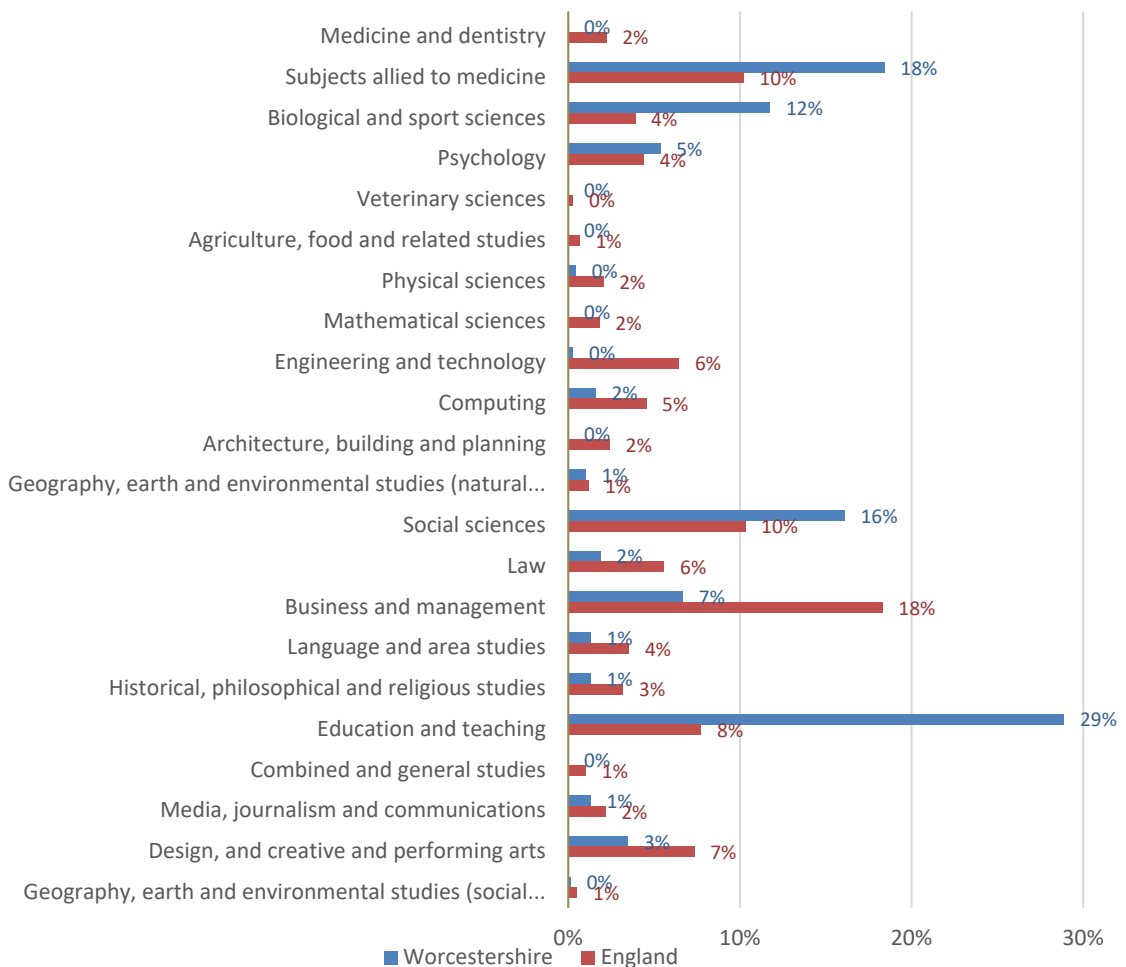
16. The graph below shows Apprenticeship achievements by sector subject. Achievements within Worcestershire are concentrated in Business, Administration & Law, Health, Public Services & Care and Engineering & Manufacturing Technologies which together account for 74% of achievements in 2021/22.
17. These are similar to national levels although Business Administration & Law is higher than the national percentage level. Construction, Planning & the Built Environment and Education & Training are slightly below national levels.
18. Over the last twelve months, construction training in the County has experienced significant challenges with recruitment and retention of tutors, although in 2022/23 there is little growth, the expectation is that these figures will recover in future years, when the demand for sector flattens.

Apprenticeship achievements by sector subject area, 2021/22



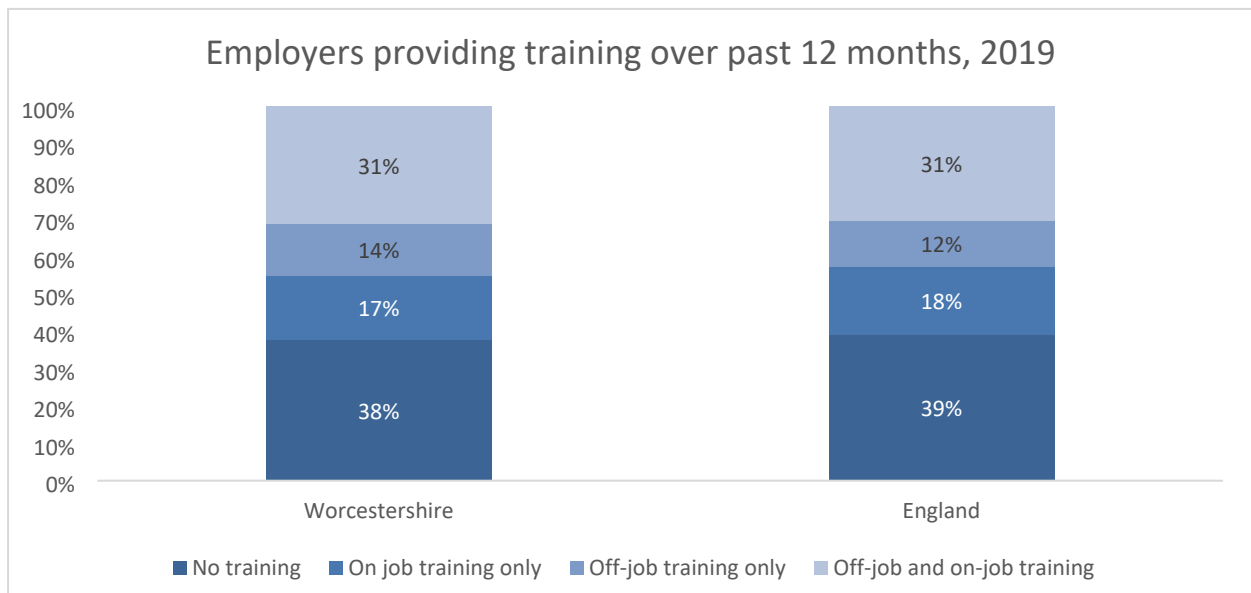
19. Alongside other training options, the courses offered by HE institutions within Worcestershire have an impact on the number of qualifiers within the county with subjects Allied to Medicine, Biological Sciences, Social sciences and Education scoring above the national average in Worcestershire and again in line with the county’s needs around Public Service – as shown in the graph below:

HE Qualifiers by subject, 2020/21



Workforce Skills and Employers

20. Similar to nationally, the majority of employers provide training to some degree, with both off-job and on-job training most often provided, as shown in the graph below. The barriers most cited by employers to providing more training are understanding of training need, staff time and funding. The most common types of employer provided training in Worcestershire are job specific, health & safety/first aid and basic induction training for new staff.
21. Worcestershire is currently awaiting the development of the Department for Education sponsored Local Skills Improvement Plan produced by the Chamber of Commerce to create the direction of travel for skills improvement with stakeholders. This plan is in development and has recognised a need for change in behaviours across Worcestershire, both with employers and their cultures around education and training, with management skills to enable development and with more development around individuals' personal skills to effect change. This plan is due to be released in Summer 2023 and will help shape future thinking.



Online vacancies – Driving skills gaps

22. Following the fall in vacancies as a result of the Covid-19 pandemic, online job adverts increased in Worcestershire, reaching a peak in March 2022. There has been a reduction in online job adverts over the last six months, but they remain above pre-pandemic level at around 6000 at any one time, as shown in the graph below.



23. As shown in the table below, employment growth is forecast to be highest for caring personal service occupations, reflecting trends in growth over recent years. Secretarial and related occupations are forecast to see the highest decline in employment, in contrast to recent trends which have seen growth in this occupation over the last five years. *Please note these forecasts were produced prior to COVID-19.*

Sectors with highest forecast growth (2017-2027)	Sectors with lowest forecast growth (2017-2027)
1) Arts and entertainment	1) Rest of manufacturing
2) Water and sewerage	2) Agriculture
3) Real estate	3) Food drink and tobacco
4) Health and social work	4) Finance and insurance
5) Professional services	5) Public admin. and defence

Funding Mechanisms and the Challenge in Training in Worcestershire

24. Funding in education is a complex landscape and is an inflexible system at times Apprenticeships are designed to meet job roles laid out by larger national employers that can be challenging for Small and Medium Enterprises (SMEs) to deliver and 16-19 mainstream funds and the curriculum is dictated by awarding bodies. Money from the Government to FE often focuses around capital and the needs to resource curriculum development can be challenging.
25. Funding is also driven by value for money and group sizes meaning demand is crucial to support growth in provision. FE colleges listen to employers to make the most of their needs and tailor where possible but often that requires employers to contribute and this is often where the challenge lies, leading to a poor fit or no training taking place. Employer training needs are in the main delivered outside of the college systems, using specialist providers of which Worcestershire has many small consultant arrangements however there are a limited number of organisations whose goal it is to upskill workforces. This is ultimately driven by demand where

employers' investment in training has decreased and they have been less keen to provide support for a number of reasons from lack of finance, time and understanding of what they as a business need.

The Business Landscape within Worcestershire

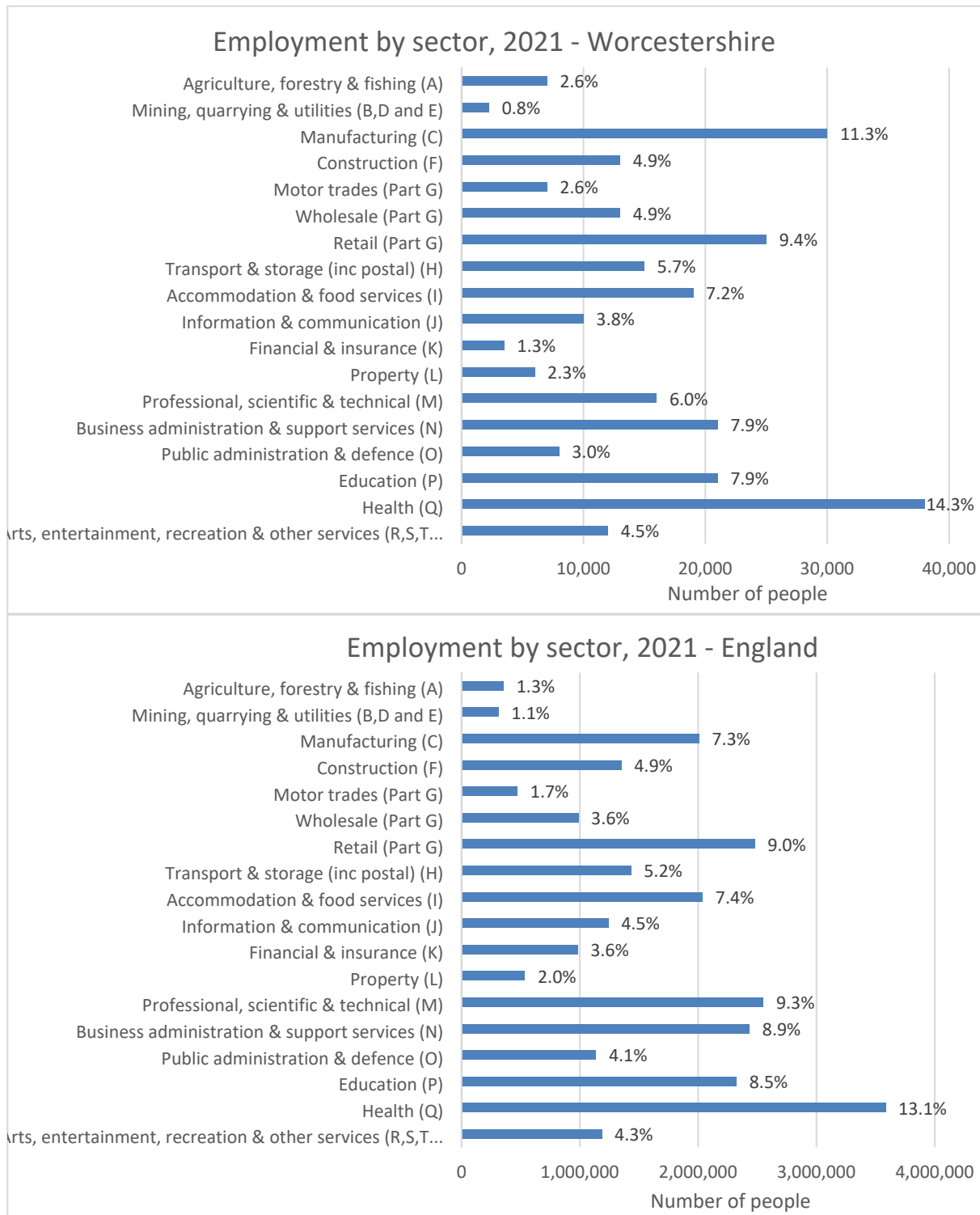
26. Worcestershire has a diverse economy with no single sector dominating. There are a number of sectors of high employment sectors such as Health, Manufacturing and Retail. The largest occupations in the County are professional, associate professional and managers, directors & senior officials.
27. Since 2017, the local labour market has been characterised by relatively high employment, but generally lower average wages and productivity. The claimant count rate in Worcestershire is below the national rate and is currently levelling out after a period of decrease, although there is a slight upward trend in claimants amongst young people.
28. Worcestershire has a larger proportion of older population groups than nationally, displaying a need to focus on replacement labour and to ensure skills are not lost through retirement.
29. It should be noted that although deprivation is generally below average, there are pockets of deprivation in urban areas particularly in relation to Education, Skills and Training indicators that will impact the overall picture of training and education in Worcestershire.

The Business Demography of Worcestershire

30. Across Worcestershire the sectors with the highest levels of employment are health (14.3%) manufacturing (11.3%) and retail (9.4%). Worcestershire employment in the manufacturing sector is 4 percentage points greater than nationally, whilst the professional, scientific & technical sector and the financial & insurance sector both have a lower employment percentage in Worcestershire than nationally (-3.3 and -2.3 percentage points respectively). The two graphs below provide further detail about employment by sector in 2021 in Worcestershire and nationally.
31. The District level data indicates that Redditch (21.1%), Wychavon (13.8%) and Malvern Hills (12.2%), have higher quotients for manufacturing than both the Worcestershire and England average. Malvern Hills (6.1%) and Wychavon (5.2%) have higher employment quotients for agriculture, forestry & fishing than both the England and Worcestershire average. Other districts reporting higher employment quotients than the county and national average include Bromsgrove for health and business administration & support services, Worcester for health and education and Wyre Forest for transport & storage, wholesale and retail.
32. It should be noted that since 2019, the landscape of businesses has changed in part in response to economic shocks such as Covid and other external factors. Health as a sector has grown significantly since 2019, where it was recorded at 12.1% of employment whilst manufacturing appears to be experiencing a return to similar employment levels to pre pandemic, whereas over 2020 the numbers employed shrunk significantly and the sector shrank to 10.8%.

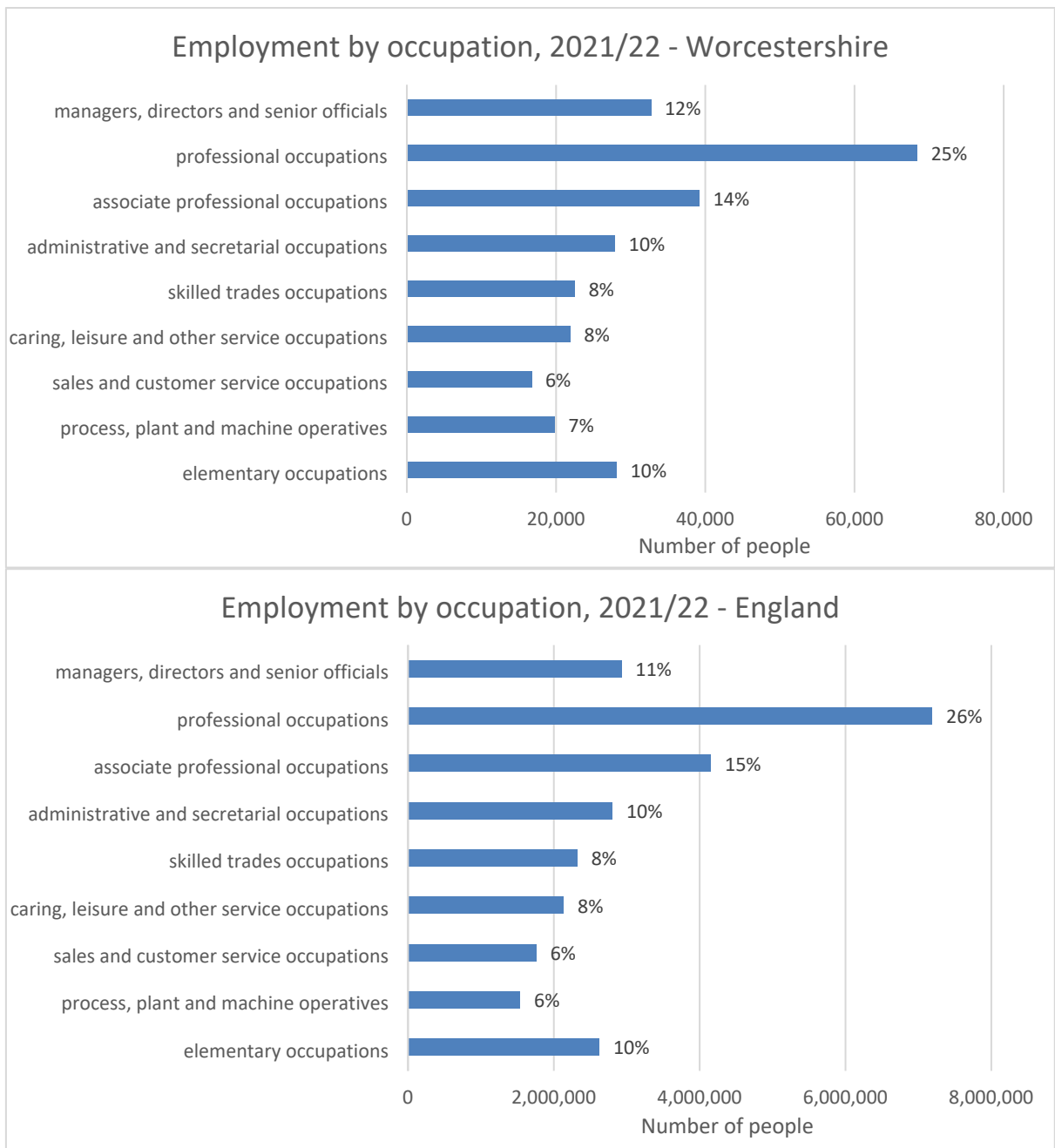
33. Several sectors traditionally at similar levels for many years appear to be growing post pandemic, including wholesale of goods, transport at the same time ICT is experiencing considerable growth employing 2.6% in 2019 and now 3.8% in 2021.

34. The hospitality sector has still not recovered to pre pandemic levels, making up 7.2% of the current landscape as opposed to pre pandemic levels of 8.4%. There has also been decline in business administration and support, financial and insurance across the board.

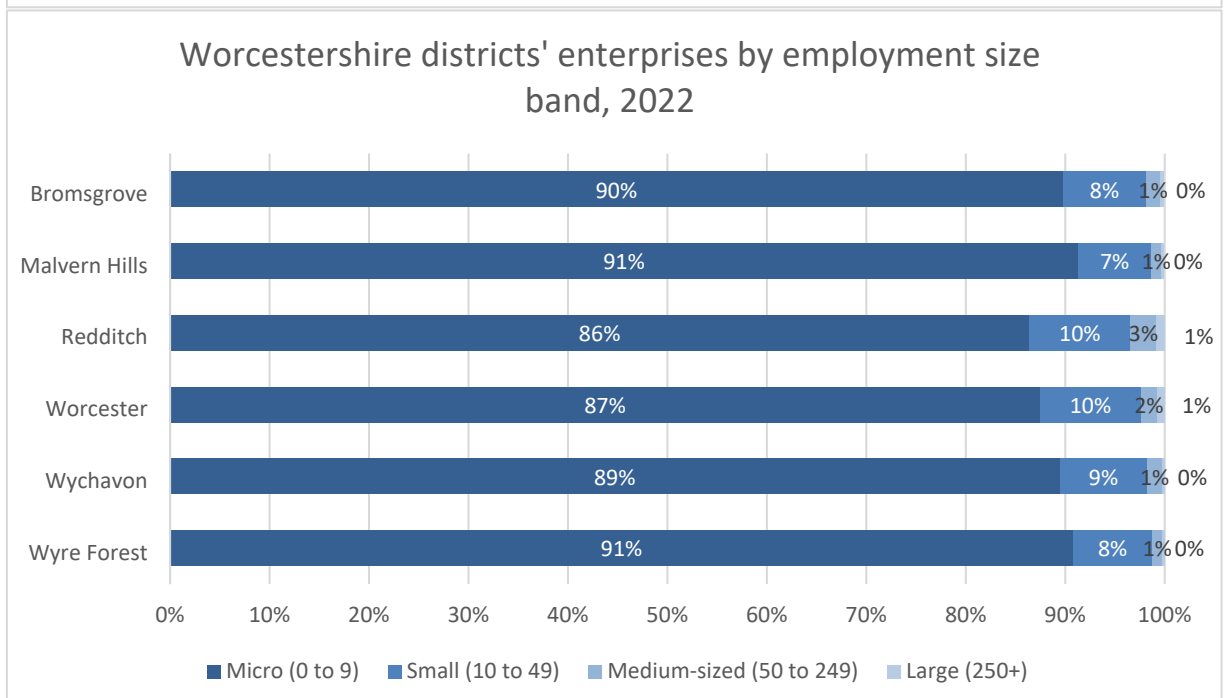
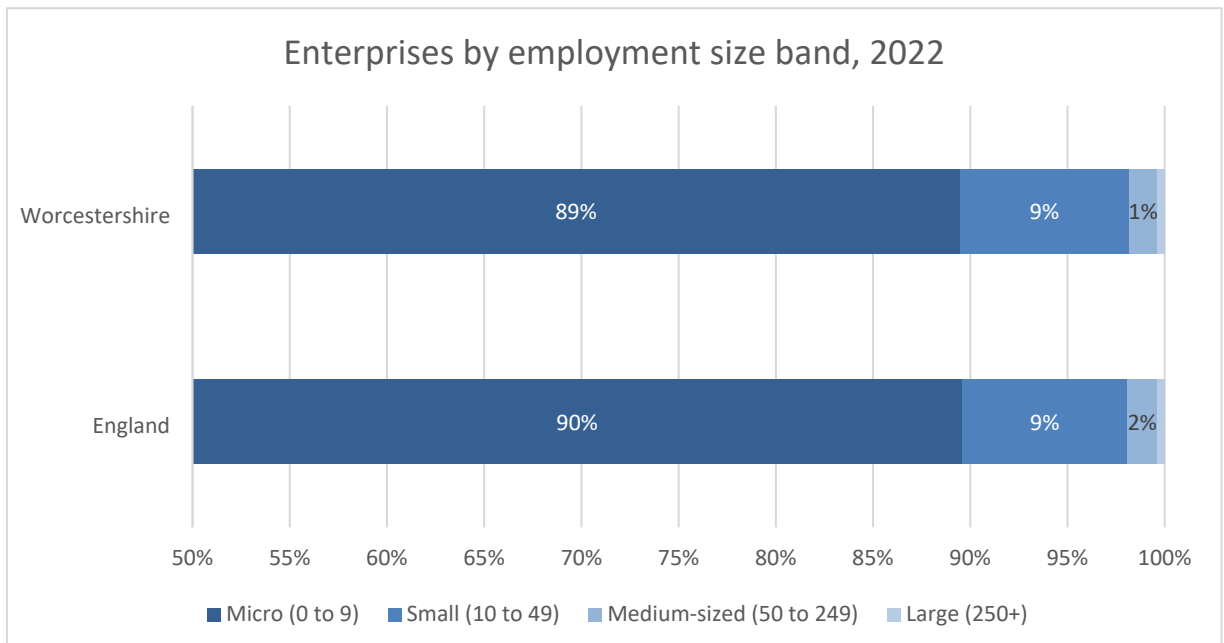


35. The two graphs below show that within Worcestershire the largest occupations are professional, associate professional and managers, directors & senior officials. There are 2% more people employed in process, plant & machine operatives than nationally, with those employed in professional occupations being 2% lower than nationally.

36. In Worcestershire there has been a significant decline in those working in skilled trades, having declined from 15% in 2019 to 8%, which has not been replicated nationally. Alongside this Worcestershire has more individuals in professional occupations and less in administrative functions. Worcestershire has also experienced a decline in those working in the care sector over 2021/22, suggesting a shortage in skills and available workforce which could cause challenges in a county with an aging population.

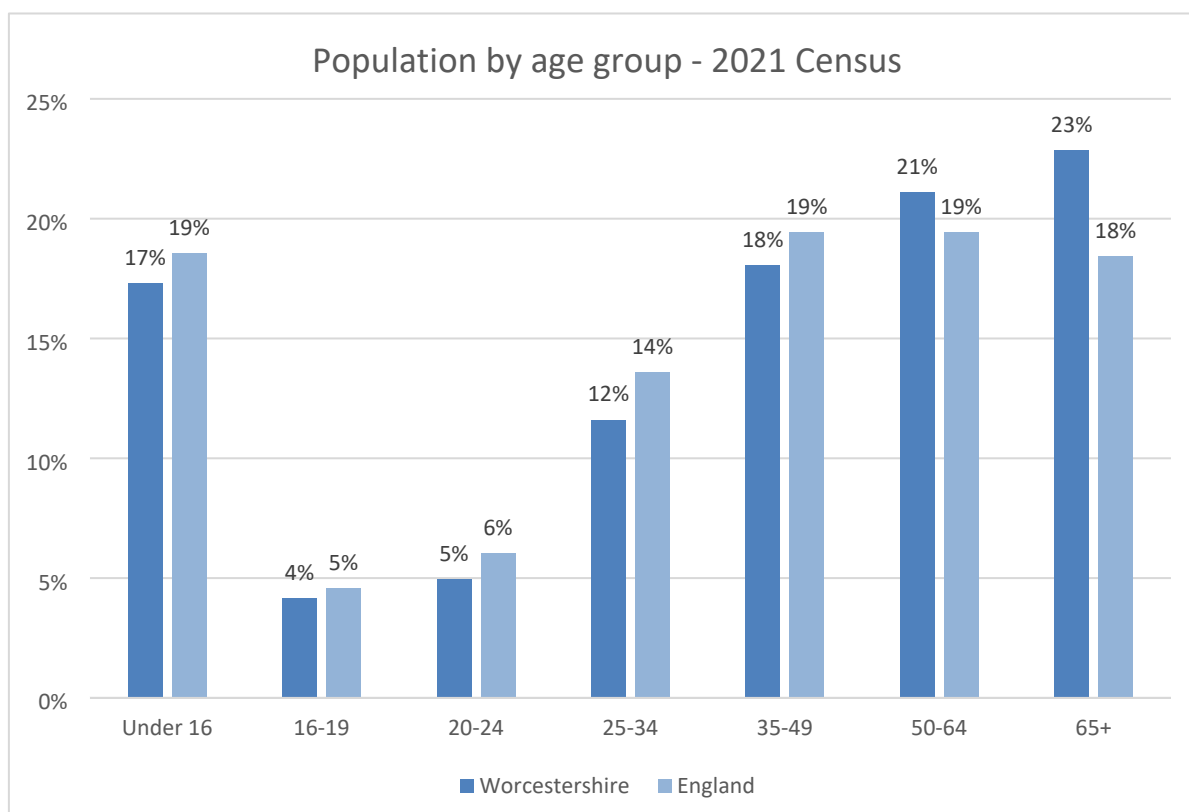


37. Enterprises in Worcestershire are very similar in size to the national average however at, district level there are some notable differences, which can be seen in the graph below. Malvern Hills (91%), Wyre Forest (91%) and Bromsgrove (90%) all have a higher proportion of micro enterprises than the Worcestershire average (89%). Redditch and Worcester have a higher proportion of small, medium-sized and large enterprises than the Worcestershire average, consequently reducing their proportion of micro enterprises to below that of the Worcestershire and national average. The challenge from a skills and training perspective in small organisations is the ability to successfully engage in the volume required to make the numbers required to run cost effective training.

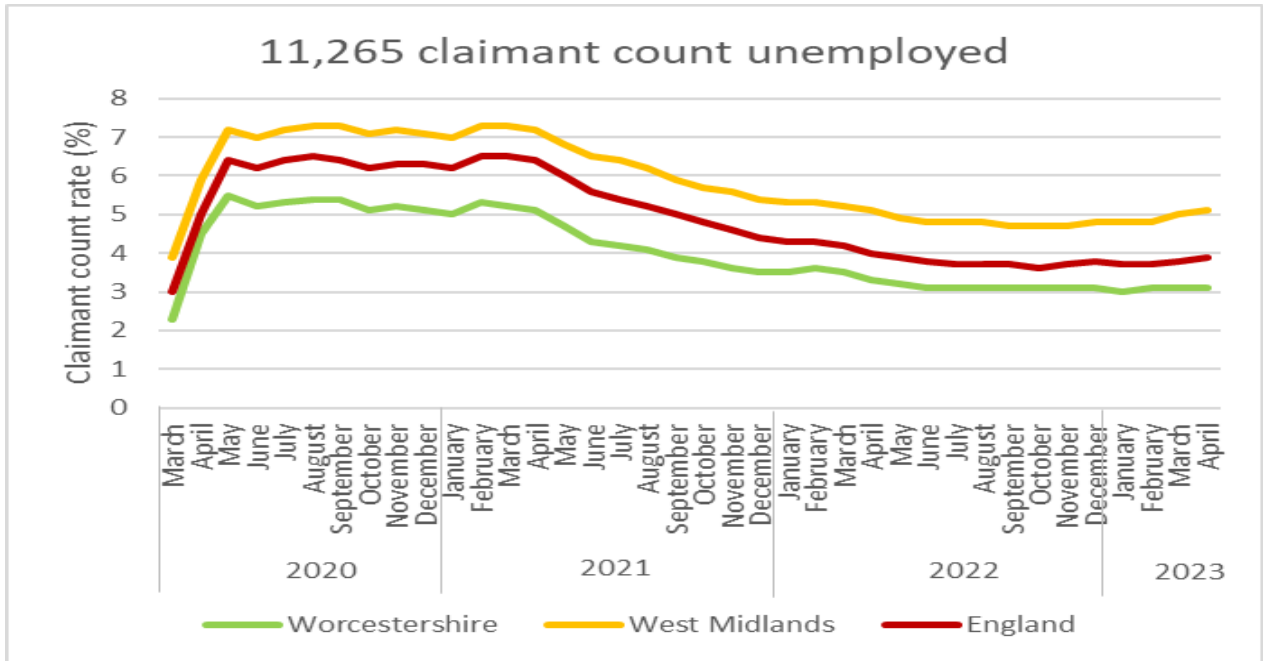


The People Demographic of Worcestershire

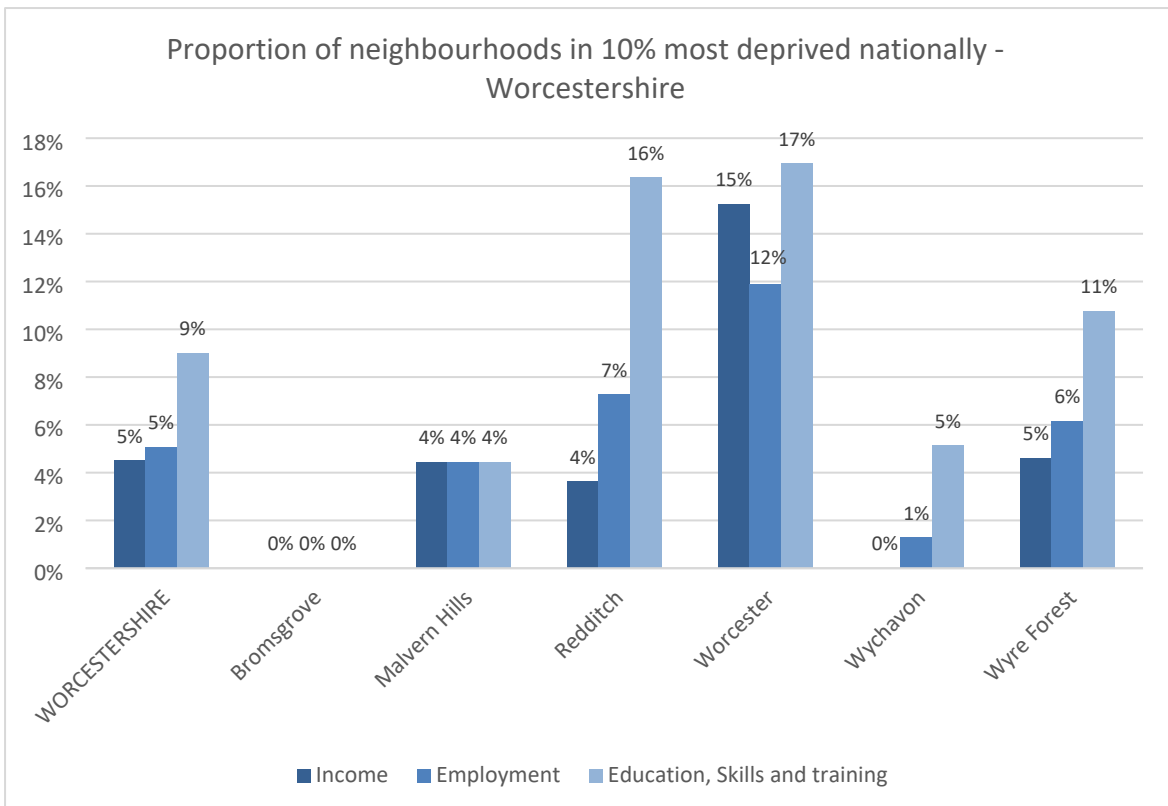
38. The population profile for Worcestershire shows a higher proportion of people aged over 50 than nationally (Worcestershire 43.9%, England 37.8%), which can be seen in the graph below. The ageing population means that Worcestershire has a lower proportion of working age population than the national level at 59.9% compared with the England average of 63.0%. At district level, only Worcester (64.8%) has a higher proportion of working age population than the national level. This in itself demonstrates the need for businesses to be focused on workforce planning and replacement labour and skills to continue productivity.



39. Unemployment and claimant count peaked in May 2020 in Worcestershire and remained high through to April 2021, the beginning of the easing of lockdown restrictions, and then fell rapidly following further easing and subsequent removal of lockdown restrictions. In summer and autumn 2022 the rate of decrease has slowed considerably, almost plateauing. The Worcestershire claimant count rate, 3.1%, remains below the national rate, 3.9% but significantly below the 5.1% rate of the West Midlands region (April 2023). The graph below shows unemployment claimant count from 2020 to 2023.



40. As set out in the graph below, Levels of deprivation are generally below average, although there are some pockets of deprivation, notably in Worcester in relation to all domains (education, skills & training, income and employment) but also, in Redditch and Wyre Forest in relation to Education, Skills and Training.



The Focus of Skills and Workforce Planning in Worcestershire

41. In recent years, the focus of the strategy for the county has been around recognising an ageing demographic, both in terms of considering the skills replacement needs but also the impact of the demographics propensity to access skills development being generally less - which then adds a dynamic to the workforce ability to meet changing training needs. The strategy has included highlighting the labour market needs to future entrants, enabling curriculum to support employer needs, upskilling programmes around workforce and new entrant programmes such as apprenticeships and bootcamps.
42. The nature of the business community in Worcestershire being both diverse and full of smaller businesses has impacted the ability of stakeholders to engage, but also in businesses ability to participate, where SMEs are less likely to have training budgets beyond legislative needs and/or any budgets at all. Alongside this, there is the challenge of understanding the landscape and how access to training is playing a part in how training needs then meet the needs of employers and whether the providers' ability to deliver in a contextualised way works within funding rules.

The Role of Worcestershire County Council in Skills and Workforce Skills

43. The Council, working with Worcestershire LEP has a role in the strategy around skills, and its role through the Skills and Investment Team is to look at the needs of employers both now and in the future. The Team works with stakeholders including Further Education to meet those needs. The Council currently has a number of programmes all contributing to the shape of the agenda within the county.
44. The Careers and Enterprise Company Programme supported by Worcestershire LEP, delivered by the Council, is designed to support education establishments post year 7 (age 13) with careers planning for young people, and its aims are to:
 - Support more effective careers planning in schools
 - Increase the number of encounters young people have with employers
 - Highlight careers within Worcestershire and its industries to young people
 - Raise aspirations of young people to meet future economic needs
 - Decrease the attrition of young people who leave the county and do not return
 - Reduce the numbers of young people who become NEET and Underemployed
 - Support young people to be ready for the world of work
45. This programme has been in place since 2015 and is one of the exemplars in the country, with high levels of employer engagement, work experience and encounters with employers across the board. This programme is funded by Open for Business and directly from the Careers and Enterprise Company through Worcestershire LEP.
46. Worcestershire Apprenticeships was set up in 2014 to engage more young people in apprenticeships and grow the numbers in the county through employers. This programme includes a number of annual large-scale events including a celebration event, marketing campaigns and schools engagement. The programme is currently funded using European Social Funds.

47. More recently Worcestershire Apprenticeships has launched a £500k Bursary fund for young people to incentivise participation in apprenticeships and a new streamlined expression of interest for young people to use which aims to act as a clearing house for applicants and grow the number of successful apprenticeships in the county.
48. Last year the Council signed off a £250k fund through Open for Business designed to support providers to meet employer needs and following successful bids will offer grants of £30k to providers to support them in adapting curriculum. These grants offer support in training, staff time, recruitment and equipment designed to ensure providers' training is better contextualised to employers.
49. Worcestershire LEP has also been successful in gaining a contract to deliver £1m of accelerated Bootcamps designed to upskill or reskill residents into careers. This programme offers an intensive 16-week training programme in Healthcare, Construction, Sustainable Retrofit Techniques, Engineering, Policing and Digital pathways to benefit around 300 Worcestershire residents and move them into areas of skills shortage and recruitment need in the county.

Issues for the Panel to Consider

50. In considering this report, it should be noted that recent announcements from the Government mean the changing of the Skills functions and contracts within the LEP with the eventual transition of the function into the Local Authority. As part of the discussion the Panel may want to consider the implications of this direction, the remit of the Skills function and how this work will be prioritised within the local authority moving forward both from a financial and a resource perspective.

Purpose of the meeting

51. The Panel is asked to:
- consider and comment on the information provided
 - determine whether any further information or scrutiny on a particular topic is required; and
 - agree any comments to highlight to the Cabinet Member with Responsibility for Economy Infrastructure and Skills

Contact Points

Judy Gibbs / Gary Woodman, Head of Service Skills and Investment / Assistant Director of Economy
Email: jjgibbs@worcestershire.gov.uk / gwoodman2@worcestershire.gov.uk

Emma James / Jo Weston, Overview and Scrutiny Officers, Tel: 01905 844964 / 844965
Email: scrutiny@worcestershire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Assistant Director for Legal and Governance) the following are background papers relating to the subject matter of this report:

- [Web-link to Local Skills Improvement Plans for Herefordshire & Worcestershire Chamber of Commerce](#)
- Agenda and Minutes of Economy Overview and Scrutiny Panel on 6 October 2022

[All agendas and minutes are available on the Council's website here.](#)