

WORCESTERSHIRE

LMI SUMMARY



ABOUT

This document provides a summary of key findings for the Worcestershire LEP area, based on findings from three major UKCES research products: Working Futures, the Employer Skills Survey (ESS) and the Employer Perspectives Survey (EPS).

Throughout the document, findings for the LEP area are compared with England or the UK as a whole.

For ESS and EPS differences are only reported when they are statistically significant; when figures are described as 'similar' or 'no different', this means that there is no statistically significant difference. Whilst the percentages may differ slightly between the figure for the LEP area and England/the UK, when we say 'similar' it means that we cannot be confident that the difference is due to anything more than chance. In the case of Working Futures statistical significance is a more complex issue, since the analysis is forward-looking. The published guidelines relating to the interpretation of this dataset have been followed.



Working Futures

Working Futures uses robust sources of national data on demographics, education, employment and the economy to make projections of the UK labour market. Whilst not a crystal-ball, Working Futures moves beyond anecdotal guesses to provide rigorous, evidence-based projections through the application of proven models.



Employer Skills Survey

The Employer Skills Survey is the UK's definitive source of intelligence on employer investment. Exploring the skills challenges that employers face, the levels and nature of training investment, recruitment of young people and the relationship between skills challenges and business strategy, the ESS gives us a reliable, timely and valuable insight into the skills issues employers face.



Employer Perspectives Survey

The Employer Perspectives Survey provides insights into the thoughts and behaviour of UK Employers as they make decisions about how to engage with training providers, schools, colleges and individuals in the wider skills system, to get the skills they need.

WORKING FUTURES

2012 - 2022

Jobs and the economy

- The overall picture for the UK economy over the next decade (2012-2022) is one of gradual upturn, but with no quick return to long term trends as observed following previous recessions.
- Overall, the number of jobs in Worcestershire is projected to rise by around 11,000 over the next decade (2012-2022), an average annual rate of growth of 0.4 per cent. This is a little below the UK average rate (0.6 per cent).

Sectors

- The LEP area is “over-represented”, relative to the UK, in a number of sectors, including engineering and manufacturing, agriculture and wholesale and retail trades. It is “under-represented” in finance and insurance, information technology, transport and storage and professional services.
- Private sector services as a whole are expected to contribute around 79 per cent of net job growth in the LEP area between 2012 and 2022, which is slightly lower than the UK average of 85 per cent.
- The leading sources of employment growth in the Worcestershire area (in absolute terms) are forecast to be health & social work (+3,000) and professional services (+2,000).
- Manufacturing (including engineering) is projected to see a continued decline in jobs (with a loss of 2,000 jobs – the equivalent of a fall of 6 per cent - over the decade in the LEP area); this decline is somewhat less pronounced than the overall UK picture (-9%).
- Public administration is expected to see little change in its level of employment between 2012 and 2022 in the LEP area, whereas a decline is projected at the UK level.

Occupations

- Worcestershire has a lower representation of employment in higher skilled occupations, compared with the UK as a whole. In the LEP area, 38 per cent of employment is in the three high skilled occupational groups: managers, professionals and associate professionals. This compares with a UK average of 43 per cent. However, the figure is much higher in London (57 per cent).
- The proportion of employment in the three lowest-skilled occupations is slightly higher than the UK average. In the LEP area, 27 per cent of employment is in sales or customer service, plant/process operatives and elementary roles, compared with a UK average of 25 per cent.
- The proportion employed in middle-ranking occupations is higher than the UK average: jobs in administrative, skilled trades and caring/leisure roles account for 35 per cent of employment in Worcestershire, compared with 32 per cent in the UK.
- As with the wider UK picture, we expect to see job growth concentrated in higher level roles, as well as in lower level roles relating to care. The projections for the LEP area are for:
 - 17,000 additional high level jobs (for managers, professionals and associate professionals), with almost half of these in professional roles. Higher skilled jobs are expected to grow at a similar rate to the UK (18 per cent over the course of the decade).
 - 7,000 fewer jobs in middle ranking administrative, secretarial and skilled trades occupations. Nevertheless, these areas of decline are expected to remain significant sources of employment by the end of the decade. For example, there are still expected to be around 29,000 administrative and secretarial jobs in 2022 in the LEP area, despite the loss of around 3,000 jobs in the previous decade.
 - Around 6,000 additional jobs in caring or leisure roles.

- Women are expected to take just over two thirds of the additional high level jobs created in the LEP area over the decade, although female workers will be hit by the losses noted above in sales and elementary jobs.

Qualifications

- As a result of supply and demand factors, the qualification profile of employment is expected to shift markedly in the LEP area:
 - The proportion of jobs held by people qualified at a higher level (level 4 and above) is projected to increase from 36 per cent to 46 per cent between 2012 and 2022.
 - Workers with low qualifications (below level 2) are expected to decline from 21 per cent to 14 per cent of the total workforce over this period.

Replacement Demands

- We estimate that replacement demands (i.e. job openings created by people leaving the labour force temporarily or permanently) will contribute nine times as many job openings as net job growth over the next decade: 100,000 openings compared with 11,000.
- Replacement demands mean that there will be a need to recruit suitably skilled people across all broad occupational groups, including those projected to decline:
 - For some occupational groups (mostly higher skilled ones), we expect to see strong net growth in the number of jobs, supplemented by large replacement demands. For example, net growth of 8,000 jobs in professional roles is projected to be supplemented by 18,000 job openings arising from replacement demands.
 - For those occupational areas in which we expect to see a net decline in the number of jobs, replacement demands mean that we can still expect a strong supply of job openings. For example, in administrative roles, it is projected that a net loss of around 1,000 jobs will be more than offset by 10,000 job openings resulting from replacement demands.

EMPLOYER SKILLS SURVEY

2013

Skill shortages

- The number of employers reporting vacancies at the time of the survey (March to July 2013) was slightly lower in Worcestershire (12 per cent) than in England as a whole (15 per cent).
- While in most cases demand for skills is met through successful recruitment, just under a third of vacancies in the LEP area (31 per cent) are reported to be hard-to-fill. This is broadly in line with the England average of 28 per cent.
- In the LEP area, the main reasons for hard-to-fill vacancies are low number of applicants with required skills, as well as a lack of work experience the employer requires. This is broadly the same pattern as was witnessed across England as a whole.
- Overall, 'skill-shortage' vacancies represent 23 per cent of all vacancies in the LEP area, which is very similar to the England-wide figure of 22 per cent.

Skill gaps

- Most employers say that they have a proficient workforce with no skill gaps. The proportion reporting skills gaps in the Worcestershire LEP area is similar to the UK as a whole: 13 per cent compared with 15 per cent. This represents four per cent of the total workforce in Worcestershire, which is slightly lower than the England figure of five per cent.
- In most cases, proficiency problems are due at least in part to employees being new in their roles and/or still in training for their roles. These factors are even more prominent in Worcestershire (where they account at least in part for 84 per cent of all skills gaps) than in England as a whole (75 per cent).
- However, employers in the LEP area also attribute skills gaps to problems in recruiting staff with the required levels of skills or motivation, and these factors feature more strongly in the LEP area than in England generally; for example 33 per cent of skills gaps in the LEP area are attributed (at least in part) to difficulties in recruiting staff with the required skills levels, compared with 25 per cent in England as a whole.
- Overall, this suggests that there is a range of factors contributing to skills gaps in the LEP area, both transient (relating to new and/or untrained staff) and more lasting (relating to skills and/or motivation).
- The occupations where skills gaps are most acute are Sales and Customer Services staff, Machine Operatives, Skills Trades and Elementary staff. Different patterns are discernible between occupations facing internal (skills gaps) and external (skills shortage) difficulties. Higher level roles such as Managers and Professionals have the highest density of skills shortage vacancies but are two occupational groups with the lowest levels of skills gaps.
- In general, employers tend to be challenged either in terms of having inadequate skills among some of their existing workforce or struggling to find new recruits with the skills that the vacant positions require. It is very rare for employers to be challenged from both directions; just one per cent of all employers experience both skill-shortage vacancies and skills gaps; this proportion is the same in the LEP area as in England as a whole.
- Two-fifths of employers in the LEP area (40 per cent) report skills under-use (i.e. they have staff who are over-skilled and over-qualified for the jobs that they are currently doing); this is somewhat lower than the England-wide figure of 48 per cent.

Training and Workforce Development

- Most employers fund or arrange training for their staff: in the LEP area, around two-thirds had done so over the previous 12 months (66 per cent); this is the same as the England-wide figure.

- Compared with England as a whole, employers in Worcestershire are just as likely to provide off-the-job training (49 per cent compared with 48 per cent), and to offer on-the-job training only (nine per cent locally and across England).
- However, the number of staff receiving training is lower in the LEP area than in England generally. In Worcestershire, 54 per cent of staff received training in the previous 12 months, compared with the England-wide figure of 62 per cent.
- The number of days training was higher in the LEP area than in England as a whole. Each person trained received an average of 8.6 days training over the previous 12 months in the LEP area, compared with 6.7 days on average in England.
- While most employers could be described as being in 'training equilibrium' having been able to provide all the training that they wanted over the previous 12 months, just over one-third of all employers in the LEP area (35 per cent, including non-trainers that had not delivered any) wanted to provide more training than they had been able to do. This is, however, lower than the proportion in England as a whole (42 per cent).

Recruitment of Young People

- One in four employers in the LEP area (25 per cent) recruited at least one education leaver in the two to three years preceding the survey, similar to the England-wide figure (27 per cent). Specifically:
 - Eight per cent had recruited a 16 year-old school leaver (the same as the England average of eight per cent);
 - 12 per cent had recruited a 17-18 year old school leaver (also similar to the England average of 11 per cent);
 - 12 per cent had recruited a 17-18 year old college leaver (the same as the England-wide figure of 12 per cent);
 - 13 per cent had recruited someone from a university or HEI (similar to the England-wide figure of 14%).

High Performance Working practices and Product Market Strategies

- High Performance Working (HPW) is defined by the UK Commission as 'a general approach to managing organisations that aims to stimulate more effective employee involvement and commitment in order to achieve high levels of performance' (UKCES 2009).
- The survey identifies a minority of employers – 13 per cent in the LEP area – who are "HPW employers" in the sense that they adopt a number of HPW practices. This is similar to the proportion in the UK as a whole (12 per cent).
- Product Market Strategies (PMS) are defined within the survey by aggregating responses to a series of questions exploring pricing strategies, approaches to innovation and the nature of the product market (the extent to which the market attracts a "premium" and the extent of customisation of products and services in the market).
- Aggregating these responses classifies just over half (55 per cent) of private sector employers in Worcestershire as having a high or very high product market strategy, indicating that their competitive success is not dependent on price, they pursue innovation, they compete on quality and/or that they offer customised goods or services. This is some way higher than the proportion in England as a whole (45 per cent).

EMPLOYER PERSPECTIVES SURVEY 2014

Employer Perspectives on Recruitment

- Two-fifths (40 per cent) of employers in Worcestershire had recruited at least one member of staff in the 12 months prior to the survey, which was broadly in line with the proportion for England as a whole (46 per cent).
- The level of recruitment of older workers in Worcestershire was similar to that found nationally in England. Overall, 14 per cent of employers in Worcestershire had recruited anyone over the age of 50 in the previous 12 months before the survey, as compared with 13 per cent across England.
- The proportion of employers citing that candidates having a particular level of achievement of academic qualifications (e.g. GCSEs, A levels or a degree) was either a critical or significant factor when recruiting was significantly lower in Worcestershire at 38 per cent than that found across England as a whole where the figure was 49 per cent.
- The importance of candidates having Maths and English GCSE to at least level 2 or GCSE A-C was similar in Worcestershire as was the case England-wide. Around half (49 per cent) of Worcestershire employers cited it as either a critical or significant factor when recruiting, as compared with 58 per cent nationally.

Employer Perspectives on Work Experience

- The possession of previous relevant work experience was cited as either a critical or significant factor when recruiting by 58 per cent of Worcestershire employers. This was in line with the corresponding figure for England as a whole (66 per cent).
- Somewhat paradoxically, while almost three-fifths of Worcestershire employers cited relevant work experience as critical or significant when recruiting, less than one-third of employers (32 per cent) in the LEP area had themselves had anyone on work experience in the previous 12 months. Across England as a whole 38 per cent of employers reported having had at least one person on work experience during the same period.
- Less than one-in-seven (15 per cent) of local employers within the LEP area had offered any work inspiration, such as holding site visits at their establishment for students or conducted mock interviews with students. The level of engagement amongst Worcestershire employers is similar to the level found England-wide which stood at 18 per cent.

Employer Perspectives on People Development

- A similar proportion (68 per cent) of employers in Worcestershire had provided any training to their employees in the preceding 12 months as was seen across England (69 per cent).
- A higher proportion of employers in the LEP area had provided internal training over the previous year (61 per cent) than had offered external training (46 per cent) with employees being trained by people and organisations other than the employer.
- Commercial organisations were the most frequently used type of organisation to deliver external training. Overall, 41 per cent of all employers in Worcestershire had used a commercial organisation for training over the preceding 12 months to the survey. This was the same proportion as was found nationally across England.
- Lower proportions of employers in the LEP area had used either FE or HE institutions to conduct training for staff. Just 9 per cent of employers in Worcestershire had used an FE institution and just 3 per cent had used a HE institution to deliver training over the previous 12 months. This compares to 8 per cent and 4 per cent respectively for England as a whole.

- A third (33 per cent) of employers in the LEP area had sought or received information, advice or more practical help on skills or training-related issues from people external to their organisation in the preceding 12 months. This was consistent with the 27 per cent that had done so nationally.
- A significantly lower proportion of employers in the LEP area had collaborated with other employers with regards to training and skills development. Just 10 per cent of employers had participated in any collaborative venture as compared with 17 per cent across England as a whole.
- At the time of the survey the proportion of employers citing that candidates having a relevant vocational qualification was either a critical or significant factor when recruiting was very similar in Worcestershire (49 per cent) to that found across England as a whole (50%).
- Just over a quarter of employers in Worcestershire (28 per cent) had provided training that led towards the achievement of a nationally recognised vocational qualification in the preceding 12 months. This was in line with the 26 per cent of employers which had done so nationally.
- Approximately two-fifths of employers (41 per cent) in the LEP area were aware of National Occupational Standards (NOS), which describes what an individual needs to do, know and understand to be competent in an occupation and underpins the development of vocational qualifications. The level of awareness in Worcestershire was broadly the same as that seen across England, where 39 per cent of employers were aware of NOS.

Employer Perspectives on Apprenticeships

- Only a minority of employers offered apprenticeships at the time of the survey (16 per cent in Worcestershire. Locally the level of engagement with apprenticeships was consistent with the figure of 15 per cent in England as a whole.
- Interest in engaging with the apprenticeship programme appears to be on the rise in the Worcestershire LEP area as 37 per cent of local employers stated their intention to offer apprenticeships in the future. This is similar to the 35 per cent found across England as a whole.





UK Commission for
Employment and Skills (UKCES)

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