ENTERPRISE M3

LMI SUMMARY

UK COMMISSION FOR EMPLOYMENT AND SKILLS

ABOUT

This document provides a summary of key findings for the Enterprise M3 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.

W F

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.

E S S

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.

E P S

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 the Enterprise M3 area is projected to rise by around 64,000 over the next decade (2012-2022), an average annual rate of growth of 0.7 per cent. This is a little above 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 professional services, information technology and accommodation & food. It is "under-represented" in health & social work, transport & storage and manufacturing (excluding engineering).
- Private sector services as a whole are expected to contribute around 96 per cent of net job growth in the LEP area between 2012 and 2022, well above the UK average of 85 per cent.
- The leading sources of employment growth in the Enterprise M3 area (in absolute terms) are forecast to be professional services (+16,000), information technology (+15,000) and construction (+10,000).
- Manufacturing (including engineering) is projected to see a continued decline in jobs (with a loss of 6,000 jobs – the equivalent of a fall of 11 per cent - over the decade in the LEP area); this decline is broadly in line with the overall UK picture (-9%).
- Public administration is expected to continue to see a decline in its level of employment between 2012 and 2022 in the LEP area, as is also projected at the UK level.

Occupations

- Enterprise M3 has a higher representation of employment in higher skilled occupations, compared with the UK as a whole. In the LEP area, 47 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 lower than the UK average. In the LEP area, 23 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 slightly lower than the UK average: jobs in administrative, skilled trades and caring/leisure roles account for 31 per cent of employment in Enterprise M3, 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:
    - 79,000 additional high level jobs (for managers, professionals and associate professionals), with 46 per cent of these in professional roles. Higher skilled jobs are expected to grow at a similar rate in the LEP area to the UK (18 per cent in the LEP and 17 per cent nationally over the course of the decade).
    - 27,000 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 91,000 administrative and secretarial jobs in 2022 in the LEP area, despite the loss of around 18,000 jobs in the previous decade.
    - Around 19,000 additional jobs in caring or leisure roles.

- Women are expected to take just under 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 42 per cent to 52 per cent between 2012 and 2022.
    - Workers with low qualifications (below level 2) are expected to decline from 18 per cent to 13 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 almost six times as many job openings as net job growth over the next decade: 368,000 openings compared with 64,000.
- 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 36,000 jobs in professional roles is projected to be supplemented by 77,000 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 6,000 jobs will be more than offset by 32,000 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 higher in the Enterprise M3 area (17 per cent) than in England as a whole (15 per cent).
- While in most cases demand for skills is met through successful recruitment, just over a third of vacancies in the LEP area (35 per cent) are reported to be hard-to-fill. This is somewhat higher than 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 30 per cent of all vacancies in the LEP area, which is higher than 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 in the Enterprise M3 LEP area is similar to the UK as a whole: 16 per cent compared with 15 per cent. This represents six per cent of the total workforce in the LEP area, which is slightly higher 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, however, less prominent in the Enterprise M3 area (where they account at least in part for 62 per cent of all skills gaps) than in England as a whole (75 per cent).
- Employers in the LEP area also attribute skills gaps to problems in recruiting staff with the required levels of skills or motivation. However, these factors feature less highly in the LEP area than in the England generally; for example 23 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 Associate Professionals, Sales and Customer Services staff and Elementary staff. Those roles where skills gaps appear least acute include Managers and Caring, Leisure and Other Service Staff.
- 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 two per cent of all employers experience both skill-shortage vacancies and skills gaps. This proportion is, however, higher in the LEP area than the one per cent in England as a whole.
- Almost half of employers in the LEP area (47 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 broadly the same as 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 (68 per cent); this is slightly higher than the England-wide figure (66 per cent).
- Compared with England as a whole, employers in the Enterprise M3 area are more likely to provide off-the-job training (52 per cent compared with 48 per cent), while a similar proportion only offer on-the-job training (16 per cent locally and 17 per cent across England).

- The number of staff receiving training is slightly higher in the LEP area than that in England generally. In the LEP, 64 per cent of staff received training in the previous 12 months, as compared with the England-wide figure of 62 per cent.

- Furthermore, the number of days training was higher in the LEP area than in England as a whole. Each person trained received an average of 7.3 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 two fifths of all employers in the LEP area (41 per cent, including non-trainers that had not delivered any) wanted to provide more training than they had been able to do. This is broadly in line with the proportion in England as a whole (42 per cent).

Recruitment of Young People

- Just under a third of employers in the LEP area (30 per cent) recruited at least one education leaver in the two to three years preceding the survey, which was slightly higher than 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);

    - 10 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);

    - 17 per cent had recruited someone from a university or HEI (somewhat above 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 – 12 per cent in the LEP area – who are "HPW employers" in the sense that they adopt a number of HPW practices. This is the same as the proportion in England as a whole.

- 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 under half (46 per cent) of private sector employers in the Enterprise M3 area 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 broadly the same as the proportion in England as a whole (45 per cent).

EMPLOYER PERSPECTIVES SURVEY

2014

Employer Perspectives on Recruitment

- Just under half (47 per cent) of employers in the Enterprise M3 area had recruited at least one member of staff in the 12 months prior to the survey, which was broadly similar to the proportion for England as a whole (46 per cent).
- More than three-fifths of recruiting employers in the Enterprise M3 area (61 per cent) rated core English and Maths skills as a critical or significant factor looked for in candidates. Work experience skills were considered critical or significant by a slightly higher proportion (65 per cent). Around half of recruiting employers rated vocational qualifications as critical or significant (51 per cent), slightly less than the proportion who said this about academic qualifications (53 per cent).
- Slightly more than a quarter of employers in the Enterprise M3 area (28 per cent) had recruited a young person aged 16-24 over the previous 12 months, similar to the proportion found across England as a whole (31 per cent). This pattern was also evident in relation to the recruitment of leavers from education, with 30 per cent of employers in the Enterprise M3 area having recruited someone straight from school, college or university over the preceding 2-3 years, as compared to 31 per cent for England as a whole.
- The level of recruitment of older workers in the LEP area was similar to that found nationally in England. Overall, 15 per cent of employers in the Enterprise M3 area had recruited anyone over the age of 50 in the previous 12 months before the survey, as compared with 13 per cent across England.

Employer Perspectives on Work Experience

- Less than two-fifths of employers (39 per cent) in the LEP area had provided individuals with 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-fifth (17 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. This was, however, broadly in line with the level found England-wide, which stood at just 18 per cent.

Employer Perspectives on People Development

- The same proportion (69 per cent) of employers in the Enterprise M3 area 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 (56 per cent) than had offered external training (52 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, 49 per cent of all employers in the LEP area had used a commercial organisation for training over the preceding 12 months to the survey. This was significantly more than the proportion found nationally across England where just 41 per cent had used a commercial organisation.
- 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 the Enterprise M3 area 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.

- Almost one-quarter (24 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.
- The same proportion of employers in the LEP area had collaborated with other employers with regards to training and skills development. Overall, 17 per cent of employers had participated in a collaborative venture locally and nationally.
- Just over one-quarter of employers in the LEP area (26 per cent) had provided training that led towards the achievement of a nationally recognised vocational qualification in the preceding 12 months. This was the same level as was found nationally across England.
- Just under one-third of employers (32 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 the Enterprise M3 area was significantly lower than that seen across England, where 39 per cent of employers were aware of NOS.

Employer Perspectives on Apprenticeships

- Only a minority of employers in the LEP area offered apprenticeships at the time of the survey (15 per cent). The level of engagement with apprenticeships was the same locally as that seen across England as a whole.
- At the time of the survey, nearly one in three of all employers in the Black Country LEP area were expecting to offer formal Apprenticeships in the future (32 per cent, which was similar to the figure of 35 per cent for England as a whole).

UK Commission for
Employment and Skills (UKCES)

www.gov.uk/ukces