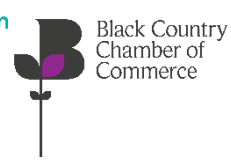


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# West Midlands and Warwickshire Local Skills Improvement Plan: *Draft* *Priorities*



## Introduction

The West Midlands and Warwickshire Local Skills Improvement Plan (WMW LSIP) focusses on the cross-cutting themes of digital and green skills and associated leadership and management capabilities in the region, and aims to build on existing research and meaningful collaboration with partners to:

- develop understanding of the immediate and future skills needs of employers
- facilitate an agile and responsive skills system
- help stimulate investment in skills, creating meaningful employment and in-work progression opportunities for local residents

The priorities outlined in this document are a working draft, representing early analysis of the data gathered and emerging recommendations developed through engagement with West Midlands and Warwickshire businesses, providers of post-16 education and training (providers) and other regional stakeholders. These are published at this stage in order to support colleges and designated institutions in preparing their Accountability Agreements. The final WMW LSIP may identify different priorities and/or recommendations.

## West Midlands and Warwickshire LSIP Geography

The West Midlands and Warwickshire LSIP covers the geographical region of the three Chambers of Commerce collaboratively delivering the Plan – Coventry and Warwickshire Chamber of Commerce, Greater Birmingham Chambers of Commerce and Black Country Chamber of Commerce – and the three West Midlands Local Enterprise Partnerships (Greater Birmingham and Solihull LEP, Black Country LEP and Coventry and Warwickshire LEP).

References to the ‘West Midlands region’, are to the large-scale region at International Territorial Level 1 (ITL1). Please note that ITL recently replaced the EU’s Nomenclature of Units for Territorial Statistics (NUTS).

References to the ‘West Midlands Combined Authority (WMCA) area’ are to that administered by the Combined Authority. The seven local authorities of Birmingham City Council, Coventry City Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Solihull Metropolitan Borough Council, Walsall Council and the City of Wolverhampton Council are the constituent members of the WMCA. There are also ten neighbouring local authorities that are non-constituent members with significant involvement, for example (limited) voting rights, and four further observer organisations.

References to ‘Warwickshire’ are to the area administered by Warwickshire County Council, comprising the five district/borough areas of North Warwickshire Borough, Nuneaton and Bedworth Borough, Rugby Borough, Stratford-on-Avon District and Warwick District.

Where data is not available at West Midlands regional level, or where deemed more appropriate, this report has referenced alternative data for the West Midlands Combined Authority Area and the Warwickshire local authority area, in order to reflect the 3 LEP geography as accurately as possible.

Commuter patterns recorded by the most recently available census data (2011) demonstrate the close economic relationship between Warwickshire and the West Midlands Combined Authority area. Around 27,700 commuters travel from Warwickshire to Coventry for work (accounting for almost a

quarter of out-commuting from the county). A further 12,000 Warwickshire residents commute to Birmingham. The single largest movement of in-commuters to areas in Warwickshire also takes place between Coventry and Warwick with some 9,249 workers travelling - almost one in four commuters into the county. 10,500 commuters travel from Birmingham into Warwickshire.<sup>1</sup> The crossover of workforce catchments between the two geographies plays an important role in the local labour market.

## West Midlands LSIP Focus Areas

As outlined above, the West Midlands and Warwickshire Local Skills Improvement Plan (WMW LSIP) focusses on the cross-cutting themes of digital and green skills and associated leadership and management capabilities in the region.

### Digital Skills

The United Nations Educational, Scientific and Cultural Organization (UNESCO) defines digital skills as “as a range of abilities to use digital devices, communication applications, and networks to access and manage information.”<sup>2</sup>

The term ‘Digital skills’ represents a spectrum, from the entry-level “digital foundation skills,” as outlined by the Department for Education’s Essential Digital Skills Framework<sup>3</sup> that are increasingly required to access any work, to those termed by UNESCO as ‘advanced digital skills,’<sup>4</sup> allowing users to make use of digital technologies in transformative ways, such as Artificial Intelligence (AI), automation, machine learning, big data analytics and the convergence of technologies.

An Employer Skills Survey carried out in 2017 and published in 2018 highlighted strong demand by employers for digital and analytical skills. 55% of employers in the Black Country anticipate that digital skills need enhancing in the future, compared to 47% in Coventry & Warwickshire LEP and 49% in the Greater Birmingham & Solihull LEP, and 48% nationwide.<sup>5</sup>

The West Midlands lags significantly behind the rest of the UK in basic digital skills. The Essential Digital Skills Survey for 2022, conducted by Ipsos MORI on behalf of Lloyds Bank found that the West Midlands has a high proportion (15%) of people with Zero of the Essential Digital Skills for Work as defined by the Department for Education Framework (compared to 8% nationally). Further, 18% have only partial Essential Digital Skills for Work (1-4 skills), compared to 14% nationally. Just 66% of West Midlands residents were found to have Work Essential Digital Skills (5 skills), compared to a UK average of 78%. Of the skills listed, those respondents were least likely to have were: “I can improve my own and/or the organisation's productivity using digital tools (e.g. Trello, Microsoft Projects and Planner, Slack)” (57%); “I can access salary and tax information digitally (e.g. password protected payslips, P60, P45)” (65%); and “I can update my device software/ operating systems when necessary to prevent

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<sup>1</sup> Who goes where...Commuting patterns into and out of Warwickshire, Rosie Smith, North Warwickshire Borough Council, 2015

<sup>2</sup> Digital Skills Critical for Jobs and Social Inclusion, UNESCO, 2022

<sup>3</sup> Essential Digital Skills Framework, Department for Education, 2019

<sup>4</sup> Digital Skills Critical for Jobs and Social Inclusion, UNESCO, 2022

<sup>5</sup> Employer Skills Survey, Department for Education, 2018, as cited by West Midlands Local Skills Report Evidence Base, West Midlands Combined Authority, 2021

viruses and other risks (e.g. enabling automatic updates, or installing when prompted to do so)” (66%).<sup>6</sup>

The WMCA’s 2020 Local Skills Plan Evidence Report cites evidence collected by a 2019 Employer Skills Survey, on the proportion of skills-shortage vacancies which are reportedly made difficult to recruit to due to a lack of specific IT skills. Surveying found that basic IT skills such as Microsoft Office were still cited as a major constraint in the Black Country (39% of posts), but less so in Greater Birmingham (30%) and Coventry and Warwickshire (20%). Greater Birmingham also had a notable shortage of data analysis and data science skills, likely reflecting its concentration of professional services firms. The density of game development firms in Leamington Spa in Coventry and Warwickshire appears to have contributes to a far greater shortage of skills in online transactions, data science, and social media/marketing in this LEP area than Greater Birmingham or the Black Country.<sup>7</sup>

In regard to advanced digital skills requirements specifically, in 2021, the West Midlands region was reported to have the country’s fastest-growing tech sector, with the region predicted to create an additional 52,000 roles in the sector over the next four years - an increase of 55 per cent since 2019. Tech growth in the region grew by an average of 7.6 per cent a year between 2014 and 2019, the fastest region in the UK.<sup>8</sup> Dashboards produced by the Department of Digital, Culture, Media and Sport show the top digital occupation demands ranked by location quotient (LQ) in the West Midlands Combined Authority Area for 2019-2020 were Management Consultant (831 job postings, 1.41 LQ), IT Consultant (2,310 job postings, 1.40 LQ), Network Engineer (2,367 job postings, 1.33 LQ), Field Service Engineer (2,200 job postings, 1.31 LQ) and IT Service Manager (1,909 job postings, 1.29 LQ).<sup>9</sup>

Data from Tech Nation and Adzuna shows that nationally, Data and Architecture are the most in demand advanced digital skills, having seen growth in demand of over 1000% respectively from 2019 to 2021.<sup>10</sup> This reflects the sentiment of the UK’s National Data Strategy, which emphasises the role of data skills in driving productivity and R&D investment and cites DCMS-commissioned analysis of 9.4 million online job adverts predicts that data analysis skills will be the fastest growing digital skills cluster over the proceeding five years as characterising the exponential growth in the demand for advanced applications of data science and machine learning across all sectors of the economy, from cyber to construction.<sup>11</sup>

Across the country, tech jobs have continued to grow well into 2022. Tech Nation report that Tech jobs reached the top spot for UK hiring from May 2021 to 2022, attributing this ‘boom’ in hiring to a 130% increase seen in venture capital investment into UK tech companies in 2021 and the ‘increasing permeation of tech roles across the economy leading to a rising tide of tech positions across the labour market’. Tech Nation highlight that while there are a wide variety of roles in the tech economy, a further 33% of all roles may be considered technical, but are outside of the tech sector. Tech Nation

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<sup>6</sup> Essential Digital Skills Data Tables, Lloyds Bank, Accessed 24<sup>th</sup> November 2022

<sup>7</sup> Local Skills Plan Evidence Report, West Midlands Combined Authority, 2020

<sup>8</sup> Assessing the UK’s regional digital ecosystems report, Department of Digital, Culture, Media, and Sport, 2021

<sup>9</sup> Assessing the UK’s regional digital ecosystems: Appendix C: NUTS2 dashboards, Department of Digital, Culture, Media, and Sport (DCMS), 2021

<sup>10</sup> People and Skills Report 2022, Tech Nation, 2022

<sup>11</sup> National Data Strategy Policy Paper, Department for Digital, Culture, Media, and Sport, 2020

found that while London continued to have the highest number of tech and digital jobs available, and the highest average advertised salary for these (£75,223), highly-paid tech jobs were also available elsewhere: five regions across the UK also have average advertised tech salaries of over £50,000 – Scotland, South East, North West, South West and the West Midlands.<sup>12</sup>

Research by Tech Nation and YouGov in 2022 further found that 44% of UK respondents (from all sectors) believe having tech skills are essential for job security and 26% believe upskilling themselves in a new digital/tech skill will allow them to earn more in the future.<sup>13</sup>

Stakeholders across the West Midlands have done extensive research into digital skills demand, utilising this to inform education and training provision.

This research includes that by the West Midlands Combined Authority, contributing to the 2021 Digital Skills Roadmap and supplemented digital skills provision (included in the outline of education and training funding and provision by the WMCA above). The WMCA's Digital Skills Roadmap highlights nine significant challenges across the region. These include a relatively high proportion of non and limited internet users in the region, infrastructure limitations (namely low broadband connectivity, particularly in the Black Country and limited mobile connectivity), the highest proportion of employers saying they find digital skills difficult to obtain from applicants of any UK region (38%), limited data analytic capacity and capability within local government and ad-hoc approach to data sharing and limited equity investment.<sup>14</sup>

The 2021 Roadmap reflects that the acceleration of digitisation across businesses because of the impact of Covid-19, presents opportunities for growth, but also challenges for firms who struggle to 'catch-up' and to growing companies who cannot find necessary digital skills.<sup>15</sup>

With business priorities changing at pace in the current economic circumstances, the West Midlands LSIP presents a critical opportunity to deepen understanding of employer needs in regard to evolving digital skills, and encourage further, innovative solutions and collaborations where providers may understand demand but face other barriers to delivering appropriate training.

## **Green Skills**

The United Nations Industrial Development Organisation (UNIDO) defines Green Skills as “the knowledge, abilities, values and attitudes needed to live in, develop and support a sustainable and resource-efficient society.”<sup>16</sup>

In a similar vein, the national Green Jobs Taskforce report in 2021 identified the term 'green job' to signify “employment in an activity that directly contributes to - or indirectly supports - the

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<sup>12</sup> People and Skills Report 2022, Tech Nation, 2022

<sup>13</sup> People and Skills Report 2022, Tech Nation, 2022

<sup>14</sup> West Midlands Digital Roadmap, West Midlands Combined Authority, 2021

<sup>15</sup> West Midlands Digital Roadmap, West Midlands Combined Authority, 2021

<sup>16</sup> What Are Green Skills? Charles Arthur, UNIDO, 2022

achievement of the UK's net zero emissions target and other environmental goals, such as nature restoration and mitigation against climate risks.”<sup>17</sup>

These are the definitions that have been applied for the purposes of this Local Skills Improvement Plan.

The UK can be seen as a leader in clean growth having achieved a 44% reduction in territorial emissions between 1990 and 2019 whilst the economy grew 76%<sup>18</sup>, and having been the first major economy to legislate for an 80% reduction by 2050.<sup>19</sup> Nevertheless, making the net zero transition successfully by this date poses a huge challenge for business and society more widely.

Businesses across the region have been making good progress to decarbonise their own operations and supply chains but must go further. The West Midlands Region's industrial emissions have fallen by 44% since 2005, in line with the England average.<sup>20</sup>

Based on data from the British Chamber of Commerce, 14% of West Midlands businesses have targets on reducing their carbon or greenhouse gas (GHG) emissions, with 13% measuring their carbon or GHG emissions and 90% not having a net zero policy. The highest drivers for change include environmental concerns (81%), efficiency gains or cost savings (59%) and competitive or reputational advantage (37%). All these increased in significance between 2020 and 2021.<sup>21</sup>

Research by the Greater Birmingham and Coventry and Warwickshire Chambers of Commerce in 2021 found that 65% of businesses have taken measures to reduce their environmental impact, 35% have not. Of those businesses that have taken measures, 40% of them have done so in the past 12 months. The percentage of companies by size not taking measures to reduce environmental impact is 42% for micro, 30% for small and 20% for medium sized businesses. 68% of businesses intend to introduce future environmental measures but 32% do not. Those intending to implement measures aim to within the next 12 months (36%) and 12 months plus (32%). Although, 39% of micro, 30% small and 11% of medium sized businesses have no plans to introduce environmental measures in the future.<sup>22</sup>

2021 research by the British Chambers of Commerce found that over the following 12 months, the percentage of surveyed businesses planning to reduce consumption (of, for example, paper, plastics, food) was 60%, reduce energy usage of travel (e.g. low emission vehicles, fewer journeys) was 45%, and reduce the energy usage of office/premises or remote working locations (e.g. heating systems, lighting) was 42%. Other notable measures included investing in energy efficient technology or machinery (34%) and using renewable energy suppliers (29%). The percentage of measures planned in July 2021 increased in five out of five of these categories from March 2020.<sup>23</sup>

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<sup>17</sup> Report to Government, Industry and the Skills Sector, Green Jobs Taskforce, 2021

<sup>18</sup> Reducing UK Emissions, 2019 Progress Report to Parliament, Committee on Climate Change, 2019

<sup>19</sup> UK becomes first major economy to pass net zero emissions law, Department for Business, Energy & Industrial Strategy and The Rt Hon Chris Skidmore MP, 2019

<sup>20</sup> UK local authority and regional greenhouse gas emissions national statistics, 2005 to 2020 – Table 1.1, Department for Business, Energy & Industrial Strategy, 2022

<sup>21</sup> Net Zero Survey, British Chambers of Commerce, 2021

<sup>22</sup> Data from Greater Birmingham Chambers of Commerce Quarterly Business Report Q3 2021 and Coventry and Warwickshire Chambers of Commerce QES Q2 2021

<sup>23</sup> Net Zero Survey, British Chambers of Commerce, July 2021

The top three barriers to reducing environmental impact for businesses in Greater Birmingham and Coventry and Warwickshire were lack of time (35%), lack of grant funding (25%) and not sure of the options available (23%). The lowest three barriers for reducing environmental impact were: not valued by employees (6%), not valued by customers/suppliers (16%) and a lack of benchmark data (16%). Interestingly, the highest barriers changed depending on whether a company had already taken measures to reduce their environmental impact and their sector. Barriers relating to knowledge, information and skills are higher for those who have not taken measures. Finance and cost barriers are ranked higher by those that have taken measures for longer periods of time. A greater proportion of manufacturers faced barriers to reducing their environmental impact over services companies in 11 out of 13 (85%) categories.<sup>24</sup>

According to Make UK, almost half of UK manufacturers are either implementing or developing a net zero strategy for their organisation, driven primarily by energy cost reductions, although a quarter also recognise the benefits of accessing higher value 'green' commercial opportunities.<sup>25</sup>

The transition to net zero represents a major opportunity for growth given the city's industrial legacy, world class automotive cluster, leading business services and emerging strengths in clean tech and green energy.

The ONS estimates that the UK's Low Carbon and Renewable Energy Economy (LCREE) accounted for £41.2bn of turnover and 207,800 full-time equivalent employees in 2020.<sup>26</sup>

Segmenting turnover by LCREE group and sector reveals the importance of the manufacturing sector, which generates more than a third of LCREE turnover and is of particular importance for energy efficient products and low emission vehicles. Almost 90% of turnover from low emission vehicles comes from the manufacturing sector.<sup>27</sup>

The Greater Birmingham and Solihull LEP's Priority Sectors Skills Research suggests that there could be as many as 694,000 direct jobs (relating to designing, manufacturing, constructing, operating and maintaining a particular technology or energy source directly) employed in the LCREE by 2030 in England, rising to over 1.18 million by 2050. The contribution to these figures made by the West Midlands is estimated to be a total of 97,000 in 2050, accounting for 8.2% of the total number of Low Carbon jobs in England that will be required in the future.<sup>28</sup>

The LEP's interviewing of local businesses already operating in the sector revealed that the expansion of the market is anticipated to drive two categories of skills needs in the coming years. Firstly, there will be a greater need for retrofit skills - encompassing engineering, energy assessment and monitoring, product life cycle assessment, and climate change risk management - to be able to meet the expected surge in demand from consumers to increase the energy efficiency of homes. Secondly,

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<sup>24</sup> Data from Greater Birmingham Chambers of Commerce Quarterly Business Report Q3 2021 and Coventry and Warwickshire Chambers of Commerce QES Q2 2021

<sup>25</sup> COP26: 6 Months on: Where are manufacturers with their net zero journey?, Make UK, 2022

<sup>26</sup> Low Carbon and Renewable Energy Economy, UK: 2020, ONS, 2022

<sup>27</sup> Low carbon and renewable energy economy estimates, ONS, as cited by the Birmingham Economic Review for 2022, Greater Birmingham Chambers of Commerce and City REDI, University of Birmingham, 2022

<sup>28</sup> Priority Sectors Skills Research, Final Report, Greater Birmingham and Solihull Local Enterprise Partnership, 2022

digital skills will have increasing prominence; there are anticipated to be increases in demand for workers skilled in AI, automation, and software engineering skills, as well as data analysis and modelling skills, particularly as homes move to becoming “smart” homes with smart energy solutions, demonstrating the interconnectivity between digital and green skills needs. Specific technologies for the sector that businesses expect to be critical for the sector to embrace include heat pumps, hydrogen power, electric vehicles, smart buildings, and battery technology. Employers believe that core engineering skills will still be required, and these will be integrated with new and emerging technologies, so that these new processes will be implemented in context and with a broader understanding of the context of its use. Attracting individuals into the sector is a priority for local firms in regard to future growth.<sup>29</sup>

The WMCA’s Local Skills Plan Evidence Report estimates that the core Low Carbon & Environmental Tech sector contributed £3.6bn in GVA and 22,750 jobs to the WMCA economy in 2020, with 740 businesses in the WMCA that operate directly in the sector. GVA per employee in the sector was £156,764 – the highest of any WMCA sector. The Plan suggests is likely that additional activity takes the number of jobs associated with Low Carbon & Environmental Tech to above 50,000 in the WMCA area. It further cites research that key skills in the sector locally include understanding the planning process, AutoCAD, building information modelling, ecology, risk analysis, business development, auditing, environmental resource management, landscaping, and environmental consulting.<sup>30</sup> The scale of the sector in Warwickshire is unknown.

The UK’s automotive industry has become increasingly concentrated in the West Midlands, with 32.6% of jobs located in the region as of 2018, more than double the next region. This was up from 29% in 2008 whilst the overall number of jobs grew by 19% over that period.<sup>31</sup> As a leading region for the manufacture of motor vehicles, the transition to low emission models is both a risk and opportunity. The region’s leading brands have already announced plans for electrification of future models, including Jaguar Land Rover<sup>32</sup>, Bentley<sup>33</sup> and Aston Martin<sup>34</sup>. The supply chain will be supported by plans for a gigafactory located south of Coventry which is targeted for production from 2025.<sup>35</sup>

Low carbon heat is also a key growth area for the region. Domestic sector emissions, primarily driven by residential heating, account for 24% of total UK emissions.<sup>36</sup> Although only accounting for £1.5m or 3.5% of LCREE turnover in 2020, low carbon heat is considered to be one of the most scalable interventions with strong potential for upskilling, job creation and emissions reduction. The opportunity is of significance to the construction sector but would also benefit the manufacturing sector further up the supply chain. Retrofit activity is already gathering pace across the region through

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<sup>29</sup> Priority Sectors Skills Research, Final Report, Greater Birmingham and Solihull Local Enterprise Partnership, 2022

<sup>30</sup> Local Skills Plan Evidence Report, West Midlands Combined Authority, 2020

<sup>31</sup> The UK motor vehicle manufacturing industry: 2008 to 2018, ONS, 2020

<sup>32</sup> Jaguar Land Rover Prepares For Advanced Electrified And Connected Future With New Testing Facility, Jaguar Land Rover, 2022

<sup>33</sup> Beyond100 Strategy, Bentley, 2020

<sup>34</sup> Aston Martin to develop high performance battery technology with Britishvolt, Aston Martin, 2022

<sup>35</sup> West Midlands Gigafactory, 2022

<sup>36</sup> BEIS, UK local authority and regional GHG emissions, 2020 – End User Emissions, Table 4.1c, Department for Business, Energy & Industrial Strategy, 2022



Net Zero Neighbourhood Demonstrators and the 3 Cities initiative, both potentially supported by the National Centre for Decarbonisation of Heat which is the subject of a Levelling Up Fund bid.<sup>37</sup>

However, despite significant and increasing demand for green skills to meet commitments and maximise on LCREE opportunities, a YouGov poll jointly published by IEMA and Deloitte at the end of April 2022, found that 56% of the British public had not heard of green jobs, with 62% not understanding what the term green skills meant, and 65% reporting they didn't have any access to green skills training.<sup>38</sup> Research by IEMA and Deloitte identified four shifts in the transition to green jobs and green skills, including an increased need for green skills in non-specialist roles, a transition of workforces from unsustainable sectors – which can often be geographically concentrated and as such highlights a need to help communities to prosper through green transformation - and demand for green skills in new green industries.<sup>39</sup>

The national Green Jobs Taskforce report to government in 2021<sup>40</sup> cited research by the Place-based Climate Action Network's Just Transition Jobs Tracker that one in five jobs in the UK (approximately 6.3 million workers) will require skills which may experience demand growth (approximately 10% of UK jobs) or reduction (approximately 10%) as a result of the transition to net zero<sup>41</sup>, and that the latter will likely need reskilling, upskilling, or to use their current skills differently<sup>42</sup>.

The Taskforce report emphasises the importance of both industry-specific and cross-, multi- and interdisciplinary skills in some sectors to deliver the net zero transition, highlighting the importance of STEM skills underpinning jobs critical for driving a green recovery from the recent pandemic and delivering net zero, as well as digital and data analytics, project management, education communication and change management, and leadership, management and communication skills. Among other things, the report recommends that employers, industry bodies, government and unions work together to tackle barriers to retraining and upskilling so that no worker is left behind by the transition to net zero, and that employers and sector bodies should set out business and skills plans for the net zero transition, engaging unions and workers.<sup>43</sup>

Analysis by LinkedIn suggests that the fastest growing UK 'green jobs' are Energy Auditors (with a 34% growth rate between 2016-2021), Wind Turbine Technicians (32% growth rate) and Sustainability Managers (32% growth rate). LinkedIn attribute some of the growth in these roles to the impact of recent major policy and economic shifts in recent years - the growth of Energy Auditors being possibly explained by the introduction of the UK Emissions trading scheme, Wind Turbine Technicians linked to the UK's commitments around both offshore and onshore wind, and the rise in Sustainability Managers reflecting the broader business focus in the UK on sustainability and the drive to Net Zero.

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<sup>37</sup> Birmingham Economic Review, Greater Birmingham Chambers of Commerce and City REDl, University of Birmingham, 2022

<sup>38</sup> All Jobs Greener – workforce transformation for a sustainable future, Martin Baxter, IEMA, published by Futurebuild, 2022

<sup>39</sup> A blueprint for green workforce transformation, Deloitte, 2022

<sup>40</sup> Report to Government, Industry and the Skills Sector, Green Jobs Taskforce, 2021

<sup>41</sup> Green economy: how the transition to net-zero could affect UK jobs across the country, LSE Grantham Institute, 2021

<sup>42</sup> Investing in a just transition in the UK: How investors can integrate social impact and place-based financing into climate strategies, LSE Grantham Institute, 2019

<sup>43</sup> Report to Government, Industry and the Skills Sector, Green Jobs Taskforce, 2021

Industries with the highest share of green talent hires in the UK in 2021 are reported to be Construction, Manufacturing, Corporate services, Education and Software and IT services. However, certain heavy polluting sectors, most notably Transportation & Logistics, are assessed as currently lagging significantly behind other sectors, with less than half the green skills penetration as compared to the global average. LinkedIn highlight that the impact and challenges sectors such as Transportation & Logistics represent to UK emissions and decarbonisation efforts will only be further impeded if there is a lack of green skills in such sectors.<sup>44</sup>

The UK Green Skills Report further assesses that ‘there has been rapid growth in green hiring in the UK since 2019, with the change in the share of green hires almost double the global average. However, the low starting base in the UK pre-2019 means the total share of hiring across job types aligns with the global average.’ The report finds job postings in the UK requiring green skills to be growing at 35% whilst green talent in the country has only grown at 26%, and that this mismatch has accelerated in recent years (last year job postings requiring green skills green at 12% whereas green talent grew at 9%, compared to an annual average over the five-year period of 7% and 5%). While there is now significant growth in green hiring rates, 2.1 times the level of 2016 green hiring, compared with 1.2 times the 2016 level globally, at the levels beneath green jobs, the share of hiring for ‘greening’ and ‘greening-potential’ jobs is stagnating or declining and the share of non-green jobs is continuing to grow.<sup>45</sup>

LinkedIn conclude the UK Green Skills report by encouraging policy makers to: ‘connect skills providers with businesses so future skills reflect economic need’ (supporting LSIP pilots in this area); ‘target policies and funding geographically to reflect on the ground realities in the UK’s geographically diverse economy’; and ‘address systemic economic inequalities and deliver an equitable green skills revolution.’<sup>46</sup>

The Treasury’s 2021 Net Zero Review highlights that “global action to mitigate climate change is essential to long term UK prosperity,”<sup>47</sup> however, the demand for green skills by both the public and private sectors – particularly at a local level - is not yet fully understood. The West Midlands LSIP presents a key opportunity at a critical juncture for the region to gain a better picture of current and future green skills needs to make the most of local opportunities associated with a just transition.

### **Leadership and Management Capabilities**

Through conversation with the West Midlands Combined Authority, it was acknowledged that a significant amount of informal research has been conducted in regard to the digital skills needs of regional employers in particular.

It was identified that the LSIP presents a vital opportunity to further this work by, in particular, developing a better understanding of the strategic priorities of regional employers and whether they have the leadership and management capabilities in order to meet these priorities and overcome

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<sup>44</sup> UK Green Skills Report, LinkedIn Economic Graph, Accessed 2022

<sup>45</sup> UK Green Skills Report, LinkedIn Economic Graph, Accessed 2022

<sup>46</sup> UK Green Skills Report, LinkedIn Economic Graph, Accessed 2022

<sup>47</sup> Net Zero Review, Analysis exploring the key issues, HM Treasury, 2021

challenges and/or maximise opportunities associated with digitisation and the advancement of new technologies and the transition towards net zero within the foreseeable future.

The WMW LSIP has therefore incorporated a supplementary focus on leadership and people management capabilities, as they pertain to digitisation and the advancement of new technologies and the transition to net zero.

## West Midlands and Warwickshire LSIP Research Methodology

Following extensive mapping of existing research and data to avoid duplication, the West Midlands and Warwickshire Local Skills Improvement Plan gathers both quantitative and qualitative insights into the strategic priorities and digital and green skills needs across the sectoral composition of the regional business community, from over 1000 engagements with employers operating across the West Midlands and Warwickshire. Overall, these businesses are spread relatively evenly between the three LEP areas represented by the Chambers engaged in this LSIP (Coventry and Warwickshire, Greater Birmingham, and Black Country Chambers of Commerce).

### Priority Growth Cluster Focus Groups

Through online focus groups, the West Midlands LSIP gathers qualitative insights into 'Priority Growth Clusters' identified by the West Midlands Combined Authority, in which the West Midlands is assessed to have a comparative regional advance and attract confident business investment. It is proposed in the Plan that the region may be able to stimulate levels of growth in these clusters above those currently forecasted.

The Plan for Growth states that additional GVA of between £750m and £1bn will need to be generated over the period for the West Midlands to be the fastest growing region outside of London, while the additional gap to match London is £2.7-3.1bn. The base scenario of the Plan for Growth states that the WMCA expects targeted interventions in the eight primary clusters to deliver additional GVA of £2.9-3.2bn within the West Midlands, raising the regional growth rate above the UK average and delivering 40,300-44,800 additional jobs.<sup>48</sup>

The eight primary clusters identified by the Plan represent between 10.0-15.5% of current employment concentrations in the Black Country, Greater Birmingham and Solihull and the Black Country, but the Plan proposes that additional growth in the mid-to-high-value clusters in the region will generate direct, indirect, and induced gains in prosperity to be shared across communities.<sup>49</sup>

Chamber-led focus groups and one to one calls with employers throughout January and February sought to further understand and compare the green and digital and leadership and management skills needs of the priority growth clusters identified by the WMCA and relevant to Warwickshire where clusters are recognised to represent medium-to-very-high regional strengths. These are as follows. Please note, smaller clusters (by current total employment), where deemed appropriate, have been combined with others to ensure that the current size of those clusters represented by each focus group feasibly allows for identification and engagement of relevant employers:

- Manufacturing of electric light vehicles and associated battery storage devices and Aerospace (including manufacturing alternative fuel) (combined)
- Logistics and distribution
- Health Tech and med tech
- Professional and financial services and supply chain
- Modern and low carbon utility and manufacturing of future housing (combined)

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<sup>48</sup> West Midlands Plan for Growth, West Midlands Combined Authority, 2022

<sup>49</sup> West Midlands Plan for Growth Framework, EY, 2022 (unpublished)

These areas cover seven of the largest (by current total employment) of the eight priority growth clusters identified by the WMCA Plan for Growth. They are each ranked by the Plan for Growth as representing Medium to Very High regional strengths (relative the UK average) and Medium to Very High relative growth potential.

An eighth priority growth cluster, creative content production and gaming, has been excluded from this in-depth research, due to its representation of a relatively low regional strength (compared to the UK average and other priority growth clusters) and concerns about accessing enough businesses to make a statistical inference.

Focus groups were undertaken with these clusters in particular due to a need for further exploration into these emerging areas, as recognised in conversations with stakeholders during the mapping of existing evidence conducted at the beginning of the WMW LSIP process.

For the purposes of focus group participation, these clusters have been defined in their broadest terms, with inclusion of supply chains, in recognition that the supply into these clusters is of critical importance.

These focus groups each followed a script designed by the Chambers, with the support of the WMW LSIP Operational Board, which is comprised of representatives from local stakeholders, provider and employer representative bodies and research partners, convened to support this project.

In total, 60 employers participated in these focus groups and/or one on one calls following the same script, distributed between the priority growth clusters as per the table below.

<b>Priority Growth Cluster Group</b>	<b>Number of Focus Group Participants</b>
Manufacturing of electric light vehicles and associated battery storage devices and Aerospace (including manufacturing alternative fuel)	9
Logistics and distribution	11
Health Tech and med tech	7
Professional and financial services and supply chain	21
Modern and low carbon utility and manufacturing of future housing	12

Insights from these focus groups have been featured in the draft priorities outlined below.

### **Supplementary Focus Groups**

A series of partner employers and Employer Representative Bodies (ERBs) were additionally commissioned by the WMW LSIP to lead online focus groups in February with their specialist areas. These utilised the same script as the Priority Growth Cluster Focus Groups.

In response to concerns regarding a lack of representation of key sectors in the Black Country, the WMW LSIP has sought to strategically select partner ERBs to both supplement insights from Priority Growth Clusters and ensure that the final report produces valuable insights for all geographical areas

within the region. This also ensures, together with quantitative surveying, that the WMW LSIP engages with a wide range of employers and representative bodies, beyond just Chamber members.

The following employers and Employer Representative Bodies convened online roundtables with a total of 52 West Midlands employers for the purposes of this research:

- Business in the Community
- Make UK
- NHS
- Federation of Small Businesses

Insights from these sessions are featured in the draft priorities below.

### **Provider Roundtables**

Further, online roundtables were conducted with a range of Independent Training Providers, Colleges and Universities engaged in Post-16 Technical Education and Training, in partnership with Colleges West Midlands and the West Midlands Provider Network.

These utilised the same script as the Priority Growth Cluster and Supplementary Focus Groups, to gather insights from participants in their capacity as employers and to additionally provide attendees with insights into the approach and upcoming milestones of the WMW LSIP, with the Chamber team answering questions on the LSIP from those present.

In total, these roundtables convened 66 providers. Insights from these sessions are featured in the draft priorities below.

### **Quantitative Surveying**

Through surveying, the West Midlands and Warwickshire LSIP gathers further, primarily quantitative insights on the strategic priorities and green and digital skills needs of employers across the region, producing data that is statistically relevant and broadly representative of the business demography as a whole, in regard to both size and broad industry sector.

Surveying was conducted throughout March by a telemarketing provider, using data lists that sought to exclude members of the three Chambers of Commerce involved in the WMW LSIP. This was done to ensure that the data was, where possible, unbiased, and representative of the wider business community, to supplement the extensive research conducted with Chamber members, through focus groups and Meaningful Engagements.

The Chambers sought for quantitative surveying to represent a confidence interval of no more than +/-4.5% with a confidence level of 95%. With 120,615 enterprises in the LSIP geography (93,415 in the WMCA area and 27,200 in the Warwickshire Local Authority area) in 2022<sup>50</sup>, this would require 472 responses. The target number of responses was rounded up to 500, and in total, the WMW LSIP received 501 survey responses from employers operating in the West Midlands; the additional

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<sup>50</sup> Inter Departmental Business Register (ONS), accessed via Nomis, 2023

response was due to collection error. A survey sample of 501 responses offers a confidence interval of +/- 4.37% and a confidence level of 95%.

These responses were from businesses operating across each of the three LEP geographies covered by the WMW LSIP. A geographical breakdown of where respondents are primarily operating within the region is as follows:

Region	Percentage of survey respondents
Coventry & Warwickshire	38
Greater Birmingham	36
Black Country	25

The tables below reflect the distribution of responses by size, industry sector (as self-reported) and, for comparison, the distribution of regional businesses by the same measures. It should be noted that only employers were eligible to participate in WMW LSIP business engagement activities. Businesses with only one employee were excluded from surveying. Where survey respondents differ in size and sector from the wider business demography of the WMW LSIP geography this is unfortunately due to challenges with a lack of contact data available for individuals in businesses meeting the specifications of the project.

Business size	Percentage of survey respondents	Percentage of Enterprises in the WMCA area and Warwickshire <sup>51</sup>
1-9	74.1	88.9
10-49	22.8	9.1
50-249	2.8	1.6
250+	0.2	0.5
No answer	0.2	n/a

Business Sector	Percentage of survey respondents	Percentage of Enterprises in the WMCA area and Warwickshire <sup>52</sup>
Agriculture, Forestry & Fishing	1.2	1.4
Mining, Quarrying & Utilities	0.0	0.5
Manufacturing	13.0	6.5
Construction	9.8	12.2
Motor Trades	2.8	3.6
Wholesale	6.0	4.6
Retail	10.8	9.7
Transport & Storage (inc Postal)	3.4	9.0
Accommodation & Food Services	1.8	6.5

<sup>51</sup> Inter Departmental Business Register (ONS), accessed via Nomis, 2023

<sup>52</sup> Inter Departmental Business Register (ONS), accessed via Nomis, 2023

Information & Communication	4.2	5.6
Finance & Insurance	2.4	1.6
Property	4.2	4.1
Professional, Scientific & Technical	5.4	13.5
Business Administration and Support Services	2.6	8.7
Public Administration	0.2	0.1
Education	0.6	1.8
Health	5.4	4.8
Other	26.3	n/a

The tables below reflect the distribution of responses between these Priority Growth Cluster groups (including where businesses are in supply chains). Please note that some respondents indicated engagement in or engagement in the supply chains of multiple clusters.

Where feasible and the sample statistically significant, the WMW LSIP will, in due course, seek to extract insights from surveying in each of the five Priority Growth Cluster groups.

Priority Growth Cluster Group	Percentage of survey respondents
Manufacturing of electric light vehicles and associated battery storage devices and Aerospace (including manufacturing alternative fuel)	5.8
Logistics and distribution	17.8
Health Tech and med tech	7.8
Professional and financial services and supply chain	12.4
Modern and low carbon utility and manufacturing of future housing	10.4

Analysis of this data is ongoing. Preliminary, unweighted, figures are included in the draft priorities set out further in this document.

### Meaningful Engagements

Concurrently, all three Chambers involved in the WMW LSIP (Coventry and Warwickshire, Greater Birmingham and the Black Country Chambers of Commerce) are, at the time of writing, continuing to gather further qualitative data from employers across all sectors and sizes through ‘meaningful engagements’ conversations, that is, one to one conversations, with senior representatives of businesses operating in the West Midlands and Warwickshire, based on existing relationships.

These conversations are framed by a selection of questions, designed by the Chambers of Commerce with support from the WMW LSIP Operational Board. They seek to gather rich, high quality insights from employers that may supplement the findings of the quantitative surveying

At the time of writing, the WMW LSIP has conducted 376 meaningful engagement conversations with employers operating in the West Midlands and Warwickshire.



Analysis of this data is ongoing. Select responses have been featured in the insights below.

**‘Have Your Say: West Midlands and Warwickshire Local Skills Improvement Plan Priorities’**

On 17<sup>th</sup> March, the Chambers of Commerce convened 18 businesses, 15 independent training providers, 13 Colleges and 3 universities at an in-person event at Aston Villa Football Club to present some of the preliminary findings of the WMW LSIP research and workshop potential responses.

As identified by Coventry and Warwickshire Chambers, providers of post-16 technical education and training invited to participate in this event were prioritised on the basis of participation in earlier provider roundtables (through engagement in partnership with West Midlands Colleges and West Midlands Provider Network, as above) and reaching out to be further involved in the LSIP.

Insights from this session are featured as potential responses to the WMW LSIP draft priorities, outlined below.

**Priority Growth Cluster Feedback Focus Group**

At the end of March, the Chambers of Commerce additionally convened 6 employers – which together represented each of the above Priority Growth Cluster groups set out above - to gather their feedback on the preliminary findings, and initial suggestions of responses.

Some insights from this session are also featured in the draft priorities outlined below.

## West Midlands and Warwickshire LSIP Priorities

At the time of writing, the West Midlands and Warwickshire Local Skills Improvement Plan is coming to the end of its data collection phase. Analysis of this data is ongoing. Presented below are preliminary figures from quantitative surveying, together with sentiments expressed by participants in Priority Growth Cluster and Supplementary Focus Groups, Provider Roundtables and Meaningful Engagements. Potential responses reflect those discussed at the Have Your Say: West Midlands and Warwickshire Local Skills Improvement Plan Priorities event, convened by the Chambers on 17<sup>th</sup> March, along with sentiments expressed through quantitative surveying of employers, various focus groups, and meaningful engagements.

Through the business, provider and stakeholder engagement activities outlined above, the West Midlands and Warwickshire Local Skills Improvement Plan research has identified five broad, draft priorities:

- Strategic Leadership
- 'Essential Skills' and Practical Experience
- Recruiting into Education
- Identifying the Right Providers
- Identifying the Right Means of Delivery

Insights and potential responses to each of these five priorities are outlined below. Please note that, as above, the priorities outlined in this document are a working draft, representing early analysis of the data gathered and emerging recommendations from the research. These are published at this stage in order to support colleges and designated institutions in preparing their Accountability Agreements. The final WMW LSIP may identify different priorities and/or recommendations.

Between 31<sup>st</sup> March and 31<sup>st</sup> May 2023, the West Midlands Chambers will seek to gather feedback on these draft priorities and work with businesses, providers and stakeholders to develop and refine potential responses.

Once the Chambers have final sign off from both the West Midlands Combined Authority and the Secretary of State for Education, work will start on year 2 of the LSIP.

Year 2 will be focused on supporting our local partners to respond to the LSIP and will focus on 4 main areas:

1. Working with local providers on developing curriculum and commercial training opportunities from those areas highlighted in the report
2. Deep Dives into new sectors and addressing any gaps in our data sets
3. Prioritising areas for lobbying and where we have highlighted issues that may need to be dealt with at a national level
4. Prioritising areas to do things differently such as simplifying our local offer, re-assessing local support for businesses, and developing workplace skills plans and modular learning opportunities

The Chambers will also look to develop an Employer Led Steering Group to oversee the actions highlighted in the final report.

## Strategic Leadership

### **Research Findings**

Focus groups conducted with businesses in Plan for Growth priority growth clusters consistently identified a focus on short-term business survival and cost pressures, particularly among micro and SME businesses. This reflects the findings of other, recent surveying conducted by the Chambers. In Q4 2022, surveying by Coventry and Warwickshire, Greater Birmingham and Black Country Chambers of Commerce identified 57% of businesses across the region reporting increased price pressures (71% of manufacturers and 53% of services sector firms).

Participants in both priority growth cluster focus groups and supplementary focus groups, especially those representing micro or SME businesses, frequently struggled to identify specific, additional technical skills or job functions which they anticipate requiring beyond the next 12 months.

While many focus group participants expressed understanding that there are opportunities for their business associated with digitisation and the advancement of new technologies, several participants reported a lack of certainty around how to maximise these opportunities.

14% of respondents to the WMW LSIP's quantitative surveying do not believe that all leaders and people managers within their business have adequate skills to overcome challenges and/or maximise opportunities associated with digitisation and the advancement of new technologies over the next 3 years. These respondents most frequently identified 'strategy development' (43%) and 'performance management' (42%) as the additional skills that leaders and people managers within their organisation will require in order to do so (followed by 'project management' (34%) and 'change management' (32%)). However, 42% of respondents identifying gaps in these skills report their business currently having no plans to address these gaps. 24% report that their business plans to address gaps through training in technical digital skills.

Further, participants frequently reported a lack of understanding as to what decarbonisation and the transition to net zero would mean for their business, or how to address this challenge.

When surveyed, 16% of businesses conveyed that they do not believe that all leaders and people managers within their firm have adequate skills to overcome challenges and/or maximise opportunities associated with the transition towards net zero over the next 3 years. Of this 16%, 38% identified a need for additional 'strategy development' skills, and 28% identified a need for each of 'change management,' 'project management,' and 'performance management' skills. 53% of businesses in which these gaps were identified report having no plans to address them. 20% reported plans to address gaps through training in technical skills required for the transition to net zero.

Asked 'do you see an opportunity or a need to decarbonise within your business?' a micro manufacturing organisation operating in the Black Country responded '*It probably is something that is needed, but how that happens I don't know. If I was honest, I'd say I don't know enough about the subject to even try and implement the changes that would be needed.*'

50% of businesses surveyed identified barriers to increasing investment in skills and training. Money was by far the most frequent barrier; among those reporting barriers, 51% cited a lack of budget for training. Time was also reported to be a significant barrier; 21% identified a lack of staff time to

oversee training, 19% a lack of staff time to undertake training, and 14% a lack of staff time for administration associated with training. Further, uncertainty was a barrier; 10% cited uncertainty over what training was needed, and 8% uncertainty over the quality of external providers. 15% reported concerns that providers do not offer what they require, although as detailed later in this document, some of this may be attributable to a historic lack of awareness of available provision.

### **Potential Response**

Intervention to support strategic leadership capabilities is required to ensure that businesses operating in the region are able to plan ahead engagement with skills provision, to meet future skills gaps and build talent pipelines. It is also needed in order to ensure that these businesses have the capabilities to overcome challenges and/or maximise opportunities associated with the transition towards net zero and digitisation and the adoption of new technologies.

Developing strategic leadership capabilities at a regional level may also facilitate better understanding of future skills needs among providers and stakeholders.

When presented with the initial findings of the LSIP research in regard to strategic leadership, proposed recommendations from employers, providers and stakeholders brought together both skills needs and wider business support needs, identifying that intervention at a regional level ought to convene a holistic package of support, based on business outcomes, rather than just specific courses or qualifications.

In regard to the skills aspect of this support, short, modular training for leaders, managers and future leaders and managers is favoured as an agile and accessible means of delivery, customisable to critical business needs. Strategic leadership training may not require formal accreditation (though should recognise critical milestones), but ideally this could be stackable to meet the requirements of accreditation, to encourage ongoing development. Funding of this training – and training more broadly – must account for flexibility in delivery, to mirror the remote and flexible working patterns of businesses.

Provision ought to take lessons from programmes such as the Goldman Sachs 10,000 Small Businesses UK programme, particularly in regard to delivery methodology, minimal eligibility criteria and presenting a clear outcome or return on investment that links into wider business needs.

In regard to the wider need identified, for support with strategic leadership that extends beyond simply skills; many businesses require support to put together bids, develop business plans, and conduct market analysis, among other things. As such, effective intervention ought to include facilitation of peer-to-peer learning. This could be delivered through mechanisms such as mentoring - taking lessons from schemes such as Help to Grow: Management - or through supplementary, cross-sector collaborative learning, delivered by local business leaders.

An accessible leadership and management training offer, potentially delivered with devolved adult skills funding, and ideally capable of pivoting to specific leadership and management disciplines – such as strategy development, project management, business change, finance, and workforce development – might be linked in as part of wider business support and advisory services delivered by regional stakeholders.

## 'Essential Skills' and Practical Experience

### **Research Findings**

The Q4 2022 West Midlands Quarterly Economic Snapshot identified that 68% of businesses looking to recruit staff in the final quarter of last year experienced difficulties doing so (that is, 68% of manufacturers and equally, 68% of services sector firms).

Focus groups with firms operating in Priority Growth Clusters identified by the West Midlands Combined Authority Plan for Growth found that, particularly in manufacturing of electric light vehicles and associated battery technologies and Aerospace (including manufacturing of alternative fuels), employers want broad, base engineering skills and more practical experience than current apprenticeships offer. These businesses, frequently performing extremely niche functions in the automotive and aerospace supply chains, report in-house capabilities to train specific technical skills where candidates already have a broad understanding and experience of engineering.

Asked, 'How could existing provision for post-16 technical education be adapted to better suit the needs of your business?', a medium-sized construction sector firm responded *'What I want from a college is usually generic skills (e.g. basic mechanical engineering) and then we can hone specific skills. However with new skills (e.g. manufacturing of EVs) there needs to be a contribution more from companies into the college curriculum. The business community is not contributing enough but when they do, education providers put up a lot of bureaucratic barriers.'*

A large Health Tech and Med Tech employer, in response to preliminary WMW LSIP research findings presented in the priority growth cluster feedback focus group, put forward a case for funding to be provided directly to businesses to fund independent delivery of technical education and training in-house. However, among other concerns some may have with this approach, it must be acknowledged that the vast majority of the regional economy is comprised of much smaller organisations, for which this would not be feasible.

Focus groups with Logistics and Distribution firms also identified scope for the Skills Bootcamp model to be used in the West Midlands to upskill technicians and mechanics at level 3.

One Professional and Financial Services sector organisation additionally expressed a specific and acute need for an Insurance Underwriting Apprenticeship to be introduced at a national level.

Focus groups with firms operating in Health Tech and Med Tech, as well as with those operating in Modern and low carbon utilities and/or manufacturing of future housing also discussed demand for skills such as problem solving, innovation and commercialisation to be built into or developed alongside post-16 technical education and training provision. These conversations arose in regard to both enhancing regional development capabilities, to maximise on existing research strengths in Health Tech and Med Tech, and developing new technologies and methodologies associated with designing carbon out of the supply of essential utilities.

More broadly, many employers, in both focus groups and meaningful engagement conversations, identified a need for more of what may be termed 'essential skills,' or 'soft skills.' Those specifically identified included communication and collaboration. There is widespread sentiment among employers that those entering the workforce are not adequately equipped with these skills. Employer

feedback has suggested that in delivery these be termed 'essential' skills, so as not to unintentionally diminish their importance.

Asked 'What additional skills do you anticipate requiring within your workforce to achieve the strategic ambitions you have for the next 3 years?' a small finance and insurance business operating in Greater Birmingham responded, '*Young people appear to lack the numerical skills required for high-level careers in finance, and social media is responsible for the poor communication skills of many growing up today, which is something that impedes their functioning in the workplace.*'

In another Meaningful Engagement conversation, a micro professional, scientific and technical sector employer reported '*as a professional services business it would be of value to ensure that post-16 technical education incorporated soft skills such as letter writing, answering phone, etiquette in working in an office.*'

### **Potential Response**

Consultation with regional stakeholders, providers, and employers in regard to this challenge identified a number of potential recommendations.

Firstly, in order to further develop understanding of technical skills needs and direct supply of training within the West Midlands and Warwickshire, sub-regional cluster and sector analysis of the data gathered by the WMW LSIP will be undertaken.

Secondly, curriculum funding and assessment must recognise the importance of essential skills, including communication, collaboration, problem solving, innovation and commercialisation in employability and practical application of technical skills.

Best practice approaches to delivering these skills, already being undertaken by providers across the region, include offering learners mentoring, as well as holistic learning support in the form of mental health advocates and onsite counselling, and embedding customised employability provision within learning. However, this is currently being undertaken – particularly in independent training providers and colleges – with very limited funding and therefore capacity.

Regional centralisation of wraparound support for learners, building on some of these best practice approaches, is recommended to maximise delivery of essential skills.

It is also recommended that to support the development of essential skills, employers be encouraged to engage more with providers, through employer representative bodies, clusters and sector networks raising awareness of existing programmes - such as those delivered by the Careers and Enterprise Company.

Further potential responses may include facilitation of an 'exchange' programme between different employers, and facilitation of project work across multiple disciplines within a university or college, or between independent training providers.

## Recruiting into Education

### **Research Findings**

Roundtables conducted with providers across the West Midlands and Warwickshire identified difficulties accessing staff in support functions and delivery roles, including the skilled staff needed to deliver against skills gaps. Examples cited included engineers, specialist construction workers and those with expertise in digital skills. Challenges attracting and retaining delivery staff in particular is in large part attributable to a lack of funding for providers (particularly independent training providers and colleges) to compete with high salary costs in tight labour markets.

Where providers reported some success in attracting skilled talent to delivery roles, challenges were identified in ensuring that these members of staff were able to keep up to date with new technologies and approaches where these are developing quickly.

Surveying identified appetite among employers to work more closely with education, though this was more so in regards to raising awareness of career opportunities; 59% of employers surveyed reported a need to attract more young people (16-25 year olds) to their sector, and 'building relationships between businesses in the sector and education providers' was cited second most frequently (after 'increasing pay') as a means to achieving this (cited by 59% of these respondents).

Further (as referenced above) employers frequently cite money and time as key barriers to engagement with post-16 technical education and training, and time-related barriers (if not also financial barriers) are likely to be particularly acute among those facing regional and national skills gaps.

### **Potential Response**

Consultation with regional stakeholders, providers, and employers in regard to this challenge identified a need for independent organisations to be funded to facilitate genuine conversations at a senior level between employers and providers, to develop innovative, collaborative solutions to mutual skills shortages.

Such solutions might build on existing models of best practice, such as those seeking to engage older staff towards the end of their careers to share their experiences with incoming talent, engaging skilled individuals who have recently retired to act as mentors for incoming talent and delivery staff, and utilising employees on day-release by providing a financial subsidy for their time, increasing the training capabilities of that individual to upskill staff in-house and conducting a training needs analysis for the business, in return for use of their expertise in training delivery.

Lessons might also be learned from work conducted by Colleges West Midlands, which sought to facilitate 'shared' employment of specialist staff across multiple colleges.

Others recommended regional authorities utilising the bootcamp model of training delivery for the further education sector, to attract more people to work in post-16 technical education and training.



## Identifying the Right Providers

### **Research Findings**

West Midlands and Warwickshire Local Skills Improvement Plan surveying found that around 74% of regional employers haven't worked with post-16 education and training providers in the last 5 years.

Focus groups with firms operating in Priority Growth Clusters identified by the West Midlands Combined Authority's Plan for Growth identified challenges identifying the right providers. Where employers recalled positive experiences working with providers, many attributed these to close working relationships between the two organisations. Participants from micro and small businesses reported a lack of capacity to build such relationships.

Many employers, particularly SMEs, also expressed concerns about the number of providers looking to engage with them, and negative sentiments about being 'sold to' by these organisations.

Where they require training, surveying found that the primary means of identifying appropriate providers among West Midlands employers were: 'utilising existing relationships/connections with providers' (25%); and 'online research' (24%). 8% primarily use recommendations from other organisations, and 7% primarily use networking events to identify appropriate providers.

Businesses surveyed report most frequently utilising Employer Representative Organisations (49%), Local Universities, colleges and/or training providers (49%) and Local Authorities (44%) for reliable advice or other practical help on skills and training related challenges.

As above, 50% of businesses surveyed identified barriers to increasing investment in skills and training. Of these, 8% cited uncertainty over the quality of external providers.

### **Potential Response**

Consultation with regional stakeholders, providers, and employers in regard to this challenge identified further potential responses, including the below.

Providers must work together better, recognising and building on individual specialisms. Examples of this are already happening within the West Midlands, including Institutes of Technology, collaborative Strategic Development Fund bids and Colleges West Midlands collaborations on electrification and battery technologies, and construction. Such collaborative working among and between all providers – universities, colleges and independent training providers - must be fostered and facilitated further by funding bodies, to reduce competition between providers and in turn reduce the barriers businesses face in identifying appropriate providers.

Introduction of a standardised regional assessment of customer experience and employer confidence, beyond just provision outcomes, is also recommended. This may form part of a 'quality mark' for providers, such as the Greater London 'Mayor's Academies Quality Mark.'

20% of survey respondents identified that independent, funded support to identify skills needs and advise on suitable training provision would help them overcome barriers to increasing investment in skills and training. Access to independent advice on skills provision and funding may support those that haven't utilised post-16 education and training previously to do so, and those employers which

have (particularly where infrequently or only in some areas of their business) to do so more. Some recommend that regional authorities take this a step further, to trial facilitation of cluster or sector groups setting training priorities, for providers to bid to deliver and (if approved) receive a kitemark that other employers might recognise.

Raising awareness of the West Midlands Apprenticeship Ambassador Network might form a part of this intervention, to amplify positive experiences employers have recently had with providers across the region.

Recommendations from consultation with employers, providers and stakeholders varied in regard to development of a centralised portal of provision, or 'one stop shop' for skills support. National portals were criticised for failing to accurately reflect provision, continuing to advertise out of date or unavailable provision, and being unable to advertise provision that could be made available, should demand meet funding requirements. West Yorkshire Combined Authority's interactive map of provision received some positive feedback from those who had used it, however, many expressed concerns that centralised portals haven't been successfully delivered in the past due to significant costs and maintenance challenges.

That said, while attempts to develop a single portal for regional skills provision in the West Midlands in the past have been unsuccessful, it should be recognised that since this was last attempted, the regional landscape of skills provision has become more collaborative, and devolution has afforded the region greater flexibility in regard to funding of provision. It has been proposed that a collaborative, pan-regional approach, drawing on powers of devolution through the West Midland Combined Authority to broaden engagement with employers, enhancing the employer experience and focusing on both resident and business outcomes could potentially deliver a considerably more successful digital signposting solution for provision in the West Midlands now than has been feasible previously.

Identifying the Right Means of Delivery**Research Findings**

West Midlands and Warwickshire Local Skills Improvement Plan surveying found that a majority of businesses are unaware of or only have a limited awareness and understanding of all listed post-16 education and training initiatives.

As illustrated in the table below, respondents were most frequently unaware of Sector-based Work Academy Programmes (SWAPs) (74.5%), Skills Bootcamps (72.0%), Co-development of bespoke training programmes for your business (codeveloped with an independent training provider, college or university) (68.9%) and T Levels (63.7%).

They were most frequently aware of and understood Intermediate, Advanced or Higher level Apprenticeship Programmes (46.3%), University Programmes (Degrees, Master's Degrees, PhD Programmes) (44.3%), and Degree level Apprenticeship Programmes (43%).

Post-16 Education and Training Initiative	Percentage		
	I am not aware of this initiative	I have a limited awareness and understanding of this initiative	I am aware of and understand this initiative
T Levels	63.7	16.1	20.3
Traineeships	49.9	23.8	26.3
Intermediate, Advanced or Higher level Apprenticeship Programmes	32.4	21.3	46.3
Degree level Apprenticeship Programmes	39.5	17.5	43.0
University Programmes (Degrees, Master's Degrees, PhD Programmes)	38.4	17.3	44.3
Industrial Placements (as part of University study)	50.9	16.9	32.2
Graduate Placements	44.3	19.2	36.5
Sector-based Work Academy Programmes (SWAPs)	74.5	8.1	17.3
Skills Bootcamps	72.0	11.9	16.1
Co-development of bespoke training programmes for your business (codeveloped with an independent training provider, college or university)	68.9	10.6	20.5
Other individual Qualifications	54.1	14.0	31.9
Other projects run by e.g. Universities, Further Education Colleges, DWP, WMCA, Local Authorities	58.0	15.7	26.3

This lack of awareness and understanding is reflective of the finding that 74% of regional employers haven't worked with post-16 education and training providers in the last 5 years. It is also reflected in

the majority of businesses reporting that they are not at all likely to utilise each of the same initiatives in the coming 3 years, as per the below table.

Post-16 Education and Training Initiative	Percentage					
	1 – not at all likely	2 – somewhat unlikely	3 – neither likely or unlikely	4 – somewhat likely	5 – very likely	Don't know
T Levels	78.1	5.6	6.1	5.6	2.5	2.1
Traineeships	68.9	6.1	8.6	8.8	5.6	2.1
Intermediate, Advanced or Higher level Apprenticeship Programmes	62.2	7.1	7.7	9.8	11.7	1.5
Degree level Apprenticeship Programmes	70.8	6.9	6.9	7.5	6.5	1.5
University Programmes (Degrees, Master's Degrees, PhD Programmes)	73.9	6.3	5.4	5.2	7.9	1.3
Industrial Placements (as part of University study)	72.7	5.6	6.7	7.7	6.1	1.3
Graduate Placements	72.0	6.3	7.7	7.3	5.4	1.3
Sector-based Work Academy Programmes (SWAPs)	80.0	5.8	5.6	4.6	2.3	1.7
Skills Bootcamps	80.0	5.0	5.0	5.6	2.9	1.5
Co-development of bespoke training programmes for your business (codeveloped with an independent training provider, college or university)	75.6	5.4	5.6	6.5	5.4	1.5
Other individual Qualifications	67.0	5.6	7.7	6.9	10.6	2.1
Other projects run by e.g. Universities, Further Education Colleges, DWP, WMCA, Local Authorities	70.6	6.1	7.7	7.9	6.5	1.3

As above, 50% of businesses surveyed identified barriers to increasing investment in skills and training, and uncertainty was a significant barrier identified by these respondents. 10% cited uncertainty over what training was needed, and 8% uncertainty over the quality of external providers.

While 15% reported concerns that providers do not offer what they require, qualitative responses frequently identified requirements for training that is currently being delivered in the region in some form (provide examples). It could be that these employers are not aware of this provision, or that the means of delivery is not suitable for their requirements.

When asked what would support their organisations to overcome barriers preventing them increasing investment in skills and training, of survey respondents that recognised barriers, 36% identified ‘access to shorter, modular training courses,’ 36% ‘provision co-developed with your organisation to be more specific to the business’ and 35% ‘access to in-person training nearer to business premises.’ 31% cited ‘delivery of provision on your business premises,’ 30% ‘delivery of provision at different times of day,’ and 23% ‘ability to share apprentices with other organisations (meaning they complete in-work placements in your organisation and with others to fulfil the requirements of their apprenticeship).’

In focus groups with businesses operating in Priority Growth Clusters, many employers, particularly SMEs, expressed concerns about the number of providers looking to engage with them, and negative sentiments about being ‘sold’ provision by these organisations, which sought to meet funding targets, rather than to deliver in response to business need.

When asked ‘What additional support would you like to see from regional and national stakeholders (e.g. WMCA, Local Authorities, Government) to facilitate a pipeline of skilled talent in the labour market over the next three years?’ a medium-sized construction sector firm operating in Coventry and Warwickshire responded ‘*Creation of bespoke courses allowing employers to mould an individual’s training to the business needs.*’

In another Meaningful Engagement conversation, a small finance and insurance sector firm operating in Greater Birmingham, responded “*The government should stop its 'box-ticking' exercise when it comes to apprenticeship funding- it should be directed towards SMEs that may struggle to train and recruit, and with the money they can supplement their team whilst giving an opportunity to a young person who may otherwise not get such a boost to their future career. [Large organisations in the sector] accept this money that they do not need to fund apprenticeships for a large number of privileged teenagers that would probably go to university, and this is to the detriment of SMEs that cannot hire and train a newcomer without this funding.*”

Focus groups identified a need for short, modular, accredited training around technical digital skills and sustainability management in particular, to allow for customisable, fast training to meet business needs in these rapidly developing areas.

Asked, ‘What additional support would you like to see from regional and national stakeholders (e.g., WMCA, Local Authorities, Government) to facilitate a pipeline of skilled talent in the labour market over the next three years?’ a small construction sector employer operating in the Black Country responded, ‘*Better signposting for SME's like us ... I'm sure there are a lot of initiatives out there but we don't know what is going on, so connectivity and signposting.*’

### **Potential Response**

Ultimately, there is a clear need for providers and stakeholders to collaborate on the offer being made to employers, providing consistent messaging, and focussing on employer experience, so that employers feel ‘worked with’ rather than ‘sold to’ and greater confidence can be fostered between

the post-16 education and training sector and employers as a whole. This could capitalise on established assets, including employer engagement teams within providers, existing intermediaries and business support services.

Consultation with regional stakeholders, providers and employers in regard to this challenge consistently identified an opportunity to utilise flexibilities afforded to the WMCA area through devolution, to create a single pot of discretionary funding, to fund training led by employer need rather than otherwise available products. This might be trialled in a sector or priority growth cluster with a particularly high proportion of SMEs requiring access to bespoke training, or with relatively high place-based innovation potential, and (likewise) requirements for bespoke skills support.

While modular training appears to be favoured by the regional business community, further research is required to understand the specific expectations of 'short,' modular training, and identify where longer training might still be preferable - for example, one focus group participant suggested that modular training might be more suited for up- and re- skilling mid-career individuals than more junior talent. Lessons must also be learnt from previous projects to ensure that any offer of modular training in response to the LSIP takes full advantage of new mechanisms for collaboration between providers and receives appropriate take-up from the local business community.

Some employers and providers also proposed that clear mapping of pathways outlining development opportunities and funding access may facilitate greater understanding of various means of delivery.

Others proposed facilitating flexible, 'shared' apprenticeships between micro and SME businesses to alleviate cost pressures associated with longer-term training - reflecting the responses of 23% of survey respondents.

## Contact Us

For queries related to the West Midlands and Warwickshire Local Skills Improvement Plan, please contact:

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