

# **Birmingham Skills & Employment Vision: 2016 to 2026**



# Contents

<b>Contents.....</b>	<b>2</b>
<b>Foreword.....</b>	<b>3</b>
<b>Executive Summary .....</b>	<b>4</b>
<b>Introduction.....</b>	<b>8</b>
<b>A strong future for Birmingham .....</b>	<b>9</b>
<b>What do Birmingham's employers need?.....</b>	<b>12</b>
<b>What do Birmingham's people need?.....</b>	<b>15</b>
<b>Participation in education, training, and employment support .....</b>	<b>20</b>
<b>What do we need to do? .....</b>	<b>24</b>
<b>Skills City Birmingham.....</b>	<b>31</b>



# Foreword

Leader of Council

and business leader?

*1 page*



# Executive Summary

## Birmingham Skills Vision

Birmingham's employers will be creating thousands of new jobs in the coming years. New major employers will be coming to Birmingham and our small and medium employers will be generating new jobs as well. We want Birmingham residents to succeed in getting these jobs and to reduce unemployment. This is a challenge for everyone – employers, individuals and our schools, colleges and training providers.

## Our Ambition

To get more of our residents into work and to catch up with other cities we have to set our sights high. This is why Birmingham's ambition needs to be:

- **70,000 new jobs** up to 2026
- An **employment rate of 67%** compared to 61.5% now
- A **reduction of 15,000 people** claiming welfare benefits.

Our local economy has created 13,000 new jobs over the last two years. A strong start but we still lag behind other cities – we have more unemployed and less of our workforce in jobs. We want to do more to create the right conditions for businesses to grow and thrive. Improving skills will help increase productivity and economic growth in the city.

Much is already being done but new efforts are needed to boost the skills and qualifications which employers say they will need. Over the next 10 years Birmingham employers are forecast to want many more people who are highly qualified. We will need 78,000 more people with 'A' levels (or equivalent), as well as people in high quality Apprenticeships. The consequences of not boosting skills will be a:

- **surplus of 24,000** low skilled workers
- **surplus of 5,000** medium skilled workers
- **shortage of 46,000** high skilled workers.

Everyone has a role to play in helping make Birmingham a learning city.

- **Young people** need to make informed choices about their careers

- **Adults** need to decide how to invest in their skills and qualifications
- **Employers** need to train their workers for a changing world of work
- **Schools, colleges and training providers** are not only excellent but providing the qualifications employers need.
- **National and local government** working together to make sure there are strong and effective policies and programmes

The Birmingham Skills Vision sets out how the City Council will help meet these ambitions – together in a new partnership with our business leaders, and our education, training, and community leaders.

The Birmingham Skills Vision is backed up by the best information available on what employers are demanding now and what they will need in the future. This is set out in a separate report '**Birmingham Skills: supply and demand**'.

To meet the skills and employment challenge we are proposing **five main ambitions** to focus our efforts.

## 1. Skills for growth

Our vision is for Birmingham's education and training system to be better informed by what employers need – not just qualifications but employability as well.

Birmingham City Council will consult on how to improve skills and jobs information that can be used by everyone delivering and using education, skills and employment support. We will do this by:

- developing in partnership **new digital solutions** to increase access to information on **jobs, careers and training** for everyone
- create a **labour market information hub** for schools, universities, colleges and training providers – to inform the courses and qualifications they offer.

## 2. Helping young people decide

Our vision is that every Birmingham young person has access to excellent information, advice and guidance on academic and vocational pathways to a job and a career.

Our careers advice in the city is not good enough and needs modernising. It needs to be fit for purpose for the 21<sup>st</sup> century. This why we will renew our Birmingham **Youth Promise** and plan to go further. We will:

- plan with partners a **Birmingham careers and jobs advice service**, building on the best of existing initiatives and promoting collaboration
- work with Jobcentre Plus and the Department of Work & Pensions to bring their **jobs market knowledge into schools**
- **work with business to deliver a step change** in how young people can experience the world of work by providing two weeks of work experience every year for every young person over 14 years old
- ensure there is **a gateway for all Apprenticeship opportunities** in Birmingham.

We want to take steps to help ensure everyone knows what their choices are - providing clear academic and vocational pathways to careers and how to pursue each pathway. We will:

- consult on how a **single accessible database** of provision can be developed
- consult on a **single application gateway** for post-16 provision.

### **3. Birmingham Employers Challenge**

Our vision is that together with employers we can increase and improve work experience and training opportunities.

Employers can, and should, have more influence on how we improve the employability of the workforce. To achieve this we want to work with employers to:

- to **plan together the numbers and types of Apprenticeships** we will need in the coming years
- stimulate **many more Traineeships** and work experience placements
- **reduce employment rate gaps** for the most disadvantaged communities.

Birmingham's apprenticeship target should be 82,000 by 2020 – a significant stretch on before. To deliver improvement there will need to be new partnership arrangements at the city level, which will work closely with the Greater Birmingham and Solihull Local Enterprise Partnership.

In the future the City Council's commitment to Birmingham employers will be to demonstrate how Business Rates are used to: promote a more skilled workforce; stimulate apprenticeships and traineeships; and reducing the costs of recruitment.

## 4. Opportunity for all

Our vision is to show that economic growth can benefit everyone. This means getting more of our unemployed off welfare and into sustainable employment.

With the new powers of the Combined Authority we will have a stronger influence over how funds for skills and employment can be spent in Birmingham. The challenge is significant with the ever increasing need for higher qualified people, but we can help everyone benefit by:

- continuing to **target efforts** on those areas of Birmingham with the highest number of claimants
- **working with Jobcentre Plus to widen opportunities** for basic skills training and relevant qualifications especially for Employment Support Allowance claimants
- **focusing the Adult Skills Budget** on promoting access to learning for disadvantaged people
- using **public sector procurement** to increase opportunities for unemployed people.

## 5. Skills City Birmingham

Birmingham competes in a global economy and one of our advantages is our skilled workforce. This is why we will use every opportunity to promote Birmingham as 'Skills City'. Our efforts will be to improve collaboration across the city in how education and skills are delivered. To drive this forward we need a new partnership between our business leaders, our education, training, and community leaders, and the Council. At the same time we will look at the best of what is happening elsewhere in the UK and globally so we can build on success.

To help make this happen we will:

- start by **reviewing all of our partnership arrangements** for skills and employment
- commit to **a new high-level partnership** between our business and civic leaders.

# Introduction

The Birmingham Skills Vision sets out how the skills challenge for Birmingham over the coming decade. Thousands of new jobs will be created in Birmingham with many demanding new skills and higher qualifications. Delivering strong economic growth, improved productivity and full employment in Birmingham will, in part, be dependent on how Birmingham responds to the skills challenge.

With the new **West Midlands Combined Authority** the City Council and its partners will need to work together across the region to boost skills. To deliver the Combined Authority's new responsibilities an **Employment and Skills Strategy** has to be developed.

The Birmingham Skills [and Employment] Vision is a contribution to the development of the Employment and Skills Strategy. It sets out the challenges and priorities for Birmingham, in the recognition that Birmingham is one partner in the new Combined Authority.

The City Council has developed the Skills Vision to:

- clearly set out the skills challenge we have over the coming years
- stimulate more partnership planning for how we meet the challenges
- ensure that our adults and young people have the opportunities they need to succeed in tomorrow's labour market, especially for our disadvantaged communities.

The Skills Vision sets out the business growth sectors, the skills and qualifications that will be needed, and the jobs and careers that will be in demand. The detail of this is set out in a separate Technical Report.

The Council works closely with the **Greater Birmingham and Solihull Local Enterprise Partnership** (GBSLEP) to ensure policies are co-ordinated and the needs of the City are reflected in plans.

Individual learners (young and old) need choice and opportunity – to start a career, to change careers, to attain personal goals, and to get a sustainable job. This is why the City Council wants Birmingham to be seen as **Skills City** – where learning is valued and rewarded.

# A strong future for Birmingham

Birmingham is the regional hub for the West Midlands with over half a million people working in the city, an economic output of more than £22 billion per annum.

Birmingham has the advantage of a youthful population. We have many more young people than other cities. This will help us meet our future skills challenge, but only if we give our young people the best possible start.

However, up to 2026 there will not be enough young people to close the skills gap – we will also need to upskill adults who are already in the workforce.

## Boosting skills and jobs in Birmingham

Employment forecasts estimate there will be an additional 29,000 jobs created by 2026, but with the start of HS2 there will be many more. Indeed, rapid progress is being made with 13,000 new jobs created in the last two years

But we need to do more – our employment rate is the second lowest of all English core cities. The Birmingham economy needs to create even more jobs to close the employment gap with other cities, and an increasing proportion of these will demand high qualifications.

**Our ambition should be an extra 70,000 residents into employment by 2026 – increasing the present employment rate of 62% to 67%.**

This would halve the gap between Birmingham's current employment rate and the UK employment rate. It would also take us above the current English core city average of 66%.

This equates to 6,000 extra jobs every year to 2026. Over the last two years Birmingham has been on target to do this. Some of these jobs will be filled by people commuting into Birmingham but there are more than enough Birmingham residents to fill the additional jobs. In addition, a growing West Midlands economy will also give opportunities for Birmingham residents to find work outside of Birmingham.

The challenge we face is **closing the skills gap** between the skills people have now and the skills employers will need in the future. If our employment ambition is to be met, then employers in Birmingham will need more high qualified people, and fewer people with low or no qualifications.

The consequence of not increasing skills levels by 2026 will be:

- 174,000 low skilled people chasing 150,000 low skilled jobs – **a surplus of 24,000** low skilled workers with an increasing risk of unemployment
- 85,000 people with intermediate skills will chase 80,000 jobs – **a surplus of 5,000** people
- Employers will struggle to recruit to the estimated 230,000 high skilled jobs with only 184,000 high skilled workers – **a shortage of 46,000.**

## **Productive people, Productive businesses**

Economic growth will be restricted if employers can't recruit the skills and capabilities they need. It has been estimated that up to 25% of growth could be lost by not investing in skills.

The skill levels of Birmingham's population will have a strong bearing on the future prosperity of our workforce and the productivity of the Birmingham economy. With the current trend of more jobs in professional and technical occupations, the ability to compete in the labour market is increasingly dependent on higher level skills and qualifications.

When compared with the UK and other cities, Birmingham has a relatively low number of highly skilled residents and a higher number with low or no formal qualifications.

Nearly 16% of all working age residents have no qualifications and this rises to 27% for workless people. Furthermore, there are large differences between qualification levels of residents from different parts of the city and between different ethnic groups.

GCSE attainment levels in the city have undergone a significant improvement over the past decade and are now similar to the national average. However, the improvement in GCSE attainment has yet to pass through to a sufficient improvement in overall working age qualification levels.

Although there has been a small increase in the proportion with University degrees since 2005, all other core cities have seen significantly greater increases over the same period. This has created a widening gap between Birmingham and the core

cities – over the next 10 years we need to stop the gap widening and start to narrow it.

To help residents succeed Birmingham strategic partners will need to:

- help residents achieve the skill levels that employers will be demanding
- target initiatives to help disadvantaged communities
- new initiatives for those who are not claiming welfare benefits but want advice
- encourage those who want to progress in work by increasing their skills.

Increasing the employment rate will not be achieved if the skills gap in Birmingham isn't addressed – employers need the skilled labour to recruit and to grow.

## A more inclusive city

In boosting the employment rate we also want to reduce the employment rate gaps for disabled people, ethnic minorities and other groups which struggle to find jobs.

Ethnic minority people have an employment rate of 51% compared to 68% for the white population – an ethnic minority employment rate gap of 17 percentage points. This is significantly above the national gap of 12.5 percentage points.

The employment rate for disabled people in Birmingham is 33% compared to an employment rate for non-disabled people of 69% - a disabled employment rate gap of 36 percentage points. This is slightly above the national gap of 33 percentage points.

The Government is committed to halving the disabled employment rate gap over the next five years. In Birmingham this will mean helping 19,000 disabled people either stay in work or find work, of which around 6,000 could come from those on the Employment Support Allowance.

A thriving labour market will help but will not achieve this on its own, we need to make sure that tight resources are targeted on those that need them most.

# What do Birmingham's employers need?

## Who are employers recruiting now?

For the 12 months from September 2014 there have been **172,000 vacancies in Birmingham posted online**. In addition there will be other vacancies where employers recruit by word of mouth, often low skilled jobs.

The highest number of vacancies in the city has been for:

- Sales and marketing professionals and retail staff
- IT professionals
- Teaching and Health professionals
- Business professionals.

**These occupations cover nearly 50% of all vacancies advertised online.**

Whilst these vacancies cover the full qualifications spectrum there is a clear demand for 'professionals' where good qualifications are usually required. The skills and qualifications needed for the high demand occupations are:

- business management – including sales and marketing
- science and maths
- advanced and basic IT skills
- caring and health related skills.

Finding people with the right qualifications is only one aspect of the recruitment difficulties that employers face. Employers are clear that issues around employability, motivation and an absence of so-called 'soft' skills such as team-working and communication skills are a significant barrier to recruitment. Employers particularly report that young people lack the appropriate work ethic and attitudes to employment.

In a survey of employers there were some soft skills that are more difficult to find in Birmingham compared to the rest of the country. These include:

- planning and organisational skills
- written communication skills
- basic computer literacy
- foreign language skills.

To address the problem of finding people with the right qualifications skills

### **Birmingham employers spent more on advertising and recruitment**

compared to the rest of the country. They also re-designed jobs and increased training for existing employees.

## **Who will employers be recruiting in the future?**

Employers say that the pace of technological change is leading to the need for new skills at a faster pace than ever before. To compete successfully they need employees with the skills to adapt to emerging demands.

Most new jobs in the West Midlands will primarily come from the private sector as reductions in public spending continue. However, jobs that are mostly funded by the public sector (including health and education) account for over a third of employment in the city<sup>1</sup>.

**Business and financial services:** This will be the sector with the largest number of job openings. It is estimated there will be 19,000 new jobs to be filled in Birmingham by 2022 and 71,000 jobs to replace workers who are retiring or leaving the labour market.

**Advanced Engineering & Manufacturing:** Overall, it is predicted that there will be 11,000 job openings in this sector up to 2022 in Birmingham. However, total employment will fall from present levels. It is estimated that future demand for STEM qualifications will outstrip supply.

**Information technology:** This sector mostly demands highly qualified people. Many students are doing basic IT courses but more need to move into higher level courses if the anticipated demand for IT skills is to be met. Overall, there will be 7,000 job openings in this sector by 2022 including 4,000 new jobs.

**Wholesale and retail:** Expansion in this sector will largely be due to an increase in professional and managerial positions. However, the level of churn means a large

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<sup>1</sup> These figures do not include employment projections for HS2, which is predicted to generate 65,000 jobs in the West Midlands up to 2022 – mostly spread over the manufacturing and construction sectors ('Getting our People Ready for HS2', Albion Economics, Solihull Observatory).

number of opportunities at the entry level for sales assistants and cashiers. Forecasts show a total of 29,000 job openings by 2022, but only 2,000 new jobs with the rest replacing retiring workers.

**Education:** There will be an increased demand for Level 3 and above qualifications, especially degrees. However, overall there will be fewer jobs in this sector. Forecasts show 21,000 job openings by 2022, a loss of 2,000 jobs on present levels in Birmingham.

**Health and Social Work:** Demand for more professional and managerial positions in the health sector is increasing. Higher qualified caring roles are in demand and will make up 75% of the predicted net gain in jobs for this sector of 9,000 to 2022. Overall, there will be 42,000 job openings in this sector by 2022.

**Construction:** It is predicted there will be 15,000 job openings in this sector by 2022 which includes 4,000 new jobs. Growth will be due to an increase in skilled trade occupations and professionals. Self employed will make up to 36% of total employment.

**HS2** should also have a major impact in construction. Projections show an additional 65,000 jobs could be created up to 2022 during the build phase of the project. These jobs will be primarily in the fields of design, project management, civil engineering construction and specialist railway engineering.

## Summary of challenges

1. In Birmingham it is not a lack of demand for workers but a lack of supply of workers with the skills and qualifications which employers want.
2. How Birmingham uses the available information and data on the current and future skills demands of employers.
3. How can this information be used to align skills training, reduce skills mismatches, and reduce the costs for employers?

# What do Birmingham's people need?

## The all age skills challenge

Birmingham has a proud history of a skilled workforce but for too long has lagged behind on some of the key indicators:

- it has almost twice as many people with no qualifications (16%) compared to the UK average (9%)
- below average numbers of people with graduate level qualifications compared with the UK and other core cities
- less than half of the working age population are qualified to Level 3 and above, commonly considered to be a pre-requisite for a world class workforce.

One of the city's successes has been rising numbers of pupils achieving 5 or more GCSEs at A\*-C and Birmingham's performance now outstrips the England and core cities averages. Attainment rates of 5 GCSEs including English and maths are in line with the national average.

However, despite this improvement Birmingham has one of the lowest employment rates for 16-24 year olds (37%) in the country (51%) and youth unemployment is high.

Of greatest concern is that 1 in 8 young people aged 16-19 have no qualifications at all. Whilst this is in line with the national picture it leaves school and college leavers ill-prepared to meet the rising skills and qualifications needs of employers.

To match the national average of people qualified to Level 3 and above, an **additional 78,500 residents will need to be upskilled** over the next ten years. Qualified young people (under 19) will account for approximately 10,500 (13%) but this means 87% or **68,000 adults who are already in the workforce will need to improve their qualifications.**

Annually there are around 10,000 people (19 years and older) doing a Level 3 qualification in Further Education. This is a **shortfall of 7,000 adult students** if we are to meet the target of 78,500 more people with Level 3 by 2026.

The demand to replace retiring workers will mean there will always be the need for people with lower qualifications, for example, in retail, hospitality and personal and protective services. But even these jobs require greater levels of numeracy, IT skills, customer service skills. It is important that a focus on priority sectors does not overlook the needs of employers and employees in these key enabling sectors.

The challenge is to consider how best to promote training, development and progression opportunities for those who are entering or are already employed in lower skilled positions. Lower skilled adults in work tend to be the least likely to be involved in training through their employer, and are at risk of becoming increasingly limited in their future employment chances and upward mobility.

## **Getting on the right pathway**

Forecasts for the West Midlands show that between 2015 and 2022 there will be:

- A 24% **rise** in the numbers needed with Level 4 qualifications
- A **fall** of 26% in the numbers of employees needed with no qualifications.

Local employers confirm these trends and say that the demand for workers with qualifications below Level 2 is declining as automation and capital investment de-skill core manufacturing jobs. Employers say they are more likely to look for people with degree level qualifications because of the fast pace of technological change.

**Despite rising levels of attainment, Birmingham stakeholders were clear in our discussions – the education and skills system does not provide young people with the skills, attitudes and motivation that employers need.**

There were strong and widely held views that:

- employability is not embedded in schools and insufficient young people follow vocational routes at Levels 3 and 4
- careers advice was inadequate or, at best, perceived as variable
- vocational learning is neither valued nor promoted by schools.

Competition between post-16 providers appears to unduly influence the advice that young people receive. There is a lack of confidence that schools have sufficient knowledge of different progression pathways at 16, particularly in relation to vocational options. Furthermore there was a perception of an insufficient fit between what employers need and subjects and levels being offered and studied.

## **Consequently students do not always make sound choices for their future employment prospects.**

From the schools' perspective, up-to-date information on the labour market can be hard to find and the drive to improve academic performance means that the time allowed for employability-related activities is squeezed. Careers information is being pushed towards younger children so as not to impact on GCSE activity.

Engaging with employers is time-consuming and not always productive and work experience does little to encourage social mobility since students often have to use their own contacts to arrange placements. There is also said to be a confusing array of initiatives designed to support schools each with competing demands on teacher time.

A constant theme of stakeholder discussions was the perceived **lack of aspiration on the part of some young people and possibly their parents as well**. Whilst digital solutions to careers information can be a vital aid to some students, those with less motivation need face-to-face guidance and support, as much as information.

Apprenticeships are the government's flagship programme for vocational learning and the city needs to play its part in realising the government's ambition to increase the number of apprentices to 3 million by 2020. But in practice, the number of young people under 24 taking up apprenticeships in Birmingham was lower in 2014/15 than five years ago.

## **If you're out of work**

With one of the highest unemployment rates in the country, tackling worklessness is a priority for Birmingham. Those out of work are more likely to have low qualifications, and from an employer perspective, limited employability. More than half (53%) of those out of work are qualified at below Level 2 or have no qualifications, compared with 41% in the UK.

However, a lack of skills is often just one of the issues unemployed people face with, for instance, physical and mental health issues, language and care responsibilities all combining to form barriers to work. **The challenge is for how skills providers, Jobcentre Plus, the council and health can all work together to reduce barriers.**

Generally those out of work with low qualifications live in the more deprived parts of the city centre. This is why the **District Skills Training and Jobs Plans are**

**important** for targeting resources on those areas that are the most deprived and helping partners work together. Initiatives, such as **CSR City**, are important for engaging with employers on the impact of long-term unemployment on individuals and communities.

Quality labour market intelligence is also vital to ensure that people who are out of work benefit from information, advice and guidance and routes to learning, training and employment. **In our consultations, Birmingham partners were keen that there should be an 'all age' service supporting both young people and adults.**

DWP's Work Programme is the largest provision for unemployed people and almost one in ten of Birmingham's workers have been on it (see page XX). The view in Birmingham was that more could be done to improve access to skills training whilst on the Work Programme, and much more could be done to improve the number of people that get jobs.

## If you're in work

The majority of the 2026 workforce are already in work but fewer employers train their staff in Birmingham (62%) than in the UK (66%). There are also significant differences in those employees who receive training – part-timers, the lower qualified and people working for small firms lose out. However, on the positive side of all Birmingham employers:

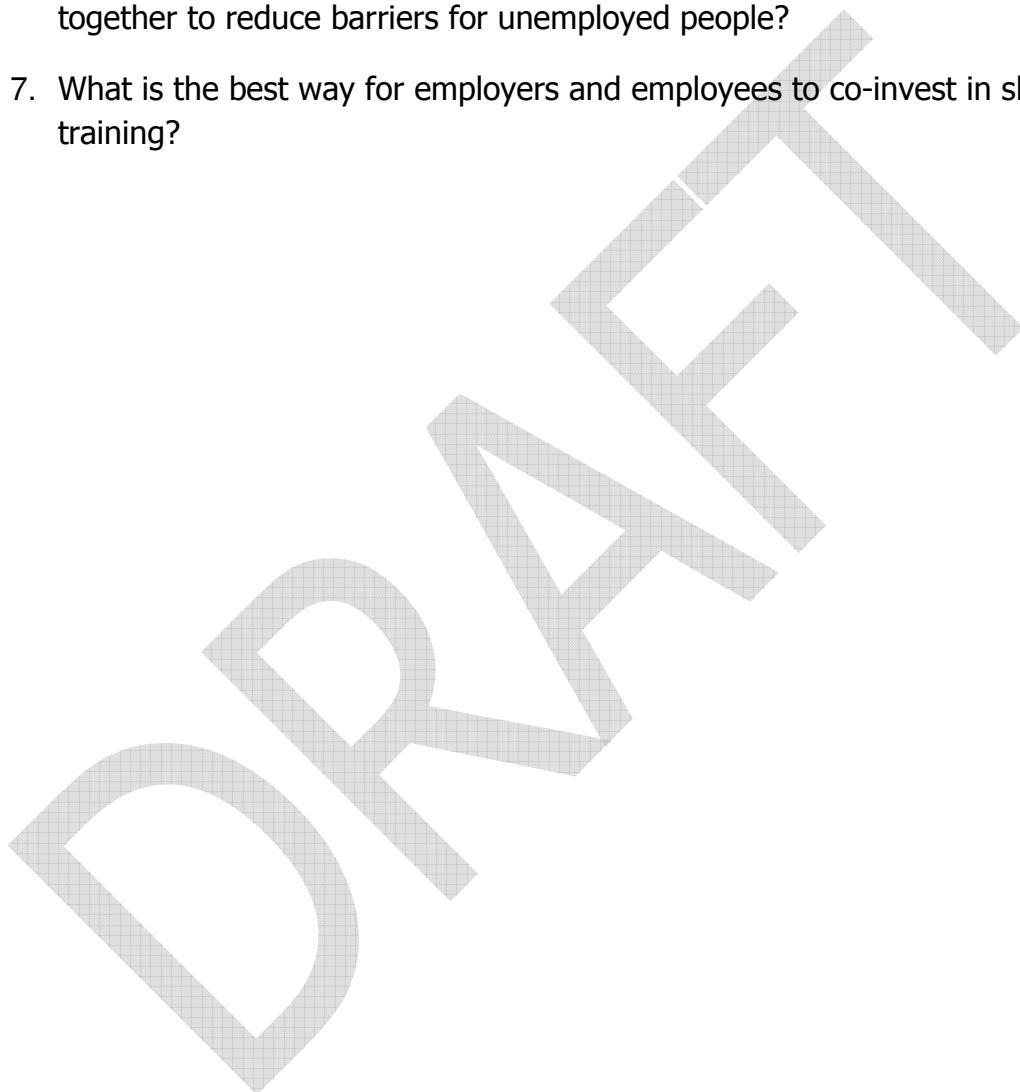
- 47% have training plan, compared with 41% in the UK
- 32% have a training budget, compared with 30% in the UK.

The barriers to increasing levels of employer training are primarily due to employers considering that their staff do not need training coupled with a lack of finance to invest in training, particularly amongst smaller employers. In the future employers will need to be encouraged to **co-invest in training and staff development**.

The evidence of low pay in the economy and in-work poverty suggests the need for a stronger emphasis on **promoting opportunities for progression** and training for those in lower skilled, entry-level positions. This issue is of particular importance given that many people leaving benefits take their first step on the 'jobs ladder' by accepting lower skilled, entry level work.

## **Summary of challenges**

4. How best to promote training, development and progression for those in low skilled, low paid jobs?
5. How to better inform young people and their parents about the value of vocational pathways?
6. How skills providers, Jobcentre Plus, the council and health can all work together to reduce barriers for unemployed people?
7. What is the best way for employers and employees to co-invest in skills training?



# Participation in education, training, and employment support

## Education participation and budgets

After their GCSE's 89% of our young people stay on in education – about the same as the national average. But to close the qualifications gap we need to continue to reduce the number of 16-18 years olds who are not in education, employment or training (NEET) – helping them to continue to study or start an Apprenticeship or Traineeship.

Currently 7.2% 16-18 year olds are NEET in Birmingham, above the national average of 4.7%. Our first step should be to reduce our NEET numbers to the national average and then to move towards ensuring all our 16-18 year olds are in education and/or employment.

Participation in education for 16-18 year olds<sup>2</sup> is split between:

- 39% in school sixth forms
- 14% in Sixth Form Colleges
- 32% in Further Education Colleges
- 3% in Apprenticeships.

These vary slightly from the West Midlands and England averages in that there are fewer in Birmingham entering Further Education Colleges (West Midlands = 37%, England = 34%) and more entering Sixth Form College (West Midlands = 11%, England = 13%).

For everyone completing their A levels (or Level 3 equivalents) 51% go to University somewhere in the UK, compared to the England average of 48%. In addition, in 2013/14 it was thought that (on completing A levels or Level 3 equivalents), 21% went on to study at an FE College and 4% started an Apprenticeship. The rest would be either in employment, unemployed or economically inactive.

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<sup>2</sup> 5% to other providers and 9% activity not recorded because either not sustained, not sustained and recorded as NEET or unknown activity

**In 2013/14 there were 98,000 students at FE Colleges and other training providers. Of these, 22,000 were aged under 19 and 76,000 aged over 19.**

The total expenditure in Birmingham in 2015/16, for those aged 19 and over education and training, was around £73 million<sup>3</sup>. **From 2016/17 the new Combined Authority will have a greater influence over how some of these funds are to be spent.**

“It [the West Midlands Combined Authority] will develop a series of outcome agreements with providers, about what should be delivered in return for allocations in the 2016/17 academic year.”

How these funds are spent is an important resource in the upskilling needed in Birmingham and to further reduce the flow of low qualified people into the labour market.

The European Social Fund (ESF) also supports a wide range of training across Birmingham. Between 2011 and 2015 an estimated £32 million has been spent on projects targeting disadvantaged people of all ages.

For projects up to 2018 there is a budget of £33.6 million – halve of which is for the Youth Employment Initiative, which is ‘to promote the sustainable integration into the labour market of young people, in particular those who are not in education, employment or training (NEET).’

## **The Work Programme**

The Work Programme is the largest programme for long-term claimants (both JSA and ESA) in Birmingham. It was contracted nationally by DWP and Birmingham is part of a larger contract area.

Since it commenced in 2011 a total of 59,160 people have been referred to the programme. **This means almost one in ten of all Birmingham’s working age population have been through the Work Programme in the past four years.**

Consequently if the programme is successful it should have a positive impact on reducing long-term unemployment in the city.

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<sup>3</sup> Skills Funding Agency 2015/16 allocations for Birmingham Colleges: Adult Skills Budget = £49m; Community Learning = £6.4m; 19+ Discretionary Learner Support =£5.5m; 24+ Advanced Learning Loans Facility & Bursary = £12m

On average 25% or one in four got a sustained<sup>4</sup> job through the programme in Birmingham. This is the same success rate for the Core Cities and just below the national average of 26%.

However, the average covers a wide variation of performance for the different groups of people that join the programme. For example, young people on JSA were the most successful group with 34% getting a job.

There were many more JSA claimants (52,290) who were referred compared to 6,490 ESA claimants. In part this reflects the higher levels of JSA in Birmingham.

**JSA claimants were much more successful in getting jobs (27%) compared to ESA claimants (10%).**

Whilst the ESA success rates are broadly comparable with the national average, **performance for people with disabilities and health problems is too low and will need to be the focus of concerted action in the future.**

## What more needs to be done?

There remain some significant issues in how skills training and employment support is planned in the city. What people have said to us is that there is:

- **A lack of genuine high level co-operation** at a strategic level
- Significant **concern about the level of funding** in future years, with significant reductions in adult skills funding
- **Too many initiatives** and a reluctance to let go of ones that aren't working and a perception that there remain duplication of services
- **poor careers advice leads to a mismatch** between subject choices and vacancies.

Each of these shows the need for radical steps for how we as a city:

- stimulate debate about the skills we need and how to deliver them
- consult, plan and fund provision in the future
- put right the deficit in careers advice.

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<sup>4</sup> 'Sustained' is defined as either six or three months employment depending on the disadvantage of the participant

## **Summary of challenges**

1. How do we further reduce NEETs?
2. Developing our priorities and targets for the devolved Adult Skills Budget
3. Improving performance of the Work Programme up to April 2017 and co-commissioning a new programme
4. Providing more leadership and planning in skills and employment.



# What do we need to do?

## What can employers do?

### Apprenticeships

Employers have told us they recognise that by supporting apprenticeships they can play an active part in developing and shaping a future workforce which is better prepared to meet their needs.

Both public and private employers across Birmingham recognise they need to play their part in delivering the government's ambition of three million apprenticeships by 2020. **Birmingham's share of the apprenticeship target is 70,000 by 2020** (if using the number of 18-24 year olds in the city). This is over 14,000 each year – a significant stretch of the 11,500 apprenticeships in 2014/15.

Birmingham's large employers will be paying the new Apprenticeship Levy from April 2017<sup>5</sup> and we need to ensure that Birmingham benefits by creating more high quality apprenticeships.

To deliver number of challenges, including:

- more work is needed to persuade **young people and their parents** that apprenticeships are a career path and can offer progression opportunities
- the **level of apprenticeships across different sectors varies significantly**, with some sectors making strong and effective use of apprentices while others are still not engaging as they might
- Some employers in supply chain firms and smaller businesses report finding it **hard to attract high quality apprenticeship applicants**. But there is strong demand by young people for apprenticeships with high-profile employers.
- Some employers, especially SMEs, believe the processes involved in recruiting and training apprentices are **too bureaucratic and complex**. Employers which have never had an apprentice need support to navigate the system.

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<sup>5</sup> The levy will be introduced in April 2017 at a rate of 0.5 per cent of an employer's paybill. Employers will receive an allowance of £15,000 to offset against their levy payment, which will only be paid on payrolls in excess of £3m.

## **Traineeships**

One frequently reported challenge by employers relates to the work readiness of some young people, who too often leave education with a poor understanding of the demands of the world of work. For some employers this is as much of a concern as worries about the technical skills and abilities.

**For young people with low qualifications and little work experience**

**Traineeships can help by providing a pathway to employment or an apprenticeship.** Many employers and partners feel that the full potential benefits of Traineeships are not being realised.

In Birmingham there are over 40,000 eligible young people who, at the moment, do not have sufficient qualifications or experience to succeed in competing for an apprenticeship. In 2014/15 in England just 19,000 young people started on a Traineeship. **Traineeship numbers need to be significantly improved.** Of those who did a Traineeship, 40% moved on to a job or an apprenticeship.

If Birmingham employers could offer more suitable work experience opportunities, then as a city we could start to increase the number of Traineeships. Local partners and central government need to ensure the support infrastructure and funding is available to deliver relevant training and support. **In the future Traineeships need to become as much part of the skills landscape as apprenticeships have now become.**

## **Work experience guarantee**

While apprenticeships and traineeships will play an increasingly important role, they are only parts of the solution to the challenge of effectively preparing all those entering the labour market for the first time.

All young people deserve the opportunity to develop their vocational awareness of the workplace alongside their academic studies. The city needs a step change in its level of engagement between employers and young people.

One way to achieve that step change is by extending the Youth Promise to work with schools and Further Education to offer all young people **a guaranteed two weeks of work experience each year from the age of 14.** One week would be in school/college time and would be compulsory and the other week would be voluntary and in a student's own time.

Employers throughout the City across all sectors and all sizes will need to step forward and engage with local schools, colleges and training providers to make this

a reality. Birmingham has some excellent examples of effective education business links and this best practice can be built on.

## Individuals and communities

### Effective Careers, Information, Advice & Guidance (CIAG)

The adequacy, effectiveness and impartiality of careers information, advice and guidance are something that many across the City agree should be a **priority for improvement**.

Given responsibility for CIAG lies with individual education and training providers there is a real need for a city-wide response to this issue. At its heart needs to be a public commitment from all those charged with delivering CIAG to place the individual and their needs at the centre of service delivery.

At the moment there is a widespread belief that a range of issues including, vested interests, inadequate resources and competing time pressures mean that some young people do not get the CIAG they deserve. **Financial and institutional interests need to be put firmly aside when advising young people on their futures.**

However, in the future everyone will need to take more responsibility for seeking information and advice about how they can progress in their career by investing in training. This may involve decisions about whether to take out a loan to pay fees to a college or university.

### Integrated approaches

Individuals are often put off and confused by what is on offer and whether training has to be paid for or not. As a City we need to commit to a more co-ordinated approach between different agencies and initiatives.

This particularly applies to organisations and initiatives delivering services to people who are out-of-work, which are not effectively co-ordinated. Too many organisations are only able to address single causes of unemployment rather than the multiple barriers which many face.

**Such an approach will need to be forged around a common set of outcome measures that all parties agree to work towards.** Key to success will be effectively drawing in those organisations from outside the traditional learning and employment arena, such as the NHS.

## Local solutions

While Birmingham is in many ways one City facing common challenges and opportunities, it is also a network of distinct and different communities and local labour markets.

The **District Jobs and Skills Plans** need to be built on still further, in order to exploit their full potential for integrating provision. These plans need to be jointly owned and seen as the key vehicle through which all local economic players in an area plan provision.

This neighbourhood approach to skills planning has a particularly important part to play in narrowing, and ultimately closing, the employment gap that exists between disadvantage communities and other areas of the City.

## Schools, Colleges, training providers and Universities

### Simplicity & Collaboration

The size, scale and diversity of Birmingham's skills and employment system undoubtedly create benefits for employers, individuals and society as a whole.

However, one of the consistent messages from employers, their representatives and wider stakeholders is that the **skills landscape in the City remains too complex, opaque and difficult to navigate.**

People are confused by the array of organisations and messages they receive. The myriad of initiatives and organisations involved in supporting the functioning of the labour market needs to be simplified and better co-ordinated.

The current **Area Based Review of Further Education** offers the potential for reducing competition between organisations, and a shift to a system in Birmingham which is **more explicitly centred on collaboration and specialisation.**

A commitment is needed from all those involved in the skills system to work together to focus on common access routes to the range of services and support that are available. These new routes could, for example, include:

- A **unified gateway for all apprenticeship opportunities** in Birmingham
- A **single assessable database of all learning opportunities** available across the City; and

- A **single post-16 gateway for all post-16 provision**, similar to UCAS for higher education.

While all of these options will need further work to assess their practicality and deliverability, the only way any new system will succeed is if it is forged on a shared understanding that the existing, fragmented system is not fit for purpose.

## Focusing learning provision

Given the continuing reductions in the funding available to support post-compulsory education and training, it is going to be even more important in the future that post-16 providers in the City focus on delivering learning and training that is proven to be effective and which is ever more closely linked to the needs of the economy.

In order to achieve this, those responsible for planning learning provision will need to **find even better ways of anticipating and responding to employer and economic needs**. Real-time LMI sources that are able to highlight areas of increasing demand or emerging recruitment difficulties are one such mechanism and need to become part of the standard data sources that are used to more closely align provision with future economic demand.

Learning providers will also have an increasing role in responding to **large-scale economic development projects** and in helping to plan that Birmingham has the appropriately skilled people at the right time and in the right number in order to maximise the local benefit of these developments.

## Birmingham City Council

The City Council's role will need to be twofold. **Firstly, enabling Birmingham's partners to work together more effectively. Secondly, use its powers and statutory responsibilities to promote more opportunities for everyone.**

Enabling stronger partnership means improved dialogue and clearer mechanisms to articulate the skills ambitions of the city. This can be done by:

- **jointly reviewing the existing formal partnership arrangements** to ensure they are focused on planning city-wide action
- **improve the strategic leadership** for skills and training in the city, combining employers, the council and providers
- develop a **common and shared analysis** of the challenges, priorities, and actions

- ensure **the needs of the City are reflected** in the policies of the new Combined Authority and the Local Enterprise Partnership.

The Council can use its existing powers and responsibilities to inform partnership planning and deliver more opportunities:

- significantly improve accurate and timely labour market information for use by everyone
- continue to support and develop the use of Council procurement and planning powers to target job and training opportunities on local residents, workless people and those most in need of additional support, work to date has been widely regarded as a model of best practice
- to improve the planning, targeting and use of resources by incorporating District Jobs and Skills Plans into city-wide action planning.

In the past the City Council has had few direct powers to influence the delivery and achievement of skills and employment programmes. This will change with the devolution of the Adult Skills Budget and the devolution of new responsibilities to the West Midlands Combined Authority. Consequently this will mean the City Council will need to **develop a partnership approach in building capacity** to deliver these new responsibilities.

## Birmingham Jobcentre Plus and DWP

DWP, and their contractors, play a central role in Birmingham in helping all claimants move into sustainable work. They have ambitious targets for reducing the time that people spend on benefits in Birmingham, which includes all young people (18-24 year olds) leaving JSA within 52 weeks.

Whilst DWP targets are focused on benefit off-flows, the Birmingham skills challenge needs to address the employability of benefit claimants so that they are better able to secure sustainable employment – off benefits and staying off benefits.

This means that the City Council wants to work locally with DWP to help increase the benefit off-flows to sustainable jobs. To achieve this we want to improve how we work together and make sure our resources are aligned as much as possible. Much is already being done and existing initiatives can be built on:

- more co-location of advisors and services
- improving the sharing of labour market data

- reducing the bureaucracy for claimants by appropriate sharing of personal data
- planning together the use of DWP's Flexible Support Fund
- establishing robust referral processes from DWP to local provision
- identifying those people with basic skills needs and guaranteeing training with local providers.

DWP will be trialling the involvement of Work Coaches in providing careers advice in Birmingham schools. This is a welcome additional resource for careers advice and it will need to careful planning with schools and other careers provision to ensure consistency of advice to young people.

DWP's Work Programme contractors for Birmingham<sup>6</sup> also have challenging performance expectations – for themselves and by DWP. A high performing programme benefits local people and, until the programme ends in April 2017, there should be a common focus by all on how performance can be improved.

DWP's **new Work & Health Programme** from April 2017 will be co-commissioned between DWP and the Combined Authority. This will mean that Birmingham will have an opportunity to set out what it can offer and what outcomes the city would expect.

## Summary of actions and recommendations

1. How to encourage and support employers to offer more apprenticeships, traineeships, and work experience?
2. We need more advice for individuals but every person will also needs to take more responsibility for their training and progression
3. New mechanisms for more collaboration and specialisation such as an apprenticeship hub
4. The City Council and Jobcentre Plus sharing their capacity and developing together new more effective support for the unemployed and low skilled.

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<sup>6</sup> The Work Programme contract area covers Birmingham, Solihull and the Black Country.

# Skills City Birmingham

In the global economy Birmingham is one of Britain's greatest cities, and to thrive it needs world-class skills. There has always been a pride in Birmingham of its world-beating skills in manufacturing and technology. This same pride now has to be applied to the new industries and jobs Birmingham will be creating in the future.

To achieve this there needs to be active **co-investment in skills** by employers, local and national government, and individuals. Each has their part to play in creating **Skills City Birmingham**.

We think there are **five top priorities for action** now and in the future. This report has set out a number of challenges in each section and we summarise these as:

## **Skills for growth**

1. In Birmingham it is not a lack of demand for workers but a lack of supply of workers with the skills and qualifications which employers want.
2. There is good information on the current and future skills demands of employers.
3. What is the best way for employers and employees to co-invest in skills training?

## **Helping young people decide**

1. How to better inform young people and their parents about the value of vocational pathways?
2. How do we further reduce NEETs?

## **Birmingham Employers Challenge**

1. How can this information be used to align skills training, reduce skills mismatches, and reduce the costs for employers?
2. How to encourage and support employers to offer more apprenticeships, traineeships, and work experience?

## **Opportunity for All**

1. How best to promote training, development and progression for those in low skilled, low paid jobs?
2. Developing our priorities and targets for the devolved Adult Skills Budget
3. Improving performance of the Work Programme up to April 2017 and co-commissioning a new programme
4. We need more advice for individuals but every person will also needs to take more responsibility for their training and progression

## Birmingham Skills City

1. How skills providers, Jobcentre Plus, the council and health can all work together to reduce barriers for unemployed people?
2. Providing more leadership and planning in skills and employment.
3. New mechanisms for more collaboration and specialisation, such as an apprenticeship hub
4. The City Council and Jobcentre Plus sharing their capacity and developing together new more effective support for the unemployed and low skilled.

Birmingham will have new opportunities and responsibilities within the new West Midlands Combined Authority to provide answers to these challenges. For the first time in a generation it will be able to directly influence how funds are spent on skills and employment support.

The initial focus will be on the **new Employment and Skills Strategy** which the Combined Authority has to agree with government. In addition, the **Area Based Review of Further Education** will set the framework for colleges for the coming years but Birmingham cannot allow this to be a one-off – it needs to be persistently working with partners to ensure the city's skills system is fit for purpose.

## Our Ambition

We want to do more to create the right conditions for businesses to grow and thrive. Much is already being done but new efforts must be made to boost the skills and qualifications which employers say they will need. Improving skills will help increase productivity and economic growth in the city, but if we don't increase skills sufficiently up to 25% of growth could be lost.

Everyone has a role to play in boosting Birmingham as a learning city.

- **Young people** need to make informed choices about their careers
- **Adults** need to decide how to invest in their skills and qualifications
- **Employers** need to train their workers for a changing world of work
- **National and local government** working together to make sure there are strong and effective policies and programmes
- **Schools, colleges and training providers** are not only excellent but providing the qualifications employers need.

The Birmingham Skills Vision sets out how the City Council will help meet these ambitions – not on its own but together with partners. To drive this forward we need a new partnership between our business leaders, our education, training, and community leaders, and the Council.

Our **five points for action** are:

## 1. Skills for growth

**Our vision is for Birmingham's education and training system to be better informed by what employers need – not just qualifications but employability as well.** The Birmingham Skills Vision is backed up by the best information there is on what employers are demanding now and what they will need in the future.

Birmingham City Council will consult on how to improve skills and jobs information that can be used by everyone delivering and using education, skills and employment support. We will do this by:

- developing in partnership **new digital solutions** to increase access to information on **jobs, careers and training** for everyone
- create a **labour market information hub** for schools, universities, colleges and training providers – to inform the courses and qualifications they offer.

Over the next 10 years Birmingham will need more high qualified people but there will still be plenty of vacancies for people with fewer qualifications. However, there is a skills deficit in Birmingham – we will need 78,500 more people with 'A' levels (or equivalent), as well as people in high quality Apprenticeships. Not reducing this skills gap will hold back growth in the city.

The education, skills and employment system is often complex and confusing for individuals and employers, but it can be informed by the jobs employers are recruiting to now, and where the new jobs are coming from in the future.

Good job and career decisions is not just about young people. Many adults want to get a new job, progress in their existing job or, for the unemployed, find a job. Especially for those with low skills and looking for work we need to improve their routes to not just a job but also better skills.

## 2. Helping young people decide

**Our vision is that every Birmingham young person has access to excellent information, advice and guidance on academic and vocational pathways to a job and a career.**

In a complex world it's difficult for young people to decide their best route into work and a career. At the same time there has been reduced investment in advice and guidance to young people. Wrong decisions can have a large and long-lasting impact on what people earn. Wrong decisions also have an impact on Birmingham's economy – less people with the right skills.

The City Council hears widespread concern about the state of careers advice in Birmingham. We are determined to turn this around, but we can't do this on our own. Co-operation is needed across the board – education, employers, parents and national government. We need to put an end to the confusion and waste of resources caused by too many organisations working in isolation.

At the same time careers advice needs modernising. It needs to be fit for purpose for the 21<sup>st</sup> century

Our careers advice in the city is not good enough and needs modernising. It needs to be fit for purpose for the 21<sup>st</sup> century. This why we will renew our Birmingham **Youth Promise** and plan to go further. We will:

- plan with partners a **Birmingham careers and jobs advice service**, building on the best of existing initiatives and promoting collaboration
- work with Jobcentre Plus and the Department of Work & Pensions to bring their **jobs market knowledge into schools**
- **work with business to deliver a step change** in how young people can experience the world of work by providing two weeks of work experience every year for every young person over 14 years old

- ensure there is **a gateway for all Apprenticeship opportunities** in Birmingham.

We want to take steps to help ensure everyone knows what their choices are - providing clear academic and vocational pathways to careers and how to pursue each pathway. We will:

- consult on how a **single accessible database** of provision can be developed
- consult on a **single application gateway** for post-16 provision.

### **3. Birmingham Employers Challenge**

**Our vision is that together with employers we can increase and improve work experience and training opportunities.**

It's not just qualifications that matter. Birmingham employers are clear they need employees who are not just well qualified but also motivated, with good team working and communication skills, and often excellent customer care skills.

This can't just be left to education and skills providers. Employers can, and should, have more influence on how we improve the employability of the workforce. This is especially true for young people and those who have been out of work for a long time. To achieve this we want to work with employers to:

- to **plan together the numbers and types of Apprenticeships** we will need in the coming years
- stimulate **many more Traineeships** and work experience placements
- **reduce employment rate gaps** for the most disadvantaged communities.

Birmingham's apprenticeship target should be 82,000 by 2020 – a significant stretch on before. To deliver improvement there will need to be new partnership arrangements at the city level, which will work closely with the wider Local Enterprise Partnership.

We agree with the government's commitment to get 1 million disabled people into work over the next five years. In Birmingham this means 19,000 disabled people finding employment, many of whom will be claiming sickness benefits. This is a significant challenge which is why we need to work with employers to:

- promote well-being at work and to prevent people losing their job because of poor health or disability

- work with health partners to prevent ill-health being a barrier to getting a job
- recruit more people with disabilities, including providing work experience.

In the future the City Council's commitment to Birmingham employers will be to demonstrate how Business Rates are used to: promote a more skilled workforce; stimulate apprenticeships and traineeships; and reducing the costs of recruitment.

## 4. Opportunity for all

**Our vision is to show that economic growth can benefit everyone. This means getting more of our unemployed off welfare and into sustainable employment.**

The Birmingham economy needs more high qualified people but at the same time we must make sure that there are opportunities for our whole population, irrespective of their skill levels. Our focus needs to be on closing the skills and employment gaps with other cities. Put simply this means getting more of our unemployed people into sustainable employment.

With the new powers of the Combined Authority we will have a stronger influence over how funds for skills and employment can be spent in Birmingham. The challenge is significant but we can help everyone benefit by:

- continuing to **target efforts** on those areas of Birmingham with the highest number of claimants
- **working with Jobcentre Plus to widen opportunities** for basic skills training and relevant qualifications especially for Employment Support Allowance claimants
- **focusing the Adult Skills Budget** on promoting access to learning for disadvantaged people
- using **public sector procurement** to increase opportunities for unemployed people.

## 5. Skills City Birmingham

**We will use every opportunity to promote Birmingham as 'Skills City'.**  
Birmingham competes in a global economy and one of our key advantages is our skilled workforce.

Our efforts will be to improve collaboration across the city in how education and skills are delivered. To drive this forward we need a new partnership between our

business leaders, our education, training, and community leaders, and the Council. At the same time we will look at the best of what is happening elsewhere in the UK and globally so we can build on success.

To help make this happen we will:

- start by **reviewing all of our partnership arrangements** for skills and employment
- commit to **a new high-level partnership** between our business and civic leaders.

To help make this happen we will start by reviewing all of our partnership arrangements for skills and employment, but with a commitment to establish a new senior leadership partnership between our business leaders, our education, training, and community leaders, and the Council.

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