

STEP FORWARD BIRMINGHAM

Birmingham Skills Accelerator

Project Scoping Report

1. PROJECT OVERVIEW

1.1 Introduction

The skills levels of Birmingham and WMCA residents will have a clear impact on future economic growth. Skills matter to employers – increasing profitability and productivity; and individuals – increasing earning potential and opportunities within the labour market.

We know that the demands of the economy and the future workforce are changing, with employers needing and expecting higher level skills to fully compete in the marketplace. Employers and the workforce need to be ready to meet these challenges head on and investing in the right skills now is crucial to success.

If employers cannot recruit people with the right skills, then productivity and the prosperity of the workforce will be hampered. It has been estimated that up to 25% of economic growth could be lost by not investing in skills¹.

This strategy will target adults and their employers to raise awareness of the benefits of uplifting skills levels on an individual and business level. We want Birmingham residents to be ready for the changes in the labour market, to take advantage of the job opportunities requiring higher level skills and for employers to have access to employees with the skills they are looking for. Working in partnership with the public and private sector and employers, a multi-agency promotional campaign will be developed to encourage the upskilling of the workforce.

This campaign will focus on addressing a number of key areas:

1. Birmingham residents in employment are lower skilled than the core cities and UK average
2. Skills levels in Birmingham and the WMCA area are increasing across all levels but the gap with the national average is not closing
3. Future skills projections are for more highly skilled employees in the workplace
4. High proportion of unemployed population have no qualifications – progressing those in employment into better jobs creates space to move into lower skilled roles
5. Mismatch between Birmingham residents qualifications and the occupational mix of jobs on offer in the city, suggesting that in-commuters are taking up a greater proportion of higher occupations, which is likely to have an impact on earnings .

¹ Birmingham Skills Investment Plan 2015

1.2 Purpose

- To improve skills levels so that people have the *right* skills and qualifications to access jobs, particularly for those in work (WMCA SEP).
- To increase skills levels across Birmingham and close the gap between Birmingham and the core cities average.
- To promote the benefits to employers and individuals of obtaining higher skills levels to access
 - employment;
 - career progression; and
 - increase lifetime earnings potential.
- To promote job opportunities, apprenticeships and career paths within growth sectors, e.g. HS2 and the future jobs market.

1.3 Outcomes

Establish and set KPIs for achievements in years 2, 5 and 10. KPIs are to be based on the Birmingham Skills Investment Plan, the GBSLEP Strategic Economic Plan and the WMCA Strategic Economic Plan. Appropriate project milestones will also be agreed.

GBSLEP KPIs include

- Increase the proportion of the working age population with NVQ3+ to the national average by 2030. *(50% Birmingham; 51% GBSLEP; 50% WMCA; 57% UK ONS/APS 2015)*

WMCA KPIs include

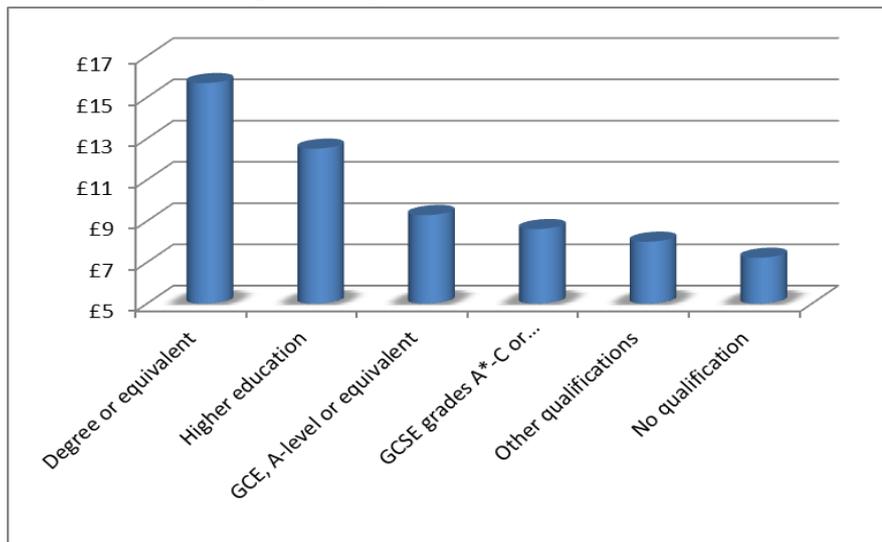
- Average earnings of working age population will be 13% above UK averages with the living wage as the foundation minimum wage (Average gross weekly earnings full-time workers Birmingham residents £ 488.2; WM Region £492.7; UK £527.7 ONS ASHE 2015)
- Proportion of people qualified to NVQ4 or above will have increased to 36% to match the national average *(33% Birmingham; 31% GBSLEP; 32% WMCA; 37% Core city average; 37% UK ONS/APS 2015)*
- Number with no qualifications will have fallen to 9% to match and then better exceed the national average. *(16% Birmingham; 14% GBSLEP; 15% WMCA; 9% UK ONS/APS 2015)*

The overarching target should be based on these KPIs in line with agreed timescales. Sub KPIs to be established.

The programme will require pump priming of activity and resources at the outset, the impact will be delayed due to the time taken to achieve higher level qualifications and an incremental uptake. Indicators will therefore lag behind investment.

1.4 The impact of increasing skills levels

Qualifications have an impact on earnings potential. Those with Level 4+ qualifications earn on average £15.69 per hour – over twice the average hourly rate of someone with no qualifications, who earn on average £7.22 per hour.



Skills levels are rising at all levels across Birmingham, and the number with no qualifications is falling, however, rates are also rising nationally, and the gaps are not closing except for those achieving Level 4+ qualifications. The lower skills base of Birmingham is a significant factor in the employment rate at 62% being significantly lower than that of the UK (73%).

The scale of the challenge is significant. There are currently 108,000 working age adults in Birmingham with no qualifications and a further 71,000 qualified to Level 1 only. If Birmingham matched the UK proportion, only 61,000 residents would have no qualifications, 47,000 fewer than the current rate. Looking at higher skills, if the proportion of Birmingham residents with a Level 3 or above qualification was the same as the UK average, an additional 39,000 residents would be qualified to level 3+.

Looking forward, and taking account of the changing workforce and jobs profile in the city, the Birmingham Skills Investment plan identified that 68,000 adults need to improve their qualifications to Level 3 and above over the next 10 years to contribute towards matching the national average.

Not only are Birmingham residents as a whole less well qualified than the core city and UK average, but so are those who are in employment. This is true at all qualification levels apart from at level

4+ where Birmingham is slightly above the UK average, although under-performs compared to the core cities average².

Skills Levels of those in Work

9% of Birmingham residents in employment have no qualifications compared to a core city average of 6% and 5% for the UK.

57% of Birmingham residents in employment are qualified to Level 3+ compared to 62% for core cities and 60% for the UK.

In order to mirror the core cities average:

- 11,000 fewer employed residents would have no qualifications;
- over 21,000 more employed residents would be qualified to Level 3+; and
- nearly 14,000 more employed residents qualified to Level 4+.

Birmingham has a higher proportion of employed residents with 'Other' qualifications (10% of all in employment compared to 6% nationally and 7% for core cities). These are qualifications that cannot be matched to NVQ levels, and may have been acquired overseas. This cohort may therefore be working in jobs that do not fully utilise their skills. To equal the core city average, 10,000 of these employed residents would need to convert to recognised qualifications.

There is a mismatch between Birmingham residents qualifications and the occupational mix of jobs on offer in the city, suggesting that in-commuters are taking up a greater proportion of higher occupations, which is likely to have an impact on earnings. 42% of employed Birmingham residents are in higher occupations³ compared to 47% of those who work in the city. 13% of employed residents are in elementary occupations⁴ compared to 10% of those who work in the city.

Birmingham residents currently earn around £1.40 per hour less than those who work in the city, reflecting the fact that many jobs are taken by in-commuters and that under-skilled and under-

² 43% of Birmingham residents in employment have Level 4+ compared to 42% nationally and 46% for core cities

³ Managers, Directors and Senior Officials; Professional Occupations; Associate Prof & Tech Occupations

⁴

employed⁵ Birmingham residents are not able to take full advantage of the better paid jobs in the city.⁶

Increasing earnings has many benefits for individuals and the economy. Increased spending locally can stimulate business start-ups and growth, and individuals benefit by a higher standard of living and reduced benefits and service dependency.

The skills levels of Birmingham and WMCA residents will have a clear impact on economic growth - if employers cannot recruit people with the right skills then productivity and the prosperity of the workforce will be hampered. It has been estimated that up to 25% of economic growth could be lost by not investing in skills⁷.

Employers are forecasting they want many more people with higher level skills to meet their needs into the future. It is projected that there will be a shortage of 46,000 high skilled workers over the next 10 years. Therefore there is an impetus and strong rationale for businesses to invest in their workforce now, to ensure they remain competitive to meet the demands of the economy.

Investing in higher skill levels needs to be a business priority. Evidence shows that investing in skills increases productivity, supports innovation, the development of more sophisticated production processes and the production of higher quality products. Employees who have undertaken training are more motivated and display improved attitudes and aptitude in the work place. Workers benefit too – those who have been trained while at work are less likely to be made redundant and more likely to be promoted.⁸

1.5 Headlines – what is the key message

STATEMENTS	ACTIONS
➤ Qualifications have a significant impact on earnings potential	➤ 68,000 adults need to improve skills levels to L3+ to contribute to matching national average
➤ On average someone with a Level 4+	➤ Up to 25% of economic growth could be lost by

⁵ Definition of under-employed: (of a person) not having enough paid work or not doing work that makes full use of their skills and abilities.

⁶ (Annual Survey of Hours & Employment 2015 Full-time workers).

⁷ Birmingham Skills Investment Plan 2015

⁸ *Measuring the Contribution of Skills to Business Performance CIPD 2006 and other studies cited in this study*

qualification on average earns more than twice the hourly rate of someone with no qualifications

- The likelihood of being in employment significantly increases with the increase in qualification levels

not investing in skills

- The majority of new jobs created in the economy will require increasingly higher skill levels.

1.6 Where will jobs be coming from?

There will be significant growth in high, medium and low level occupations in the GBSLEP area by 2030. Although there are forecast to be an extra 68,000 lower skilled jobs, including replacement demand, offering opportunities for lower skilled residents, there will be even more medium and high skilled jobs (100,000). Looking at employment growth only (i.e. not replacement demand) between 2014 and 2024, there will be a reduction in demand for jobs requiring Level 3 qualifications (equivalent to A-level) and below of around 40,000; but an increase in demand for jobs requiring foundation degree level and above of around 90,000.

There are a number of priority sectors that are particularly significant to the economy. Some, such as Business & Professional Services, are large employers, others, such as ICT and Digital & Creative, have a much smaller employment base. The majority of the opportunities identified in these sectors are predominantly in relatively highly skilled areas. Growth in these priority sectors is therefore dependent on businesses being able to tap into a supply of highly skilled workers.

Replacement demand within sectors such as retail and health and social care also needs to be factored in, with opportunities developed for those with lower level skills, although employers in these sectors are demanding increasingly higher skills levels, particularly around customer service, digital and supervisory skills.

The Birmingham Skills Investment Plan identified the level of opportunity in the city for a range of sectors offering potential job openings for those with the right qualifications.⁹

Business and Professional services

- 19,000 new jobs in Birmingham by 2022
- 71,000 jobs to replace workers retiring or leaving the labour market

⁹ Note these are 'baseline' figures and do not take account of future activities undertaken by the city, the LEP and the WMCA designed to stimulate and grow priority sectors

Health and Social Work

- 42,000 job openings including 9,000 in Birmingham by 2022.
- 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.

Information technology

- 7,000 job openings including 4,000 new jobs in Birmingham by 2022
- Sector mostly demands highly qualified people. Many students doing basic IT courses but more need to move into higher level courses if the anticipated demand for IT skills is to be met.

Construction

- 15,000 job openings including 4,000 new jobs in Birmingham by 2022.
- Growth will be due to an increase in skilled trade occupations and professionals.
- Self-employed will make up to 36% of total employment.

Advanced Engineering & Manufacturing

- 11,000 job openings in Birmingham up to 2022
- Total employment will fall from present levels
- Estimated future demand for STEM qualifications will outstrip supply

Wholesale and retail

- 29,000 job openings including 2,000 new jobs in Birmingham by 2022.
- Expansion in this sector will largely be due to an increase in professional and managerial positions.
- The level of churn means a large number of opportunities at the entry level for sales assistants and cashiers.

Education

- 21,000 job openings but a loss of 2,000 jobs on present levels in Birmingham.
- Increased demand for Level 3 and above qualifications, especially degrees.

HS2

The construction of HS2 is likely to require a labour force of 65,000 jobs, with the majority of construction activity taking place between 2017 and 2022. These jobs will be primarily in the fields of design, project management, civil engineering construction and specialist railway engineering **including skills for high speed rail.**

Post build, around 81,000 new permanent jobs will be generated in the wider economy. These jobs are expected to be delivered on a phased basis over a 20 year period through to 2045. On average this will involve an additional 4,000 jobs per year for 20 years across the wider West Midlands area. The majority of

these new long-term jobs are expected to be generated in a range of key target sectors including business, professional & financial services, low carbon **and** advanced manufacturing.

Green Economy

Research from BIS¹⁰ in 2012 shows that the GBSLEP had the 6th largest (by employment) Low Carbon & Environmental Goods & Services sector of all LEPs, with nearly 1,600 companies employing 29,000 people. A report from Sustainability West Midlands¹¹, also in 2012 identified that the West Midlands has international strengths in key growth areas such as:

- low carbon vehicles, including transport infrastructure;
- low carbon buildings, including new build and energy efficiency retrofit;
- low carbon energy, including bioenergy, fuel cells, energy distribution, management and supply chains.

In each of these areas there are:

- significant local market opportunities in the West Midlands and access to markets throughout the UK;
- leading low carbon businesses to work with already based in the West Midlands;
- world class research capabilities and collaboration with industry;
- a skilled workforce and training facilities, with excellent low carbon, manufacturing and engineering skills, and facilities for developing employees' low carbon skills.

2. PROMOTIONAL STRATEGY

2.1. Stage 1 – Setting out the case for increasing skills levels for employers and individuals

Businesses

Setting out the business benefits to investing in the skills of current workforce – what are the headlines?

- Impact on productivity and profitability
- Retaining the best workforce
- Grow your own talent and reduce need to recruit in a limited labour market (impact of Brexit)
- Investing now for future skills needs of the business and the market
- Using their influence to improve employability of workforce
- Playing their part in developing and shaping future workforce and impacting on skills levels of region
- Take a lead in setting out the direction of skills
- Impact on regional economy – growth in GVA and reinvestment back into local economy
- Reduce costs for recruitment and advertising
- CSR – wider social impacts for workforce and local area

¹⁰ Low carbon and environmental goods and services: 2011 to 2012 BIS 2012

¹¹ Low Carbon Investment Prospectus Sustainability West Midlands 2012

- Benefits of apprenticeships

Individuals

- Tangible increase in pay and lifetime earnings potential
- Increase in opportunities and flexibility across work place
- Gaps in labour market and opportunities for people– link to sip
- Impact on life chances of children
- Health and Wellbeing – job satisfaction, sense of achievement
- Less likely to be unemployed
- More likely to be an entrepreneur (i.e. set up your own business)

The statements set out above will be the basis for key facts flyers and promotional information for businesses and individuals.

2.2 Stage 2 – Promotional campaign to engage businesses and individuals

There is a need to translate these key messages into a deliverable promotional campaign that engages with businesses and individuals, creating a buzz around the skills agenda and motivating people and businesses to invest in their future through increasing skills. The promotional campaign will need to consider:

- What the key messages will be
- Target audiences
- Where this will be promoted
- Resources required
- Branding and design
- Marketing materials
- Timescales for delivery
- Social media
- Use of case studies/real life examples
- Scope and level of resource to deliver

The message and the philosophy behind the campaign needs to be adopted and promoted through the whole careers, skills and business support sector, pushing the ‘Step Forward Birmingham’ programme through a range of contacts and pathways and weaving this message into advice and guidance.

What are the tools available for upskilling?

A key part of the Step Forward promotional campaign will be to raise awareness of the tools that are available to support upskilling. This will provide more information on the products that are

currently available to provide solutions for employers and individuals to improve skills and increase qualifications levels.

This will include:

- **Apprenticeship Levy**
- **Funding for qualifications**
- **Advanced Learner Loans**
- **Apporg**
- **Institute for Technology**
- **Cog.**
- **Skills Engine**

Key partner organisations:

The campaign needs to be aligned with existing services, stakeholders and provision, ensuring the message is embedded into engagement with employers and the message is consistently promoted with business contacts through support programmes and advice and guidance; and with individuals through careers advice and guidance at all levels.

Business Support	Skills Providers	CIAG provision
GBSLEP Growth Hub	The Skills Hub	Schools and FE/HE colleges
BCC Business Support	Institute of Apprenticeships	National Careers Service
Chamber of Commerce	Sector Skills Councils	Birmingham Careers Service
	App Org	Cog.

Targeting the campaign – Employers

Existing business/employer contacts	New businesses/employers	Business Support Programmes/Partners
<ul style="list-style-type: none"> • Procurement & Planning contacts - construction & end use • BCC • Acivico • Major employers – JLR, Carillion, Network Rail 	<ul style="list-style-type: none"> • Retail Birmingham • BIDS • Birmingham Business Charter signatures • Wider marketing & promotion 	<ul style="list-style-type: none"> • Growth Hub • BCC Business Support • Chamber of Commerce

Targeting the campaign – Individuals

No qualifications	Skills Providers	Target groups
<ul style="list-style-type: none"> • Converting existing skills into 	<ul style="list-style-type: none"> • Existing/previous students from 	<ul style="list-style-type: none"> • Wider marketing and promotion

<ul style="list-style-type: none"> • Converting overseas quals into UK equivalent • ESOL • Digital • Maths/English 	colleges	<ul style="list-style-type: none"> • Sector basis – opportunities and pipelines • Geographical - areas with lower skills levels
--	----------	---

2.3 Stage 3 – what are the pathways to improving skills levels?

Getting the message out on skills progression and engaging individuals and businesses in investing in their future skills is one part of the challenge. What also must be delivered for this strategy to work is to ensure that the landscape of training provision is easy to navigate. The training pathways need to be clear and laid out so that people can easily act upon their motivation to take up training and develop skills.

The skills arena can appear complex and confusing for users. Behind the promotional campaign, there needs to be clear information outlining training and progression routes and options, quality advice and guidance on pathways and funding options for individuals and businesses. This would need to be available on a sector basis through a central information point, which is also promoted through the campaign.

A potential platform is already in place through the GBSLEP Growth Hub, providing a central coordination point for business support; and The Skills Hub that coordinates existing skills provision through colleges. This should be investigated to assess future viability and whether it would be appropriate to support, or has the potential to be developed to support the Step Forward programme. Further analysis also needs to be carried out to identify what other skills coordination and diagnostic support is available across the city and for which sectors and how this can be simplified and presented to meet the needs of employers and individuals. This must also take into consideration private sector training providers and potential implications through the Area Based Review of Further Education currently being undertaken.

Consideration must also be given to how in-work training is delivered by local providers, how can the provision become more flexible and suit the needs of businesses and employers and delivered in the workplace. Providers need to develop a menu of options that meet the needs of employers to increase the uptake of in work training.

2.4. Stage 4 – tracking and review

The programme of activity will report into the Birmingham Employment and Skills Board and work alongside the GBSLEP and WMCA.

Milestones will be set based against a more detailed action plan. Once KPIs have been established, tracking processes and evidence requirements can be agreed a reporting schedule put into place reporting to relevant partners and boards.

3. WORK STREAMS

There are 3 work-streams to focus on to capture the entire Birmingham population and raise skills levels for all residents:

IGNITE - ACCELERATE - RETUNE

Phase 1 of this programme of activity will focus specifically on the **Accelerate** workstream, targeting the message at upskilling those in work. Activity will be targeted at both employers and individuals, raising awareness of the impact and benefits of higher level skills.

Phase 2 and 3 will then focus on Ignite to ensure young people are aware of the life benefits of having higher skills levels and the career paths that are available to them, and Retune, focusing on the skills of those that are unemployed or under-employed and enabling them to get back into work through the enhancement of their skills through qualifications.

ACCELERATE

Target: Birmingham residents in work to achieve higher skills levels

3.1 Quick Wins/ Initial areas to focus activity

BCC and Acivico

Examine the internal practices within BCC and Acivico – what support is in place for upskilling the workforce? How can we promote this message internally and support staff to take up training, particularly those that do not have any qualifications?

Retail Birmingham (SMILE Birmingham)

Engage with city centre employers through Retail Birmingham to promote upskilling of workforce, particularly around customer service excellence.

Relaunch of SMILE Birmingham programme. The aim should be for all employees to be trained in customer service to at least Level 2, with a minimum % achieved to receive SMILE Birmingham recognition. Engage with colleges to incorporate Birmingham specific content as developed through BGAP, and accredit colleges/courses with SMILE Birmingham status. New training must be through recognised SMILE Birmingham providers.

Branding, certificate, recognition for employers etc. to be developed

Consultation

Consultation on the strategy and approach now needs to be carried out at a number of levels, particularly with key partners as outlined in 2.2. The strategy is supported by BCC Cabinet and GBSLEP, however, further details and the philosophy of the campaign need to be developed and agreed with all partners. Further work will be carried out to raise awareness of the strategy, gain feedback from partners and ensure it is adopted and implemented effectively. Approval by BCC Cabinet will be sought by December 2016.

A consultation event will be carried out to test out the marketing messages and campaign philosophy. This should include skills providers, trade unions, employers, current students, potential students, and awarding/professional bodies. Focus to be on the key messages, are we getting their attention; is the message right, are we targeting the right people?

3.2 Main Areas of Activity

Implementation with Skills Providers and Business Support

Following the adoption of this strategy at a local and regional level, skills providers, IAG provision and business support programmes will need to be fully aware of the programme, and in a position to support and implement the strategy at a delivery level. If increased numbers of residents/businesses will be enquiring about training and development, the provision needs to be available and consequently support needs to be available to impact on actual participation rates. A detailed programme of activity needs to be agreed to coordinate the appropriate response from skills providers, IAG provision and business support programmes to promote the message around accelerating skills through all contacts and direct and provide guidance on the options available to do so.

Funding Package

Explore options for developing a funding package to support skills development within the workforce. The recent ESIF call for funding (under Priority 2.1) supports relevant programmes around upskilling the workforce around basic skills and encouraging progression in employment.

Skills Diagnostics

Further analysis, building on mapping carried out on current CIAG information (outlined in 2.3) needs to be carried out to understand what level of skills diagnostic is currently available for employers and individuals and how well this is working? Is this a gap in the current provision, or an area for further investment to meet the needs of the programme and support the acceleration of skills? Could a coordinated approach to this be supported by the LEP, linked to the Growth Hub and The Skills Hub?

Social Media

There needs to be a strong emphasis on the use of social media, which has the potential to reach out to large number of people with lower cost implications, particularly in order to attract and sensitise young people to the message. A social media strategy needs to be put in place. Depending on the geographical for Birmingham, this may include support from BCC social media team, using BCC accounts such as Twitter, Facebook etc. and pushing this through Cog. Also utilising other partner social media accounts to reach out to a wider audience.

Breaking down the Target groups

Skills levels for those in employment has been outlined above (Section 1.4). Can this be further broken down based on geography, diversity, age, sector to assist in developing the marketing plan – identifying the audience, directing the resources and what steps need to be put in place to assist skills development.

Strengthen message re diversity of workforce. May be targets set in WMCA devolution deal and BME 2020 initiative which aims to improve number of people from BME communities in employment and progression in employment.

Case Studies/Exemplar Employers

Identify a number of case studies of individuals and businesses that have invested in skills development and seen a positive outcome. Use as part of advertising campaign – real life examples and positive impacts.

Identify a number of businesses that are committed to in work development and push them as market leaders to promote the benefits to business, share their experiences and learning and encourage other businesses to get involved.

Skills City Birmingham Employer Skills Pledge/Kitemark

An outcome of the programme could be to develop a Skills Pledge for employers that sign up to achieving certain outcomes around in work training and development and acknowledging employers that are already performing well and investing in upskilling the workforce. Agree a series of outcomes and targets for employers around training; they can then receive award/kitemark for achieving this. This would tap into CSR requirements and be an opportunity to promote business, share learning with others and develop skills of employees. There may be opportunities to link this in with the Birmingham Business Charter for Social Responsibility (BC4SR).

Other considerations

- What is happening elsewhere nationally and globally?
- Increased employee retention from increased skills – what research is there to prove this – Investors in People, workforce development surveys

- In work poverty
- Side step into growth sectors – how can they retrain and move into growth areas
- In work pipeline