
WMCA Regional Skills Plan



West Midlands
Combined Authority
Productivity & Skills

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Foreword

Cllr George Duggins

WMCA Skills and Productivity Portfolio Lead
Leader Coventry City Council

Andy Street

Mayor of the West Midlands



A high performing labour market has a crucial role to play in enabling local people, businesses and the wider West Midlands economy to flourish and thrive. The West Midlands Strategic Economic Plan sets out the long-term ambition for the region. This Regional Skills Plan details how the West Midlands Combined Authority (WMCA), working with key partners, will prioritise actions to deliver on that ambition over the next three years.

Our focus is on securing stronger and more inclusive regional growth. Put simply, we want to deliver a better match between the skills of the people in our region and the current and future needs of our businesses, to accelerate productivity and deliver economic growth.

Our region has many significant challenges to overcome, with well-rehearsed issues of high unemployment, low pay, skills shortages, and limited social mobility. However, our opportunities are many too. The region has a young and diverse population, a strong Higher Education base and many Good and Outstanding schools, colleges and training providers. The region's economy is experiencing unprecedented growth with rising productivity, jobs and employment – at levels that currently exceed the rest of the UK. Similarly, there is growth in high value added sectors, new investment and infrastructure, and a growing digital capability that is transforming our key industries. If the skills profile of the area matched the England average annual GVA in the area would increase by around £22bn.

To capitalise on that growth, we need an agile and responsive skills system that can deliver the skills employers need now – and in the future – to secure long-term economic success. This plan has been developed in parallel with our Local Industrial Strategy, ensuring that economic growth is underpinned by a strong regional skills base, where more people from our diverse communities are given the access, skills and opportunities that they need to succeed.

Our Productivity and Skills Commission, chaired by Dr Andy Palmer, CEO and President of Aston Martin Lagonda has developed a robust evidence base on which we have based our plans to develop the region's skills. This plan describes how the WMCA and its partners will capitalise on the opportunities and improve skills and productivity in the region to deliver more inclusive economic success.

Partnership and added value are at the heart of the new ways of working. Joint ownership of the challenges and the plans to address them will drive meaningful and lasting change. This plan has been developed with the help of key stakeholders including: Local Authorities, Local Enterprise Partnerships, TUC, Colleges, Universities, training providers, Adult and Community Learning organisations and the voluntary sector and builds on the work they are already undertaking.

We have also had strong employer input through the evidence base and recommendations of the Productivity and Skills Commission and directly through employers, Chambers of Commerce and the CBI.

We would like to thank everyone who contributed to the development of this Regional Skills Plan. As well as our local partners, we look to our government partners, particularly the Department for Education (DfE), the Department for Work and Pensions (DWP), the Ministry of Housing, Communities and Local Government (MHCLG), and the Department for Digital, Culture, Media and Sport (DCMS) to support us as we aim to deliver more for our region's communities and businesses.

Executive Summary

The West Midlands is the largest regional economy in the UK, with a labour market of national significance. The region's young population, its excellent connectivity and strengths in key sectors such as advanced manufacturing and digital, all provide the right ingredients for growth and prosperity.

Our Strategic Economic Plan (SEP) set out our ambition to deliver accelerated economic growth across a geography defined by our three LEPs: Black Country, Coventry and Warwickshire and Greater Birmingham and Solihull. We want to grow the output of our economy more quickly, allowing the region to contribute more fully to the success of the UK economy, improving incomes for residents, supporting business to grow and thrive, and reducing the dependency of our area on the public purse. The key target in the SEP is that by 2030 the region's productivity, salaries, skills attainment and labour market participation levels match or exceed the national average.

It is vital that we achieve this through inclusive growth, ensuring that our residents gain the skills and support they need to access new opportunities and benefit from a stronger regional economy.

Recent data indicates that the region has started to reverse previous declines in productivity relative to the national average. However, key labour market dysfunctions persist.

These include:

- A low employment rate and high levels of unemployment in some parts of the region
- Growing issues of poverty for those in employment, driven by low wage levels
- Low skill levels in the population, with fewer people qualified to Level 4 and above and more people with no qualifications, compared to other areas
- Persistent skills shortages faced by employers. Around

1 in 4 vacancies in the region are classed as 'hard to fill', particularly in roles that require advanced and/or higher skills

- Uneven development and attainment by young people through early years, primary, secondary and tertiary education and training

There is much good work already underway to address these challenges. However, some of the issues remain stubbornly persistent and local partners recognise that more needs to be done to transform our labour market and meet the aims of the SEP.

We recognise that skills and productivity can be a complex picture. We have an opportunity through our commissioning of the Adult Education Budget to generate a shift in the way the region works together to deliver more for our residents and for our businesses. This is a significant amount of investment – over £100m – that we want to see deliver more outcomes aligned to our priorities. AEB is currently delivering a significant amount of learning below level 2 and whilst this is meeting a need we want to see a significant increase in the number of level 3 and 4 qualifications being delivered, particularly in priority sectors.

We are also clear that we have some sectoral priorities – advanced manufacturing, building technologies, digital and business and professional services where we want to dramatically increase the number of skilled people and the level of their skills. Whilst we recognise the role of all sectors in our regional economy these are transformative sectors that have the potential to drive inclusive growth more significantly and at a greater pace than others.

That's why WMCA has worked with its partners to develop the Regional Skills Plan with the clear aims of:




More people to move into employment



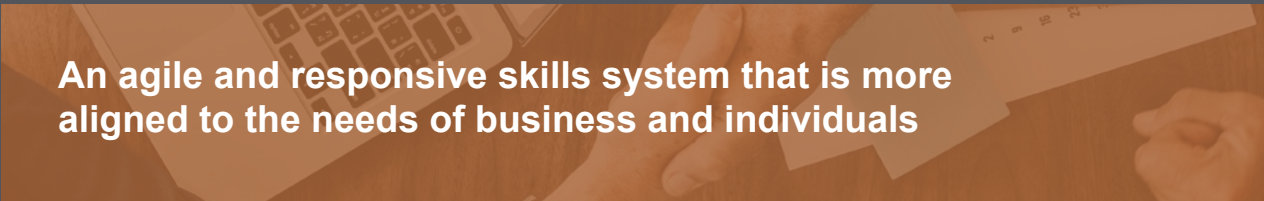
More people to move into higher skilled jobs



More skilled employees available to support business growth and productivity



All communities to benefit from the region's economic growth



An agile and responsive skills system that is more aligned to the needs of business and individuals

The actions developed with our partners to respond to these ambitions are summarised in the continued pages.

Summary of Key Actions



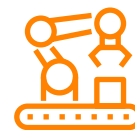
1. Prepare our young people for future life and work

- Create a West Midlands Career Learning Hub to support, develop and co-ordinate an all age careers offer.
- Improve the focus and impact of careers education and advice to young people.
- Inspire more young people and encourage them to access new regional opportunities, including those created through Coventry's City of Culture and Birmingham's hosting of the Commonwealth Games.
- Work closely with the Department for Education (DfE) and its agencies, including Ofsted, to highlight regional issues and opportunities.
- Celebrate and promote our most powerful role models - our young talent across the region.



2. Create regional networks of specialist, technical education and training to drive up skills and productivity and underpin economic growth

- Support the introduction of new T-level routes and work experience openings to improve the work-readiness of young people.
- Create employer-led taskforces, for each of our priority sectors, to drive curriculum and skills provision that meets employers' needs.
- Develop an investment plan to build teaching capacity and access to industry standard teaching equipment and facilities, across the region.
- Pioneer skills solutions that support the ambitions of our emerging Local Industrial Strategy.
- Establish the West Midlands as the place to grow digital talent



3. Accelerate the take-up of good quality Apprenticeships, across the region - double the number of apprenticeships by 2030

- Maximise Levy investment for the West Midlands.
- Lead a regional campaign to promote the benefits of Apprenticeships – to employers, young people, employees and key stakeholders.
- Support more young people to access pre-Apprenticeship provision and to progress into high quality Apprenticeships



4. Deliver inclusive growth by giving more people the skills to get and sustain good jobs and careers

- Deliver our £4.7m Employment Support Pilot to support those out of work and on low incomes in targeted communities.
- Establish an employment support framework for the region to improve the co-ordination, commissioning, delivery and impact of all programmes to support the unemployed – including how we shape and inform the future UK Shared Prosperity Fund.
- Improve the range and impact of the career planning advice that unemployed and low-paid adults can access.
- Target skills provision to address areas of high need with a particular focus on youth unemployment.
- Improve our focus on upskilling low paid and low skilled residents, to improve their long-term career and income prospects.
- Ensure that regional economic growth translates to new and accessible opportunities for our residents.
- Provide a new employment support service for people with a mental health and/or physical health condition in primary and community care through the Thrive into Work project.
- Support the effective delivery of the Work and Health Programme in the WMCA area working with Jobcentreplus and DWP and taking an active role in the performance management of the contract.



5. Strengthen collaboration between partners to support achieving more collectively

- Promote the concept of a skills ecosystem for the West Midlands which recognises the interdependence of schools, Further Education (FE), Higher Education (HE), Adult and Community Learning and private and voluntary training providers and facilitates stronger collaboration with employers, to address regional skills needs.
- Support our Local Authorities in their work to improve school performance and young people's attainment.
- Re-design the way we do partnerships – placing residents and businesses at the centre of our skills training offer with clearer progression and integrated training offers.
- Encourage the development of integrated region wide approaches wherever possible so we can develop joint funding bids, shared infrastructure and sharing of good practice.

Policy and Labour Market Context

The West Midlands is a thriving place to live and work. The regional economy is growing and the forthcoming City of Culture 2021 and Commonwealth Games in 2022 will provide the opportunity to showcase our youth, vibrancy and creativity.

The Productivity & Skills Commission was convened to understand the true extent of the productivity challenge in the West Midlands, identify the component causes and make recommendations. The work included an in-depth analysis of skills as one of the five foundations of productivity and a number of sectoral reviews and deep dives into priority sectors. The analysis and findings have informed the development of this plan.

Our Context

Despite improved growth and positivity our region is facing a number of key labour market challenges, notably that not all of our residents are benefitting equally from the economic growth we are seeing. The context in which we describe our skills ambitions includes the following:

A low employment rate

The WMCA area has the lowest employment rate of any mayoral combined authority. Across the three LEP areas, 70% of 16-64 year olds are employed, well below the national average (75%)¹. Analysis by the Resolution Foundation in 2016² suggests there are two primary factors contributing to this:

- The slow recovery in labour demand in the region since the recession;
- Low employment levels among Black and Minority Ethnic (BAME) groups, people with low skills, and non-single mothers.

High levels of unemployment.

The unemployment rate across the three LEPs is 5.7%, above the England average of 4.5%³. Sandwell, Birmingham and Wolverhampton are among the ten local authorities nationally with the highest unemployment rate. Unemployment rates vary considerably across the region, pointing to place-specific barriers to labour market participation.

A growing number of jobs

The West Midlands had the largest increase in employment and the biggest decrease in economic inactivity of any region over the last year, and the second biggest reduction in unemployment in the last quarter. The employment rate in the region is now at a record high, although unemployment remains high.

A large and growing population of young people which creates a huge potential competitive advantage for the region.

There are 837,000 people aged under-16 across the three LEP areas⁴, 20.4% of the total population, rising to 22.8% in Birmingham. This is above the national average of 19.1%. Our challenge is to maximise engagement of our young people in employment – currently youth unemployment remains stubbornly high with 14,500 young people unemployed.

School attainment is improving

Overall 82.3% of 19 year olds in the West Midlands region were qualified to Level 2 in 2017, compared with 83.6% nationally and although there is still an attainment gap for pupils eligible for free school meals the West Midlands was 19.2 – slightly better than the national average (20.1). There is a similar picture at Level 3 where overall 55.6% of 19 year olds in the region were qualified to Level 3, lower than the national average (57.5%) with an attainment gap for FSM pupils of 22.8 – slightly better than the national average (25.2).

High numbers of residents with no qualifications

This is high at 13%⁵. Forecasts predict that changes in employment and advances in technology mean that jobs accessible to those with no qualifications will fall by 42% between 2012 and 2022.

A high number of residents in low paid jobs.

One in four jobs pay below the 'real living wage'⁶. Salary levels vary: the median full time weekly wage for Black

Country residents is £479 (the lowest of any LEP), compared to £533 in GBS LEP and £556 in Coventry and Warwickshire⁷. This is partly driven by a lower proportion of jobs in the three LEP areas in management, professional or associate professional roles than the national average of 46%⁸. (This is at its lowest in the Black Country (33.7%), with levels in the GBS and Coventry & Warwickshire LEPs a few percentage points below the national average).

A quarter of vacancies are described by businesses as “hard to fill”

There are high skilled jobs in the region - 36% of jobs requiring skills at level 4 and above – but this exceeds the qualifications profile of the population (30%). Forecasting models predict that jobs requiring higher level skills will have grown by 36% between 2012 and 2022⁹.

A genuine shared ambition to realise change

We have a strong group of universities, a positive and collaborative FE sector and innovative and agile training providers – giving us a solid infrastructure on which to build further partnerships that add value.

The wider policy landscape

The policy and wider economic landscape is characterised and shaped by changes in the occupational structure of the labour market, driven by technology, global trade and regulation. This presents new challenges and opportunities: for workers, employers, providers of employment and training services.

The potential impact of Brexit is set to be a major influence on the skills we need to develop in our workforce as the prospect of reductions in the free movement of labour reduces the availability of foreign-born skilled workers to employers in the area. The impact of changes in immigration policy will probably vary by sector and occupation, given the current distribution of European Union (EU) workers in employment.

According to a briefing note prepared by the Migration Advisory Committee on EEA-workers in the UK labour market, workers from the EEA are disproportionately concentrated in low-skilled occupations (49% of EEA workers in 2016), compared with 38% of UK workers and 39% of workers from the rest of the world. By contrast, only 24% of EEA workers are in high-skilled occupations, compared with 29% of UK workers and 35% from the rest of the World. This reflects their disproportionate concentration in occupational terms as packers and workers in food processing occupations and elementary storage occupations.

¹ Source: ONS Annual Population Survey, Dec 2017 ² Source: D'Arcy, C (2016), Midlands Engine Trouble, Resolution Foundation; <https://www.resolutionfoundation.org/app/uploads/2016/12/West-Midlands-Metro.pdf> ³ Source: ONS, ibid ⁴ Source: ONS Population Estimates, 2016 ⁵ Source: ONS, ibid ⁶ Source: KPMG Living Wage Report 2017, KPMG; <https://home.kpmg.com/uk/en/home/insights/2017/11/kpmg-living-wage-research-2017.html> ⁷ Source: ASHE 2017, ONS ⁸ Source: ONS, ibid ⁹ Source: UKCES (2014), Working Futures 2012-2022 <https://www.gov.uk/government/publications/working-futures-2012-to-2022>

Sectors with the highest concentrations of EEA workers are retail, food and beverage service, education, manufacture of food products, human health activities and construction of buildings. This outlines the wide range of sectors vulnerable to a change in immigration policy. (Of course, Brexit itself has implications for trade – with analyses of trade flows suggesting that the West Midlands is particularly vulnerable), which in turn has implications for labour requirements.

In the region we are developing our Local Industrial Strategy as one of the government's three pathfinder areas to ensure that the region's economy is fit for the future and that we are investing in the development of skills to meet the changing needs of business, increasing productivity and driving growth across the whole region. This will be a joint plan with government to make the region Europe's largest concentration of high-value industry in a new industrial age. It will build on the West Midlands' unique assets and be based on a detailed understanding of the region's business base and the actions needed to sustain growth. It will focus on specific sectoral opportunities and investment in skills and human capital to drive productivity and inclusive growth.

Government has set out the roadmap for major reforms to technical and vocational education creating new opportunities to deliver the skills we will need to deliver the Local Industrial Strategy. This includes new T Level pathways, as well as reforms to apprenticeship funding and delivery. This provides us with an opportunity to shape the development and implementation of new routeways in our region aligned to the skills that employers are saying they need. Through joint working, co-design and the provision of high quality work placements we can ensure we are collectively shaping the skills and igniting the aspirations that young people gain through technical education.



It will focus on specific sectoral opportunities and investment in skills and human capital to drive productivity and inclusive growth.



Welfare reform, most clearly through the introduction of Universal Credit is designed to improve progression into jobs and progression to higher levels of pay among those already in work. Traditionally, funding from the Department for Work and Pensions has focused on training solutions to reduce the out-of-work claimant count, but with the advent of Universal Credit there is a greater emphasis on focusing on training of those in employment that will help increase their income.

A new **National Careers Strategy**, seeking to enhance the quality and availability of careers advice and support to people of all ages.

Devolution through West Midlands Combined Authority is providing the opportunity for national policy to be delivered in a localised context – meaning a focus on what matters to us in the West Midlands and how the policies can be applied to give the greatest benefits to our residents and our economy. We have successfully secured two devolution deals to date. The first promises a contribution to the WMCA investment fund of £36.5m a year over a 30 year period from government, devolution of the Adult Education Budget, co-design of the DWP Work & Health Programme and a pilot to support the hardest to help into employment. The second in November 2017 brings £520m from the Transforming Cities Fund, with a proportion earmarked for the Wednesbury to Brierley Hill tram extension, capacity funding of £6m over three years from 2017/18, a £5m construction skills initiative and a commitment to negotiating a housing deal and a pledge to work together on a Local Industrial Strategy. It names the West Midlands as one of three national pilots for Housing First with a share of £28m funding.

Opportunities

Across the region there are a significant number of investments that provide opportunities for new job creation and economic growth.

They include:

- HS2 development
- Major new homes development aligned to the ambition to build 12,000 new homes each year
- New metrolink and rail developments
- Commonwealth Games
- Coventry City of Culture 2021
- Birmingham Life Sciences park

Priorities

The Regional Skills Plan is focused on actions that strengthen the regional response to labour market challenges and opportunities by enabling:

- More people to move into employment
- More people to move into higher skilled jobs
- More skilled employees available to support business growth and productivity
- All communities to benefit from the region’s economic growth
- An agile and responsive skills system that is more able to respond to the needs of businesses and individuals.



Key Actions



1. Prepare our young people for future life and work

The West Midlands is a young region with close to a million or 20.4% of our population under the age of 16 compared to the national average of 19.1%. This demographic gives us a significant competitive advantage if we can equip all of our young people with 21st century technical skills by the time they leave education and training.

However, too many of our young people are not getting the start in life that the need – with many already lagging behind the national average in terms of expected levels of development by the age of 5. This is particularly acute for children from deprived backgrounds where 50% are not achieving a good level of development at age 5 (compared to 34% nationally). This continues to hold young people back – with more post-16 learning focused at Level 2 (GCSE equivalent) where we would expect to see learning focused at Level 3 and above. This reduces the flow of higher skilled people in to the labour market and also means we are not realising the full potential of our young people and communities.

In addition to attainment levels, employer feedback regularly highlights issues in relation to the ‘work readiness’ and employability skills among young people. Across the region’s business community, there are increased concerns about the lack of awareness of job and career opportunities – amongst young people, graduates and adults looking to upskill.

Lack of careers advice limits aspirations, particularly for young people who come from families without experience of higher education, or who live in areas of deprivation, or whose ethnicity or gender is under represented in certain occupations. Too few young people meet employers. Research from the Education and Employers Taskforce shows that a young person who has four or more encounters with an employer is 86% less likely to be

unemployed or not in education or training and can earn up to 22% more during their career.

There are examples of emerging good practice in parts of the region and our proposal builds upon this, but currently only 45% of secondary schools and colleges in the WMCA area are covered by the Careers and Enterprise Company (CEC) Enterprise Advisor Network (EAN) against a national figure of 63% meaning too many young people are missing out on essential guidance and support.

This is similar for adults where information, advice and guidance provided alongside Jobcentre Plus provision is insufficient in volume or depth of intervention to work to best effect for other client groups particularly adults in work.



Actions

Create a West Midlands Career Learning Hub to support, develop and co-ordinate an all age careers offer

We will:

- Work in partnership with national and regional organisations such as Aim Higher, STEM Learning, Big Bang and Engineering UK who have a shared agenda.

- Set out a clear strategy and investment plan overseeing and coordinating existing investment, particularly in relation to CEC and National Careers Service (NCS) activity, and stimulating new investment, particularly through the private sector
- Trial a place-based approach to careers education so we can better evaluate and look in forensic detail at careers education and the intervention and impact in schools so we establish what works for our young people.

Improve the focus and impact of careers education to young people We will:

- Seek to co-commission any new careers related activity funded through central government, particularly via CEC, based on a clear understanding of local challenges and provision and based on evidence of what works in the region.
- Become a centre of excellence for prototyping and testing approaches to career learning, particularly working with CEC to develop approaches to gathering and communicating Labour Market Information, destination data and digital approaches to career learning.
- Explore cutting edge digital solutions to tackling the career learning challenge.

Inspire more young people and encourage them to access new regional opportunities

The West Midlands is a great place to live and work and through the improvements to careers education, we will develop ways of ensuring that young people are aware of the career opportunities created by the growth of the region. As part of this work, we will:

- Roll out the Mayor's Mentors programme to 10,000 young people by 2020.
- Capitalise on the effect of big events such as Coventry's City of Culture, Commonwealth Games, and large-scale investments like HS2 to highlight opportunities and future careers.
- Set out a clear offer to employers, educational institutions and local communities on how they can find



out about future careers and get involved in supporting this agenda.

Work closely with DfE and its agencies to highlight regional issues and opportunities

The entrenched issues in our communities that have the lowest levels of social mobility will require focused action and investment to secure the step change required. We will continue to press government for funding to support our most deprived areas, with a particular focus on the needs of the Black Country districts. Our specific focus will be to address high levels of need identified via the Social Mobility Index. We will:

- Work to join up pre and post 16 policy implementation locally and highlight to DfE where conflicting policies are having an adverse impact locally so that we get the best solutions for residents.
- Advocate a more effective focus on careers and curriculum alignment through the Ofsted framework
- Promote a more consistent offer to schools to ensure young people are aware of wider opportunities, careers and apprenticeships.
- Work with key local partners to ensure a smooth transition between Key Stage 4 and 5, from pre-16 in to post-16 learning, including the development of clearer pathways from schools to T Levels and Apprenticeship opportunities.
- Maintain a clear focus on youth unemployment and NEET (Not in Education, Employment or Training) prevention strategies.



Celebrate and promote our most powerful role models - our young talent across the region

No-one speaks to young people like other young people. We know there is a need for interventions with employers to drive aspiration and widen opportunity but we want to harness peer to peer communication to improve awareness of jobs, careers, lifestyles and what can be achieved living in the West Midlands. We will facilitate a region wide peer to peer communication approach that is run by young people for young people.

- Promote volunteering opportunities to young people/ students across the region as part of City of Culture and Commonwealth Games.
- Provide opportunities for young people to engage in co-designing services and provision and to engage in peer to peer mentoring.

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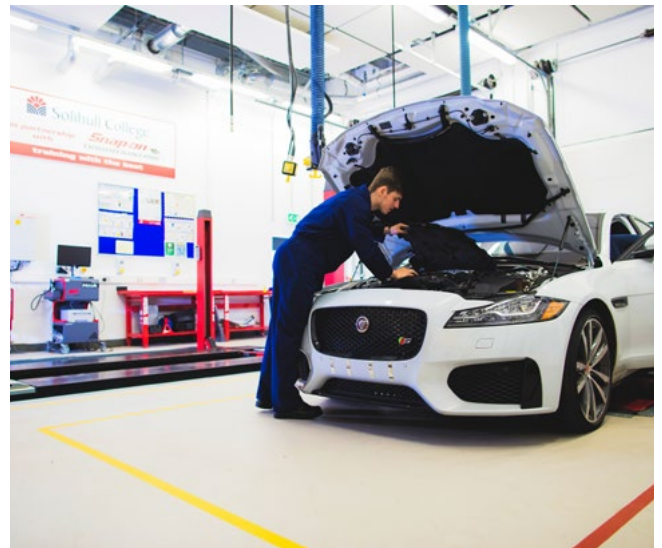
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2. Create regional networks of specialist, technical education and training

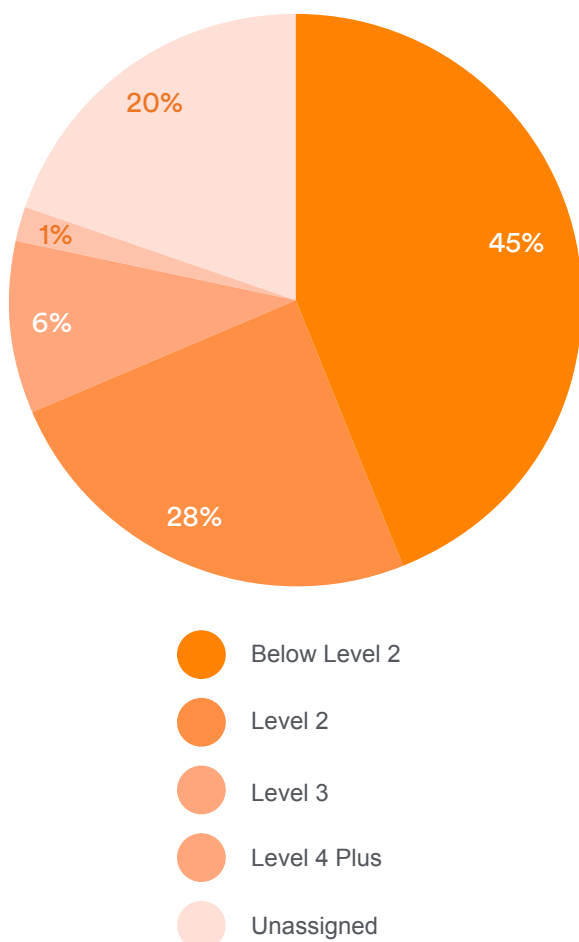
Aligning our skills delivery infrastructure to priority growth sectors, particularly those targeted through our Local Industrial Strategy, is essential to driving up productivity across the region.

The profile of employers in the West Midlands – with concentrations of employers in key sectors such as advanced manufacturing, digital and construction and building technologies – provides an excellent basis for strengthening demand for advanced and higher technical skills.



With the exception of a small number of colleges that deliver large volumes of apprenticeships, the current pattern of Further Education (FE) College delivery in the region is overwhelmingly classroom-based. Data from the Education & Skills Funding Agency (ESFA) shows that delivery of classroom-based programmes by colleges in the region outweighs apprenticeship delivery by a ratio of 5 to 1¹⁰.

AEB enrolments 2016/2017 by Level



The majority of learning funded through the Adult Education Budget (AEB) in the region is relatively low level and in non-technical areas. Of the 213,000 enrolments in 2016/17, 72% were at Level 2 and below. This means we are not utilising our AEB to deliver higher level skills needed in our priority sectors.

Much focus has been applied recently to improving the range, quality and relevance of technical and vocational education and training at a national and local level. Reforms to post-16 learning via the introduction of T Level pathways, new Apprenticeship Standards and the Apprenticeship Levy, all point to a significant re-balancing underway in our education system towards technical and vocational skills.

We know a lot of the young people in colleges in the West Midlands will not start their FE study on T Levels – many will access the transition year programme – which they will need to prepare them for technical study at Level 3. Currently, only 34% of regional FE provision is at Level 3 or above and last year, only 6,170 Level 4 qualifications were delivered by FE across the region.

¹⁰ Source: DfE FE starts data: apprenticeships and education & training, 2016-17

This is being felt particularly in the Business & Professional Services sector where there is a significant shortage in middle management that is impacting on productivity.

Advanced learner loans have increasingly become the only funding source for vocational training above Level 3 for most adults but take up has been in decline impacting on skills supply.

The investment capacity of FE colleges has been severely constrained by reductions in revenue funding, and the need to maintain adequate cash balances. This has been exacerbated by a number of colleges undergoing mergers and / or implementing financial recovery plans. Regional investment in FE estate has been ad hoc and institutionally led – not the strategic, industry-led model that is needed to meet future skills demands. The current Local Growth Funding available is limited and will not be sufficient to implement the requirements of T Levels.



Support the introduction of T Level routes and work experience openings to improve the work-readiness of young people

- Ensure the successful roll-out of T Level pilots in the region with clear employer engagement and work experience opportunities.
- Work closely with the colleges, schools and providers piloting T Levels to understand challenges and share practice across the region.
- Support the development of a strong transition year programme that prepares young people for further study on T Levels or into apprenticeships.
- Investigate the potential for a new digital platform to enable easier access to work experience placements and high quality labour market intelligence on local jobs and careers data.

Create employer-led taskforces to drive curriculum and skills provision that meets employers' needs

We want to establish real system leadership across the region. Making the policy framework work for us in the region will be our focus. We will expect more from each other and look at making things happen rather than waiting for government to fix or change things. That doesn't mean we will shy away from being bold when something matters and we feel there needs to be a better deal for our residents or businesses.

We will:

- Establish employer-led taskforces (including representatives from trade bodies and other key stakeholders) to lead their sector's engagement with the region's technical and professional skills offer. Taskforces will focus initially on Construction, Automotive, Business and Professional Services and Digital, working with providers to:
 - Develop region-wide training offers to meet current and future employer need.
 - Co-design curriculum with industry specific content and support, including work experience placements.
 - Develop and promote clear progression routeways for learners, enabling more people to progress between levels and across institutions to realise their full potential.
- Other sectors will be considered as new challenges and opportunities arise with a direct link to our Local Industrial Strategy sector plans.
- Maximise the outcomes from our Regional Construction Training Fund and look to extend this approach to other sectors.
- Increase the volume of leadership and management training in particular linked to STEM specialisms.

Develop an investment plan to build teaching capacity and access to industry standard teaching equipment and facilities, across the region

Changes in the occupational structure of the labour market are challenging providers to respond with training that meets employer needs. In their submission to the Productivity and Skills Commission, the West Midlands FE Skills and Productivity Group sought an “immediate and substantial rethink” of how technical education is delivered, advocating a “single integrated system for development”. We have an opportunity to maximise the impact of the Institutes of Technology in upskilling the workforce and to extend the benefits of this investment across the region.

The financial position of our colleges suggests that doing nothing is not an option. With average deficits of 1.3%¹¹, the region risks deterioration in the financial health of its major FE providers unless they can respond with more high quality delivery that employers will invest in. We propose to:

- Build FE capacity by seeking to secure additional DfE funding, alongside employer and partner investment, to develop the technical provision that the region’s economy needs.
- Work with and support the FESPG in encouraging the FE provider network to act together in developing new provision or ways of working in response to employer needs, building FE capacity to pool its resources and investment plans in key sectors.
- Use our leverage with business to support FE Colleges to develop the capacity and capability required in their organisations.

Pioneer skills solutions that support the ambitions of our Local Industrial Strategy

As part of the employer-led approach described above, the RSP will play a key part in delivering the region’s Local Industrial Strategy, via:

- The development of new world-class provision for the construction/building technologies sectors, with

an emphasis on modern methods of construction and digital skills.

- Support for the new Advanced manufacturing Institute of Brownfield Reclamation;
- Develop new world-class provision for the advanced manufacturing sector, with an emphasis on electrification and the shift to connected, autonomous vehicles.
- Aligned to the regions Institutes of Technology establish Digital Learning Spaces to extend access across the region to skills delivery in tech, automotive (CAV/ electrification) and building technologies (advanced construction methodologies).

Establish the West Midlands as the place to grow digital talent

Digital – as a sector itself and as a key skills requirement across all key sectors – is critically important to our region achieving its GVA and growth ambitions. Our region is the largest centre for digital and tech enterprises outside London but almost three-quarters of large employers and half of SMEs in our region report digital skills shortages. The pace of technological change makes it difficult for skills providers to keep up – capital is expensive, industry-standard tutors even costlier.

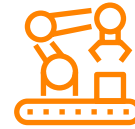
Less than half (47%) of those working in digital-related jobs are employed in the digital sector. There is a national shortage of digital skills and a lack of clarity about what skills are most needed and how best to address this given limited college and training provider capacity.

Our ambition is to triple the output of the creative and digital sector in the region by 2030, growing the sector’s output by £7bn, increasing the number of jobs by 29,000. Therefore, we will:

- Excite and engage more young people and adults to consider digital skills and careers.
- Roll out Mayor’s Mentors programme to include a greater focus on digital careers.

¹¹Source: published accounts of colleges within GBS, Coventry & Warwickshire and Black Country LEPs

- Transform the scale and focus of digital skills in the West Midlands through a radical reinvention of digital skills learning by introducing a Teach **Digital** Programme – working with key industry partners to source and deploy Digital Skills Innovators, to support FE digital skills delivery across the region including piloting of Digital T Levels.
- Extend the successful School of Code model to provide intensive, employer-designed training provision (bootcamps) that retrain and upskill unemployed/low paid with in-demand skills to fill jobs in data analytics, cyber security and automation.
- Explore the potential for a cross cutting ‘working in digital’ programme that focusses on the application of digital skills in critical thinking, problem solving, design, service improvement.
- Establish a small group of the most innovative delivery providers and pilot solutions that challenge traditional delivery and engagement methods with a focus on digital apprenticeships.
- Through our AEB commissioning, increase the volume of technical and advanced digital skills at Level 3 and above that support all sectors.
- Embed digital in a range of new training initiatives and pilots (eg Career Learning, Flexible Learning, Women Returners Pilots) to improve productivity and career prospects.



3. Accelerate the take-up of good quality Apprenticeships, across the region

Apprenticeships form a central plank of our strategy to grow the supply of skills that employers in our region need to achieve growth, enabling residents to access opportunity. Our region is home to some of the country's best apprenticeship programmes, providing world-class training and support that enables business and our residents to compete globally but we need to do more.

The numbers of people starting apprenticeship has fallen across the country with the largest drop in the West Midlands. Yet we have businesses with skills gaps and persistently high youth unemployment (14,520 young people aged 18-24 are unemployed across West Midlands). This demonstrates a misalignment and a missed opportunity.

A key issue is that many of our young people aren't ready to take up apprenticeships. Almost 4 in 10 children in the region do not achieve a good level of development by the age of five years. This figure rises to over 5 in 10 among children from deprived backgrounds. High levels of post-16 learning delivery at level two and below (including English and maths) highlights shortcomings in the attainment of many learners in pre-16 provision – which means they don't meet the entry criteria for many apprenticeships.

There are groups who are consistently least likely to enter an apprenticeship. Particularly some BAME groups and care leavers. For example, only 3% of looked-after young people (16-18) take up apprenticeships compared to c.10% young people nationally. There are also financial reasons that prevent some of our young people benefitting from apprenticeship opportunities. The YMCA have flagged concerns that young people starting an apprenticeship are mainly on the apprenticeship minimum wage but their family may lose entitlement to housing benefit, child tax credit and child benefit. The financial disincentive to participation is a reality for all too many families in some of our communities.



Our region is the largest centre for digital and tech enterprises outside London but almost three quarters of large employers and half of SMEs in our region report digital skills shortages.





Access to traineeship and pre-apprenticeship provision is patchy – only 6,837 Traineeships were delivered in 2016/17 which means the bridging and preparation that many young people need isn't available.

Not enough employers are offering apprenticeship opportunities. Some 35% of regional businesses aren't engaged with the skills infrastructure and this proportion increases when looking at Small to Medium sized Enterprise (SMEs). The majority of companies are still unclear about the benefits of apprenticeships and wider fit with their business and workforce strategy.

The benefits of the apprenticeship reforms have not yet been realised. The regional apprenticeship market is led by provider behaviour rather than informed by confident employer demand. The levy is not being spent by the employers that are paying it and many employers feel the passporting of funds is restrictive at present.

We are seeing increases in higher level apprenticeships in the region and in the proportion of Science, Technology, Engineering and Maths (STEM) related apprenticeships, however female participation in STEM apprenticeships remains significantly below males.



The benefits of the apprenticeship reforms have not yet been realised.



In response to the risks and issues highlighted above, a series of proposals have been developed with key stakeholders, to ensure that high quality apprenticeship growth is at the forefront of the RSP:

Maximise levy investment for the West Midlands

- Secure DfE's commitment to maintaining West Midlands levy investment within the region, test more flexible passporting of unspent levy; gain employers commitment to create a West Midlands SME Apprenticeship fund – target key sectors, higher levels, supply-chains and under-represented groups.
- Establish a joint working arrangement with the Education & Skills Funding Agency (EFSA), National Apprenticeship Service (NAS) and DfE that pilots new approaches to market stimulation and includes sharing of intelligence and joint account management to enable more effective strategic planning with each levy payer, focussed on key issues of productivity, innovation and efficiency improvements.
- Work closely with our universities and other HE providers to agree growth targets to increase the range and volume of higher level Apprenticeships, including Degree Apprenticeships, available to West Midlands residents and businesses.

Lead a regional campaign to promote the benefits of Apprenticeships – to employers, young people, employees and key stakeholders

- Lead a focused regional campaign to promote apprenticeships to the region’s employers and young people, particularly targeting under-represented groups, and maximising the opportunities afforded by regionally held events such as the Skills Show and Big Bang. This needs to build on, and amplify, existing activity through coaching and support for young people.
- Establish with DfE, an Apprenticeship Taskforce that identifies opportunities for scaling up and accelerating Apprenticeship take-up in the West Midlands. To include, piloting approaches that drive up engagement amongst young people, particularly from under-represented communities, and SMEs, as well as increasing the range and volume of STEM (Science, Technology, Engineering & Maths) and higher level apprenticeships.
- Increase awareness and take up of the subsidised apprenticeship travel offer in the region where apprentices can travel for work, study and leisure at child’s fare.
- Work with public sector levy payers to encourage the use of their apprenticeship levy and to secure more apprenticeship places through their procurement activities that extend beyond employment entry and include ‘good’ jobs.



Support more young people to access pre-Apprenticeship provision and to progress into high quality Apprenticeships

- Establish and promote a regional pre-Apprenticeship and traineeship offer, including piloting Access to Apprenticeships in growth sectors.
- Promote more Traineeships and Apprenticeships to young unemployed people to increase take up and successful participation as a route to greater social mobility.
- Link under-represented groups to new Apprenticeships created through joint working with organisations with the Prince’s Trust and the Children’s Society.

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Increase awareness and take up of the subsidised apprenticeship travel offer in the region where apprentices can travel for work, study and leisure at child’s fare.

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4. Deliver inclusive growth by giving more people the skills to get and sustain good jobs and careers

Despite a positive economic forecast, the West Midlands faces major challenges in ensuring that all residents are enabled to benefit from the region's business growth. Though labour market conditions have improved, the overall rate of employment among working age residents in the region is low, while high unemployment blights certain localities.

Some local communities fare very badly: black and minority ethnic (BAME) employment rates are 15 percentage points lower than for white groups. There are similar disparities for those with disabilities and low/no qualifications. West Midlands region has the highest proportion of residents with no/low qualifications (13% compared to national average of 8.9%) – a significant risk to economic growth fuelled by higher skills needs (36% growth in jobs requiring Level 3 and above between 2012 and 2022).

Poor labour market outcomes affect the West Midlands more than other mayoral combined authorities. This is despite the billions spent on interventions designed to address unemployment and inactivity over the years. We need to challenge ourselves to do more to reduce unemployment and increase labour market participation. In recognition of this there is a Mayoral commitment on youth unemployment and a SEP target to reduce unemployment to below the national average by 2030.

Current support provided to unemployed and economically inactive residents is characterised by:

- Disparate funding sources, often pilot or short term based that do not deliver changes to the status quo or deliver sustainable infrastructure after the lifetime of the project.
- A range of locally commissioned community employment support provision that is difficult to map.
- An inconsistent offer to residents across the region – a

lack of place based commissioning dialogue for some of the major budgets such as the Adult Education Budget. At worst this results in competing or conflicting offers in some areas and a paucity of provision in others.

- Adult skills provision delivered through the further education sector who deliver significant volumes of basic skills and English for Speakers of other Languages (ESOL), Level 2 qualifications but little provision at higher Levels (3 and 4)
- A lack of robust evaluation that articulates what really works – segmented by customer and using behavioural insights research to gain an enhanced understanding of behaviours of individuals, employers and providers.

There is however a strong and progressive commitment from DWP/Jobcentre Plus to align their delivery with local and regional strategies and to contribute to future commissioning of Adult Education Budget (AEB) to support the unemployed, particularly with appropriate ESOL and basic skills programmes. And there is a significant volume of ESOL, English, Maths and foundation learning delivered by FE colleges and adult education providers.





Deliver our £4.7m Employment Support Pilot to support those out of work and on low incomes in targeted communities

We will:

- Deliver a place-based employment support programme, focusing on small communities where there are high levels of unemployment and low incomes.
- Provide pre and post-employment job coaching delivered within communities.
- Test approaches to using social networks to promote employment – this is the idea of ‘community support for work’, the rationale being that information about work opportunities coming from peers and neighbours can help strengthen residents’ work-related norms.

Establish an Employment Support Framework for the region to improve the co-ordination, commissioning, delivery and impact of all programmes to support the unemployed – including how we shape and inform the future UK Shared Prosperity Fund.

To deliver the best possible returns on investment in employment support, we will work with DWP, DfE, Local Authorities and Jobcentre Plus to develop an integrated Employment Support Framework. The purpose of the framework will be to strengthen the coordination of investment and impact of activities across the spectrum of need faced by local people – supporting more residents to gain the skills and experience required to enter, remain and progress in work. This will include:



- Improved focus and alignment of current and future investment in employment programmes through strong partnership working.
- Set out how we will use any future shared prosperity funds to deliver additionality across the region rather than duplicate current delivery.
- Ask providers to integrate provision delivered via the Adult Education Budget (AEB), with employment support programmes and other local initiative funding to provide the best possible training support to residents entering the labour market.
- Scale-up the work coaches initiative across the West Midlands region building on the success of the scheme in Greater Birmingham and Solihull and the Black Country.

Improve the range and impact of the career planning advice that unemployed and low-paid adults can access.

- Improve availability of Information Advice & Guidance (IAG) to adults looking to enter or progress within work, by more targeted interventions with the National Careers Service (NCS).



Target skills provision to address areas of high need with a particular focus on youth unemployment

The devolution of AEB presents an opportunity for the region to improve the impact of public investment in skills in support of inclusive growth. We therefore plan to:

- Undertake segmentation analysis to better develop and align interventions to tackle youth unemployment.
- Undertake segmentation analysis to better develop and align interventions to tackle youth unemployment.
- Target AEB funding at places and communities experiencing high levels of unemployment, with a particular focus on young people, as well as seeking to improve overall levels of skills, employment and income across the region.
- Increase the proportion of AEB used to support Level 3 and 4 qualifications in priority sectors.

Improve our focus on upskilling low paid and low skilled residents, to improve their long-term career and income prospects.

With around a quarter of the region's workforce paid below the 'real living wage'¹², levels of working poverty represent a major issue. Activity to drive up employer investment in skills (see below) will help more local people access better paid work. Other interventions will be focused upon:

- Delivery of a successful Women Returners pilot, focused on giving more women digital skills that will enhance their ability to move in to good, well-paid careers.
- Developing adult skills provision in cultural/tourism roles to meet job opportunities created by City of Culture and Commonwealth Games.
- Work with FE colleges to deliver more flexible learning that supports adults in work to upskill, including via AEB-funded provision.
- Target the full funding of qualifications for those on low wages in priority sectors and work with CBI and TUC to maximise union and employer collaboration on actions to improve social mobility, particularly those targeting low paid/low-skilled adults.
- Seek DfE agreement to pilot national retraining activity in the manufacturing sector, enabling workers at risk of automation to develop new skills to transition in to new roles.
- Target low-skilled and low-paid adults in the workforce, or looking to enter employment, through dedicated careers support and waiving of course fees/loans (Career Learning Pilot) and the fully funded AEB provision for those on low income.
- Deliver our £5m West Midlands Construction Retraining Scheme focused on giving unemployed residents the site-ready skills that employers need now.

¹² Source: KPMG Living Wage Report 2017, KPMG; <https://home.kpmg.com/uk/en/home/insights/2017/11/kpmg-living-wage-research-2017.html>

Provide a new employment support service for people with a mental health and/or physical health condition in primary and community care through the Thrive into Work project.

Working in partnership with the NHS to support individuals with a mental health and/or physical health conditions in primary and community care into employment. We will do this through:

- A collaboration between different parts of the health service, local and national government. Including NHS England, the Department for Work & Pensions, and the Department for Health.
- A randomised control trial, meaning people who take part will be randomly placed into one of two research groups. One group will receive the new service and the other group will be provided with information about existing services in their area.
- Targeting people with a mental health and/or physical health conditions who are 18 plus and registered with a GP in Wolverhampton, Dudley, Sandwell and West Birmingham or South Central Birmingham to gain employment.

Supporting the effective delivery of the Work and Health Programme in the WMCA area working with Jobcentreplus and DWP and taking an active role in the performance management of the contract

Supporting the effective delivery of the Work and Health Programme with Jobcentreplus and the DWP Commercial Team, through engagement in local management meetings and review of performance data. We will:

- Work in partnership with the prime provider to support local service integration and engagement with local service providers.
- Act as a conduit for the Local Authorities, being a point of contact with the prime provider, Jobcentreplus and DWP.
- Influence performance and the localisation of delivery through WMCA's role in the performance management of the contract as secured through the first devolution deal.



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 We know we are stronger together and that in the West Midlands we have a good foundation on which to develop stronger, more productive partnerships.
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Ensure that regional economic growth translates to new and accessible opportunities for our residents

Exciting developments will change the face of our region and its economy. Major investment programmes in housing, economic development and infrastructure (most notably the Housing Deal and HS2) will generate significant employment and training opportunities.

- We will work with local authorities, developers, providers of employment and skills support and local communities, to ensure that major investment programmes provide high quality job and training opportunities for residents
- Drive accelerated inclusive growth through the development of ‘regional skills corridors’ and use this approach to ‘re-imagine’ how we look at housing, skills, investment, infrastructure through an inclusive growth corridor lens.



5. Strengthen collaboration between partners to support achieving more collectively

We know we are stronger together and that in the West Midlands we have a good foundation on which to develop stronger, more productive partnerships. We need to move beyond organisational boundaries and work collectively to deliver the outcomes our residents and businesses deserve.

Delivery of this plan is therefore dependent on a wide range of partners working together to maximise the impact of economic growth for local people. For too long, the skills system has been characterised by disconnected funding and policy drivers that make it difficult for different parts of the ecosystem to work together.

The West Midlands is already recognised as leading the way in terms of engaging partners in the skills agenda with close working relationships in place with the FE and HE sector as well as the three LEPs and Local Authorities, that go beyond passive engagement to playing a meaningful and active role in developing and delivering our plans.

Through closer working relationships, the creation of clearer learning pathways and taking advantage of the opportunities that devolution presents we will transform the skills system to deliver what this region needs.



Promote the concept of a skills ecosystem for the region which recognises the interdependence of schools, FE, HE, Adult and Community Learning and private and voluntary training providers and facilitates stronger collaboration, with employers, to address regional skills needs.

We will:

- Support our Local Authorities in their work to improve school performance and young people’s attainment.
- Re-design the way we do partnerships – placing the needs of residents and businesses central to the skills training offer.
- Encourage the development of integrated region wide approaches wherever possible so we can develop joint funding bids, shared infrastructure and sharing of good practice.

From 2019/20: use AEB commissioning powers to deliver impact



We plan to focus devolved AEB (over £100m annually) on supporting more people in to good jobs; improving the earnings potential of our low-paid, low-skilled workers, and reviewing English language provision to enable more residents to learn the language skills they need for successful work and lives.

Providers of adult education currently deliver a range of important learning in our communities, including literacy, numeracy, English Language, skills for employment, family literacy and learning.

Much of this delivery is through colleges, local authorities and independent training providers and much of it has been successful in transforming the lives of learners, with people acquiring knowledge and skills that has helped them to secure employment and to progress in work and to further learning.

Funding will be transferring to the Combined Authority for the 2019/2020 academic year and, as it does so, the Combined Authority will be working with stakeholders and providers to ensure that we build on the impact that is already being delivered through adult education in our region.

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We plan to focus devolved AEB on supporting more people in to good jobs...

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In taking receipt of the Adult Education Budget the WMCA will become the commissioner of learning. In undertaking this role, we do not intend to take a 'year zero' approach. There is much excellent activity currently being delivered by providers and we will want this to continue. Equally, where we believe that different things need to be delivered, we will seek to secure the changes we need without disrupting or destabilizing our learning infrastructure.

To this end, we will operate two concurrent approaches to commissioning activity:-

- Plan-led commissioning through the agreement of Delivery Plans with providers
- Procurement

At the core of our plan-led process, the WMCA will seek to agree Delivery Plans and Outcome Agreements with grant funded providers. **There are specific priorities we will be asking providers to respond to include:**

- Targeting low-skilled and low-paid adults in the workforce, or looking to enter employment, to secure skills at Level 3 and above to enable them to progress in employment with a particular focus on progression in priority sectors
- Deliver greater volumes of digital provision – the digital entitlement including basic digital skills for people to operate in a digital world; general level digital skills at level 2 and a significant increase at advanced level digital qualification at level 3 and 4.

- Increase the volumes of qualifications at all levels in priority sectors – construction and building technologies, automotive/advanced manufacturing, business and professional services and digital
- More flexible models of learning delivery that supports adults in work to upskill
- Deliver adult community learning provision to engage communities and support priorities relating to skills, cohesion and integration, health and mental health.
- Targeting of people in our priority communities, working with Local Authorities and other key local stakeholders, to maximise impact and increase qualification levels and ultimately employment in those areas that have remained persistently difficult to change.
- Improve progression between Levels and into employment - ensure there is support and progression routes in place to move people from basic skills through to Level 2 and into employment
- Delivery of vacancy-led skills support programmes that deliver entry to employment for those out of work.

Our approach to procurement will be informed by delivery through the plan-led process in order to avoid duplication and ensure that we maximise the impact of the funding. Our commitment is to develop and communicate open and transparent procurement processes that seek to engage a wide spectrum of providers to deliver more for local residents and businesses.

Delivering our ambition



Delivery of the Regional Skills Plan will be a joint endeavour between local and national partners, employers and our communities.

The dashboard through which we monitor our contribution to achieving SEP targets will be developed to capture and monitor the actions delivered through the Regional Skills Plan.

We have a unique opportunity to make a change - the WMCA geography aligns with the travel to work and travel to learn patterns for the whole conurbation. That means our plan is focused on people who live and work in our region.

We will, in 2019 have control of the Adult Education Budget and whilst only one aspect of skills funding we will use it to leverage change and demonstrate that we have the necessary strategic leadership and capacity in place to deliver further skills devolution.

We will be working with and through partners and increasing our capacity to support the ambitions in this Plan. Most importantly we are an organisation founded on and driven by the principle of partnership: adding value and aligning the agendas of partners is our fundamental purpose and we will be reflecting that in the context of skills delivery.



**“The region’s young population,
its excellent connectivity and strengths
in key sectors such as advanced
manufacturing and digital,
all provide the right ingredients
for growth and prosperity.”**



West Midlands
Combined Authority
Productivity & Skills