

## ICT SECTOR INTELLIGENCE SHEET

### Key issues and responses

The impact of the global financial and economic down turn on the IT sector in the West Midlands is unclear, but as a number of IT companies work across a range of sectors and with a number of employers there are no real concerns at present. According to long term employment projections, the number of jobs within the IT sector in the region is set to increase from 57,000 in 2007 to 63,000 in 2017 which would represent a 7% growth within the industry. This predicted rapid growth means that employers will face pressures in filling vacancies. Successful employer engagement models need to be generated and promoted. Development of the sector is mainly driven by technological change therefore the integration of vendor based training into the new QCF qualifications will help to attract both learners and employers.

The IT sector is dominated by small employers with 94% of employers employing 10 or fewer staff. To enable IT SME companies to grow in this ever evolving sector they need to be more engaged in the advantages of apprenticeships. The LSC are working in collaboration with Microsoft and e-skills UK to develop an Apprenticeship programme in which students will gain a Higher Apprenticeship for ICT Professionals. If successful, the model will be replicated and the programme will improve and increase the skills within the IT Professional sector and will be a flagship programme to increase engagement in IT Apprenticeships which will help to address Skills shortages issues.

The sector profile shows that the only 6.4% of the IT workforce have no qualifications compared to the average of 10.6% across all sectors. At level 2 and above, level 3 and above and particularly level 4 and above the ICT workforce is relatively well qualified. Data shows that IT HE Entry enrolments have fallen and due to this being the key route into the sector it is a cause for some concern. It is necessary for the LSC to ensure that the qualifications it funds are at the higher level for this sector and that there are appropriate progression routes into HE. It will be vital to promote careers in the IT sector and routes into employment to make them more attractive to young people and older workers looking for a change of career.

The workforce is skewed towards men with just under two thirds of positions in the ICT sector (63%) occupied by males compared to 55% across all sectors. Data shows that women tend to enrol on IT User lower level courses. Therefore, it will be important to create initiatives which will attract women to higher level IT careers.

Although data shows that enrolments are dominated by white ethnic groups, the industry employs much higher proportions of workers from BME groups (17.4%) than the region as a whole (10.0%).

The ICT Sector employs a lower proportion of those aged 45 and above (28%) than the average across the region (39%) and shows that more than half of the workforce is between 25 - 44. There are fewer new young entrants into IT therefore it is necessary to ensure that skills are updated in the workforce and for employers to make more use of older workers. The ICT Specialist Provider Network is encouraging learning provision to be more flexible and linked to appropriate qualifications to meet the needs of business.

The LSC at present are still funding a large number of enrolments at Level 1 which require reduction to enable the ITQ qualification to reach its full capacity. LSC projects have been a major factor in the growth of ITQ enrolments since 05/06 linked to effective engagement with the ICT Specialist Provider Network. To ensure continuous growth it is important that the Brokerage Service understand how the qualification works and the benefits to individuals and employers as the flexibility of the ITQ will enable a wide range of skills needs to be delivered. Sector specific ITQ leaflets have been designed and case studies are now available on the ITQ West Midlands website.

It is imperative that the LSC work along side e-skills UK to ensure the sector compact meets the needs of the sector driving up demand for skills through Train to Gain. Train to Gain flexibilities for additional level 2's are already encouraging increased ITQ numbers and will do the same for level 3.

66% of establishments have funded or arranged training for staff in the past 12 months, which is greater than the average of 65% across all industries. However, the proportion of establishments with a training plan and budget are below the regional average across all sectors. The IT Advisory Service will be managed by Business Link and will provide business support solutions for employers. It is key that the LSC work closely with Business Link to ensure they are providing an effective service for the sector.

### FE Enrolments by local Office

LSC	2005/06 (FO5)		2006/07 (FO5)		2007/08 (FO4)		% Change 2005/6 to 2007/08	
	16-18	19+	16-18	19+	16-18	19+	16-18	19+
Birmingham and Solihull	8,274	10,380	6,484	7,193	4,982	6,952	-40%	-33%
Black Country	5,595	14,114	4,803	8,633	4,345	6,407	-22%	-55%
Coventry and Warwickshire	6,153	4,919	5,868	3,398	4,819	2,811	-22%	-43%
Herefordshire and Worcestershire	6,159	5,386	6,138	2,785	5,032	2,234	-18%	-58%
Shropshire	1,929	4,513	2,540	3,537	2,396	2,905	24%	-36%
Staffordshire	6,381	10,154	5,492	6,595	5,363	5,215	-16%	-49%
<b>WM</b>	<b>34,491</b>	<b>49,466</b>	<b>31,325</b>	<b>32,141</b>	<b>26,937</b>	<b>26,524</b>	<b>-22%</b>	<b>-46%</b>

FE enrolments have fallen over a three year period. Overall there has been a 36% reduction from 2005/06 to the present level of 53,461 enrolments in 07/08. 166 IT courses were offered of which 65 had no uptake. Priority qualifications contribute to 16% (8,592) of FE IT enrolments which is significantly more enrolments than the 5,867 in 05/06. The exclusion of key skills reduce priority enrolment numbers to 5,548. Priority qualifications which have shown growth are Key Skills Level 1, BTEC National Award for IT Practitioners (Software Development) and the NVQ for IT Users (ITQ) which has the majority of enrolments (5,106).

The main decline is amongst 19+ enrolments with a reduction of 46% compared to 22% amongst 16-18 year olds over the same period. It is probable that the decline is due to LSC cut backs on funding courses which do not meet employer demands. The overall trend of decline is similar across sub regions

There is a decline in traditional courses such as ECDL and Clait which gives some indication of the success in the promotion of ITQ which has increased from 1,482 in 05/06 to 5,136 in 07/08 with The Black Country region enrolling 49% of that figure.

There is still a growing demand for the Certificate in ICT Skills for Life, Certificate in Using ICT (Entry 3) and Key Skills in Information and Communication Technology Level 1. This is probably because these qualifications are requirements of the Apprenticeship Programme.

The delivery of IT courses is widespread, covering 52 FE institutions including Adult Community Learning Provision. Nine of these colleges are members of the ICT Specialist Provider Network and have contributed to 33% of FE IT enrolments over a 3 year period.

The top providers of FE IT enrolments are Dudley College with (2,732) although Dudley College enrolment figures have dramatically declined from 6,969 since 05/06; North East Worcestershire College (2,700) and Birmingham City Council (2,680) which is the only institution within this group which has had a steady increase in enrolments rising from 2,257 in 05/06.

Analysis of enrolments by occupation shows that 92% of all enrolments are in User qualifications a 4% rise from 05/06 (IT User, Key Skills and Skills for Life) with 4,416 of the total associated with IT professional jobs/technicians or as a route to Higher Education. Despite the predominance of User qualifications, trends show that over the last three years enrolments have declined. Higher Education Entry enrolments have fallen and due to this being the key route into the sector causes some concern.

### Enrolments by Level

LSC	2005/06 (FO5)		2006/07 (FO5)		2007/08 (FO4)		% Change 2005/6 to 2007/08	
	16-18	19+	16-18	19+	16-18	19+	16-18	19+
Age Band								
Entry Level	674	4,441	685	4,398	797	5,411	18%	22%
Level 1	11,509	23,377	11,180	12,488	11,093	9,870	-4%	-58%
Level 2	14,130	13,163	12,264	11,702	9,628	9,001	-32%	-32%
Level 3	7,905	2,376	7,161	2,051	5,369	1,702	-32%	-28%
Level 4, 5 or higher	#	47	#	27	#	53	-14%	13%
Unknown	266	6,062	33	1,475	44	487	-83%	-92%
<b>Total</b>	<b>34,491</b>	<b>49,466</b>	<b>31,325</b>	<b>32,141</b>	<b>26,937</b>	<b>26,524</b>	<b>-22%</b>	<b>-46%</b>

Note: # less than 10 enrolments

Analysis of 07/08 data by levels of qualification shows that 51% of all IT learning is at level 1 and below. A further 35% of enrolments relate to Level 2; 13% at Level 3 with 1% of Level 4, Higher and Not Known.

The June 2007 Balance Sheet recommendations state that there should be a reduction in the current oversupply of level one course provision in IT and planned increase of IT provision at level 3 and above due to most employees within the sector being highly qualified. Data shows that there has been a decline in Level 1 provision from 34,886 in 05/06 to 20,963 enrolments. There has also been a noticeable decline however in level 3 courses from 10,281 in 05/06 to 7,071 enrolments with students enrolling on less HE Entry courses.

In terms of IT User qualifications only 3% (1,350) of the total (53,451) is enrolled at Level 3, this percentage excludes Key Skills.

Birmingham and Solihull have the highest number of enrolments (9,084) with the highest proportion of enrolments at Level 1 (3,183). The Black Country has the highest level of enrolments at level 2 (3,213). There has been an increase of 30 enrolments in level 4 and higher qualifications since 06/07 with Coventry and Warwickshire holding 22 of those enrolments.

### WBL

#### Work based learning enrolments (All learning Aims) by local office

LSC	2005/06 (P15)		2006/07 (P15)		2007/08 (P12)		% Change 2005/6 to 2007/08	
	16-18	19+	16-18	19+	16-18	19+	16-18	19+
Age Band								
Birmingham and Solihull	476	474	479	273	528	201	11%	-58%
Black Country	945	591	687	379	556	291	-41%	-51%
Coventry and Warwickshire	991	475	812	385	652	281	-34%	-41%
Herefordshire and Worcestershire	701	441	540	203	386	149	-45%	-66%
Shropshire	399	201	454	134	392	92	-2%	-54%
Staffordshire	976	577	744	385	654	282	-33%	-51%
<b>WM</b>	<b>4,488</b>	<b>2,759</b>	<b>3,716</b>	<b>1,759</b>	<b>3,168</b>	<b>1,296</b>	<b>-29%</b>	<b>-53%</b>

As with FE there is a falling trend in provision and the number of WBL starts dropped 38% giving a total of 4,464 in 07/08 – 55% Advanced apprenticeships (2,443) and 45% Apprenticeships (2,021). The decline of WBL may be due to the reduction in providers from 113 in 05/06 to 95 in 07/08.

Key Skills make up a large number of WBL enrolments and if excluded then the number of starts in IT fall to 1,103 of which 395 are level 2's and 708 Level 3's.

With the exclusion of Key Skills the region with the highest number of starts is Birmingham and Solihull with (294) of which 75% of these enrolments are provided by Zenos and are IT professional enrolments. Hereford and Worcester have the lowest number of enrolments with (33).

In terms of WBL delivery, Zenos are the overall top provider with 413 enrolments of which 254 of these are the NVQ for IT Professional. Zenos deliver across three sub regions, B&S (219), Shropshire (32) and Black Country (162) and without Zenos WBL enrolments would be reduced to 690 enrolments. It is therefore necessary to encourage more providers to deliver IT Professional courses.

Qualification Occupation areas which have gradually increased over a three year period are the NVQ for IT Professionals with 53 enrolments in 05/06 to 316 in 07/08, IT Operations Technicians with 249 enrolments of which 64% are Advanced Diploma for IT Practitioners (ICT Systems Support) and IT Users with 403 enrolments of which 82% are ITQ's.

95 providers deliver WBL courses with 40 providers delivering to no more than 20 learners which raise questions as to the quality of provision.

71% of the total ICT WBL enrolments are related to 16-18 year olds whereas 39% contributes to 19+. WBL enrolments are male dominated with only 14% of women enrolling on courses compared to the 3,608 male enrolments. Female enrolments are geared towards NVQ for IT User (ITQ) whereas male enrolments are toward NVQ for IT Professionals (excluding Key Skills).

#### **Train to Gain Enrolments by local Office**

LSC	2005/06 (P15)		2006/07 (P15)		2007/08 (P12)	
	16-18	19+	16-18	19+	16-18	19+
<b>WM</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>597</b>	<b>0</b>	<b>1,417</b>

Train to Gain enrolments have almost trebled since 06/07 with 97% of these enrolments belonging to the NVQ for IT User (ITQ) (1,374). IT Professional enrolments are very low with NVQ for Contact Operation Systems being the most popular with 25 enrolments.

Only 4% of the total Train to Gain enrolments are at level 3 (60) with 96% of the total figure belonging to IT Users.

39 providers deliver through Train to Gain of which the top five providers deliver 51% of all enrolments. Black Country Training Group (165), Worcester College of Technology (160), Fusion ICT Limited (147), Warwickshire College (139), QDOS Taxwise Limited (110).

**ESF Enrolments by local Office – current contract**

LSC	2005/06 (P15)		2006/07 (P15)		2007/08 (P12)		% Change 2005/6 to 2007/08	
	16-18	19+	16-18	19+	16-18	19+	16-18	19+
Birmingham and Solihull	#	204	21	1,028	10	1,585	43%	677%
Black Country	105	149	315	333	307	303	192%	103%
Coventry and Warwickshire	12	321	47	290	53	320	342%	0%
Herefordshire and Worcestershire	31	#	40	43	37	34	19%	325%
Shropshire	#	17	#	39	#	21	200%	23%
Staffordshire	11	#	25	12	25	#	127%	-50%
<b>WM</b>	<b>169</b>	<b>705</b>	<b>450</b>	<b>1,745</b>	<b>441</b>	<b>2,266</b>	<b>161%</b>	<b>221%</b>

Note: # less than 10 enrolments

ESF enrolments have trebled over a three year period and data shows that 79% of ESF funding is used to support IT Users and 20% is used for Key Skills and Skills for Life the remaining 1% is used to fund IT Operations Technicians, IT User Support Technicians and Software Professionals.

50 providers are drawing down ESF funding and there as been an increase of 1,833 enrolments since 05/06.

Analysis of the data by level of qualification shows that 40% of ESF enrolments relate to Level 2's which is the equivalent to five GCSEs at levels A-C, 31% Level 1's, 17% Entry Level and 12% Level 3.

Level 1 enrolments are predominately ECDL Part 1 and New Clait with figures almost doubling since 06/07.

The qualification dominating Level 2 (768) and Level 3 (299) enrolments is ITQ with the lead provider being Fusion ICT who have 683 enrolments. Unfortunately Fusion ICT went into liquidation in July so it is predicted ESF numbers for IT will decline.

**LLDD****Enrolments by programme for learners who have a disability or learning difficulty**

LSC	2005/06		2006/07		2007/08		% Change 2005/6 to 2007/08	
	16-18	19+	16-18	19+	16-18	19+	16-18	19+
Age Band								
FE	4,366	4,962	4,344	3,720	3,800	3,239	-13%	-35%
WBL	428	152	359	112	246	97	-42%	-36%
TtG	0	0	0	23	0	82	0%	-
ESF	15	63	51	122	46	345	207%	448%
<b>Total</b>	<b>4,809</b>	<b>5,177</b>	<b>4,754</b>	<b>3,977</b>	<b>4,092</b>	<b>3,763</b>	<b>-15%</b>	<b>-27%</b>

Analysis of FE LLDD data shows that 19+ students (26,524) are more reluctant to give information about learning difficulties 2,144 compared to 16-18 year olds (26,937) with only 1,750. The majority of learning difficulties is shown at Level 1 with 58% relating to 16-18 year olds.

91% of WBL IT students (4,071) have no learning difficulties and a mere 1% have not provided information.

Qualification Occupation data shows that the 8% have identified a learning difficult of which 6% are within Key Skills.

**Success Rates**

Across the region, FE Success rates in IT average 65% and have been rising steadily over the last three years. Unfortunately more than 25,340 enrolments out of 63,466 result in no record of achievement in 06/07. Hereford and Worcester are the only region to experience a downward trend in achievement. By region it can be seen that Shropshire and Coventry and Warwickshire have above average performance as well as positive trends in success rates.

Although WBL enrolments have declining over a three year period, planned leavers have increased from 4% to 9% in 07/08. In terms of success rate by region Shropshire have the highest Whole Framework success rate with 85% which is above the National benchmark of 64%. Staffordshire have the lowest Whole Framework success rate with 56%.

NVQ for IT Professionals have the highest Whole Framework success rate with 83% and NVQ for Contact Centre Professionals have the lowest Whole Framework success rate with 60%.

The regional average Train to Gain success rate for 2007 is 59%. ICT Train to Gain enrolments have increased over a two year period but success rates have declined from 55% in 2006 to 42% in 2007 which is 17% below the regional average.

In 2007 there were 749 leavers of which 41% success was at Level 2 based on 726 enrolments and 74% success was at Level 3 based on 23 leavers. The providers with the largest numbers of leavers (people who have completed their learning aim) were Warwickshire College (106), The Black Country Training Group (85) and Fusion ICT Limited (79).

In 05/06 there were no ICT providers with inspection grades at grade 1. In 07/08 Zenos and Warwickshire College reported that they received a grade 1 in their inspection.