

Sector Intelligence Sheet - Manufacturing

Demand Side Profile

Sector Profile

- The manufacturing sector is of key importance to the regional economy. It is the second largest sector in terms of Gross Value Added (GVA), behind only the business and professional services sector. In 2004, the sector generated £15,029 million of GVA, almost 20% of the region's total.
- The sector employs just over 305,000 people within the West Midlands, accounting for 13% of total employment across all industries within the region.
- The manufacturing sector is dominated by small employers with those employing ten or fewer staff accounting for 74% of the 16,193 regional employers. Some 19% employ between 11-49 people.
- The age profile of the manufacturing sector is broadly in line with the regional average with 43% of workers aged between 24-45 and 44% aged 45 or above. However the workforce is dominated by males, 68%, and white ethnic groups, 89%.
- The qualifications profile of the workforce is below the average across all sectors. The Sector has higher than average proportion of staff with no qualifications or below level 2 qualifications as well as lower than average proportion of staff that are either at or above levels 2, 3 or 4.

Future Employment

- The most recent forecasts focus on expected employment change in the sector between 2007 and 2017. It is predicted that there will be 56,000 fewer jobs by 2017, a fall of 16%. However the replacement demand will create 124,000 new opportunities.
- This means that within the manufacturing sector it is predicted that there will be a net requirement of 68,000 jobs by 2017
- With reference to employment change by occupation, for managers and senior officials and skilled trade occupations there will be a net requirement of 16,000 jobs and 11,000 jobs respectively by 2017. Whereas despite transport and machine operatives losing 18,000 jobs the aging workforce means that they are still predicted to have large net requirement of jobs (12,000) by 2017.

Recruitment, Skills and Training Issues

- The proportion of skills shortage vacancies (SSVs) has remained the same within the sector between 2005 and 2007 at 6% which is above the average across all sectors (3%)
- The manufacturing sector has a greater proportion of employers reporting skills gaps than the average across all sectors (17% against 14%) Whilst skills gaps as a percentage of employment (8%) are also above the regional average (5%)
- 61% of establishments in the Manufacturing sector have funded or arranged training over the last 12 months which is lower than the average of 65% across all sectors. The proportion of employers with a training plan (38% vs. 47%) and a training budget (28% vs. 34%) are both below their respective averages across all sectors.
- In the engineering sector, there will be an increasing demand for technical and engineering skills as well as computer skills and problem solving. Whereas the drivers for change in Manufacturing are "upskilling" and generic skills.

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	894	3,788	805	2,811	496	2,484	-44.5%	-34.4%
Black Country	631	3,076	572	2,466	432	1,920	-31.5%	-37.6%
Coventry and Warwickshire	700	1,119	579	965	409	790	-41.6%	-29.4%
Herefordshire and Worcestershire	455	695	451	780	300	495	-34.1%	-28.8%
Shropshire	256	2,194	274	1,796	237	1,391	-7.4%	-36.6%
Staffordshire	720	1,907	635	1,552	486	1,501	-32.5%	-21.3%
WM	3,656	12,779	3,316	10,370	2,360	8,581	-35.5%	-32.9%

- Overall FE enrolments have decreased significantly but this is offset by an increase in Train to Gain for 19+ and increases in Work Based Learning (WBL) for 16-18.
- The qualification with the highest number of enrolments is Performing Manufacturing Operations
- Food and Drink manufacturing enrolments are strong, and the new 'Food Manufacture' NVQ is displacing old qualifications.
- The percentage of female learners remains steady at approximately 40%; this is a success in a sector where overall females represent only 23% of the workforce.
- The percentage of non-white learners is approximately 25%; again this is a success in a sector where overall non-white employees represent only 8% of the workforce
- To date, only the Semta compact has been finally agreed (launch is due end October 2008). This identifies NVQs in Business Improvement Techniques at levels 2 and 3 as priorities for funding. Enrolments on BIT level 2 continue to rise.

FE Enrolments by Notional NVQ 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+
Entry Level	26	37	10	38	18	68	-30.8%	83.8%
Level 1	677	2,110	457	1,223	362	464	-46.5%	-78.0%
Level 2	1,078	7,170	1,029	6,083	1,072	6,178	-0.6%	-13.8%
Level 3	1,862	3,266	1,818	2,913	903	1,742	-51.5%	-46.7%
Level 4, 5 or higher	13	192	#	113	#	127	-61.5%	-33.9%
Unknown	0	#	0	0	0	#	-	-50.0%
Total	3,656	12,779	3,316	10,370	2,360	8,581	-35.5%	-32.9%

Note: # less than 10 enrolments

- Entry level 1 has shown an increase; 62% of 07/08 delivery is 'Certificate in Food studies' in Shropshire
- Whilst Level 1 is declining there are still issues; 40% of this is in Birmingham and Solihull, specifically Performing Manufacturing Operations and a number of Fashion and Design qualifications
- Level 2 has seen a small increase overall. Specific areas for comment; Birmingham and Solihull has increased by 16% and Herefordshire and Worcestershire has declined by 21%. A particular concern is the high level of enrolments on Performing Manufacturing Operations in 07/08 which represent 22% of level 2 starts. This is an issue in all areas with the exception of Coventry and Warwickshire.
- Level 3 enrolments in FE have declined overall by approximately 50% with the exception of Shropshire which has seen a decrease of 22%.

WBL Enrolments 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+
Birmingham and Solihull	521	216	630	220	635	211	21.9%	-2.3%
Black Country	741	350	701	308	662	284	-10.7%	-18.9%
Coventry and Warwickshire	736	185	764	169	785	165	6.7%	-10.8%
Herefordshire and Worcestershire	511	254	529	228	520	209	1.8%	-17.7%
Shropshire	307	132	317	117	272	110	-11.4%	-16.7%
Staffordshire	617	282	653	293	639	292	3.6%	3.6%
WM	3,433	1,419	3,594	1,335	3,513	1,271	2.3%	-10.4%

- Overall 16-18 enrolments have remained steady in this period, while Birmingham and Solihull has increased significantly.
- 19+ have dropped overall by 10%, although enrolments in Staffordshire, Birmingham and Solihull, Coventry and Warwickshire have remained steady.
- Female enrolments onto both advanced apprenticeship and apprenticeships remain at a very low 2%.
- The percentage of non-white learners remains steady at 7%, this is approximately in line with current employment profiles.

Train to Gain Enrolments by Local Office

LSC	2006/07 (P15)		2007/08 (P12)		% Change 2005/6 to 2007/08	
	16-18	19+	16-18	19+	16-18	19+
Birmingham and Solihull	0	3,609	0	6,889	0.00%	90.9%
WM	0	3,609	0	6,889	0.00%	90.9%

- Train to Gain enrolments have increased although there is some displacement from FE. However when this is taken into account there is still a net increase of approximately 1500 enrolments in 07/08
- Level 2 qualifications represent 96% of enrolments. Particular successes are detailed below;
 - Electrical and Electronics Servicing (increase of 350%);
 - Food and Drink Manufacture enrolments are good at 385, although old qualification including Meat and Poultry continue to be delivered in high numbers;
 - Business Improvement Techniques enrolments have increased by 62%;
 - Manufacturing Textiles enrolments have increased by 108%;
 - Engineering Maintenance & Installation have increased by 238%.
- However enrolments on Performing Manufacturing Operations continue to grow having increased by 67%.
- Level 3 enrolments have grown by approximately 100%, 50% of these are in BIT delivered by providers in the Black Country and Coventry and Warwickshire.

ESF Enrolments 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+
Birmingham and Solihull	10	618	13	1,391	#	1,441	-10.0%	133.2%
Black Country	53	38	114	44	215	147	305.7%	286.8%
Coventry and Warwickshire	#	64	25	80	39	10	1200.0%	-84.4%
Herefordshire and Worcestershire	#	149	33	128	44	80	1000.0%	-46.3%
Shropshire	0	27	0	45	0	35	-%	29.6%
Staffordshire	0	131	31	276	31	225	100.0%	71.8%
WM	70	1,027	216	1,964	338	1,938	382.9%	88.7%

Note: # less than 10 enrolments

- Analysis of enrolments by NVQ level indicates that 80% of ESF enrolments are Level 2 and 3.
- Female enrolments represent 17% of total enrolments.
- Non white learners represent 20% of total enrolments.

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+
FE	430	707	422	628	301	536	-30.0%	-24.2%
WBL	183	52	199	62	153	48	-16.4%	-7.7%
TtG	0	0	0	258	0	566	-%	100.0%
ESF	#	#	#	105	#	121	500.0%	1244.4%
Total	614	768	626	1,053	460	1,271	-25.1%	65.5%

Note: # less than 10 enrolments

- Total enrolment across all funding streams have increased significantly with particular increases in Train to Gain although some of this growth could be displaced from FE

Success Rates**WBL**

- Apprenticeship success rates for the region as a whole have maintained the improvement from 05/06. However this improvement has not been consistent across the region;
 - Coventry and Warwickshire success rates have declined between 06/07 & 07/08 from 76% to 65%;
 - Herefordshire & Worcestershire success rates continued to decrease and are now at 47%.
- Advanced apprenticeship success rates have shown a steady improvement overall. Black Country have improved from 38% in 06/07 to 58% in 07/08.

FE

Success rate continue to improve with an improvement from 71% in 06/07 to 78% in 07/08

Train to Gain

- Success rates are similar to other funding streams at 63% in 07 but this has decreased from 87% in 06.
- Level 3 success rates have decreased to 37%.

Key issues and responses

Two of the key issues identified by both the demand side profile and Sector Skills Agreements are;

- The need to up skill existing workers specifically in technical and engineering skills;
- The need for increased Productivity and Competitiveness which is supported by delivery of the NVQ in Business Improvement Techniques (BIT) at levels 2 and 3.

These must be addressed through enrolments on economically valuable qualifications.

For level 2 these are identified by each Sector Skills Council through the 'Priority Qualifications Identified for Full Level 2 repeats'.

In addition; for both level 2 and level 3 qualifications additional support and flexibilities are being agreed through Sector Compacts. Provider briefings on compacts will be arranged by Sector Skills Council when appropriate. At this time Semta briefing is planned for 4th November & Proskills events will take place at the end of November. Further detail on Compacts will be communicated to provider through the Manufacturing Specialist Provider Network

At this time only the Semta compact has been finally agreed. This will promote enrolments on the NVQ level 2 and 3 in Business Improvement Techniques.

As further Compacts are agreed with Sector Skills Councils, details of the qualifications which are covered will be shared with providers through the weekly Train to Gain bulletin.

Productivity and Competitiveness is also being promoted through the PAC framework. PAC works with employers to identify operational and organisational improvement in areas which impact Quality, Cost and Delivery. These improvements are linked to the assessment of the BIT NVQ.

Work has taken place to ensure capability and capacity to deliver BIT is available and at this time approximately 50 provider staff are on a development programme through which they will themselves gain the NVQ.

There is also a need to attract new entrants

This will be addressed through;

- Increased enrolments on Apprenticeships and Advanced Apprenticeships; in addition to ongoing developments of the National Apprenticeship Service this will be promoted through Sector Compacts.
- New apprenticeships have been developed for Polymer and as others are developed these will be communicated.
- The 'Better West Midlands' contract currently being operated by Unite through ESF enables retraining of individuals currently working in the Manufacturing sector who either are under threat of redundancy or have been made redundant. It allows for flexible training delivery i.e. not necessarily whole qualifications. This will create a source of individuals who are employment ready to enter new roles.
- Sector routeways are being developed by Skillfast and locally in Birmingham to support the Semta footprint. These will specify the skills and training needed for entry into a sector. They are designed for new entrants including the unemployed and will be linked to IES wherever possible.