

# The West Midlands and Skills

**By David Hearne, Researcher, Centre for Brexit Studies**

A great deal of our focus at the Centre for Brexit Studies has been on the myriad issues that might be raised by changes in the relationship between the UK and the EU post-Brexit. As might be expected, many of these are both hideously complicated and interlinked.

However, many of our business contacts raise more local issues as impediments to growth and efficiency and two issues crop up more than any other in this regard: transport and skills. Interestingly, recent news articles suggest that the two might be more closely linked than hitherto believed<sup>[1]</sup>, although as I never tire of reminding my econometrics students: correlation does not mean causation!

Working in Higher Education, it should come as no surprise that the issue of “skills” is something we are constantly engaged with. Of course, whilst “education” and “skills” often go together, they are not the same thing. Nor should we denigrate the informal education that many receive throughout their working lives.

All of us know individuals who are skilled and successful who have little by way of formal education. That notwithstanding (and I will return to the theme of “skills vs education” later in the piece), the reality is that conventional measures of educational attainment are strongly correlated to a gamut of measures that are themselves related to skills (both individually and in aggregate).

This shouldn't be a surprise. What's less clear is the extent to which increasing education levels *cause* improvements in various outcomes (skills, productivity, earnings etc.) After all, intelligence and motivation are necessary qualities in order to attain good grades. It isn't surprising that individuals who possess these particular attributes also tend to be more productive and have higher earnings (again, on average)<sup>[2]</sup>.

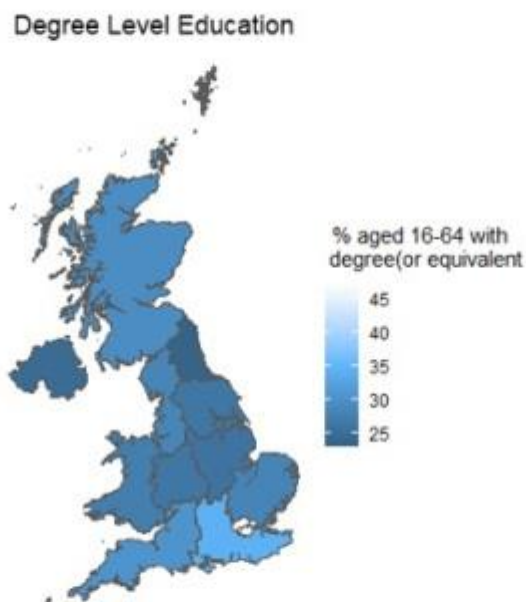
However, it's also true that many higher-level skills *require* an advanced education. I could not do my job without an advanced degree. My brother is a (medical) doctor – another profession where a

degree is required. The same is true for engineering, dentistry, data science, (economic) forecasting/statistics etc.

I spent Monday morning teaching a group of undergraduate students about Poisson regression. This might (or might not) be something that they use in their future careers, but there can be no question that the broader skillset they are developing will render them ready to undertake roles that they would hitherto not have had access to.

The sense in which such qualifications open doors that would otherwise be slammed shut and provide opportunities where there were none is particularly acute in a successful “post-92” university. Many of our students come from backgrounds where they are the first in their family to attend higher education. Many come from areas where university attendance is not the norm and where the material advantages that many take for granted are not automatic. Watching them grow in knowledge and stature is a privilege.

In terms of the pool of labour available to local employers, it is clear that we do face certain issues in the West Midlands. Within the UK as a whole there is a stark divide between London and the rest of the country, as illustrated by the map below:



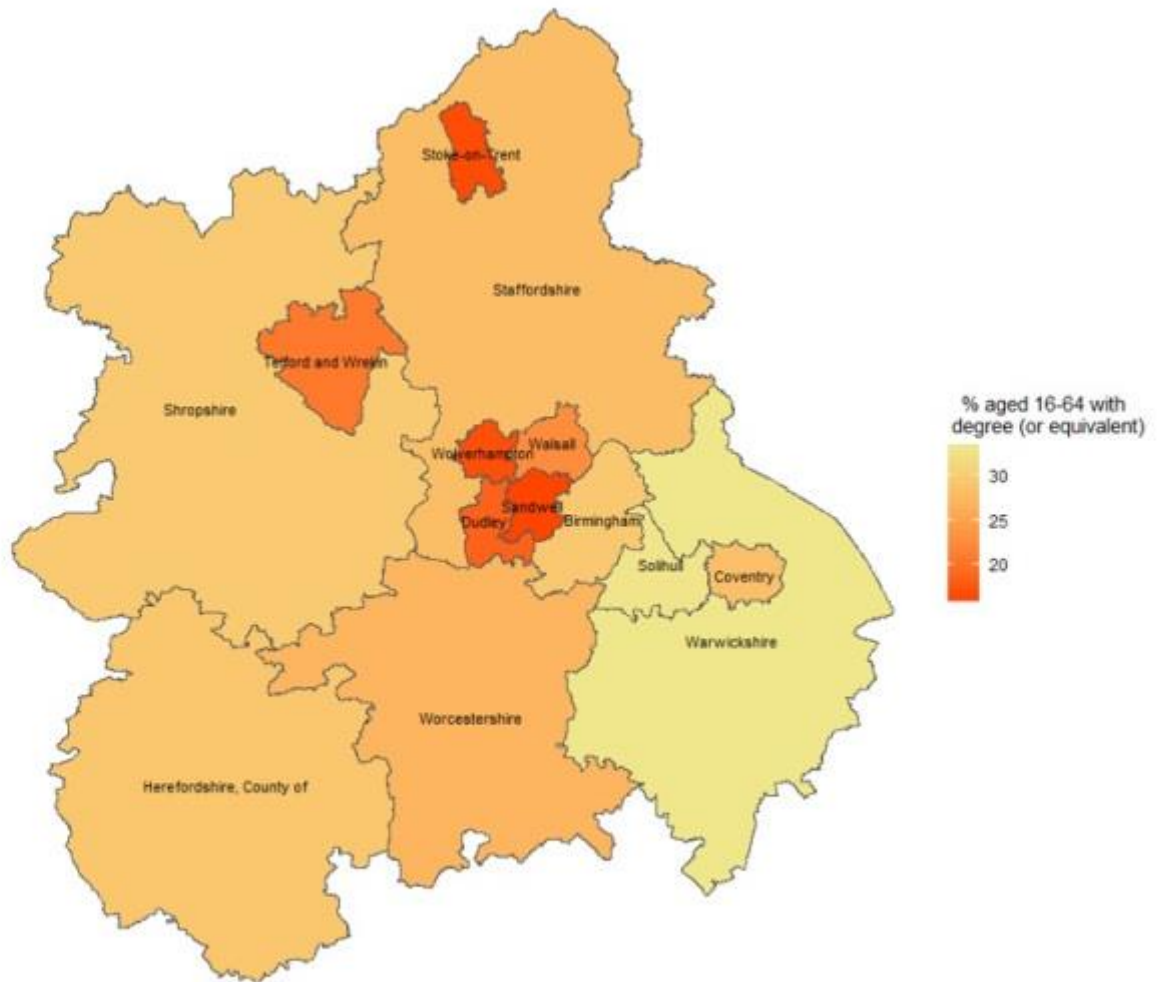
Source: ONS Annual Population Survey

Part of this is a cohort effect – younger people are more likely to hold a degree and London's population skews much younger than the rest of the country. Much, however, is a product of migration (both internal and external). Many international migrants to London hold degrees and similar qualifications, pushing up the overall average educational level in the capital.

This is true even for those who do not perform jobs that require such qualifications. London offers an opportunity to develop one's English language skills whilst experiencing one of the world's few hyper-diverse megacities. Domestically, there is evidence of new graduates moving to London to pursue career opportunities, particularly in finance, IT and professional services (mostly law and accounting).

For the West Midlands, the challenge is not just in training and talent acquisition, but in graduate retention. However, the West Midlands is not monolithic: there is huge intra-regional variation. Much of the West Midlands scores rather close to the national average, with Warwickshire and Solihull slightly above this and Shropshire, Staffordshire, Herefordshire, Worcestershire, Birmingham and Coventry slightly below it.

## Degree Level Education in the West Midlands



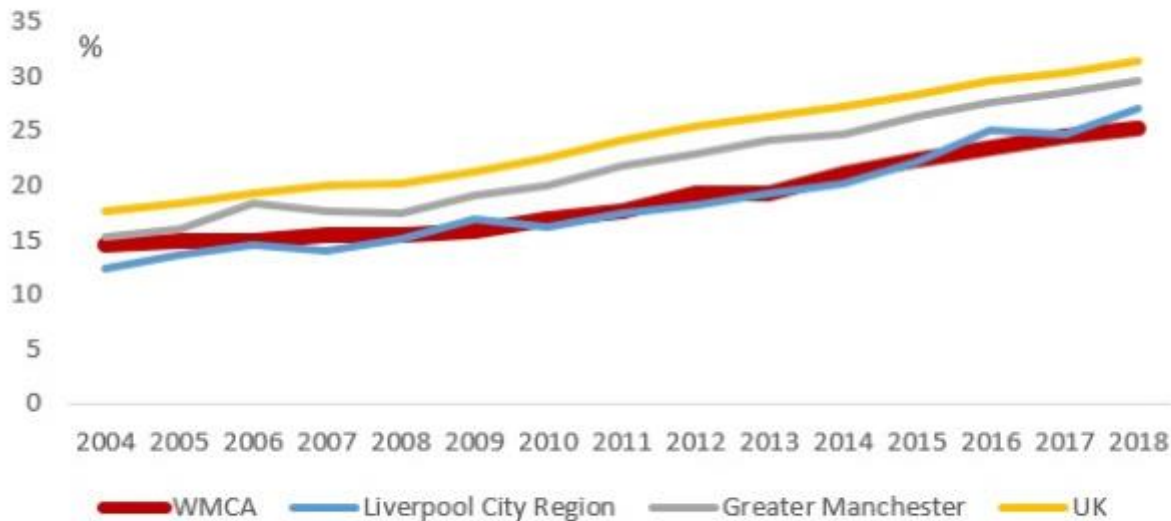
Source: ONS Annual Population Survey

As can be seen, the areas that lag behind on these measures are Stoke-on-Trent, Telford and the Black Country. Whilst Stoke has been a perennial laggard in this regard, the situation in the Black Country represents a greater concern for policymakers in the West Midlands. Primarily, this is due to its size (approximately one million residents), but also because of its relative deterioration over time. By way of example, in 2004, Dudley had a higher proportion of residents with a degree than Staffordshire.

This poor performance over time explains the lacklustre performance of the Combined Authority as a whole over the past 15 years. As can be seen, in 2004, the West Midlands Combined Authority (WMCA)

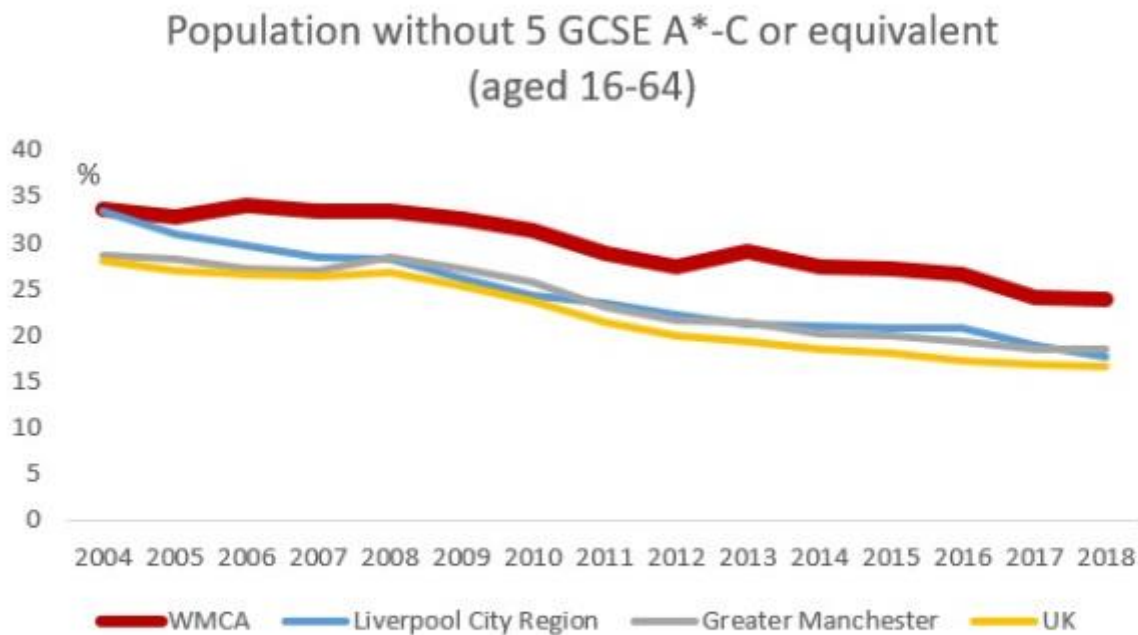
had a similar proportion of residents with a degree to Greater Manchester. Today, it lags behind most of its peers.

### Population with degree or equivalent (aged 16-64)



Source: ONS Annual Population Survey

Moreover, this is systemic. The proportion of the (working age) population with fewer than 5 A\*-C GCSE grades (a measure of low qualifications) has remained stubbornly high in the West Midlands metropolitan area. However, the example of Liverpool is a clear exemplar in this respect. Whilst the term “Liverpool” conjures up images of impoverished former docklands and joblessness, the city-region appears to be doing an admirable job at upskilling, improving dramatically relative to the UK as a whole.



*Source: ONS Annual Population Survey*

Looking ahead, the region faces several key challenges. The first is improving its ability to retain and nurture its existing talent. The second is in upskilling its existing workforce, requiring close collaboration between employers and education providers. Addressing funding challenges is likely to be critical.

There is no magic bullet – simple solutions are elusive. Many critical skills do not manifest themselves in simple statistics. Skills follow employment, but employers are reluctant to move to an area without a clear skills base. Part of the solution will involve a much more effective transport network, increasing the pool of potential employees.

Part of the solution will involve investing greater sums of money in education – particularly those areas that have been neglected in recent years. Part of the solution will involve building on the initiatives that are already underway moving forward with tripartite engagement from government (local and national), educational institutions (secondary, FE and HE) and employers.

Our next Brexit Breakfast will discuss tackling the Skills Gap in the UK in a post-Brexit landscape. What skills will we need to achieve success post-Brexit? What skills will help the future generations in industries, from manufacturing to media? And what skills will we lose in the UK once we have fully left the EU, and what do we do about it?

Join us on Friday 20th March, 9am-11am, for an insightful and interesting discussion with our panel members. The panel will be hosted by Dr Steven McCabe, Senior Fellow at the Centre for Brexit Studies.

### **Panel Members:**

**Hosted by Dr Steven McCabe** – Senior Fellow, Centre for Brexit Studies.

**Professor Alex de Ruyter** – Director, Centre for Brexit Studies.

**Professor Anne Green** – City-REDI at Birmingham Business School, University of Birmingham.

**Henrietta Brearley** – Director of Policy and Strategic Relationships at The Greater Birmingham Chambers of Commerce.

A wide selection of breakfast options alongside refreshments will be available for you to enjoy at the event.

[This event is FREE to attend but registration is needed here.](#)

We hope to see you there!

[1] <https://www.bbc.co.uk/news/education-51707148>

[2] This is one reason why it is dangerous to measure the value of a university course purely on the basis of its graduates' earnings.