D2N2 LOCAL ENTERPRISE PARTNERSHIP

SKILLS FOR GROWTH STRATEGY

2013 - 2015

Derby
Derbyshire
Nottingham
Nottinghamshire

THE UK'S MOST INSPIRATIONAL POSTCODE

CONTENTS

FOREWORD

'Skills have become the global currency of the 21st century. Without proper investment in skills people languish on the margins of society, technological progress does not translate into economic growth and countries can no longer compete in an increasingly knowledge-based global society.'

(OECD 2012, 10)[i]

Today's economy and people's lives are rapidly changing. Rapid technological developments are resulting in the creation of innovative products with shorter product life cycles and shorter lead-in times. The challenges and consequences of this are increased requirements for higher level skills and business productivity across Derby, Derbyshire, Nottingham and Nottinghamshire. This is essential to achieve sustained jobs, skills and growth. The forces of globalisation have transformed the nature of business, jobs and the skills required by employers and the pace of technological change can only increase in the years ahead. In many areas there are forward thinking large, small and medium-sized businesses that are stepping up to the challenge of setting out what capabilities they need to be more competitive to help their companies grow. Also, thousands of people work in jobs today which didn't exist when their parents left education and first went into work. The era of a 'job for life' for many people is well and truly gone – the typical twenty-first century employer and employee must both be prepared to be highly flexible, adaptable and resilient to change in fluid and fast changing economies.

Exciting business opportunities lie ahead that can underpin and strengthen our local, regional and national prosperity and have the potential to transform businesses and people's lives! Stimulating economic development, increasing productivity to support jobs, skills and growth will be a key focus for the Local Enterprise Partnership for Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2). Our vision is to make the D2N2 area one of the strongest and most resilient economic regions in the UK. Sectoral growth opportunities necessitate a strong focus initially on key areas such as: Transport Equipment Manufacturing, Medicine and Bioscience; Construction; Food and Drink Manufacturing; the Visitor Economy; and Low Carbon Goods and Services.

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The conclusion of the OECD (2012)[ii] is clear: economies where there is a good match between the skills that people have to offer and those that employers demand are more productive. Where the match is good, everybody wins. In this new working world marked as it is by instability and opportunity the value of high quality trusted information is greater than ever.

The purpose of the Skills for Growth Strategy and the Skills Action Plan is to set out key priorities for D2N2 LEP so that business growth is supported and more people are able to secure sustainable learning and work opportunities. There are around 1.09m young people across the UK not in education, employment or training (NEET)[iii], yet at the same time, according to the CBI, over one-half of businesses are not confident they will find sufficient recruits[iv]. Also, there is a significant mismatch between the career aspirations of young people and reality of the jobs market[v]. This is particularly acute in certain sectors that are vital to the growth of our economy, for example, 23% of businesses face difficulty in getting experienced staff with expertise in science, technology, engineering and mathematics[vi]. Our young people, with all levels of qualifications, are struggling to compete with older workers for the jobs which are available in our economy. In spite of being, on average, more highly qualified and bringing more years of education than any previous generation our young people today face unemployment rates which are now some three times greater than adults over 24[vii]. And we have an ageing population with many individuals having to, and in some cases, wanting to work longer[viii]. Clearly something needs to be done and quickly.

Across the D2N2 area many organisations have recognised that they cannot function alone. We know that the exploitation of knowledge and building sustainable networks are significantly reshaping our economy (Brinkley, 2008)[ix]. Successful partnerships will now be instrumental in bringing about new jobs, skills and growth. This means individuals and organisations working closely to build a coherent set of requirements and possible solutions to skills shortage and job creation challenges at a local and regional level. Many have already shown they are keen to work together to breathe new life and prosperity into our region. And we know that the stimulus for change is most likely to come from employer-led partnerships than from Government.

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'If we want growth in the future it won't happen by accident. We will need a new stimulus, particularly as most of the previous drivers are likely to be having the opposite effect for the next few years at least. That stimulus is much more likely to come from companies than from government.'

(Sir Charlie Mayfield, Chair, UK Commission for Employment & Skills, 2013)

The D2N2 'Skills for Growth Strategy' will inform and support those with a keen interest and determination to go faster in improving the competitiveness of their business and sector growth area; working through supply chains to ensure successful impact is felt by large, small and medium-sized companies. It will also seek to combat poverty and worklessness through early intervention and new flagship initiatives. Clearly, we face a series of challenges when considering differing business and individuals' needs, therefore, raising ambition and aspiration are both vital to the success of our local economy. To help achieve this, six key priorities for action have been identified, set within the context of the 'D2N2 Growth Plan'. The D2N2 Skills Commission is well placed, moreover, to enable and leverage the efficient provision of national, regional and local resources. Making the most of resources will necessitate having trusted information and effective partnerships. Most importantly, our future success will be determined by the enthusiasm and collective efforts of a wide range of people and organisations, including employers, schools, colleges, universities, private providers, not-for-profit organisations, working to help address the problem of skills mismatch and driving up the social and economic prosperity in local businesses and communities.

Richard Horsley,
Chair
D2N2 Skills Commission

EXECUTIVE SUMMARY

'If we are to build a new model of growth, we need to give a massive boost to enterprise, entrepreneurship and business creation.'

(Prime Minster, 2011)[x]

The highly influential Lord Heseltine's Growth Review 'No Stone Unturned' (2013)[xi], signalled the Government's intention to allocate new resources under the direction of Local Enterprise Partnerships (LEPs) to help drive up enterprise, entrepreneurship and business creation. A new Industrial Strategy[xii], announced by the Government, also set out actions to encourage more employers to step up and take a lead on shaping investments in demand-led provision and supply-side goods within their localities and sectors. Alongside this, major education and vocational reforms and the repositioning of careers services, particularly for young people, have also created a new and urgent impetus for change. In this context, Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) Local Enterprise Partnership intends to adopt a responsive approach to business, education and new vocational training requirements that takes account of the labour market and skills character across differing geographical areas (see Appendix A). Core to the remit of D2N2 LEP is to create new solutions and local infrastructure to stimulate a step change in employer-led activities and maximise the potential for better long-term investment and outcomes in business growth, employment and skills. This requires having robust intelligence that informs our work (see Appendix B).

Achieving impact, investment and making effective use of intelligence on demand and supply-side developments will guide our collective efforts. We know that training may be more effective at achieving progression if guided by employers - rather than college / provider-led courses not directly linked to skills needed by local employers. Therefore, a proposed combined Skills for Growth Strategy and Action Plan sets out our main priorities for improving our industrial performance, employment and skills base at a local and regional level. We intend, through public and private investment, that business and people will work harder and achieve more. We want employers to get the talent their businesses need to succeed in an increasingly competitive global economy. We also consider employer-led developments, working with highly motivated strategic partners such as local authorities, education and vocational training leaders, careers and employability specialists and independent providers as key enablers for social mobility through stronger networks and sectors at a local and regional level.

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There are strong moves toward outcome and customer focused approaches in the education and skills system[xiii]. A major investment of £340million to test out Employer Ownership Pilots, funded by the Department for Business, Innovation and Skills (BIS) and the Department for Education (DfE), is further evidence of a shift in emphasis towards demand for more employers stepping up to take a lead on the employment and skills challenge[xiv]. D2N2 has an exciting opportunity to engage more fully with this new and highly relevant agenda. To realise the economic benefit of training - employers need to fully utilise skills in the workplace and where appropriate, and as the CBI (2011)[xv] suggests, work collaboratively with firms within their sectors to drive the skills system. Enhanced competitiveness will help to create more employment opportunities. Fundamentally, greater alignment of strategy and investment in employer-led activities at a local, regional and sectoral level will help leverage more and better outcomes for individuals, businesses and our economy.

Resources provided by the Department of Business Innovation and Skills (BIS) through the Skills Funding Agency (SFA) for all Core Cities (under the City Skills Fund) were designed to identify and address skills priorities. Nottingham City Council tasked Employment and Skills Boards (ESBs)[xvi] to prepare a Skills Plan (Skills for Growth Strategy) for the D2N2 LEP area. D2N2 established a Skills Commission, chaired by Richard Horsley (Board Member), to build on existing close working between the ESBs and other relevant stakeholders, including representatives from industry, schools, further education colleges, universities, careers service and other independent providers.

The Skills for Growth Strategy sets out close working relationships between D2N2 and its strategic partners. Each perform a key role in supporting the development of our local economy, in particular the local authorities in maintaining their legislative and statutory duties and investing in services to support vulnerable young people and adults i.e. care leavers, teenage parents, young offenders, those with special educational needs (SEN) and those not in education, employment or training (NEET), and enabling their re-engagement into learning. The themes and priorities identified so far have been informed by reviewing an extensive range of research and intelligence which already exists within the D2N2 area, including work commissioned by the D2N2 LEP Capacity Fund and a subsequent update to inform the LEP Growth Plan[xvii].

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From this has emerged a clear focus on initial themes for sectoral growth such as: Transport Equipment Manufacturing, Medicine and Bioscience, Construction, Food and Drink Manufacturing, the Visitor Economy and Low Carbon Goods and Services (see Appendix C).

We will be taking forward our work through a strong set of six key priorities proposed as follows:

Priority 1 - Develop sector growth agreements to make explicit ownership and shared responsibilities for investment, ICT, labour market intelligence and impact measures.

Priority 2 - Improve business leadership, management skills and training needs analysis to help increase productivity and performance.

Priority 3 - Promote and develop apprenticeships and traineeships to achieve higher level skills and improve social mobility.

Priority 4 - Foster enterprise and the characteristics of entrepreneurial behaviour, career adaptability and resilience.

Priority 5 - Raise the visibility of and access to career insights and specialist careers support for young people and adults to raise aspirations, participation, retention and achievement in learning and work.

Priority 6 - Promote graduate recruitment and facilitate graduate retention in the region.

These priorities have been informed by ongoing consultations and major developments at a local, regional and national level. We will need to develop a strong and balanced investment portfolio and demonstrate its impact through quality outcomes for businesses and individuals. Our route to success relies on us consolidating our approach and ensuring the sum of our knowledge, activities, expertise and capability is greater than the individual parts in any one organisation. Some selected major national developments informing our Strategy include: The UKCES Employer Skills Survey (2011)[xviii] which gives insight to labour market intelligence that explores variations in patterns of education, skills and training and their use in the workplace. In particular, it is one of the few sources of LMI that

EXECUTIVE SUMMARY [CONTINUED]

directly measures the changing level of 'skill' required in the workplace. Authoritative research, intelligence and insight to local skills and employer needs should help us deliver improved choice and opportunities for businesses and individuals as well as informing policy decisions at a local, regional and national level. For example, the majority of businesses invest in their people's skills but questions remain as to why 41% of businesses don't invest in skills development.

Changes in technology and on-line services are reshaping global and local economies. Internet usage has grown by 65% over the past three years alone and over 19 million of the 26 million households now have an Internet connection[xix]. People are increasing their use of mobile devices such as smart phones and devoting more time to social networking sites, especially among 16-24 year olds who spend more time on-line than in front of the television. The rapid changes in technologies pose business challenges and exciting opportunities. The Government's White Paper (2012)[xx] states the clear intention to 'use the data we hold more effectively, and to push that data into the public domain'. Determination to shift the culture of the public sector to improve data sharing is also indicated – where this is in the public interest and within legislative boundaries – by using the latest technology. As part of the Government's Plan for Growth[xxi], a commitment was made to 'create an improved labour market information portal'. New online systems and services such as 'LMI for All' and the rapid growth in Massive Open Online Courses (MOOCs) are stimulating new behaviours and attitudes towards business improvements and individuals' access to trusted information on education, training and employment opportunities. D2N2 can perform a key role in driving up usage of LMI and ICT for business growth and up-skilling individuals within and outside of the workforce.

Lack of experience is still the main barrier into work for young people but only a quarter of businesses offer work experience to young people in education.

A recent independent report to Government (June 2013)[xxii] sets out proposals for culture change and a new movement in strengthening careers provision for young people and adults at a national and local level. The poor operation of the youth labour market is a significant concern. As set out by a recent Education Select Committee Inquiry into careers guidance[xxiii] and subsequent Government response (April 2013)[xxiv], considerable challenges face schools, colleges, local authorities and

EXECUTIVE SUMMARY [CONTINUED]

local enterprise partnerships (LEPs) in responding effectively to recent changes in careers provision. For our economy, it is clear that occupationally focused provision across England is limited by international comparison (Richards, 2013)[xxv]. A recent Edge Foundation survey (2013)[xxvi] found 32% of 14 to 18 year olds in this country were undertaking some vocational study, compared with an average of 50% for the rest of the European Union. They suggest a link between high levels of youth unemployment and low take-up of vocational courses. The Commission on Adult Vocational Teaching and Learning (2013)[xxvii] highlights the critical importance of adults having a clear line of sight to work because vocational learners must be able to see why they are learning, what they are learning and its relevance to the job in context. The Higher Education Funding Council for England (HEFCE) published its first comprehensive analysis of the impact of the 2012 changes to higher education funding[xxviii]. Latest UCAS data shows that demand from prospective students for full-time courses in 2013-14 may be returning to previous levels following a dip in 2012-13. However, entry to part- time courses has undergone more significant decline[xxix]. Decreases in the part-time student population, which includes larger numbers of non-traditional students, are likely to have implications for social mobility.

Helping to combat social exclusion[xxx] is of vital concern to our economy as highlighted by participants in D2N2 consultations. To combat poverty a wide range of actions are required, through various flagship national and local initiatives, including the Government's new Universal Credit scheme, Pupil Premium and Youth Contract arrangements; these must cohere with local strategies to be truly effective and efficient. The significant dual challenges of youth employment alongside an ageing workforce indicate LEPs have a clear role in supporting local employment and skills provision to fully reflect the needs of employers and individuals. Many local areas have started to tackle these key issues, therefore the focus of the D2N2 Growth Strategy is on how the LEP can bring added value to existing arrangements.

There were a record number of 4.8 million people not in education, employment or training (NEET) in the UK[xxxi] and in terms of market share NEETs make up 99% of the overall employer number in the LEP area. There is significant potential for business clustering - from the prevalence of engineering and manufacturing enterprises in our counties, often connecting into supply chain activity through primary industry in close geographical proximity within the sector, through to an intensive focus on supporting the birth and growth of creative industries in our two

EXECTUIVE SUMMARY [CONTINUED]

major cities. In contrast however, our business birth rates fall below the national average and arguably we have suffered from a trend of lower than normal entrepreneurial behaviour. Through the LEP we are already working with partners to identify the issues and provide a range of support measures to promote business start-up activity. We also recognise enterprise as a skill and wish to work with our schools and colleges, via our ESBs, to promote enterprise thinking and behaviour. We will therefore encourage entrepreneurial spirit amongst people of all ages so they can turn their ideas into businesses in the D2N2 area.

The Skills for Growth Strategy and future Action Plan will contribute to the D2N2 Growth Plan. This will measure progress by regularly monitoring overall local and national economic conditions. Skills targets are set to reduce performance gaps by 2016 and exceed national targets by 2020. D2N2 will also monitor, through ongoing consultations and annual surveys, the degree to which employers are able to access the training and skills requirements they need and any barriers they identify. This will also be informed by ongoing policy developments, including the implementation of the Heseltine proposals for delivering growth, which will be clearer following the Comprehensive Spending Review in summer 2013, and the Government's forthcoming response to adult vocational education and training proposals (Whitehead Review, 2013), recent findings from the Women's Business Council (Cabinet Office, June 2013) and the National Careers Council (June 2013).

The proposed Skills for Growth Strategy and Action Plan are now part of a culture change in local and national employment and skills provision. A new and dynamic LEP movement will be further developed to harness business, education and careers sector knowledge and expertise to drive up business performance, productivity, jobs, skills and growth across the D2N2 LEP area.

1.0 INTRODUCTION

1.1 Skills for business have been identified by the D2N2 LEP as one of its areas of priority focus. The Growth Plan is the strategic framework of which the aim is to build one of the strongest and most resilient economic regions in the UK.

1.2 Skills are central to this agenda - finding the right people with the right skills are a critical ingredient for growth. Talented people are fundamental to ensuring that firms can innovate and prosper. Plans to enter new markets, create new products, or achieve efficiencies can falter if the right skills are not available. They are also central to the urgent task of getting more people into work and making some form of progress on a lifelong basis. Now and in the future we need a better match between skills demand and supply.

1.3 Achieving impact, investment and making effective use of intelligence on demand and supply-side developments will guide our collective efforts. We know that training may be more effective at achieving progression if guided by employers - rather than college / provider-led courses not directly linked to skills needed by local employers. Therefore, the proposed combined Skills for Growth Strategy and Action Plan sets out our main priorities for improving our industrial performance, employment and skills base at a local and regional level.

1.4 We intend, through public and private investment, that business and people will work harder and achieve more. We want employers get the talent their businesses need to succeed in an increasingly competitive global economy. We also consider employer-led developments, working with highly motivated strategic partners such as local authorities, education and vocational training leaders, careers and employability specialists, and independent providers as key enablers for social mobility through stronger networks and sectors at a local and regional level.

1.5 The conclusion of the OECD (2012)[xxxii] is clear: economies where there is a good match between the skills that people have to offer and those that employers demand are more productive. Where the match is good, everybody wins. In this new working world marked as it is by instability and opportunity, the value of high quality trusted information is greater than ever.

1.0 INTRODUCTION [CONTINUED]

1.6 The D2N2 LEP has a very mixed industrial profile and whilst it enjoys some world class manufacturing and service companies in parts of the area, there is also a predominance of low skill and low value activity widely interspersed amongst this (see Appendix A). Evidence informing the D2N2 Growth Plan indicates that the labour market in the area has remained weak with little of the improvement that has been experienced nationally occurring locally. Between 2008 and 2010, employment in the D2N2 area fell in line with the national and regional averages, due to the impacts of the recession on the sub-regional labour market. However, whilst employment stabilised in the East Midlands and in Great Britain from 2010, it continued to fall in the D2N2 area. Conversely, unemployment continued to increase. The latest unemployment rate for the D2N2 area is 9%, almost 1 percentage point higher than the regional and national averages. Part-time working has increased significantly, suggesting possible increases in 'underemployment', where individuals have lost full-time jobs and have only been able to find substitute employment part-time (or have reduced their hours from full- to part-time whilst remaining with the same employer). There has been a significant fall in female employment and increase in female unemployment in D2N2 between 2010 and 2012, whilst male employment has recovered slightly. Youth unemployment in the D2N2 area has increased more significantly than elsewhere. The latest rate of unemployment for 16-24 year olds in D2N2 exceeds the regional and national averages, at 22.6% compared to 20.5% and 21.3%.

1.7 The Growth Plan[xxxiii] sets out a framework for how existing businesses can be supported to develop and promote new investment and enterprise. Core to the remit of D2N2 LEP is to create new solutions and local infrastructure to stimulate a step change in employer-led activities and maximise the potential for better long-term investment and outcomes in business growth, employment and skills. This requires having robust intelligence that informs our work (see Appendix B).

1.8 D2N2 has been working with a wide range of partners to identify key issues and set out action needed to address these. This agenda should be employer-led at all levels. The D2N2 LEP is working with the three Employment and Skills Boards and collectively they provide vehicles for this leadership. These are the Derby Employment and Skills Board, The Derbyshire Economic Partnership Business and Skills Group and the Nottinghamshire City and County Employment and Skills Board. There is more to be done to develop the employer voice and at present these

1.0 INTRODUCTION [CONTINUED]

partnerships are helping the D2N2 LEP to be effective in co-ordinating action and responding to local need.

1.9 D2N2 has established a Skills Commission, chaired by Board Member Richard Horsley. The Skills Commission will build on existing close working between the three Employment and Skills Boards (ESBs) and other stakeholders, including representatives of the Skills Funding Agency, further education colleges and private training providers within the LEP. It will provide a strategic focus on intelligence, innovation and impact so that investments can be co-ordinated and maximised to full advantage.

2.0 NATIONAL AND LOCAL FINDINGS

2.1 The Government has recognised that whilst reform of the country's training and skills systems has some notable successes, with more people getting qualifications than ever before, national skills levels continue to lag behind those of international competitors. The UKCES Employer Ownership of Skills Pilot hopes to change that. It makes available a co-investment of £340 million to businesses that want to design and develop their own training programmes and seek innovative ways for employers and the Government, in partnership with LEPs, colleges, training providers and others, to secure the future skills capacity and capability required for growth. D2N2 LEP will seek to be an active partner as the pilots are developed.

2.2 National developments provide an important benchmark. Some selected major developments impacting on and therefore informing the Skills for Growth Strategy and Action Plan include:

- The UKCES Employer Skills Survey (2011)[xxxiv] provides insight to labour market intelligence that explores variations in patterns of education, skills and training and their use in the workplace. In particular, it is one of the few sources of LMI that directly measures the changing level of 'skill' required in the workplace. Authoritative research, intelligence and insight to local skills and employer needs should help us deliver improved choice and opportunities for businesses and individuals as well as informing policy decisions at a local, regional and national level. For example, the majority of businesses invest in their people's skills but questions remain as to why 41% of businesses don't invest in skills development.

- Changes in technology and on-line services are reshaping global and local economies. Internet usage has grown by 65% over the past three years alone and over 19 million of the 26 million households now have an Internet connection[xxxv]. People are increasing their use of mobile devices such as smart phones and devoting more time to social networking sites, especially among 16-24 year olds who spend more time on-line than in front of the television. Rapid changes in technologies pose business challenges and exciting opportunities. The Government's White Paper (2012)[xxxvi] states the clear intention to 'use the data we hold more effectively, and push the data into the public domain'. Determination to shift the culture of the public sector to improve data sharing is also

2.0 NATIONAL AND LOCAL FINDINGS
[CONTINUED]

indicated – where this is in the public interest and within legislative boundaries – by using the latest technology. As part of the Government's Plan for Growth[xxxvii], a commitment was made to 'create an improved labour market information portal'. New online systems and services such as 'LMI for All' and the rapid growth in Massive Open Online Courses (MOOCs) are stimulating new behaviours and attitudes towards business improvements and individuals' access to trusted information on education, training and employment opportunities. D2N2 can perform a key role in driving up usage of LMI and ICT for business growth and up-skilling individuals within and outside of the workforce.

- Lack of experience is still the main barrier into work for young people but only a quarter of businesses offer work experience to young people in education. A recent independent report to Government (June 2013)[xxxviii] sets out proposals for culture change and a new movement in strengthening careers provision for young people and adults at a national and local level. The poor operation of the youth labour market is a significant concern. As set out by a recent Education Select Committee Inquiry into careers guidance[xxxix] and subsequent Government response (April 2013)[xl], considerable challenges face schools, colleges, local authorities and local enterprise partnerships (LEPs) in responding effectively to recent changes in careers provision.

- Occupationally focused provision across England is limited by international comparison (Richards, 2013)[xli] and this has significant implications locally, regionally and nationally. A recent Edge Foundation survey (2013)[xlii] found 32% of 14 to 18 year olds in this country were undertaking some vocational study, compared with an average of 50% for the rest of the European Union. They suggest a link between high levels of youth unemployment and low take-up of vocational courses. The Commission on Adult Vocational Teaching and Learning (2013)[xliii] highlights the critical importance of adults having a clear line of sight to work because vocational learners must be able to see why they are learning, what they are learning and its relevance to the job in context. As the future role and funding of further education colleges evolves in this new landscape, new types of employer relationships are likely to emerge.

2.0 NATIONAL AND LOCAL FINDINGS
[CONTINUED]

- The Higher Education Funding Council for England (HEFCE) published its first comprehensive analysis of the impact of the 2012 changes to higher education funding[xliv]. Latest UCAS data shows that demand from prospective students for full-time courses in 2013-14 may be returning to previous levels following a dip in 2012-13. However, entry to part-time courses has undergone more significant decline[xlv]. Decreases in the part-time student population, which includes larger numbers of non-traditional students, are likely to have implications for social mobility.

- Helping to combat social exclusion[xlvi] is of vital concern to our economy as highlighted nationally and by participants in D2N2 consultations. Nationally, there are around two million young people who live in workless homes and often don't have the 'soft networks' – contacts via family and friends to the world of work. To combat poverty a wide range of actions are required, through various flagship national and local initiatives, including the Government's new Universal Credit scheme, Pupil Premium and Youth Contract arrangements, as well as private and third sector initiatives such as 'Speakers for Schools' and 'Inspiring the Future'; these must cohere with local strategies to be truly effective and efficient. The significant dual challenges of youth employment alongside an ageing workforce indicate LEPs have a clear role in supporting local employment and skills provision to fully reflect the needs of employers and individuals. Many local areas have started to tackle these key issues, therefore the focus of this D2N2 growth strategy is on how the LEP can bring added-value to existing arrangements.

- There were a record number of 4.8 million NEETs in the UK[xlvii] and we must encourage entrepreneurial spirit amongst people of all ages so they can turn their ideas into businesses in the D2N2 area.

- The CBI/Pearson Survey 'Change the Pace: Education and Skills Survey (2013)[xlviii] highlights significant work is needed to improve careers advice for young people and adults at a national and local level to lubricate transitions between education and work. Failure to do so is likely to lead to market failure for individuals, communities and the economy.

2.0 NATIONAL AND LOCAL FINDINGS
[CONTINUED]

2.3 However, it is the understanding of local issues that is also fundamentally important. There is now a very wide range of provision to meet the needs of businesses and learners. The market is supported by training providers which offer a professional service direct to businesses. There is also a range of private sector providers who access public money to deliver training as well as Colleges[xlix]. However, this range of provision will inevitably change as major transformation in the education and employment system continues to evolve.

2.4 The Derbyshire and Nottinghamshire Chamber of Commerce (DNCC) have carried out work to understand the issues behind developing a more employer responsive skills system. Their quarterly survey is the biggest regular independent business survey in the East Midlands. It represents the views of a significant cross section of the business community. It included questions on access to skills as part of the December 2012 survey and results are now available[l]. The analysis of responses found that businesses set training budgets to meet their business requirements and only 15% have no annual training budget. On the job and induction training are the most common forms of training undertaken. This is followed by professional qualifications and NVQs between level 1 and 3. Almost 30% also offer apprenticeships, sector specific or bespoke training to meet specific needs. When asked about significant barriers, 37% identified none. Giving time to release employers and the cost represent the biggest barriers to businesses looking to train their workforce. Almost 15% of businesses report that there is either no provision to meet their specific needs or nothing available locally. Technical training is a particular issue with 5% unable to find mechanical and 4% electronic courses. These findings are broadly consistent with the UK Commission for Employment and Skills (UKCES Commission's Employer Perspectives Survey 2012 (UKCEPS 2012) which gathered the views of 15,000 employers across the UK[li]. This found that employers are more likely to provide training internally than to access the external workforce development market; although overall around half of employers do use external channels to deliver workforce development for their staff. Employers most commonly look to commercial providers (private sector training firms or third sector providers) when they are looking outside of their own organisation to deliver training.

2.5 Businesses that have clear plans for growth and development generally view training as an investment and make provision accordingly – Institute of Directors (IOD) research bears this out. Employers' training needs can be complex, specific

2.0 NATIONAL AND LOCAL FINDINGS
[CONTINUED]

and fast-changing. Where they don't do as much as they would like, it is often a resource issue within the business cycle. This again is consistent with the DNCC survey.

2.6 Sector skills agencies in the region indicate many SMEs are not organised enough to see the value of investment in training – they see it as a cost and are used to others paying for it. Larger companies are more likely to invest in training due to their capacity to source relevant provision and ability to absorb the cost of days lost due to staff training. Information both on the range of available provision and on any public subsidy for training appears to be particularly important for smaller employers. In such companies, management may be on the shop floor dealing with a surge in business rather than planning ahead. There is a need for them to be supported to develop appropriate leadership and management skills so they can plan effectively. When they do make attempts to pursue training, they can come across a number of barriers including:

- Bespoke training is often expensive and difficult for an SME to commission on their own and can also be uneconomic for providers to deliver.
- Off the shelf qualifications can also be costly and will inevitably cover areas not directly relevant to the business needs.
- Businesses are uncertain as to who to approach – their judgement is often coloured by poor experiences in the past.
- There is a strong preference for face to face support.

2.7 Further education (FE) colleges in the LEP area can demonstrate strong relationships with local employers but there can be challenges in how they can respond to approaches made, with business concerns on;

- Timeliness – matching business needs to academic terms.
- Qualification led as opposed to meeting specific business need.
- Easier to deal with larger firms that can provide more volumes of business.

2.0 NATIONAL AND LOCAL FINDINGS
[CONTINUED]

2.8 FE Colleges form only one part of the supply chain as the satisfaction level with Private Work Based Learning Providers can often be much higher as they offer roll on roll off programmes, work to employer shift patterns and as a result have a larger share of the business sector training market than Colleges.

2.9 As an example of responses to issues of access, the DNCC and the Sector Skills Council for Science, Engineering and Manufacturing Technologies (SEMTA) have separately reported meeting these challenges by focussing on business needs and helping commission/organise training to meet them. SEMTA have piloted approaches recently where they have grouped firms in Ashfield and Mansfield together to meet particular needs such as training Team Leaders, but also added in other topics of relevance, such as principles of lean manufacturing. This creates economies of scale for the businesses and makes training affordable. By having a sector approach there is exchange of experiences and good practices amongst the group, shared learning and continued networking, with involvement of MDs who also get insights as to how others are approaching similar challenges.

2.10 There are also potential barriers to growth in respect of recruitment. One is the widely held view that young people are insufficiently prepared for and exposed to the world of work. A survey by FSB of their small business owners (June 2012) shows that 81% are not very confident that school leavers at 16 have the right employability skills. A detailed survey by the Derbyshire and Nottinghamshire Chamber of Commerce in the same year provides further evidence. This is particularly relevant given the number of people who need to be brought into employment to replace those experienced people who are leaving it, usually through retirement, rather than moving between jobs in different companies. Whilst the age profile varies slightly across sectors, in effect this affects all sectors and all occupations. The largest requirements are in both the public sector (health and education), engineering and in some private sector areas, notably various business services, retail and wholesale. Of the major sectors, only hotels and catering has a predominantly younger workforce.

3.0 A NEW MARKET-LED INFRASTRUCTURE

3.1 Within this context a new market-led infrastructure, issues of emerging market failure need to be tackled to make the emerging employment and skills market work more effectively. The Skills for Growth Strategy sets out close working relationships between D2N2 and its strategic partners. Each perform a key role in supporting the development of our local economy, in particular the local authorities in maintaining their legislative and statutory duties and investing in services to support vulnerable young people and adults i.e. care leavers, teenage parents, young offenders, those with special educational needs (SEN) and those not in education, employment or training (NEET), and enabling their re-engagement into learning.

3.2 The themes and priorities identified so far have been informed by reviewing an extensive range of research and intelligence as outlined above which already exists within the D2N2 area, including work commissioned by the D2N2 LEP Capacity Fund and a subsequent update to inform the LEP Growth Plan[lii]. Data also included a report on behalf of the 'City Skills' funded initiative that set out to understand how businesses across the D2N2 LEP region address their skills and training needs. This data was collated through a number of channels with the main engagement through the DNCC (Derbyshire and Nottinghamshire Chamber of Commerce) Quarterly Economic Survey (QES). The survey data sets out the findings for the fourth quarter of 2012 with the survey conducted between 12 November and 5 December where businesses were surveyed online and by post when requested. There were 341 respondents to the Quarterly Economic Survey, 192 from Derbyshire and 149 from Nottinghamshire. There were 213 respondents from service sector businesses and 128 from manufacturers. In addition, there were a number of direct consultation events which were delivered through DNCC Forum activity in sectors such as Construction and Property, Manufacturing and Engineering and HR. This activity engaged with an additional 59 businesses. Further activity was undertaken on a one to one basis and through additional on-line activity which takes the number of organisations consulted with to over 420 and represents a significant cross section of the whole of the business community in Derbyshire and Nottinghamshire. The data from the QES is available by sector, business size (by number of employees) and by location. From this and previous research findings, there is a clear focus on main themes for sectoral growth such as: transport equipment manufacturing; medicine and bioscience; construction; food and drink manufacturing; the visitor economy; and low carbon goods and services (see Appendix C).

3.0 A NEW MARKET-LED INFRASTRUCTURE [CONTINUED]

3.3 We plan to take forward our work through a strong set of six key priorities proposed as follows:

- **Priority 1** - Develop sector growth agreements to make explicit ownership and shared responsibilities for investment, ICT, labour market intelligence and impact measures.
- **Priority 2** - Improve business leadership, management skills and training needs analysis to help increase productivity and performance.
- **Priority 3** - Promote and develop apprenticeships and traineeships to achieve higher level skills and improve social mobility.
- **Priority 4** - Foster enterprise and the characteristics of entrepreneurial behaviour, career adaptability and resilience.
- **Priority 5** - Raise the visibility of and access to career insights and specialist careers support for young people and adults to raise aspirations, participation, retention and achievement in learning and work.
- **Priority 6** - Promote graduate recruitment and facilitate graduate retention in the region.

3.4 These priorities have been informed by research, ongoing consultations and major developments at a local, regional and national level. We will need to develop a strong and balanced investment portfolio and demonstrate its impact through quality outcomes for businesses and individuals. Our route to success relies on us consolidating our approach and ensuring the sum of our knowledge, activities, expertise and capability is greater than the individual parts in any one organisation.

3.0 A NEW MARKET-LED INFRASTRUCTURE [CONTINUED]

Priority 1- Develop sector growth agreements to make explicit ownership and shared responsibilities for investment, ICT, labour market intelligence and impact measures.

3.5 Partnership working has a key role to play within the LEP area and the present ESB operations provide an important resource for D2N2 to move the skills agenda forward. This is particularly so in relation to promoting employer ownership and developing effective business engagement.

- D2N2 will promote discussions with Employment and Skills Boards to ensure that there is appropriate employer ownership and leadership and that they are fit for purpose to act as an agent on behalf of the LEP as well as carry out their own partnership responsibilities.

3.5.1 A number of pilot bids to the UKCES fund are known to be in development either for the LEP area, wider regional groupings or of national scale. The pilots will operate for a three year period and will be able to test out the impact that ability to direct training improves activity for employers. They are also expected to be an important way of clarifying employer demand by giving employers greater influence over the resources they need to undertake training.

- D2N2 will continue to explore ways in which employer ownership can be developed beyond the UKCES pilots and will work with neighbouring LEPs if appropriate to the sectors being considered. Critical features for D2N2 support will be the extent to which Growth Sector and SME needs are explicitly considered in any proposals.

3.5.2 Within each sector of the economy there is a combination of sector specific skills and generic skill requirements. For example, business finance is both a core skill area for employers in the banking and finance sector, but is also in demand from other areas of the economy, qualifying individual job seekers for employment in a wide range of sectors. Where employers share many common needs for skills, effective collaboration between providers and employers on a sector basis will help

3.0 A NEW MARKET-LED INFRASTRUCTURE
[CONTINUED]

to align skills provision to employer demand. This will provide a basis for providers to develop relevant qualifications/course content in partnership with groups of employers. Aggregation of skills requirements – by bringing together the training requirements, either by sector or geographically this may facilitate a reduction of the training delivery cost on a per head basis. Also, reduction of training development costs – aggregation of skills requirements can also spread the cost of developing tailor-made and sector specific packages; this could be split amongst consortiums of businesses. Additionally there could be a benefit in encouraging joint working between providers to split the costs of training development costs.

National Priorities Consistent with D2N2	D2N2 Additional Areas of Focus	Significant Drivers in some Localities	Core Employment Sectors
Transport Equipment Life Sciences	Food and Drink		
Professional/Business Services		Creative Industries and Digital Media	Health and Social Care Retail
Low Carbon Construction	Visitor Economy	Education	Logistics
Potential faster growth in medium term; greater wealth generators; often more specialist and technical skills	Generally more entry level jobs	Creative/Digital has specialist and technical skills	Range of growth, significant "churn" and replacement demand, generally lower skilled & more entry level jobs

3.0 A NEW MARKET-LED INFRASTRUCTURE [CONTINUED]

- D2N2 will promote the development of a Sector Growth Agreement Plan for each sector working with partners, including Employment and Skills Boards. There is the potential for individual ESBs to lead on sectors where they have a strong interest and for outcomes and findings to be pooled across the D2N2 LEP area. Also, new sector growth areas may emerge based on robust labour market intelligence, therefore, plans will need to be responsive, where necessary

3.5.3 There is considerable support for the concept of a well resourced LMI Hub/Observatory as the central source of information, research and data on all skills and employment issues for the area that can improve the quality of labour market intelligence. Present sources are useful for context setting but small scale localised activity often hasn't the scale to be a reliable basis for new investment by providers. The LMI Hub/Observatory could make it easier to find and use the evidence that exists, and supplement it where needed so that the design and delivery of services better meets the needs of employers and learners. There is also scope to think imaginatively as to how its output can be presented and made accessible to social media.

- Funding is available for 2013 to 2014/5 from the City Skills Fund to establish a LMI Hub/Observatory and the work will be led on behalf of the LEP by the Nottingham and Nottinghamshire Employment and Skills Board in conjunction with partner ESBs.

3.5.4 A scoping report will be formulated as part of the Labour Market Intelligence Hub/Observatory researching issues affecting future demand. For example: -

- sector economic and employment growth prospects (and decline);
- the needs of SMEs and supply chains;
- business development, in that "healthier" businesses may need higher skills;
- replacement demand through job "churn";
- identified skill shortages and recruitment difficulties;

3.0 A NEW MARKET-LED INFRASTRUCTURE [CONTINUED]

- access to Skills Funding Agency databases of learner record summaries to provide additional insights on study choices and achievement;
- changes in population and demographics such as ageing workforce;
- opportunities to develop Apprenticeships and Traineeships;
- impact of new initiatives such as Enterprise Zone's, growth plans, inward investment, social impact bonds and strategic development sites, both in volume and level of skill in specific sectors – eg Life Science/Health at Alliance Boots with Advanced Manufacturing and Logistics at Markham Vale;
- use of technology and open data sets for enhanced occupational profiling;
- "Futurology" – what specific targeted sectors might look like over a 5, 10 and 15 year basis; and
- Employer Ownership bids and impact on business demand.

3.5.5 The Government's White Paper (2012)[liii] states the clear intention to 'use the data we hold more effectively, and push that data into the public domain'. Determination to shift the culture of the public sector to improve data sharing is also indicated – where this is in the public interest and within legislative boundaries – by using the latest technology. Linked to the Government's Plan for Growth[liv], a commitment made to 'create an improved labour market information portal' creates an opportunity for D2N2, via the Labour Market Observatory, to explore the potential of being an 'early adopter' working alongside UKCES and Warwick Institute for Employment Research (IER) on the potential application of 'LMI for All' resources to stay ahead of the curve in maximising the use of open data sets at a local level. Also, the rapid growth in Massive Open Online Courses (MOOCs) are stimulating new behaviours and attitudes towards business improvements and individuals' access to trusted information on education, training and employment opportunities.

D2N2 can perform a key role in exploring with universities in the area the extent to which Massive Open Online Courses (MOOCs) can be promoted in up-skilling and de-skilling individuals within and outside of the workforce. New destination measures

3.0 A NEW MARKET-LED INFRASTRUCTURE
[CONTINUED]

in schools, colleges and local authorities and key information sets (KIS) in higher education have the potential to drive a demand-led system. D2N2 can act as a facilitator to review progress and share experiences at a local level, including the application of 'LMI for All' open datasets so that career trajectories and skills for growth can be better understood at a local and regional level.

3.5.6 The key findings would be tested out through a series of workshops, involving discussions led by employers to include local authorities, colleges and training providers, representative bodies, sector skills councils and other agencies. This would provide an assessment on whether present provision meets the needs of the sector moving forward and if new qualification frameworks need to be developed. They will provide guidance on volumes of jobs and occupational profiles. A programme of sector planning will be established by the Skills Commission to ensure progress is maintained, but linked to resources and capacity within partner organisations. Through this approach it will be possible for the different area based mix of sectors to be addressed and key bodies to get engaged according to their local sectoral and ICT priorities.

Priority 2 - Improve business leadership, management skills and training needs analysis to help increase productivity and performance.

3.6 Business skills are the skills employers need to produce or supply products and services. Many skills valued by employers – such as communication and team working – are poorly reflected by qualifications. However, formal education, training and qualifications are often emphasised because they can be easily measured and publicly funded, more importantly, they can be directly influenced by decisions made by Government, local partners and employers. Furthermore, central to effective planning is addressing gaps for higher level skills that enable businesses to become more competitive within their markets. Improving productivity and skills will be an important contribution to enhanced local, national and global competitiveness. The application of digital technologies is also an important area where there appears to be high demand for knowledge and awareness of how to exploit social networks for business development. DNCC are working as part of the planning process on developing an employer responsive skills system which includes exploring how to meet business needs through cluster specific arrangements.

3.0 A NEW MARKET-LED INFRASTRUCTURE
[CONTINUED]

- Throughout the D2N2 LEP's engagement with businesses, feedback has consistently reinforced the need for strong business management, leadership, communication and marketing skills. SMEs however are less likely to invest in training than larger businesses[lv] therefore D2N2 will promote working with SMEs to aggregate their individual needs in order to commission specific training.

3.6.1 It will promote the value of leadership and management training as a means to improve productivity and competitiveness. A range of agencies would be involved and there is potential to use new European Social Fund Workplace Training streams available from May 2013. In particular the newly commissioned ESF Employer Response Fund and Delivery Funds have been prioritised to up-skill existing employees within SMEs (and micro businesses) across the LEP area. The fund is able to respond to job specific needs for 19+ in work participants up to and including Level 4 training. There is great flexibility in the offer, which does not necessarily have to adhere to purely a qualification route way and can also augment existing apprenticeship provision.

Priority 3 - Promote and develop apprenticeships and traineeships to achieve higher level skills and improve social mobility.

3.7 Forecast growth in the D2N2 area includes some knowledge intensive sectors with high levels of skills – these are Transport Equipment, Life Sciences, Low Carbon, Financial and Business Services and Digital Content. Increasing the share of Apprentices working towards a Level 3, 4 or 5 is important in order to meet increasing demand for higher level skills due to industrial and technological change and to meet current requirements for technician level skills related to manufacturing. The provision of this wider ladder of opportunities needs to be promoted and linked to specific sector needs. For example, in engineering sectors there is concern over the present depth of apprenticeships. With an aging workforce there is a need to succession plan but young people are not sufficiently engaged in the opportunities available. In Life Sciences, technicians are increasingly important to support the work of highly skilled researchers and developing or expanding Apprenticeship and new Traineeship frameworks could make an important contribution to productivity and competitiveness.

3.0 A NEW MARKET-LED INFRASTRUCTURE [CONTINUED]

3.7.1 It is important to develop an apprenticeship and traineeship[lvi] programme that delivers quality training that businesses need. If this happens, a rise in participation rates will follow.

3.7.2 The D2N2 Apprenticeship and Traineeship action plan will include:

- Data on the current Apprenticeship and Traineeship landscape linked in to the LEP's priority sectors, including performance by age and level for each sector.
- Gaps/shortages/opportunities will also be identified, e.g. replacement demand, inward investment/regeneration and intelligence regarding business growth and/or decline.
- Hotspots where additional focus is required should be identified –e.g. areas of declining 16 to 18 participation, high NEET, poor employer engagement, sparse population.

3.7.3 It will include information on all available support for employers in a clear simple format. Case studies will be used to provide examples of good practice.

- D2N2 will develop an Apprenticeship and Traineeship Growth Plan and will feature promotion of apprenticeships at level 3, 4 or 5 and above to meet the business needs of specific growth sectors.

3.7.4 There is a fragmented approach to linking the unemployed to new areas of economic opportunity in some areas – old connections have been lost as capacity reduced and this needs to be addressed as sustainability in employment is a key issue – about one third of JCP clients return within three months. A number of agencies are involved in helping the unemployed to find work. Work Programme providers have long term contracts and are developing sophisticated means of understanding employer needs. In Nottingham and Nottinghamshire Project 365 has brought together a range of agencies with the private sector in partnership working, linking businesses to opportunities that support jobseekers moving closer to work. These are over and above those that are already in place. In addition, projects such as the Employer Portal in Nottingham seek to link jobs being created to local people

3.0 A NEW MARKET-LED INFRASTRUCTURE
[CONTINUED]

through supported recruitment and pre recruitment training along with financial incentives.

- D2N2 recognises that partnerships tackling barriers to work are most effective at local geographies but will promote the sharing of best practice to ensure that what works can be scaled up, if applicable, and greater impact achieved.

Priority 4 - Foster enterprise and the characteristics of entrepreneurial behaviour, career adaptability and resilience.

3.8 Nationally 70% of SMEs do not recruit graduates and the D2N2 LEP area is no different, although there are three high quality universities with a distinctive offer in the area and others close by at Sheffield and Lincoln. Retaining more of the graduate talent within the area is one way in which firms could potentially raise competitiveness and productivity. Work placements, internships, and temporary jobs can all be mutually beneficial to graduate and employer. A number of local partners have developed programmes through external funding, working closely with Universities.

3.8.1 Like many former industrial areas, there has traditionally been a lack of an entrepreneurial culture, although this has started to change in recent years. Entrepreneurial areas have higher levels of both business growth and business deaths – the churn in business activity seen as an indicator of vitality. Business birth and death rates are below the national average in the D2N2 area, but there is significant variation within it. More needs to be done to raise the potential for a job to be created by 'working for yourself'. Some schools and colleges are already embedding this into their curriculum as indeed have all the local universities.

- The LEP will work with local partners to support programmes to develop more start up activity but will in particular focus on raising awareness, generating ideas and promoting enterprising thinking across the workforce and in schools, colleges and universities at a strategic level.

3.0 A NEW MARKET-LED INFRASTRUCTURE
[CONTINUED]

It is essential that we equip people with career adaptability and we help people develop character traits such as resilience to enable them to compete for jobs with people from all over the world. The National Careers Council has recommended to Government that the National Careers Service should launch a new initiative to bring together a range of organisations to explore and highlight the importance of 'character' and 'resilience' in a successful working life and identify realistic and effective options for addressing this issue (Recommendation 5). D2N2 could potentially take a strong lead on this at localised level. Everything that happens in a school should embed the key behaviours and attitudes. None of this can happen without the right context at school and in the lead-up to formal schooling, as suggested in the CBI – First Steps: A new approach to our school report (Nov 2012)[lvii] .

- The National Careers Council's report provides D2N2 with a useful foundation for greater strategic dialogue and focus between employers, education and careers support providers across the area.

Priority 5 - Raise the visibility of and access to career insights and specialist careers support for young people and adults to raise aspirations, participation, retention and achievement in learning and work.

3.9 The place of young people aged 16 to 24 in the employment market has been a major area of concern in consultations for this report. Youth unemployment has been growing since 2005 and the transition from learning to work has become increasingly difficult. There has been increased competition for jobs, fewer entry level opportunities and rising aspirations amongst young people without an understanding of the realities of the labour market. At the same time, as noted earlier, a wide range of agencies have commented that young people are not adequately prepared to enter the labour market and, in particular, demonstrate a lack of softer/life skills. Schools are in a difficult position and are judged primarily on exam passes not employability, although this is beginning to change with destinations of pupils beginning to be published. OFSTED is currently assessing the effectiveness of information, advice and guidance as part of the inspection process and Government will respond in early September 2013.

3.0 A NEW MARKET-LED INFRASTRUCTURE
[CONTINUED]

3.9.1 Weaknesses in secondary education perpetuate long-standing skills deficiencies, particularly in literacy and numeracy - the improvement of this is considered by Institute of Director (IoD) members as the top education priority for Government. Attainment in the LEP area is now closing on national averages and this progress needs to be maintained. In addition to this overall progress a strong focus on Science, Technology, Engineering and Maths (STEM) subjects will provide a link to jobs with progression routes in both manufacturing and many service sector jobs.

3.9.2 There is widespread concern about the consistency and quality of careers advice and information which has been exacerbated by changes introduced in September 2012. Too many young people are following course options without an understanding of what opportunities they are leading to, or indeed options are being closed. Young people often tend to follow subjects that they like and enjoy but without understanding how this can affect their future job prospects. The evidence compiled by the LEP Capacity Fund Project Team suggests that in the D2N2 area the most popular subjects chosen by young people (16-19) in further education include Hair & Beauty, Creative & Cultural and Sports & Leisure. In effect, they are making market choices at a very early age but without being fully informed of the consequences.

3.9.3. The issue of Youth Employment is already being addressed within the D2N2 LEP area in several ways. In Derbyshire the Education Business Partnership continues to operate on a contractual basis with particular emphasis on STEM (Science, Technology, Engineering and Maths) and employer engagement supporting the development of employability skills and positive transitions from KS4. In Nottingham and Nottinghamshire, the Employment and Skills Board has now produced a sustainable Youth Employment Strategy, to be led by employers. This will aim to create more employment opportunities; help employers connect with young people; prepare young people for work and make it easier for young people to be recruited where suitable. DNCC is running a programme across the LEP area to address the skills, aptitude and attitude of young people entering the workplace for the first time. It operates a Schools Forum to support schools with building better links with business, to discuss the importance of employability skills and to offer an environment to share best practice and offer peer to peer support. This includes a Schools Pilot where intensive support is being given to four local schools and an

3.0 A NEW MARKET-LED INFRASTRUCTURE [CONTINUED]

Employability Skills Pilot, working with Nottingham Futures to develop and roll out a web-based product which schools can access on behalf of their students. At the same time, Derby Renaissance Board is embarking on a programme for businesses to work directly with schools to prepare young people to be the workforce of the future.

- D2N2 is fully supportive of this range of local initiatives and will not seek to duplicate action. It will use its employer-led focus to promote ways to help step up career insights by encouraging more employers and their employees to connect with schools, young people and parents, alongside independent and impartial careers specialist support offered by the National Careers Service and other independent providers. It will also examine how best, universities, can share their considerable knowledge and experience of employability and careers resources to inform and support local schools and colleges' career education programmes.

3.9.4 Access to career support services for adults at times of transition is also crucial for positive outcomes both for the individual and for the smooth functioning of the labour market (Brown and Bimrose, 2012)[lviii.] Flexibility of options and knowledge of career pathways are particularly important for older workers. D2N2 welcomes the NIACE pilot project for a mid-life career review endorsed in Parliament in July 2012[lix].

- There is considerable scope to link with the National Careers Service at a strategic level to explore potential implementation and monitoring plans across the D2N2 area. Careers support for specific groups of people vulnerable to labour market failure is needed to help them realise and make the most of their potential.

Priority 6 - Promote graduate recruitment and facilitate graduate retention in the region.

3.0 A NEW MARKET-LED INFRASTRUCTURE [CONTINUED]

The LEP's identified growth sectors bring knowledge intensive skills needs - therefore it is vital that technical and higher level skills are nurtured. Our higher education capability gives us the potential for significant competitive advantage. We can already evidence the success of business incubation within our local economy, with the developments within the Low Carbon sector standing as an ideal example. The LEP has highlighted the importance of driving productivity through export and pins innovation as a key catalyst for our businesses to capitalise on market initiatives, developing new products in conjunction with research and development expertise. Often structural investment has made the key difference in enabling industry to connect to local HE activity, accessing grants to support knowledge exchange partnerships and research grant support. In contrast however the retention of graduates across the LEP area is historically weak and less than 50% of SMEs nationally take on a graduate[lx]. In partnership with our HEIs, the LEP will explore the potential to utilise funding streams, such as European Regional Development Funding if it is routed through the LEP, to support the development of graduate internships and placements. It will work with local universities to support graduate retention through a common, co-ordinated, recruitment offer by Universities, particularly geared to assisting SMEs recruiting graduates for the first time.

4.0 MEASURING SUCCESS

4.1 The D2N2'Skills for Growth Strategy' contribute to the 10-year D2N2 'Growth Plan'. Each will measure progress by regularly monitoring overall economic conditions reporting into the Skills Commission Board. Skills targets are set to reduce the performance gap by 2016 and exceed national targets by 2020. D2N2 will monitor, through annual surveys, the degree to which employers are able to access the training they need and any barriers they identify. The key measures of success should be discussed and finalised at a senior level within the Skills Commission (and with associated D2N2 partners) in order to reach agreement on the distribution of responsibilities and actions set within a clear timescale. There is significant scope to make clear who does what within an agreed set timescale so that the D2N2 'Skills for Growth Strategy' provides impact and yields positive results thereby adding value to existing arrangements. Stage 1, as discussed and agreed at the Skills Commission Board (3rd July 2013) is for all members to identify actions their organisation wishes to take in relation to the six priority areas and to inform David Ralph (CEO, D2N2) no later than 31st July 2013. The D2N2 Employment and Skills Boards were also identified as key partners in this regard. David Ralph will take this forward on behalf of the Skills Commission.

Economic Growth & Prosperity	Indicator	Source, Coverage & Availability
Employment	Employment rate: Baseline – D2N2: 69.5% Great Britain: 70% (July 2011-June 2012)	Annual Population Survey. Country, Region, County, District. Updated quarterly/annually.
Unemployment	Unemployment rate Baseline – D2N2: 9% Great Britain: 8.1% (July 2011-June 2012)	Annual Population Survey. Country, Region, County, District. Updated quarterly/annually.

4.0 MEASURING SUCCESS [CONTINUED]

Output	GVA per head D2N2: 85.5 (UK=100) (2009)	Office for National Statistics. Country, Region, NUTS2, NUTS3. Updated annually.
Income	Gross Disposable Household Income per head Baseline TBC	Office for National Statistics. Country, Region, NUTS2, NUTS3. Updated annually.
Enterprise	Business Birth Rate Baseline – D2N2: 9.3 Great Britain: 10.2 (2010)	Office for National Statistics. Country, Region, County, District. Updated annually.

D2N2 and the Skills Commission will monitor the impact of business skills as follows.

Strategic Priority	Indicator	Source, Coverage & Availability
Business Skills	% Working age population qualified to NVQ4+ Baseline – D2N2: 29.3% Great Britain: 32.9%	Annual Population Survey. Country, Region, County, District. Updated annually.

4.0 MEASURING SUCCESS [CONTINUED]

	(January-December 2011)	
	% Working age population qualified to NVQ3 (highest qualification) Baseline – D2N2: 18.9%* Great Britain: 18%* (January-December 2011)	Annual Population Survey. Country, Region, County, District. Updated annually. (*assumes 50% of residents with Trade Apprenticeships have qualifications equivalent to NVQ3)
	% of apprenticeship starts at Level 3 Baseline TBC	National Apprenticeship Service. Country, Region, County. Updated annually.
	% Working age population with qualifications below a NVQ2 (equivalent to 5 GCSEs at A*-C) Baseline – D2N2: 31.3% Great Britain: 30.3% (January-December 2011)	Annual Population Survey. Country, Region, County, District. Updated annually.

APPENDIX A

D2N2 LEP Area: a diverse landscape

The labour market and skills character of the D2N2 Local Enterprise Partnership (LEP) area can best be described in terms of four contrasting geographical areas i.e. Derby, Derbyshire, Nottingham and Nottinghamshire, which have the following characteristics: -.

- A relatively high-skill and high-pay employment profile in **Derby City, south Derbyshire and along the M1 corridor** that flows from the presence of a small number of highly competitive advanced manufacturing firms and their supply chain. At the same time, there are a significant proportion of Derby residents (18%) with low skills, in some part influenced by Derby being an attractive base for low-skilled migrants from Eastern Europe. Future plans to create a thriving sustainable economy and new jobs for local residents include strengthening linkages between companies and improving their innovation potential, and supporting diversification into new markets to create new business opportunities.

- The labour market in and around **Nottingham City**, covering south and east Nottinghamshire and into Derbyshire (especially Erewash), is dominated by the effects of Nottingham, both as an employment destination for commuters and a centre of business activity and services. There is a marked contrast between those who live in the neighbouring districts, with higher wages and skill levels – many of whom are likely to commute to work in the City – and residents of Nottingham City itself, who are much more likely to be in low-skilled work and have relatively low wage levels. Nottingham also demonstrates consistently high rates of unemployment. Future plans include a specific focus on three sectors which can generate a distinctive economy for the area: life science, clean technology and digital media.

- A lower-skill employment profile is found across **north Nottinghamshire and north east Derbyshire**, which can be described as being in a low-pay, low-skill equilibrium. Despite there being some advanced manufacturing activity, there is a higher proportion of employers whose business require low levels of skills input, leading to low-paid, low-skilled

APPENDIX A [CONTINUED]

work. The low level of earnings acts as a constraint on development of jobs in the service sector. The northern districts in this area are also part of the overlapping Sheffield City Region, a core city that has itself experienced major structural change. Future plans focus on a large range of strategic employment sites, bringing them into productive use and placing an emphasis on attracting new and higher-value investment.

- Finally, the **Peak District National Park Area/north west Derbyshire**, is predominantly rural with a number of important market towns acting as employment and service centres. There are important commuting links, leading to a relatively highly skilled employment profile for residents. However, jobs held by those who live and work in the area are more likely to be low-skilled/paid, with sectors associated with tourism (e.g. hotels and restaurants) providing significant employment. Developing the visitor economy and diversifying market towns are important priorities moving forward.

Therefore, the Growth Strategy and Skills for Growth Strategy needs to address common concerns and bring forward concerted attention, while making sure that specific local priorities can be met, particularly where they are identified as contributing to future growth.

APPENDIX B

Key statistics from the Office of National Statistics (ONS)

KEY STATISTICS Area	Indicator		Source
Total resident population (and % in working age group, 16-64), 2011			
Nottingham City	303,900 (70%)		ONS Crown Copyright, Mid-Year Population Estimates, 2011.
Derby City	248,900 (64.4%)		
Derbyshire County	770,700 (63.6%)		
Nottinghamshire County	786,800 (63.7%)		
D2N2	2,110,300 (64.6%)		
Great Britain	61,425,700 (64.7%)		
Employment rate (% resident population aged 16-64), and unemployment rate (% economically active population aged 16-64), 2012			
Nottingham City	60%	13.1%	ONS Crown Copyright, Annual Population Survey, July 2011-June 2012 *Note 'economically active' population excludes full-time students, increasing unemployment rate in case of Nottingham.
Derby City	69.8%	10%	
Derbyshire County	72.2%	8.5%	
Nottinghamshire County	71.1%	7.5%	
D2N2	69.5%	9%	
Great Britain	70.3%	8.1%	
Business birth rate, 2010			
Nottingham City	9.9		ONS Crown Copyright, Business Demography 2010.
Derby City	10.3		
Derbyshire County	8.6		
Nottinghamshire County	9.3		
UK	10.2		

APPENDIX B [CONTINUED]

KEY STATISTICS Area	Indicator	Source
Gross Value Added per head (UK=100), 2009		
Nottingham NUTS3	126.4	ONS Crown Copyright, Regional, Sub-Regional and Local Gross Value Added, December 2011.
Derby NUTS3	112.1	
East Derbyshire NUTS3	68.2	
South and West Derbyshire NUTS3	73.1	
North Nottinghamshire NUTS3	79.6	
South Nottinghamshire NUTS3	69.1	
Derbyshire and Nottinghamshire NUTS2	85.5	
UK	100	
Employment in manufacturing (% full-time equivalent employees), 2010		
Nottingham City	6.2%	Experian, Regional Planning Service Summer 2011.
Derby City	16.6%	
Derbyshire County	19.3%	
Nottinghamshire County	14.2%	
D2N2	16.7%	
UK	10.5%	
Area	Indicator	Source
Workforce qualified to Level 4+ (% residents in employment), 2011		
Nottingham City	37.5%	ONS Crown Copyright,

APPENDIX B [CONTINUED]

KEY STATISTICS Area	Indicator	Source
Derby City	33.8%	Annual Population Survey, January 2011-December 2011.
Derbyshire County	33.8%	
Nottinghamshire County	36.9%	
D2N2	35.5%	
Great Britain	38.6%	
Workforce qualified to below Level 2 (% residents in employment), 2011		
Nottingham City	27%	ONS Crown Copyright, Annual Population Survey, January 2011-December 2011.
Derby City	31.8%	
Derbyshire County	23.3%	
Nottinghamshire County	23.7%	
D2N2	24.9%	
Great Britain	24.3%	
Earnings (Workplace-based median), 2011		
Nottingham City	£455.90	ONS Crown Copyright, Annual Survey of Hours and Earnings, median gross weekly pay (Full Time Workers), 2011.
Derby City	£620.20	
Derbyshire County	£454.70	
Nottinghamshire County	£440.40	
UK	£500.70	

APPENDIX C

Sector summaries

These sector summaries indicate scale, geographical reach and growth prospect, and identify emerging key issues for further discussion and action with D2N2 priorities.

Sector	% LEP Employ-ment	% GVA	Geographical Concentration	Growth Prospects	Skills Issues
Life sciences	*		Strong focus on Nottingham	☑☑	High % graduates and post doctorates. Need to develop technician training and develop more opportunities for advanced apprenticeships. Business management skills and issue in developing new firms.
Transport equipment	1.7	2.9	Very strong focus in Derby and southern Derbyshire and presence in Ashfield	☑☑	Good local collaborative training arrangements in place but ageing workforce and need to develop technician training and advanced apprenticeships. Difficult to link unemployed to high entry level requirements

APPENDIX C [CONTINUED]

Sector	% LEP Employ-ment	% GVA	Geographical Concentration	Growth Prospects	Skills Issues
Food and drink	2.6	3.8	A concentration in north Nottinghamshire and Derbyshire but some large firms in both cities	☑	Focus is on training to meet regulatory environment – business skills also a priority. Developing and promoting career pathways a priority.
Visitor economy	5.3	2.9	Strong focus in rural Derbyshire but also broad presence of attractions across the area including focus in Derby and Nottingham	☑	Young workforce with high turnover – significant % part time. Good customer service skills and flexible attitudes required. Range of entry level jobs but opportunities for progression need to be promoted more. Management and leadership skills needed to develop opportunities. Shortages in both chefs and managerial roles
Construction	8.7	8.5	LEP wide	☑	Each individual occupation within the construction sector requires specific skills,

APPENDIX C [CONTINUED]

Sector	% LEP Employ-ment	% GVA	Geographical Concentration	Growth Prospects	Skills Issues
					qualifications and knowledge. Many employers identify 'soft' skills as being important in order to succeed, such as teamwork, flexibility, and customer care.
Low carbon	**		LEP wide	☑☑	Strong demand for those at level 4 or above. Scientists, technicians and engineers with training or transferable knowledge Skills to design and adopt technologies, products and processes to minimise carbon emissions; operator level actions to minimise carbon emissions
Business services and finance	16.7	13.8	Very strong focus in Nottingham but also important in Derby and larger towns	☑☑	Traditionally recruit high% graduates. Opportunity to promote higher apprenticeship as alternative entry route. More information and

APPENDIX C [CONTINUED]

Sector	% LEP Employ-ment	% GVA	Geographical Concentration	Growth Prospects	Skills Issues
					guidance required explaining jobs and progression to school/college leavers. Less basic administration jobs but demands for more IT support
Creative industries	3.0	?	LEP wide presence Nottingham has identified digital content as a growth sector and Derby an interest in broader mix of creative industries	☑	High % graduates. Many are sole traders so need all-round business skills as well as specialist sector-specific ones. Demands for a blend of a specialist expertise and broader knowledge, employability skills and attitudes. ICT skills important
Retail	8.9	6.6	Strong focus in Nottingham and Derby and large towns	☒	Young workforce. Good customer service skills and flexible attitude needed. Many jobs on a part-time basis. Other parts of the sector require specialist knowledge and qualifications such

APPENDIX C [CONTINUED]

Sector	% LEP Employ-ment	% GVA	Geographical Concentration	Growth Prospects	Skills Issues
					as finance or human resources. Strong replacement demand but overall growth poor
Logistics	7.0	7.0	M1 and A50 corridors has particular concentration	☒	Wide range of roles and skills levels. Experienced drivers in demand but an ageing element of the workforce. Demand for numeracy and competency working with IT systems in supply chain management
Health and care	15.5	7.6	LEP wide	☑☑☑	Poor perception of sector is barrier to entry and sector does not appeal to younger job seekers. Many SMEs are not engaged with support available. Need to promote training to improve/maintain standards and also promote progression routes. Apprenticeships available but

APPENDIX C [CONTINUED]

Sector	% LEP Employ-ment	% GVA	Geographical Concentration	Growth Prospects	Skills Issues
					difficult to deliver due to resources required for supervision. Future opportunities for self employment as personalised budgets come into force.
Voluntary Sector	***		Strong focus in Nottingham and Derby and large towns		Diverse sector but an ageing permanent workforce. Would benefit from mentoring to develop business skills

* Part of health

** Low carbon not yet defined fully

*** Voluntary sector data unavailable – estimate to be prepared

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