

THE D2N2 LOCAL ENTERPRISE PARTNERSHIP

SKILLS FOR GROWTH STRATEGY SUMMARY

2013 - 2015



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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)



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.

FOREWORD [CONTINUED]

Exciting business opportunities lie ahead that can underpin and strengthen our local, regional and national prosperity. These 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 more prosperous, better connected and an increasingly resilient and competitive economy. 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.

The conclusion of the OECD (2012) 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 and 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), yet at the same time, according to the CBI, over one-half of businesses are not confident they will find sufficient recruits. Also, there is a significant mismatch between the career aspirations of young people and reality of the jobs market. 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. 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. Also we have an ageing population with many individuals having to, and in some cases, wanting to work longer. 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). 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 skill 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.

“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 and Skills, 2013)

FOREWORD [CONTINUED]

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 businesses. 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 Skills for Growth Strategy'. 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 and 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



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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.”

(David Cameron, Prime Minister, 2011)

The highly influential Lord Heseltine's Growth Review 'No Stone Unturned' (2013) 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, 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. 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.

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 to encourage public and private investment for businesses and enable people to 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.

There are strong moves toward outcome and customer focused approaches in the education and skills system. 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. D2N2 has an exciting opportunity to engage businesses more fully with this new and highly relevant agenda to help them realise the economic benefit of training. Employers need to fully utilise skills in the workplace and where appropriate, and as the CBI (2011) suggests, work collaboratively with firms within their sectors to drive the growth of skills. 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.

EXECUTIVE SUMMARY [CONTINUED]

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 previously designed to identify and address skills priorities. Nottingham City Council tasked Employment and Skills Boards (ESBs) to prepare a Skills Plan 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.

This proposed Skills Strategy and Action Plan 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 that which has informed the LEP Strategy for Growth.

From this has emerged a clear focus on initial themes for sectoral growth such as: transport engineering, medical/bio-science, food and drink manufacturing, construction, the visitor economy and low carbon goods and services.



EXECUTIVE SUMMARY [CONTINUED]

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.



EXECUTIVE SUMMARY [CONTINUED]

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 and action plan include: The UKCES Employer Skills Survey (2011) 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 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 online 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. 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 online than in front of the television. The rapid changes in technologies pose business challenges and exciting opportunities. The Government's White Paper (2012) states the clear intention to 'use the data we hold more effectively and for it to be made available to 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, 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 upskilling and deskillling 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.

EXECUTIVE SUMMARY [CONTINUED]

A recent independent report to Government (June 2013) 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 and subsequent Government response (April 2013), considerable challenges face schools, colleges, local authorities and 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). A recent Edge Foundation survey (2013) 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) 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. 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. 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 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 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 (not in education, employment or training) in the UK 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 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.

EXECUTIVE SUMMARY [CONTINUED]

The Skills for Growth Strategy and Action Plan will contribute to a 10-year 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.





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