



**THE CITY OF NOTTINGHAM AND NOTTINGHAMSHIRE ECONOMIC PROSPERITY  
COMMITTEE**

**Date:** Friday, 19 December 2014

**Time:** 10.30 am

**Place:** Exploration Room - Explore Manufacturing, Explore Industrial Park, Explore Way, Worksop, Nottinghamshire, S80 3FD

**Councillors are requested to attend the above meeting to transact the following business**

**Acting Corporate Director for Resources**

**Governance Officer:** Laura Wilson, Governance Officer **Direct Dial:** 0115 64301

**AGENDA**

**Pages**

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| <b>1</b> | <b>APOLOGIES FOR ABSENCE</b>  |         |
| <b>2</b> | <b>DECLARATIONS OF INTERESTS</b>  |         |
| <b>3</b> | <b>MINUTES</b><br>To confirm the minutes of the last meeting held on 26 September 2014  | 3 - 10  |
| <b>4</b> | <b>N2 SKILLS AND EMPLOYMENT BOARD</b><br>Mick Burrows, Chief Executive of Nottinghamshire County Council,<br>Martin Rigley, Chair of N2 Skills and Employment Board | 11 - 54 |
| <b>5</b> | <b>COMBINED AUTHORITY</b><br>Andrew Muter, Chief Executive of Newark and Sherwood District<br>Council   | 55 - 60 |

**PLEASE NOTE THAT THERE IS A PRE-MEETING FOR LEADERS AND CHIEF EXECUTIVES IN THE EXPLORATION ROOM AT 9.30 AM.**

IF YOU NEED ANY ADVICE ON DECLARING AN INTEREST IN ANY ITEM ON THE AGENDA, PLEASE CONTACT THE GOVERNANCE OFFICER SHOWN ABOVE, IF POSSIBLE BEFORE THE DAY OF THE MEETING

CITIZENS ATTENDING MEETINGS ARE ASKED TO ARRIVE AT LEAST 15 MINUTES BEFORE THE START OF THE MEETING TO BE ISSUED WITH VISITOR BADGES

CITIZENS ARE ADVISED THAT THIS MEETING MAY BE RECORDED BY MEMBERS OF THE PUBLIC. ANY RECORDING OR REPORTING ON THIS MEETING SHOULD TAKE PLACE IN ACCORDANCE WITH THE COUNCIL'S POLICY ON RECORDING AND REPORTING ON PUBLIC MEETINGS, WHICH IS AVAILABLE AT [WWW.NOTTINGHAMCITY.GOV.UK](http://WWW.NOTTINGHAMCITY.GOV.UK). INDIVIDUALS INTENDING TO RECORD THE MEETING ARE ASKED TO NOTIFY THE GOVERNANCE OFFICER SHOWN ABOVE IN ADVANCE.

**NOTTINGHAM CITY COUNCIL**

**THE CITY OF NOTTINGHAM AND NOTTINGHAMSHIRE ECONOMIC PROSPERITY COMMITTEE**

**MINUTES of the meeting held at Council Chamber - Civic Centre, Pavilion Road, West Bridgford, NG2 5FE on 26 September 2014 from 11.07am - 12.20pm**

**Membership**

Present

Councillor Chris Baron  
Councillor Roger Blaney  
Councillor Alan Clark  
Councillor Neil Clarke  
Councillor Simon Greaves  
Councillor Pat Lally  
Councillor Alan Rhodes  
Councillor Roger Sutcliffe

Absent

Councillor Graham Chapman  
Councillor John Clarke  
Mayor Tony Egginton

**Colleagues, partners and others in attendance:**

- |                  |   |
|------------------|---|
| Anthony May      | - Corporate Director and Deputy Chief Executive, Nottinghamshire County Council |
| Kirsty Cole      | - Deputy Chief Executive, Newark and Sherwood District Council                  |
| Glen O'Connell   | - Acting Corporate Director for Resources, Nottingham City Council              |
| Allen Graham     | - Chief Executive, Rushcliffe Borough Council                                   |
| Chris Henning    | - Director of Economic Development, Nottingham City Council                     |
| Rav Kalsi        | - Governance Officer, Nottingham City Council                                   |
| Mark Kimberley   | - Corporate Director, Gedling Borough Council                                   |
| Matthew Lockley  | - Team Manager, Economic Development, Nottinghamshire County Council            |
| Matthew Wheatley | - Growth Plan Manager, D2N2 LEP   |
| John Robinson    | - Chief Executive, Gedling Borough Council                                      |
| Ruth Marlow      | - Chief Executive, Mansfield District Council                                   |
| Phillip Marshall | - Chief Executive, Ashfield District Council                                    |
| Steffan Saunders | - Planning Policy Manager, Broxtowe Borough Council                             |
| James Schrodel   | - Policy Officer, Nottingham City Council                                       |
| Neil Taylor      | - Chief Executive, Bassetlaw District Council                                   |

**26 ELECTION OF CHAIR**

In the absence of both the Chair and Vice-Chair of the Committee, Councillor Alan Rhodes, was elected to chair the meeting.

**27 APOLOGIES FOR ABSENCE**

Mayor Tony Egginton – Other Council business  
Councillor Graham Chapman – Other Council business

Councillor John Clarke – Other Council business

Councillor Simon Greaves informed the Committee that he would be leaving the meeting at 12.00 pm due to other Council business.

## **28 DECLARATIONS OF INTERESTS**

None.

## **29 MINUTES**

The minutes of the meeting held on 25 July 2014 were confirmed and signed by the Chair.

## **30 COMBINED AUTHORITY**

Allen Graham, Chief Executive of Rushcliffe Borough Council presented the item on Combined Authorities outlining the steps required to establish a combined authority and sought the approval of the Committee to develop further proposals. The following information was highlighted:

- (a) following an informal presentation by colleagues from Derbyshire in July 2014, further work was requested on the potential benefits of a combined authority. Representatives from all constituent authorities have since come together to discuss progress on plans to form a combined authority;
- (b) discussions have taken place with partners from Derbyshire, the Department for Communities and Local Government (DCLG), the Department for Business, Innovation and Skills (BIS), the Cabinet Office and N2 chief executives. It is clear from the advice received from civil servants that the Government expects a combined authority proposal to set out a clear ambition for the area which goes beyond simply delivering current priorities. It was stated that it may be beneficial to organise an event (2 days) so that representatives of BIS, DCLG, Cabinet office and other Combined Authorities could be invited to input and assist N2 to explore the issues of establishing a Combined Authority within a 2-tier area;
- (c) the formation of a combined authority is dependent upon carrying out a governance review, including consultation, which demonstrates that a combined authority would add value. Following this process, constituent members would be required to draft a scheme which sets out the terms of reference for a combined authority prior to submitting it to the Secretary of State. If satisfied, an order would then be laid before Parliament;
- (d) partners from constituent authorities have created early drafts of a governance review and a scheme outlining the draft terms of reference. A draft memorandum of understanding has been produced following advice from DCLG and BIS;
- (e) a clear narrative and evidence is needed for why the separate D2 and N2 configuration is right for the D2N2 area and the LEP. Further clarification is

needed to define how two combined authorities will interact with the LEP whilst not creating more complexity than is necessary;

- (f) a clear commitment is needed from constituent members to pool or share some powers and resources. The powers which are identified in the draft scheme will need to reflect the vision for N2 but remain compatible with the D2 area in respect of the entire LEP area;
- (g) the next step will require blue sky thinking to establish a more ambitious vision in the long term, including more specific powers and responsibilities. Advice from the government suggests that it would be better if N2's submission is considered in parallel with a consistent approach to the key issues around D2N2. A possible timetable is detailed below:
  - October/November 2014 – carry out the blue sky thinking, including the development of the scheme and a governance review;
  - December 2014 – Report back to the Economic Prosperity Committee;
  - January/February 2015 – each constituent authority to decide whether to form part of a combined authority. At the same time, consultation will take place stakeholders and DCLG;
  - February/March 2015 – submit proposals to the Secretary of State;
  - September 2015 – decision by the Secretary of State and a Parliamentary Order made;
- (h) the benefits of a combined authority include developing stronger influence and better governance in relation to the LEP and future growth deals, progressing collaboration outside of the LEP relationship, greater ability to argue for power and resources from Government and a better use of existing resources. The overwhelming feeling is that a combined authority will project a collective and stronger voice, especially when it comes to devolved powers and the allocation of funding;
- (i) should constituent members choose to submit a cautious, preliminary scheme to the Secretary of State, any subsequent additional powers to the scheme will only be achieved via a statutory instrument. When developing N2's vision for a combined authority, constituent members will have the opportunity to seek more power and influence.

#### **RESOLVED to**

- (1) undertake work to identify the benefits of a combined authority and develop a vision and aspirations for the long term economic vitality of the N2 area;**
- (2) explore the possibility of organising a conference to bring all key stakeholders together;**

- (3) identify specific powers which could be exercised by a combined authority for the N2 area;**
- (4) undertake work on a scheme and a governance review for the N2 area, working in parallel with the D2 area to cover common issues including LEP governance;**
- (5) agree the timetable below in principle, subject to further guidance from the Department for Communities and Local Government (DCLG):**
  - October/November 2014 – carry out the blue sky thinking, including the development of the scheme and a governance review;**
  - December 2014 – Report back to the Economic Prosperity Committee;**
  - January/February 2015 – each constituent authority to decide whether to form part of a combined authority. At the same time, consultation will take place stakeholders and DCLG;**
  - February/March 2015 – submit proposals to the Secretary of State;**
  - September 2015 – decision by the Secretary of State and a Parliamentary Order made.**

Reason for decisions:

Parallel work is taking place in Derbyshire and it is therefore sensible to share approaches so that both governance reviews take a consistent approach to the cross D2N2 issues in relation to the LEP.

Other options considered:

Not to agree to the timescale to carry out the necessary work. This option was discounted as work to undertake the necessary governance review has started and Chief Executives are currently working on the development of a draft. It is sensible to coordinate work currently taking place in Derbyshire.

### **31 OPTIONS AVAILABLE TO DISTRICTS IN SECURING EU FUNDING**

Matthew Lockley, Team Manager of Economic Development at Nottinghamshire County Council delivered the presentation, outlining the options available to district authorities in securing funding within the European Union (EU), highlighting the following:

- (a) structural funding within the EU includes three main funding streams. These include the European Regional Development Fund (ERDF), which focuses on research, innovation, business development and infrastructure. Funding via ERDF accounts for 50% of EU funding however, must have an economic focus. The European Social Fund (ESF) focuses on skills and access to**

employment and social inclusion. The European Agricultural Fund for Rural Development (EAFRD) focuses on economic development in rural areas;

- (b) the amount of funding available to the D2N2 includes £104.4 million via ERDF and £104.4 million via ESF however, both funding streams require a 50% match, so the overall programme is valued at £428.6 million;
- (c) Local Enterprise Partnerships (LEPs) provide overall management over EU funding, devising a strategy and prioritising funding applications. LEP Boards have been expanded to deal with local EU decisions, however D2 and N2 committees are consulted as part of the process. The Department for Communities and Local Government (DCLG) acts as the managing authority for EU funding and will issue contracts to individual projects. The DCLG will not approve anything which has not been selected by the LEP;
- (d) the D2N2 European Structural Investment Fund (ESIF) establishes the activities that may be funded and follows 9 thematic objectives including innovation, ICT, small and medium enterprise (SME) competitiveness, green and blue infrastructure, combating unemployment and tackling social exclusion. There is an additional transport objective available via ESIF but this is only pertinent to Cornwall and the Isle of Scilly;
- (e) £20 million is available via ERDF for innovation projects which focus on commercialisation and the support for innovation processes within business, graduate start-ups and research collaborations, usually consumed by cash-rich universities. A further £10 million is available via ERDF for support for ICT development for SMEs with demonstrable economic need and benefit;
- (f) the objective of SME competitiveness accounts for £37 million of ERDF support with a particular focus on SME support, business finance, sector support and growth initiatives. A further £20 million is earmarked for low carbon initiatives and new local carbon technology development;
- (g) ESF support includes £40 million for the promotion of employment and requires Skills Funding Agency (SFA) and Department for Work and Pensions (DWP) match funding at source. An approach to funding via the ESF must relate to training activities for unemployed people or special groups facing barriers to employment. Almost 75% of match funding for ESF schemes is provided by Big Lottery funding who effectively manage that element of the programme;
- (h) in order to qualify for ESIF support, projects would need to demonstrate an element of additionality with a particular focus on economic development and ultimately demonstrate a contribution towards programme targets and indicators.

**RESOLVED to note the presentation on the options available to districts in securing EU funding and to circulate the presentation to all district authorities.**

Reasons for the decision:

By outlining the different EU funding options available, district authorities are better placed to prioritise, target and secure additional funding through European Structural Investment Funds (ESIF).

### Other options considered

To do nothing. This option was discounted given the options available to district authorities in securing EU funding.

## **32 N2 ESIF IMPLEMENTATION PLAN RESPONSE**

Chris Henning, Director for Economic Development at Nottingham City Council presented the report, informing the Committee of the planned response to the European Structural Investment Fund's (ESIF) Implementation Plan, highlighting the following:

- (a) In advance of the implementation of the ESIF, D2N2 is preparing a Local Implementation Plan consultation document which will set out proposals and options for translating the D2N2 ESIF strategy into a delivery programme for funds worth £200 million. It is anticipated that consultation will close on 13 October 2014 in advance of seeking LEP Board approval by 29 October 2014;
- (b) in order that the Local Implementation Plan (LIP) is improved and provides the framework that will maximise benefits for N2 businesses and citizens, the following issues will need to be recognised:
  - In recognising D2N2's role in overseeing the commissioning, management and monitoring of programmes, the geographical scope of the those programmes will sometimes best be at a more local, perhaps N2 or local authority level, particularly where local knowledge and presence is critical;
  - the principle of continuity of good practice from current delivery programmes should be made clear;
  - the principle of maximising the funding available to front line delivery should be stated. This can help by minimising the funding which is tied up by prime contractors in designing programmes through overly open calls;
  - the process and activities associated with a number of the national 'opt-ins' are not yet clear and need to be so in order to secure our best interests;
  - in addition to 'comprehensive, strategic programmes' N2 must recognise the need for funding to ensure these programmes can be targeted on hard to reach groups and for funding for projects which are linked to the programmes, but could promote innovative approaches.



- (c) given that it is not yet clear whether the sum of the programmes as set out will deliver to the intended beneficiaries or where gaps exist, clearer links between the strategies, the beneficiaries of those strategies and the programmes designed to deliver benefits should be clearly established.

**RESOLVED to**

- (1) **note the potential issues that could be raised by the European Structural Investment Fund (ESIF) Local Implementation Plan draft consultation document;**
- (2) **request that officers from constituent authorities prepare a final document which can be agreed as an Committee response to the consultation, based on the consideration of the potential issues.**

Reason for decisions:

Officers from all constituent authorities have discussed an early version of the draft Local Implementation Plan (LIP) and although this has not yet been published, it is envisaged that the committee's views may be addressed in future iterations of D2N2's LIP. It is important that the Committee views are included as part of the consultation process prior to it closing on 13 October 2014.

Other options considered:

No other options were considered in the circumstances. It is important that the Committee consider the potential issues that could be raised by the ESIF LIP draft consultation document.

**33 DATE OF NEXT MEETING**

**RESOLVED to change the date of the Committee currently scheduled for 21 November 2014 to 28 November 2014.**

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**CITY OF NOTTINGHAM AND NOTTINGHAMSHIRE ECONOMIC  
PROSPERITY COMMITTEE– 19 DECEMBER 2014**

<b>Subject:</b>	<b>N2 SKILLS AND EMPLOYMENT BOARD</b>		
<b>Presenting authority / representative):</b>	Mick Burrows, Chief Executive, Nottinghamshire County Council Martin Rigley, Managing Director, Lindhurst Innovation and Chair, N2 Skills and Employment Board Celia Morris, Group Manager, Corporate Strategy, Nottinghamshire County Council Cllr Nick McDonald, Nottingham City Council		
<b>Report author and contact details:</b>	Lizzi Holman, N2 Skills and Employment Partnership Manager <a href="mailto:Lizzi.Holman@nottinghamcity.gov.uk">Lizzi.Holman@nottinghamcity.gov.uk</a>		
<b>Key Decision</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>Subject to call-in</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>Value of decision:</b> £nil	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital		
<b>Authorities affected:</b> All	<b>Date of consultation with relevant authorities:</b> N/A		
<b>Summary of issues (including benefits to citizens/constituent authorities):</b>			
<p>The N2 Skills and Employment Board is the employer-led Board for Nottingham and Nottinghamshire working to ensure skills and employment across N2 best supports business growth. The N2 Skills and Employment Board has ambitious aims to create a dynamic local economy. 16 performance metrics have been proposed as a clear statement of the ambition of the Board (included in Annex 1). This includes transformed productivity of the N2 workforce and every young person in N2 has the opportunity to engage in education, employment or training. The Board have identified four priorities for action to achieve this ambitious growth and job creation performance. The actions required are included in the N2 Skills and Employment Framework 2015 – 2020 (attached).</p>			
<b>Exempt information:</b> None.			
<b>Recommendation(s):</b>			
That the EPC note the work of the N2 Skills and Employment Board and the N2 Skills and Employment Framework 2015 – 2020.			

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 The N2 Skills and Employment Board is accountable to the N2 Economic Prosperity Committee and the Board's work can inform the Committee when considering policy to support employment and skills. Keeping committee members updated on the emerging priorities of the N2 Skills and Employment Board and considering the Framework for the Board for 2015 – 2020 is therefore considered appropriate.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 The N2 Skills and Employment Board was established in Spring 2014 as the strategic body to represent the needs of Nottinghamshire employers in relation to skills and to drive forward a county-wide employment and skills strategy, which influences the delivery of mainstream services. Board members are employers in priority sectors, following a decision to change the structure and membership of the previous Employment and Skills Board to remove skills providers. This has ensured the focus of the Board is the employer perspective.
- 2.2 Current membership includes large local employers such as Boots, Experian and Hardstuffs, alongside SMEs such as Sasie who operate in the low carbon sector. It is chaired by Martin Rigley, Managing Director of Lindhurst Innovation, a transport equipment manufacturing business based in Sutton-in-Ashfield. Further employer engagement is ongoing to ensure all key sectors are represented, including creative sector and life sciences.
- 2.3 Board members are actively involved in identifying local skills and employment issues and working with partners to address these. Most recently, Boots has created and led the 'Graduate Challenge' pilot – matching local undergraduates with real business challenges in SMEs and larger local employers. This is part of work to increase local graduate retention – a major issue for N2.

### **Priorities for Employment and Skills**

- 2.4 As set out in the Nottingham and Nottinghamshire Growth Plans and the D2N2 Strategic Economic Plan, actions are needed to support jobs growth in the priority sectors and to enhance competitiveness. By focusing resources we can stimulate jobs growth and harness the potential of businesses in Nottingham and Nottinghamshire.
- 2.5 The following sectors are priorities for Nottingham and Nottinghamshire:
- Food and Drink Manufacturing
  - Transport Equipment Manufacturing
  - Construction
  - The Visitor Economy
  - Low Carbon Economy
  - Transport and logistics
  - Creative Industries
  - Medicine and Bioscience
  - Retail and Leisure
  - Health and Social Care
  - Professional Services
- 2.6 These sectors include the 8 D2N2 Priority Sectors, with additional sectors of strategic importance for N2. These are high value growth sectors and sectors which are predicted to grow significantly in employee numbers - health and social care, retail and leisure and professional services.

- 2.7 The N2 Skills and Employment Board support the D2N2 target to create 55,000 private sector jobs by 2023. The Board have identified four priorities where developments are needed to drive growth and job creation. These evidence and rationale for these priorities is set out in the N2 Skills and Employment Framework: 2015 – 2020.

**Developing an ‘early years to employment’ approach which ensures that young people in Nottingham and Nottinghamshire are prepared for the world of work and the future needs of our economy**

- 2.8 Across the N2 as in other parts of the country, it has been identified that progression into today’s labour market is becoming increasingly difficult for young people. CBI surveys report that around half of employers believe that young people are insufficiently equipped with the skills they need on job entry. Nottingham and Nottinghamshire has an excellent record of supporting 16-18 year olds into education or employment with training. In June 2014, in Nottingham City, 6.5% of this cohort were identified as Not in Employment, Education or Training (NEET) and 2.5% as ‘Not Known’. In Nottinghamshire, 2.7% were NEET and 9.6% were not known. However the picture is not as good at the next stage, with relatively high levels of 18-24 year old unemployment.
- 2.9 The N2 Skills and Employment Board is looking to build upon examples of good practice that help to bridge the gap between school and the world of work, such as the employability model developed and delivered by the Mansfield Learning Partnership and NEET reduction activity delivered by Futures in the City.
- 2.10 Our proposed performance metric for developing an early years to employment approach is: **Every young person across N2 has the opportunity and support to engage in productive training, education or a job.** Further performance metrics will be agreed by the Board to ensure young people develop employability skills and are supported to aspire to jobs in growth sectors.
- 2.11 The actions to achieve this include local support structures must be established to create clear career pathways to real job opportunities within our economy, particularly to jobs within priority sectors and to inspire young people to start on their pathway. We will work with the National Careers Service in N2 to ensure greater involvement of employers in careers advice, to help bring the information on local opportunities to life. The N2 SEB will establish an action plan to implement the D2N2 Employability Framework and then embed this work, reviewing take up of services and ensuring schools engage.

**Re-engaging unemployed and disengaged people through pathways that prepare and reintroduce them to the labour market**

- 2.12 If we are going to meet the future skills needs of our economy we need to ensure that everyone within the labour market is able to play an active role. Within Nottingham and Nottinghamshire communities there are particular groups that are more marginalised than others:

- Long term unemployed
  - 16-24 year olds who are not in employment, education or training
  - Employment Support Allowance Claimants
  - Lone Parents
  - Black and Minority Ethnic Groups
  - Women Returners
- 2.13 There are also geographical locations or 'hot spots' within Nottingham and Nottinghamshire experiencing high numbers of people on out of work benefits and subsequently disadvantage. In order to ensure best value for public investment in employment and skills, provision must be targeted at these groups and the geographic areas in most need.
- 2.14 A number of sectors in N2 are faced with an ageing workforce – this is particularly acute for transport and logistics. Other sectors face recruitment difficulties due to their poor image and lack of awareness about new and developing opportunities – food and drink manufacturing, retail and tourism and transport equipment manufacturing are particularly concerned to attract a younger and more diverse workforce to their business.
- 2.15 Our proposed performance metric for re-engaging unemployed people through pathways back to the labour market is: **Year on year improvement in employment rates across N2**. This measure will be supported by reviews of localised data, including employment rates in deprived areas, and for priority groups.
- 2.16 Actions to achieve this include an 'end to end' pathway which supports each person on their journey from engagement to a job outcome. The pathway will include mentoring and support focused on the needs of the individual, it will address additional barriers that people may face when seeking employment e.g. links to health support, overcoming transport difficulties. Dedicated resources will be needed to help employers to continue to engage with Apprenticeships as these are reformed.

**Ensuring the local workforce develops the higher level skills needed to increase business productivity and competitiveness whilst enabling individuals to fulfil their potential**

- 2.17 The local economy has been re-balancing with the proportion of Nottingham and Nottinghamshire employees working in the private sector rising in comparison with the public sector. Occupations and skills needs are changing. Four occupational groups are expected to add net new jobs: Professional; Caring, Leisure and Other Services; Managers, Directors and Senior Officials; Associate Professional and Technical.
- 2.18 This highlights a rise in jobs requiring intermediate to high level qualifications, including degree level qualifications. In contrast, the demand for people with low or no qualifications will continue to decline. There have been significant improvements in the levels of qualifications attainment and productivity of employees in Nottingham and Nottinghamshire in recent years, but the pace of change has not been

sufficient to close the gap with regional or national rates. In order to just meet the England average N2 would need:

- 35,700 more people qualified at NVQ 4+;
- 13,300 more people qualified at NVQ 3+;
- 23,300 people qualified at NVQ 2+;
- 20,600 people qualified to NVQ 1+;
- and 19,200 fewer people with no qualifications.

- 2.19 Employers are currently experiencing skills shortages arising from new technologies. Nottingham employers have, overall, a relatively high incidence of either skills gaps or shortages (22%) compared to elsewhere in the County (16%) or the UK average (18%).
- 2.20 Around half of Nottingham and Nottinghamshire employers with skills gaps identified the development of new products and services and the introduction of new technologies as contributory factors in giving rise to skills gaps in their workforce. The breadth of skill sets required is widening as employers report IT and digital technology know-how, alongside customer service skills becoming relevant to a much wider range of occupations and job roles. For example, in construction, employers and small contractors report challenges upskilling their workforce to use new computer-aided modelling tools.
- 2.21 Our proposed performance metric for ensuring the local workforce develops the higher level skills needed to increase business productivity is: **N2 workforce productivity improves year on year to become higher than national average by 2020**. The current GVA per hour worked rates show Nottingham (25.1) and Nottinghamshire (24.9) behind the UK (28.3).
- 2.22 Actions to achieve this include sustained investment in skills training at the sub-regional level to narrow the N2 - England productivity gap. The N2 SEB will ensure that training providers working in Nottingham and Nottinghamshire have access to information on current and future business skills needs in order to help tailor their training offer. The D2N2 LEP must create a fund which targets priority sectors, through which employers can source funding to buy training provision for existing staff against its their own specification and from the most appropriate provider.

### **Making the skills and employment support landscape simpler and more accessible for employers and individuals**

- 2.23 Employers have an important role to play in shaping the local employment and skills system. But too often the complexity of qualification requirements, funding limitations and the multiplicity of different providers means employers are not getting the best out of available services. Employer needs are not uniform – for example, health and social care employers face significant challenges in attracting people into available jobs due to the negative image of their sector. These employers need to support to market the progression routes available to schools and careers advisers to help change this misconception. For the local Life Sciences sector, their challenges include supporting graduate students to develop their commercial awareness and enterprise skills to help make successful businesses

out of high level research. If local activities are to be more successful than in the past in supporting young people's transitions, improving employment rates and raising skills and productivity levels, employers need high quality, impartial and effective advice and support to engage.

- 2.24 Our proposed performance metric for making the skills and employment landscape more simple and accessible is: **High level of employer satisfaction with apprenticeship, employment and skills brokerage services in N2**. Further measures to be agreed will include more employers engaged in providing employment opportunities and engagement with the employability agenda in schools and colleges.
- 2.25 To achieve this, local partners must provide an effective infrastructure for employers to engage with apprenticeships, skills and employment support. This must include access to financial incentives for SME engagement.

### **Recent activity and next steps**

- 2.28 The resources to deliver required actions will come from a number of sources including the European Structural Investment Funds – the Local Implementation Plan (LIP) is currently being developed by the D2N2 LEP. The LIP contains outlines of programmes to engage young people currently NEET, to support local people into jobs, to develop workforce skills and to support enterprise activity. These programmes are of particular interest to the Board. We are working closely with the D2N2 officers to agree how the Board will help develop the detailed procurement specifications to ensure the programmes meet local needs.
- 2.29 The next steps for the N2 Skills and Employment Board are to:
- a. Publish the N2 Skills and Employment Board Framework: 2015 – 2020 setting out the evidence and recommendations for actions under the four priorities. Agree the performance metrics in order to ensure we are making progress across N2 in each area (draft measures set out in Appendix 1).
  - b. Publish the N2 Labour Market Assessment, providing the detailed economic and skills data as context for all partners.
  - c. Develop and publish sector profiles, including labour market information and future skills needs for Nottingham and Nottinghamshire priority sectors. The profiles can be used by schools, colleges, independent training providers, careers advice and guidance professionals and students to inform pathways through education that link to real job opportunities.
  - d. Work closely with the D2N2 LEP to support the further development and commissioning of programmes using the European Social Fund allocations for employment and skills.
  - e. Establish an action plan to implement the D2N2 Employability Framework and then embed this work.



### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

3.1 No other options were considered because the report is for information only.

### **4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

4.1 The N2 Skills and Employment priorities make suggestions for how local and national funds can be targeted to achieve value for money and impact from investment. This includes allocation of European Social Fund to programmes that deliver valuable outcomes.

### **5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

5.1 None.

### **6 SOCIAL VALUE CONSIDERATIONS**

6.1 The N2 Skills and Employment Board has set out the priority to re-engage unemployed and disengaged people through pathways that prepare and reintroduce them to the labour market and to ensure the local workforce develops the higher level skills needed to increase business productivity and competitiveness whilst enabling individuals to fulfil their potential. These priorities have been set after consideration of the need to ensure better access to local employment opportunities for all residents and to support inclusive growth.

### **7 EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in any attached EIA.

### **8 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

8. Draft N2 Skills and Employment Framework 2015 – 2020  
9. Annex 1 – draft performance metrics

### **9 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

None.

**10 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

None.

## **ANNEX 1 – N2 Draft Performance Metrics**

### **DEVELOPING AN EARLY YEARS TO EMPLOYMENT APPROACH IN N2**

1. Every child in N2 participates in employability and social education from primary through to the end of secondary education
2. Every young person across N2 has the opportunity and support to engage in productive training, education or a job
3. Double the number of local young people progress into higher education
4. There is an Outstanding further education offer for the City and County

### **RE-ENGAGING AND SUPPORTING PEOPLE INTO THE LABOUR MARKET**

5. Year on year improvement in employment rates across N2
6. Reduce long-term unemployment to lowest rate nationally
7. N2 to have the best quality Apprenticeships in the country
8. N2 to have the highest numbers of Apprenticeships in the country

### **DEVELOPING WORKFORCE SKILLS TO MAXIMISE POTENTIAL OF N2**

9. Workforce productivity improves to become higher than national average
10. N2 Employers report the lowest skills shortage levels in the UK
11. N2 has the best graduate retention in the UK
12. N2 workforce skills levels match projected demand for intermediate and higher level skills
13. Average earnings increase by 10%

### **MAKING THE SKILLS AND EMPLOYMENT SUPPORT LANDSCAPE MORE SIMPLE AND ACCESSIBLE FOR EMPLOYERS AND INDIVIDUALS**

14. Across N2 there is a clear and navigable pathway from education to the world of work for all young people with support for each stage.
15. All local employers engaged and delivering employment opportunities for communities
16. N2 to have a skills brokerage system that is simple and accessible for employers

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# N2 Skills and Employment Board

## N2 Skills and Employment Framework 2015 - 2020

Draft 11/12/2014

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## Foreword

The N2 Skills and Employment Board is made up of a broad mix of businesses, from different sectors with different commercial activities and size of organisation. But our common aim is that we want to drive growth in N2. We are ambitious for our businesses and we are ambitious for Nottingham and Nottinghamshire.

This strategy sets out the business priorities for skills and employment for N2 between now and 2020. It highlights what business can do to drive change forward - working with schools to give children a view of the world of work, ensuring colleges and training providers have the information they need to help students progress into real and exciting job opportunities and creating jobs that all residents can access. It also sets out what all our partners - schools, colleges, independent training providers, Higher Education institutions, community organisations, Local Authorities, funding agencies and the D2N2 Local Enterprise Partnership - must do to play their part. The N2 SEB will hold partners to account to ensure that locally we get the best value for public and private investment.

Throughout all of our work, it is a key focus for the Board to help more businesses access the support available with recruitment and to increase workforce development. This is not an easy task as the landscape is confusing and almost constantly changing. But it is a waste of resources if businesses struggle on alone, so we will work with all agencies to make the landscape more simple and shed light on the pathways available.

### Our Vision for Nottingham and Nottinghamshire

The D2N2 LEP and its partners are pursuing an exciting and ambitious business growth agenda in N2 and D2. It is critical that businesses can access the skills and support they need to benefit from growth opportunities, and that the right pathways are in place for all N2 residents to benefit. Therefore our ambitious vision for N2 is to create and grow the highly skilled workforce required to support the economy now and in the future, while significantly reducing overall worklessness.

## Where are we now?

Employment is growing and new jobs are forecast in N2

Between March 2013 and 2014 N2 employment increased by 1,300 (0.3%) and forecasts suggest that by 2022 the N2 area will see further employment growth of 4.5% which is equivalent to 20,000 net new jobs. This will contribute to the LEP goal to create 55,000 private sector jobs across D2N2 by 2023. Alongside the 170,000 jobs which will arise due to replacement demand, mainly due to retirement, the forecast labour force should reach around 755,000 by 2022.

Working age population figures suggest that there should be sufficient numbers of people resident in N2 available to meet labour demand - but work is needed to ensure they will have the relevant skills, work experience and qualifications required.

Strategies to create jobs and growth in Nottingham, Nottinghamshire and across D2N2 are built around key sectors. As set out in the Nottingham and Nottinghamshire Growth Plans and the D2N2 Strategic Economic Plan, actions are needed to support jobs growth in the priority sectors, to enhance competitiveness across the region. By focusing resources we can stimulate jobs growth and harness the potential of businesses in N2.

The following sectors are the priority for N2:

- Food and Drink Manufacturing
- Transport Equipment Manufacturing
- Construction
- The Visitor Economy
- Low Carbon Economy
- Transport and logistics
- Creative Industries
- Medicine and Bioscience
- Retail and Leisure
- Health and Social Care
- Professional Services



These sectors include those where current forecasts suggest they are likely to experience growth across the D2N2 area - Construction; Retail and Leisure; Administration, Office Support and Related Services; Health and Social Care; and Information Technology, Media and Information Services. There are also the strategically important sectors that can support the development of a robust, high value added economy in N2, including Low Carbon, Life Sciences, Transport and Logistics, Transport Equipment Manufacturing and The Visitor Economy.

The local economy has been re-balancing with the proportion of N2 employees working in the private sector rising in comparison with the public sector. The long term trend towards increasing service sector employment remains clearly evident with particularly strong employment growth in Administration and Support Services, Wholesale and Retail and Health and Social Work.

### Growth will be concentrated in jobs requiring intermediate and higher level skills

Occupations and skills needs are changing. Four occupational groups are expected to add net new jobs: Professional; Caring, Leisure and Other Services; Managers, Directors and Senior Officials; and Associate Professional and Technical.

This highlights a rise in jobs requiring intermediate to high level qualifications. There will be a net increase in demand for level 4 and above qualifications of 246,034 (34%) to 2022. QCF4 qualifications are HNC, HND, foundation degree or university degree. This stands in marked contrast to the demand for QCF1 qualifications (GCSE or Level 1 diploma), or for people with no qualifications, where there are expected to be a sharp decline in demand - decline which is almost certainly long term and irreversible.

### Changing Industry and Occupational Forecasts - Implications for Qualifications and Skill Levels in N2, 2012 - 2022

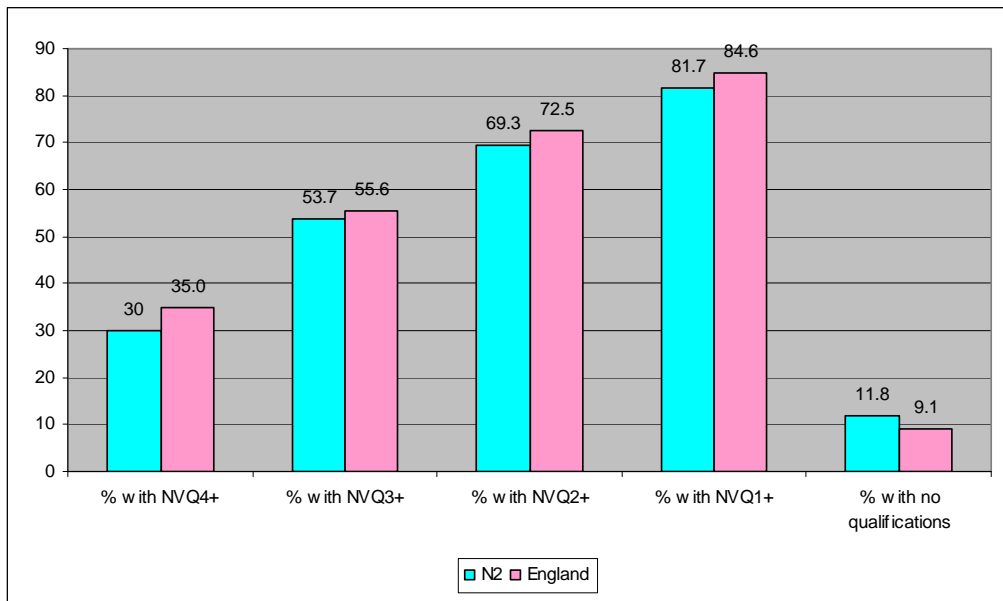
<b>NVQ Level</b>	<b>Base year level</b>	<b>Forecast Change % Base Year</b>	<b>Total Requirement</b>
	Dec. 2012		2012 - 2022
NVQ4 or above	216,000	73.1	158,000
NVQ3 or above	388,700	32.4	126,000
NVQ2 or above	512,700	36.0	184,600
NVQ1 or above	603,300	16.3	98,400
No Quals.	68,900	-6.4	-4,400

Source: UKCES/Working Futures, 2014. Projections relate to NVQ and above

## The skills of the N2 workforce are increasing - but lag behind national averages

Against this background of growing demand for higher level skills, it is positive that there have been significant improvements in the levels of qualifications attainment and productivity of employees in N2 in recent years. But the pace of change has not been sufficient to close the gap with regional or national rates.

Working Age Population Qualifications, N2 and England, Dec 2013



Source: APS, NOMIS

In order to just meet the England average N2 would need:

- 35,700 more people qualified at NVQ 4+;
- 13,300 more people qualified at NVQ 3+;
- 23,300 people qualified at NVQ 2+;
- 20,600 people qualified to NVQ 1+;
- and 19,200 fewer people with no qualifications.

Recent improvements in school leavers qualifications move in the right direction - school-level GCSE attainment in N2 has improved overall. The performance gap has narrowed slightly compared to England, but less so within the City as a whole.

## Employers experience skills shortages arising from new technologies

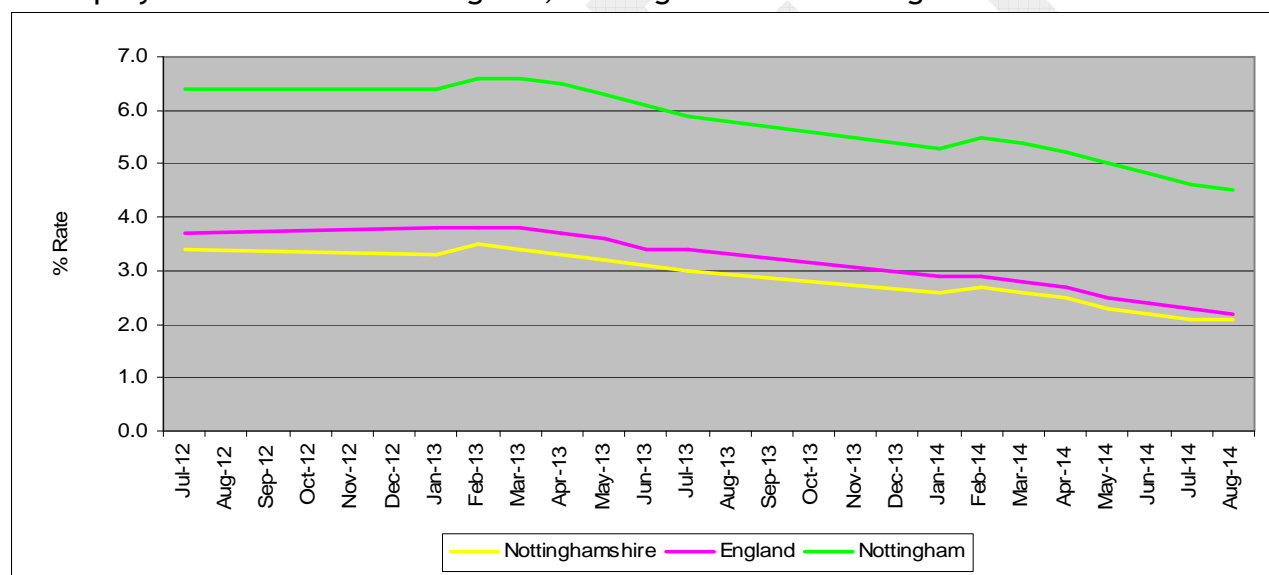
Around half of N2 employers with skills gaps identified the development of new products and services and the introduction of new technologies as contributory factors in giving rise to skills gaps in their workforce.

The breadth of skill sets required is widening as employers report IT and digital technology know-how, alongside customer service skills, becoming relevant to a much wider range of occupations and job roles.

## More N2 residents are moving into work - but some people are missing out

Overall, N2 unemployment has been falling steadily since February 2013. The current unemployment rate is 4.6% in the City and 2.1% in the County. Over the year to July 2014, unemployment fell at a faster rate than nationally in Nottinghamshire. However in the city it still declined at a much slower rate.

### Unemployment Rates for Nottingham, Nottinghamshire and England



Source: ONS claimant count, NOMIS

Across N2, around 83,400 people are claiming out of work benefits. People on job seekers allowance account for 23,310, but the most significant group is Employment Support Allowance - 47,420 individuals claiming this health-related benefit.

The improving labour market is not being accessed equally:

Young people becoming NEET: Following the rise in rates of young people NEET in Nottingham and Nottinghamshire during the recession, recent actions have had an impact. In June 2014, in Nottingham City, 6.5% of 16 - 18 year olds were identified as Not in Employment, Education or Training (NEET) and 2.5% as 'Not Known'. In Nottinghamshire, 2.7% were NEET and 9.6% were not known. However the picture is not as good at the next stage - as of October 2014 in Nottingham 3.7% of 18 - 24

year olds were claiming Jobseekers Allowance, and the rate for Nottinghamshire is higher at 4.1% compared to the GB average of 3.5%. The rate of youth unemployment rises to 6% in Mansfield and 4.8% in Ashfield.

Long term unemployment: Just over 10,000 people across N2 had been receiving JSA for over six months at August 2014 - although the numbers have begun to fall they still represent half of all JSA claimants. Two-thirds of the long term unemployed are men and two age groups (18-24 year olds and people aged over 50) together account for 40% of the total.

Despite a fall in the absolute number of people unemployed for over two years, the proportion of these very long term claimants against the total rose from 16.8% in August 2013 to 18.7% a year later.

Black and minority ethnic groups: In N2 just over 3,000 people from a BME background were JSA claimants in July 2014, accounting for 16% of all claimants. Overall, while the numbers of N2 JSA claimants fell by 27% between July 2013 and July 2014, there was a slower rate of decrease amongst BME groups - falling by 22%.

Health Problems: There are 47,420 individuals claiming Employment Support Allowance (ESA), or 57% of all out of work benefit recipients. There are higher rates amongst people aged over 45 years. In both the City and County, around three quarters of ESA/IB claimants have been claiming for 2 years or more, and more than 60% have been claiming for 5 years or more.

Lone Parents: There are just over 10,100 Lone Parents claiming benefits in N2. The transfer of people for whom childcare represents a significant barrier to work on to JSA has meant that in the City more than a third of the long term JSA claimants are female in August 2014 compared to just 20% before the reforms to Income Support were introduced.

Women: Around two-thirds of females aged 16-64 in N2 were economically active in March 2014 which is far below the average for England which stood at 71.5%. This suggests that there is significant under-utilised potential within the N2 labour market. There is also evidence that many women, especially those with young children, return to part-time jobs that do not fully utilise their skills and experience. This can have negative consequences for their pay, quality of working life, employment status and career prospects.

## **Our Vision for Skills and Employment in N2**

To support growth and enhance productivity across N2, we to ensure individuals entering the labour market have the skills that are needed by our local businesses and that they continue to develop skills to enable them to progress. We must have clear strategies in place to ensure that people who experience high levels of disadvantage are able to benefit from the job opportunities that are created by our wider economic growth activity.

With that in mind, our vision is to:

Create and grow the highly skilled workforce required to support the economy now and in the future, while significantly reducing overall worklessness.

This vision will be achieved by pursuing four priorities

- 1. Developing an 'early years to employment' approach which ensures that young people in Nottingham and Nottinghamshire are prepared for the world of work and the future needs of our economy.**
- 2. Re-engaging unemployed and disengaged people through pathways that prepare and reintroduce them to the labour market.**
- 3. Ensuring the local workforce develops the higher level skills needed to increase business productivity and competitiveness whilst enabling individuals to fulfil their potential.**
- 4. Making the skills and employment support landscape simpler and more accessible for employers and individuals.**

We will lobby for local influence over forthcoming and new funding streams, particularly in terms of the design and commissioning of activity that will be delivered in our areas.

## **Simplifying the landscape to make it easier for everyone to access**

The policy and funding landscape for skills and employment activity is complex and often confusing for stakeholders and beneficiaries alike. There are numerous organisations involved in designing, commissioning and delivering services which aim to tackle skills and education issues and move unemployed people back into work. For example, in 2012/13, there were 447 providers delivering Skills Funding Agency provision in the Derby, Derbyshire, Nottingham and Nottinghamshire locality.

Not only is the landscape complex but it is also constantly changing and politically driven - this has its own consequences in terms of sustaining impacts and delivering more holistic services and programmes to tackle high levels of deprivation and disadvantage.

**All partners must prioritise making the skills and employment support landscape much more simple and accessible**

The principles that underpin this framework and proposed actions relate directly to the complexity and fragmentation of employment and skills funding and activity:

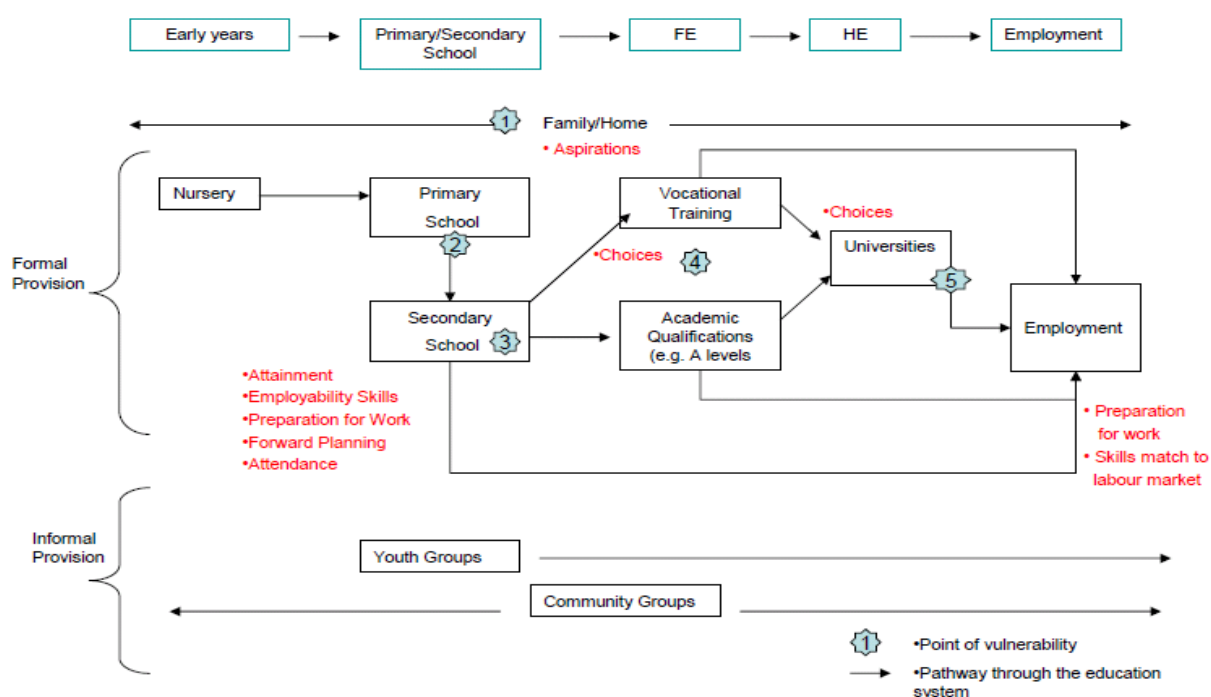
- Bring coherence to mainstream programmes and work with Government to ensure that we get best value out of mainstream activity for Nottingham and Nottinghamshire;
- Build upon what works and sustain good practice in Nottingham and Nottinghamshire, focussing on those projects and partnerships that have a strong track record of delivery;
- Work in partnership to reduce duplication and ensure alignment of services and investment to maximise impact;
- Only provide additional local resources to address identified gaps in the local area, particularly for specific groups whose needs are not catered for in mainstream activity

## Supporting progression from the early years to employment

Too many young people in N2 struggle to make the transition from education to employment

In Nottinghamshire as in other parts of the country, it has been identified that progression into today's labour market is becoming increasingly difficult for young people. Secondary school is often the point where young people disengage from the education system and make ill-informed choices.

### Pathway from Early Years to Employment



Evidence of difficulty in this transition into the workforce can be seen in the proportion of young people NEET. For 16 - 18 year olds the current levels across N2 are on a par with the national average. For 18 - 24 year olds, in Nottingham 3.7% were claiming Jobseekers Allowance, and the rate for Nottinghamshire is higher at 4.1% compared to the GB average of 3.5%. The rate of youth unemployment rises to 6% in Mansfield and 4.8% in Ashfield.

CBI surveys report that around half of employers believe that young people are insufficiently equipped with the skills they need on job entry. The question therefore has to be raised as to how well pre-19 education and training is preparing young people for employment in the current labour market.

There are two issues that need to be considered. Firstly, is the training/learning provision the young person is progressing onto once leaving school appropriate to the local labour market, i.e. are the skills they are learning matched to real job

opportunities in the local economy. Secondly, are they developing the 'employability skills' such as resilience, team working and interpersonal skills that are the fundamental requirement in the workplace.

We should not expect that all young people understand this expectation or have the innate ability to develop these skills without guidance and support. They must be shown why these skills are essential and be supported to develop them.

Reforms to education have placed greater emphasis on English, Maths and academic subjects - employability skills development must also be prioritised

The Department for Education have introduced a slimmed-down [national curriculum](#) which prioritises academic education, particularly literacy and numeracy. Schools are assessed by Ofsted on learners' achievement of the achievement of 5 GCSEs (including English & Maths) and the [English Baccalaureate](#).

To create 'a more autonomous and diverse school system that offers parents' choice and concentrates on improving standards' the DfE have encouraged schools to convert to Academy status and teachers, charities, parents and others to establish new schools including [Free schools, university technical colleges and studio schools](#).

The delivery of Vocational education to pre 16 learners, and the number of vocational qualifications that can contribute to schools performance, has been significantly reduced since the Government implemented the recommendations of the [Wolf Report](#) (March 2011).

The implementation of the Wolf Report's recommendations removed the obligation for all pre 16 learners to experience a work placement. As a consequence, the funding to support local Education Business Partnerships who facilitated these placements was removed. This means that there are inconsistencies in the delivery of employability support with many young people lacking early exposure to work experience.

All of Nottinghamshire's secondary schools do provide some employability related activities to their students, although the levels of provision differ greatly.

There are many programmes and products that schools can buy in, but they are varied and fail to provide a comprehensive offer to the school.

N2 SEB will work together with schools and business to develop an N2 Employability Standard, which details the minimum level and content of provision that would be required to ensure that young people are adequately prepared for the labour market.

Based upon a pilot initiative carried out in Nottingham co-ordinated by Futures, good practice developed through Mansfield Learning Partnership, and a new



programme that will be implemented in Nottingham North early next year we will aim to roll out a coherent integrated package of support to schools across Nottinghamshire. This will ensure that each young person starting in primary school will receive at least ten interactions with an employer by the time they reach school leaving age, with enhanced impartial careers guidance and structured work experience built in as a minimum.

In order to record and promote their skills developed, each young person will develop an 'employability portfolio', which can be promoted as a recruitment tool to local employers.

Young people need impartial advice and guidance to support them to navigate a complex and competitive market for 16 - 18 provision

The [raising of the participation age](#) in 2013 and 2015, means that young people are required to remain in some form of education or training until their 18th birthday. This involves participating in a [study programme](#) or securing employment with training (i.e. an Apprenticeship). Study programmes have either an academic focus (primarily delivered in a School Sixth Form, FE College or Sixth Form College) or a vocational focus (primarily delivered by an FE College or Private Training Provider). The new [Traineeship](#) programme is an example of a vocationally focused study programme.

Funding for 16-18 year olds (with the exception of Traineeships and Apprenticeships) is allocated to providers by the Education Funding Agency (EFA) using a national formula. Allocations are informed by numerous factors including learner numbers, programme size, learners' prior achievement and retention rate. Recently, the Government has confirmed that young people who turn 19 during the academic year will be funded at a reduced rate compared to other 16 to 18 year olds.

This funding methodology, together with a reduction in the National Funding rate for 16-18 year olds, has created a very competitive market, which is reflected locally, with institutions looking to recruit and retain more learners to maintain the viability of their post 16 provision. Institutions' funding is driven more by the participation and retention of learners rather than by progression of these learners to higher education, further training or employment.

Following the reformation of the 16 to 19 vocational qualifications, the Government has also introduced new legislation to [allow colleges to enrol 14 to 16 year-olds](#). These reforms create additional choice for young people, but without impartial information, advice and guidance as to the different merits of the options available, young people will struggle to maximise these opportunities. Schools now have the responsibility to provide Impartial Careers Advice and Guidance to their learners in Years 8-12, including the promotion of post 16

vocational pathways. Previously, the Connexions service was funded to provide this service in schools.

Feedback on the quality of careers guidance also differs significantly with the main criticism being that it is often disconnected from the reality of the local labour market and in some cases focuses more on the aspirations of the institution rather than the individual. This means that it can often be seen as 'steering' the individual towards particular progression routes, i.e. academic routes rather than apprenticeship or vocational routes or the direction which best suites the informed aspirations of the young person. We need to be able to provide clear career pathways to real job opportunities within our economy, particularly to jobs within priority sectors and to inspire them to start on their pathway. We will work with the National Careers Service in N2 to ensure greater involvement of employers in careers advice, to help bring the information on local opportunities to life. We will review take up of careers services, and seek to engage schools with available provision.

### Local Authorities role in shaping local education provision is limited - partners must work together to shape the local offer

Local Authorities are responsible for securing school places for their residents; however their role in the coordination of local curriculum delivery and quality improvement has been much reduced. Local Authorities have a role to act as a champion to their young people, particularly those in vulnerable groups. They are responsible for ensuring that all 16-18 years olds have access to appropriate provision. LAs are responsible for tracking, and making arrangements for, all those who are not participating in education, employment and training (NEET). Where a gap in provision is identified, LAs can approach the EFA to identify and fund a provider to meet the needs. The Government's [Youth Contract](#), aimed at helping 16- to 17-year-olds who are NEET is one of the programmes available to LAs to support with their responsibility to NEET young people.

Local Authorities do not have a role in planning the local 16-18 education and skills offer. Individual providers are responsible for developing their own curriculum. As the funding is led by learner numbers, for most institutions their offer is aligned to learner demand rather than the needs of the local employers.

LAs and LEPs can support and influence local providers to ensure that the local curriculum aligns to the needs of the local economy, however they currently have no ability to commission education or training programmes which they feel are essential to meet the future skills needs in the local economy. Across N2, we will work with local providers to provide information about skills gaps and future skills needs, as well as seeking ways for the D2N2 LEP to build greater local accountability into programmes commissioned using European Structural and Investment Funds (ESIF).

## Employers have a critical role to play and must support schools and colleges

We cannot expect our schools to raise the aspirations of young people and give them the skills they need to progress into employment without any support from partner organisations and local employers. As outlined above it is important that children begin to interact with employers at primary school but this needs to continue and increase in regularity as the young person approaches schools leaving age.

Many local businesses have demonstrated that they would be willing to support schools in this agenda and help the young people in their communities to develop the skills they are looking for in their future workforce. However these employers regularly report that they do not know how to do this or even how to register their willingness to help.

In order to maximise this support, the N2 Skills and Employment Board will promote the importance of employability skills to schools and through employer focused campaigns such as the Nottingham Jobs Pledge, we will increase the numbers of employers offering support.

We will also look to create a service that will create links between schools and employers, playing an introduction role between schools and employers, as well as providing a number of structured programmes through which they can work with young people to build confidence, broaden their horizons and develop the skills they need to succeed.

## Government policy must encourage schools to prioritise employability

All of these actions are important, but will be short lived if there is no fundamental change in government policy to enable schools to place equal weight on vocational learning and the recognition that employability skills need to have the same level of importance as academic achievement within the Ofsted framework. Whilst the direction of travel is promising, the N2 Skills and Employment Board will continue to align the voice of the public and private sector and lobby government on this matter, with a view to ultimately accelerating pace and ensuring that employability skills is firmly positioned as a key requirement within the inspection regime.

## Matching local delivery of skills and qualifications to current and future opportunities

The Further Education sector has undergone significant change over the last few years and there are a number of challenges FE institutions now face in order to secure future financial sustainability and which inevitably will impact on delivery at a local level.

A report produced by Hale Consulting in June 2014 identified that further education colleges service a number of markets as follows -

- Vocational FE - general vocational and occupational skills.
- Academic studies - - A levels, GCSE's and Access to HE.
- Higher Education Studies - Higher Apprenticeships, Foundation Degree's, (some full degrees)
- Remedial FE - e.g. Maths, English
- Community FE - personal interest, developmental and first steps provision for adults.

The mix and balance between colleges varies. However in the best colleges, careful analysis of regional and employment patterns, a direct focus on improving quality, and rapid response to changing patterns of demographics and new competition have driven the development of an offer which meets students and employers expectations and enables progression to jobs and HE.

There are five General Further Education (GFE) Colleges based in Nottinghamshire, NCN and Central College in the Nottingham area, Vision West Notts in Mansfield, North Nottinghamshire College in Worksop and Lincoln College's site in Newark. In addition to these, Bilborough Sixth Form College is also located in the city of Nottingham.

Of the five Colleges delivering a GFE curriculum in Nottinghamshire, three received a 'Good' or 'Outstanding' judgement in their most recent Ofsted inspections and two received 'Requires Improvement' (see table below), the OSTED grades of the colleges within the City are a concern. For the colleges in the City, student success rates, although improving, are still in many cases below the national average.

<b>College</b>	<b>Overall Effectiveness Grade</b>	<b>Date of Inspection</b>
New College Nottingham	3* - Requires Improvement	May 2014
Central College Nottingham	3* - Requires Improvement	May 2014
West Nottinghamshire College	2 - Good	May 2012
North Nottinghamshire College	2 - Good	December 2012
Lincoln College	1 - Outstanding	March 2011

It is important to note that while these colleges are physically based within the N2 geography, due to the 'free' market driven approach to funding it is estimated that there are over 460 providers actually delivering post 16 learning within Nottinghamshire.

**Spotlight on...The Nottingham Skills Hub**

Central College and NCN are currently working in partnership with the LEP and the City Council on the development of the Nottingham Skills Hub in the City Centre. The two colleges will deliver a joint curriculum offer from this Hub which will be aligned to demand from local employers. This partnership will also inform each College's own wider curriculum offer and estate strategy. This joint approach to the local FE offer has the potential to create a more cohesive and efficient curriculum, improve quality and success rates and facilitate further collaborative working arrangements.

In the current highly competitive environment for 16-18 year old learners, it is essential for the local FE offer to be clearly articulated and coordinated. It must offer high quality programmes that allow progression routes into higher education or employment (with a particular focus on local labour market opportunities and sectors and employers' needs). The N2 SEB will monitor the developments in local FE provision, to ensure that the structure of local FE provision it best supports local growth plans and enables best quality provision. We will work with partners to develop a long term strategy for FE infrastructure and capital development.

## **Actions**

The following actions are needed to develop an early years to employment approach which ensures that young people in N2 are prepared for the world of work and the future needs of our economy:

### **N2 Schools and Colleges need to**

- Implement the N2 Employability Framework
- Ensure that careers guidance and employability skills development is embedded within local provision

### **N2 SEB will**

- Encourage more local employers to engage with schools through targeted employer engagement campaigns, particularly targeting priority sectors.
- Work with providers to ensure that careers guidance and employability skills development prepares learners for the local labour market.
- Lobby government for education policy to formally recognise employability skills within the OFSTED inspection framework.
- Review the structure of local FE provision to ensure it best supports local growth plans and enables best quality provision.
- Support the development of a long term strategy for FE infrastructure and capital development.

### **Local Authorities need to**

- Develop a programme of activity that creates opportunities for primary schools aged children to interact with the world of work.
- Develop a service which brings together schools and employers.
- Continue delivery of the family learning programme, ensuring it is targeted at the hardest to reach communities and has a clear route for progression.
- Ensure that the Priority Families programme is integrated with local learning and employment opportunities.

### **D2N2 LEP need to**

- Work with schools and employers to develop an N2 Employability Framework
- Develop an integrated employability package for schools that includes enhanced careers guidance, work experience as a minimum.
- Develop career pathways to priority sectors.

## Pathways to prepare and support people into the labour market

There are clear priorities for support across N2...

If we are going to meet the future skills needs of our economy we need to ensure that everyone within the labour market is able to play an active role. Within our communities there are particular groups that are more marginalised than others:

- Long term unemployed
- 16-24 year olds who are not in employment, education or training
- Employment Support Allowance Claimants
- Lone Parents
- Black and Minority Ethnic Groups
- Women Returners

There are also geographical locations or 'hot spots' within N2 experiencing high number of people on out of work benefits and subsequently disadvantage.

Feedback from local employers still demonstrates that they are continuing to experience difficulties in recruiting to the job opportunities that are being created, with people either failing to attend interviews or demonstrating a lack of 'work readiness' when they do.

...but the provision landscape is complex and disjointed meaning too many people don't get the support they need

The provision landscape to help someone into work is complex and disjointed, with over provision for some groups and under provision for others. This results in an unclear pathway out of employment, and individuals going through a 'revolving door' of programmes without a clear sense of what they are trying to achieve or how it connects to a real job opportunity.

### Spotlight on....Nottingham Jobs Fund

As a means of tackling unemployment for the most disadvantaged in the labour market, Nottingham City Council for the last two years have offered a 50% wage subsidy to those employers who took on an unemployed person who was likely to face a number of barriers to work, The Nottingham Jobs Fund over the last two years secured 400+ jobs for local people and the Council has committed to a further investment of £800,000 to support the programme for a further year.

At a time when the need to maximise resource has never been more important a number of guiding principles must be adopted when implementing this Framework:

- Addressing needs on an individual basis and creating bespoke packages of provision where required.
- Bringing coherence to mainstream resources and provision where possible and only providing additional resources where gaps are identified, particularly for groups who have very specific needs which are not being adequately catered for.
- Preparing individuals for the work place and therefore engaging employers throughout the programme and in its overall governance.
- Building upon what works, learning from a strong track record of delivery locally and enhancing employment programmes
- Working in partnership to reduce duplication and ensure alignment of services, while maximising resources.
- Ensuring that provision leads to real job opportunities.

The approach locally must be to develop a seamless pathway through from initial engagement to employment for an individual at a community level; tailored to meeting their specific needs, with particular focus on the priority groups outlined above and connecting ultimately to real job opportunities.

### Creating and capturing jobs must be part of the solution

To address the unemployment challenge more private sector jobs growth is essential. Local partners must support business start up, help new businesses survive and ultimately expand through being competitive, in addition to attracting new business into the area.

The projected occupational groups where net new jobs are forecast highlight a rise in jobs requiring intermediate to high level qualifications, including degree level qualifications. In contrast, the demand for people with low or no qualifications will continue to decline.

The D2N2 Strategy for Growth and the Nottingham and Nottinghamshire growth plans identify a number of actions for bringing about job creation within the local economy. Many of the actions within these plans are focusing on higher level growth. To ensure that there are opportunities to reintroduce people with low skills and experience into the labour market we need to stimulate new opportunities and when jobs are created ensure that these are captured and local people are connected to them.



Targeted Incentives play a valuable role in encouraging employers to provide entry level opportunities that they wouldn't normally create, by reducing their financial risk.

Nottinghamshire County Council, working in partnership with Futures have developed a further Apprenticeship incentive programme aimed at employers located in the county area, with a view to stimulating Apprenticeship growth across the county. Additional incentives are also in place around the county to supplement existing Apprenticeship support.

Building upon these successes the aim is to increase the numbers of employers that are engaged with providing employment opportunities across the Nottinghamshire area. Targeted incentives must be incorporated with support structures and made easy for employers to access, especially SMEs.

The Nottingham Jobs Hub is a joint delivery mechanism for employer engagement under one common brand. By increasing capacity and co-locating NCC Employer and Apprenticeship Hubs, with JCP vacancy management functions and creating a multidisciplinary team, the service offers a tailored recruitment service to employers, which in turn enables us to maximise the job opportunities for local people.

The Jobs Hub secures training and job opportunities for young people via a number of levers that the Councils and their partners in this proposal can use. They include:

- The Section 106 planning approval process;
- Including training and job targets in the procurement process;
- Capturing jobs created through financial support programmes for business, such as the Nottingham Technology Grant (N'Tech) and through inward investment.

The Jobs hub has recently been merged with the Apprenticeship Hub to better align the service. Nottingham is increasingly a success story on apprenticeships and reducing youth unemployment - partners should look to expand the model of a newly merged Jobs and Apprenticeship hub to support the whole of the N2 area to ensure that that success continues.

The N2 Skills and Employment Board members will act as champions within their sectors and promote the opportunities coming forward. We will facilitate campaigns that are aimed at engaging with more employers and in turn creating and capturing more jobs to connect to local people.

## Pathways to work include preparing people for job vacancies

Lack of employability and work readiness skills can be as much of an issue as for long term unemployed people as for those who are leaving school. Employers provide training in the work related skills needed in specific job roles - but we want to recruit individuals into entry level jobs that are ready to work and have the basic skills required within a workplace.

Preparation for a particular role or sector can give opportunities to understand the requirements of the role and to build relevant skills. Provision such as sector based work academies (SBWA) offer 2-3 weeks 'pre recruitment' training experience and locally a rolling programme of SBWA's is in place, aligned to those sectors with the highest number of vacancies. This type of provision should be expanded across N2 area, creating a programme of training provision which is aligned to the specific needs of N2 priority sectors.

### Spotlight on....Work Clubs

In Nottinghamshire, a network of weekly 'Work Clubs' are delivered in 9 libraries across the county. These informal sessions have proved extremely successful in engaging residents, many of whom are long term unemployed and looking for support.

Work experience placements provide opportunities for individuals to develop skills for the work place. We will encourage more employers to offer work experience placements to all age, not just young people. We will ensure that work experience is embedded within work readiness activity delivered by partners and promote volunteering as a valuable way of gaining the skills needed for work.

## Targeted interventions are needed to supporting those further away from the labour market

For very long term unemployed, short interventions will not provide adequate opportunity to ensure that individuals are prepared for work. A proactive approach is needed to engage and progress people towards work so they are able to take new job opportunities when they are created, establishing a 'pipeline' of ready to work individuals from our local communities.

This requires new and innovative ways of engaging with our target groups within their own communities. Effective local delivery will include support to inspire and engage people to develop goals for themselves, to set out the pathway they need to take to get there and to provide them with ongoing mentoring support to keep them on track throughout their journey, helping them to overcome barriers they experience along the way. In addition community based work readiness training must be available to develop the employability skills needed in the work place.

In line with the approach set out to create coherent pathways of support around jobseekers needs, local providers need to be accountable to local partners. This

includes ensuring the Work Programme can be tailored to meet local needs and provide routes for participants to prepare for current and forthcoming job opportunities.

The Steps into Work initiative, funded in Nottingham City by the Cabinet Office aimed to create a programme aimed at reducing the levels of youth unemployment in the city. The model, supports young people aged 18-24 in developing employability skills and connecting them to job opportunities created through the incentive programmes and captured in the Jobs hub as outlined above.

Through a mix of community engagement and mentoring, intensive careers guidance, and work readiness activity the programme provides 'wrap around' support to existing mainstream provision. Delivered at community level it aims to prepare young people to the sector based work academies provided by the hub.

An 'end to end' pathway must be created which supports each person on their journey from engagement to a job outcome. The pathway will include mentoring and support focused on the needs of the individual, it will address additional barriers that people may face when seeking employment e.g. links to health support, overcoming transport difficulties. The focus of the pathway will be on mentoring, work readiness and support delivered at a local level.

Through ESIF funding, D2N2 LEP should develop provision pathways for each of the target groups which are tailored to their particular needs. Where complex barriers, such as homelessness, mental health issues, drug use exist this provision must be integrated with the appropriate support services and through the ESIF funding increase the capacity of this type of support.

For many there are financial constraints that act as a barrier to starting work, including the cost of paying travel expenses, childcare or managing the switch over from benefits. Partners must therefore look to increase accessibility to financial support services by integrating employment support with the support provided by the advice sector.

**Apprenticeships provide effective routes into work - the opportunity is open to build on recent success**

In 2012-13, N2 had almost 20,500 Apprentices with a slightly higher proportion at Intermediate Level, slightly below average at the Advanced Level and about the same at the Higher Level. Within N2, the City's Apprenticeships profile is significantly skewed towards the Intermediate Level. In 2012-13, there were 12,200 Apprenticeship starts in N2 with 58% at Intermediate Level and 42% at either Advanced/Higher Levels - this compares with 43% at Advanced/Higher Levels for England. There has been a year on year increase in the numbers of Advanced/ Higher Apprenticeships since 2009-10.

The number of Apprenticeship achievements has increased steadily since 2005/06 though not always year on year. The five areas which attract the largest proportion of Apprenticeship achievements are: Business, Administration and Law; Retail; Health, Public Services and Care; and Engineering and Manufacturing Technologies.

#### **Spotlight on...The Apprenticeship Hub**

Through its Apprenticeship Hub Service, Nottingham City Council has committed to boosting the uptake of Apprenticeships. This is both to address the issue of young people not in education, employment or training (NEETs) in the city, to address shortfalls of specific skills and also to help small to medium enterprises (SMEs) in the city address staffing issues.

The Apprenticeship Hub has helped to boost Apprenticeship take up in the City above the national average.

- Placement of 625 16-24 year old city residents into Apprenticeships - 125% above the mid-point target of 500 in 2013-14.
- 21% of employers in the city's Creative Quarter have recruited an Apprentice - more than double the average of 10% nationally.
- 329 National Apprenticeship grants awarded to city-based local employers in 2013-14 period - 78% of total target, which runs until 2015.
- Apprenticeship uptake in Nottingham at above national average in each age category. 14.6% above average for those aged 16-18 and 23.7% above average for 19-24 year olds.

#### **Employers and learners will need support to engage following reforms to Apprenticeships**

There is a clear commitment from the Government and opposition parties to grow the number of apprenticeships. As the Government begins to implement the recommendations of The Richard review of apprenticeships, funding for the delivery of apprenticeships will in future be paid directly to employers. The review also recommends replacing the existing apprenticeship frameworks with more concise standards linked to specific occupations. Changes are already taking place

- the first new Apprenticeships delivered to new Standards will be underway in the 2014/2015 academic year.

The D2N2 LEP and its LAs have also identified apprenticeship growth as a priority. It is recognised that to enable this growth during a period of significant change, additional resources will be needed to support employers, young people and providers.

## Targeted activity to continue positive impact on reducing youth unemployment

While all of the activities outlined above are relevant to young people aged 16-18 there are some specific initiatives that will be developed to target this particular group.

### Youth Engagement Initiative for Nottingham City

Nottingham City, has recently been allocated additional funding by the European Commission to increase the efforts to reduce unemployment. These funds should prioritise:

- Nottingham Jobs Fund Plus - 100% wage subsidy for employers who are willing to employ a young person experiencing more complex needs such as, being involved in gangs, ex offenders, mental health problems and homelessness.
- Intensive Careers Support - targeting 16-18 year old 'not knowns' and NEETS to encourage them to access work or learning opportunities.
- Nottingham Traineeship - building upon the national Traineeship model, work with local employers to provide 6 month Traineeships for 16-18 year olds, with a weekly training allowance attached for the individual.
- Additional caseloading support and incentives for apprenticeships.
- Programme to target unemployed young people from BME communities.
- Community transport hubs to provide access to support with the cost of travel for job seekers and those who start work.
- Enterprise and Entrepreneurship support - activity to encourage young people to think about starting their own business
- Nottingham North NEET Reduction programme - targeted neighbourhood level activity to reduce youth unemployment within a specific geographic location.

## **Actions**

The following actions are needed to re-engage unemployed and disengaged people through pathways that prepare and reintroduce them to the labour market:

### **N2 SEB will:**

- Develop the N2 Jobs Pledge as a campaign aimed at increasing employer uptake of services.
- Promote Apprenticeships through existing employer networks and bespoke campaigns to raise awareness and increase employer engagement in N2.

### **Local Authorities need to:**

- Integrate the employer and apprenticeship hubs for Nottingham and secure the resources to expand the model across the whole of N2 including employer incentives.
- Embed employment and training requirements within planning and procurement processes.

### **D2N2 LEP needs to:**

- Sustain and extend the activities to increase apprenticeships across Nottinghamshire, offering incentives, support for SME's and a caseload function to connect young people to the opportunities.
- Design and fund incentive packages for employers to encourage them to create entry level opportunities.
- Create pathways for priority groups to enable them to overcome barriers and access employment

## Developing workforce skills to maximise the potential of N2

Employers in N2 experience skills shortages - with the City facing greater challenges

Nottingham employers have, overall, a relatively high incidence of either skills gaps or shortages (22%) compared to elsewhere in the County (16%) or the UK average (18%).

Skills gaps and shortages - Nottingham, Nottinghamshire and UK

%	Nottingham	Nottinghamshire	UK
Have any skills gap	20	14	15
Have skill-shortage vacancy	4	3	4
Either skills gap or skill-shortage vacancy	22	16	18
Both skills gap and skill-shortage vacancy	2	1	1

Source: UKCES ESS 2013

In terms of skills gaps within the existing workforce, the UKCES employer survey highlights concerns in relation to Sales and Customer Services jobs, Administrative and Secretarial occupations and Managers, Directors and Senior Officials.

The three main causes of skills gaps, as identified by N2 employers are:

- Employees are new to the job role and have not yet received or completed appropriate training.
- Staff lack the motivation to engage in skills training.
- Staff have been trained but their performance/productivity has not (as yet) noticeably improved.

Around half of employers with skills gaps identified the development of new products and services and the introduction of new technologies as contributory factors.

Employers in the N2 priority sectors highlight a range of future skills needed

Sector	Skills Need
TRANSPORT EQUIPMENT MANUFACTURING	Additive manufacturing/3D printing Composite technology Plastic electronic technologies R&D (generic) Engineers: design, electronic, production Technicians: equipment, process & product Tool-making Prototyping
MEDICINE & BIOSCIENCE	Technical skills - particularly dental technology medicinal molecular biolo
CONSTRUCTION	Low carbon & sustainable practices, incl. product innovation & manufacture Specialist construction skills in key sectors including energy and rail Retrofit of old buildings Leadership & managerial training/skills Up-skilling in new technologies & processes e.g. Building Information Modelling (BIM) Health & safety at work, legal requirements (esp. small/micro firms), Asbestos awareness
VISITOR ECONOMY	Managerial skills/experience Social media skills Data management & analysis Online digital marketing Customer service Hospitality management Chef/kitchen staff



Sector	Skills Need
HEALTH AND SOCIAL CARE	Specific roles including Registered Nurses (Band 5), medical workforce in Acute Medical, Emergency Care, General Practice Working with older people in the Community. Specialist skills, particularly for Nurses, Allied Health Professionals and Administrative staff
CREATIVE INDUSTRIES	Digitisation agenda is very important > multi-skilling and multi-platform skills, innovation, analytics etc Intellectual property and legal Archiving and data management Associate professional and technical skills Supply-chain management Foreign language, fund-raising, archaeology, conservation, collections management, planning etc.
LOW CARBON GOODS & SERVICES	Low carbon & sustainable practices, incl. product innovation & manufacture Engineers
FOOD & DRINK MANUFACTURING	Food - technical/ scientific know how - regulatory, innovation, new product development etc Food scientists & technologists Process/lean engineers

Further work is ongoing to review the detailed future skills needs of Retail and Leisure and Professional Services sector in N2.

These challenges are set to increase as the economy shifts towards higher skilled roles

There are three main external drivers affecting occupational change: technological change and globalization affecting labour market demand; skills evolution resulting from education, training and immigration affecting labour supply; and public policy (including legislative and regulatory frameworks).

In order to just meet the England average N2 would need: 35,700 more people qualified at NVQ 4+; 13,300 more people qualified at NVQ 3+; 23,300 people

qualified at NVQ 2+; 20,600 people qualified to NVQ 1+; and 19,200 fewer people with no qualifications.

### Interventions to increase workforce skills can help increase local productivity...

GVA per hour worked is the most widely used productivity indicator and, as Figure 34 illustrates, there are significant discrepancies between the constituent parts of N2 and England as a whole. Over 2008 - 2012 the rate of increase in productivity in the City was lower than that achieved nationally, but GVA per hour increased far more quickly elsewhere in the County over the period. However, GVA per head within N2 has consistently lagged behind that of England which clearly demonstrates the existence of a productivity gap.

GVA per hour worked - Nottingham, Nottinghamshire and England

	Nottingham	Nottinghamshire	England
2008	24.0	23.1	26.9
2009	23.9	23.0	27.0
2010	24.5	23.9	27.9
2011	25.1	24.7	28.4
2012	25.1	24.9	28.3
2008-12	4.6	7.8	5.2
% change			

Source: Sub-Regional Productivity, ONS (Nominal, smoothed data)

The relationship between skills and productivity is well established and raising skill levels is therefore a key policy priority in efforts to improve UK domestic and international competitiveness. Sustained investment in skills training at the sub-regional level will be required if the N2 - England productivity gap is to be narrowed in years to come.

### But this training must be relevant to current and future business needs to have maximum impact

National policies regarding the delivery of Adult Skills provision have an impact at a local level. The introduction of a Single National Contract between providers and the Skills Funding Agency means that funding is no longer ring-fenced to deliver local provision. Local Authorities and LEPs are able to influence providers to meet the needs of their communities and employers; however they do not have an

identified role in planning the curriculum offer or allocation of resources and funding.

There is an ambition locally to ensure that the use of the Adult Skills Budget is better informed by the needs of the local economy, with learners and providers incentivised to participate in, and deliver, programmes which provide the necessary skills to secure employment. There is also an ambition to gain the ability to ensure that local providers prioritise their Adult Skills Budget to meet the needs of their local communities and employers above those of other areas.

We will ensure that training providers working in Nottingham and Nottinghamshire have access to information on current and future business skills needs in order to help tailor their training offer. This must result in greater alignment of provision with local needs. We will support the sector focus of the D2N2 LEP to promote future job opportunities in developing sectors to all local partners.

### Good progression rates to university need to be sustained for all groups

Universities receive BIS funding through the Higher Education Funding Council to deliver higher education. In May 2010 the government stated its aim to create a more sustainable way of funding higher education. All publicly funded providers of higher education can now charge students tuition fees of up to £9,000 a year for a full-time course. Students can take out loans for their tuition fees and pay them back once they are working and earning above the repayment threshold of £21,000 a year. It will be important to monitor the impact on applications from local residents to ensure that those from low income backgrounds are not adversely impacted by this policy.

The most recent data shows that a higher than average proportion of City-based students progress onto University (58%) compared to the County (51%) and England (54%) while the proportion going into an employment and/or training destination is below average.

Students from low income backgrounds can apply for financial support through the [National Scholarship Programme](#). Every University also publishes its own '[access agreement](#)' which outlines how it intends to put in place outreach and financial support and deliver its widening participation strategy. LAs and the LEPs should work closely with the Universities on these strategies to ensure that their local residents are not prevented from accessing Higher Education as part of a progression route to employment.

### Opportunities to retain graduates in N2 need to be developed

The local retention of graduates has been identified as a priority in the LEP's Skills Plan. In 2012-13 the two universities based within N2 had 62,400 students and of these: 75% were under-graduates; 86% were on full-time courses; and 80% were UK citizens.

92% of full-time first degree leavers from the two N2 universities were in employment and/or further study six months after graduating. Almost 20% of working first degree leavers from the University of Nottingham and Nottingham Trent University were employed in N2 six months after graduation, and a further 13% were employed in the East Midlands.

Location of Employment of Graduate Leavers,

University of Nottingham and Trent University of Nottingham, 2012 - 2013

Location of Employment	Number	% Total
Nottingham	860	14
Elsewhere in Nottinghamshire	325	5
Elsewhere in the East Midlands	800	13
Elsewhere in the UK	4,050	64
Outside the UK	260	4
Not Known	15	2
<b>Total</b>	<b>6,310</b>	<b>100</b>

Source: HESA

Whilst graduates are very employable they do not always enter graduate level employment and instead take roles in retail, catering, care, or other sectors at a 'lower' level, therefore blocking entry level positions for those that need them and not maximising their potential within the local economy.

	No. of students	% in graduate level employment
University of Derby	10835	52%
University of Lincoln	9240	56%
University of Nottingham	20975	78%
Nottingham Trent University	19265	61%

Source: HESA data 2010/11

Both N2 universities offer significant services in supporting graduates in preparing for work. The gap, however, is the lack of opportunities for graduates or undergraduates to gain real experience of the world of work, something which is borne out in feedback from employers where the employability skills of young people is again called into question.

Opportunities need to be created that are attractive to graduates leaving our two universities and that also attract high quality graduates from elsewhere.

### Training must support people to progress in work and increase their wages

Once in work, many people can be expected to progress up the skills and income ladder, adding to the economy's productive potential and wealth. But while employment levels have been increasing and unemployment falling, average earnings growth has been relatively low or, in the case of the City, has actually fallen over 2013. A shift from full-time to part-time work coupled with a rise in self-employment have contributed to this lack of earnings growth.

In 2013 average workplace earnings in N2 were around £5,000 lower than those for England. Earnings for Nottingham City residents were significantly lower.

N2 workplace earnings rose by just £64 between 2012 - 2013, well below the £418 rise for England. In the City workplace earnings actually fell over the year by £389 while they increased by £514 elsewhere in the County.

#### Average Annual Earnings of Full Time Employees by Workplace and Resident

£	Workplace	Resident
Nottingham	30,000	25,940
Nottinghamshire	27,890	30,510
N2	28,940	28,220
England	33,980	33,980

Source: Annual Survey of Hours and Earnings, NOMIS

The average earnings of those people who are resident in Nottingham city [£25,940] is significantly lower than workplace earnings [£30,000]. This reflects the higher average earnings of those people who commute into the city to work but who live in neighbouring areas such as Rushcliffe, Gedling and Broxtowe.

## **Actions**

The following actions are needed to ensure the local workforce develops the higher level skills needed so individuals achieve their maximum potential and productivity and business competitiveness grows.

### **N2 SEB will:**

- Work with local employers to develop opportunities for graduate work experience.
- Ensure that training providers working in Nottingham and Nottinghamshire have access to information on current and future business skills needs in order to help tailor their training offer.
- Support the sector focus of the D2N2 LEP to promote future job opportunities in developing sectors to all local partners.

### **Local Authorities need to:**

- Work with all partners to use the opportunity of the 'Skills Hub' in Nottingham to develop a more aligned curriculum offer within the city.
- Extend the Nottingham Jobs Hub across Nottinghamshire and further develop the offer to provide a sector led employer engagement function for skills support.

### **D2N2 needs to:**

- Create a fund which targets priority sectors, through which employers can source funding to buy training provision for existing staff against its own specification and from the most appropriate provider.
- Ensure all skills brokerage activity is joined up - whether by creating one central portal or requiring all providers to share information to enable seamless handover of employers from one local service to the next as best meets their needs.
- Develop an N2 Internship Incentive Programme.
- Develop the Nottingham Jobs Hub to ensure that work opportunities for graduates are captured and connected to the local graduate market.

**CITY OF NOTTINGHAM AND NOTTINGHAMSHIRE ECONOMIC  
PROSPERITY COMMITTEE- 19 DECEMBER 2014**

<b>Subject:</b>	<b>COMBINED AUTHORITY</b>		
<b>Presenting authority / representative):</b>	Andrew Muter, Chief Executive, Newark and Sherwood District Council		
<b>Report author and contact details:</b>	Andrew Muter, Chief Executive, Newark & Sherwood District Council <a href="mailto:andrew.muter@nsdc.info">andrew.muter@nsdc.info</a>		
<b>Key Decision</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>Subject to call-in</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>Value of decision:</b> £N/A			<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
<b>Authorities affected:</b> All	<b>Date of consultation with relevant authorities:</b> 28 November 2014		
<b>Summary of issues (including benefits to citizens/constituent authorities):</b>			
This report seeks to make recommendations to constituent authorities to form a combined authority, including ancillary functions.			
<b>Exempt information:</b> None.			
<b>Recommendation(s):</b>			
This report seeks approval of the Economic Prosperity Committee to:			
<ul style="list-style-type: none"> <li>(a) develop a vision and long term ambitions for a Nottingham and Nottinghamshire Combined Authority;</li> <li>(b) recommend to its Constituent Councils that they pursue a combined authority under the relevant provisions of the Local Democracy Economic Development and Construction Act 2009 (and other such provisions as are necessary to ensure the authority has a range of functions to match expectations);</li> <li>(c) consider a governance review of the effectiveness and efficiency of transport and arrangements to promote economic development and regeneration within the geographic county, including consultation on proposals for a combined authority and its range of functions.</li> </ul>			

**1 REASONS FOR RECOMMENDATIONS**

- 1.1 To ensure that any decision to form a Combined Authority is underpinned by a statement of vision and ambition shared by the nine constituent authorities.
- 1.2 To ensure that the constituent Councils of this Committee consider the proposal to create a Combined Authority and, in doing so, are informed by the proposed governance review and consultation exercise.

## 2 **BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 Consideration has been given to the long term ambitions and vision that might underpin a combined authority for Nottingham and Nottinghamshire. This report seeks the agreement of the Economic Prosperity Committee to a long term vision and ambitions for a combined authority.
- 2.2 The proposals draw on work undertaken by the nine local authority members of the Nottingham and Nottinghamshire Joint Economic Prosperity Committee including an informal meeting of Leaders which took place on 28 November 2014.

## 3 **VISION AND AMBITION**

- 3.1 A combined authority should enable its member local authorities to address the transport, economic development and regeneration challenges of its communities in a more effective and efficient manner. The immediate context for these challenges is well understood and documented in our Growth plans and the D2N2 Strategic Economic Plan.
- 3.2 Our central location in the UK and transport links are important assets which supported the development of our historic industrial strengths and will continue to provide us with an important competitive advantage. Traditional strengths in manufacturing and strong universities with global connections provide us with strong foundations for the development of innovative manufacturing industries.
- 3.3 A combined authority should therefore be founded on a vision which harnesses the potential around our location, strengths, knowledge and connections so that Nottingham and Nottinghamshire realise the potential to become a key part of a Midlands economy, and a strong contributor to the UK and global economy.
- 3.4 A number of key ambitions have been identified as critical for the future vision for Nottingham and Nottinghamshire. These are:

**Transport**—create a fully integrated transport system across Nottinghamshire and connecting into neighbouring and national networks.

**Skills and work**—raise skill levels, connect people with work, harness our knowledge and help business to grow so that we have a high skill/low unemployment economy.

**Space to live** —build the number and type of homes that complements our economic needs and enhances our quality of life.

**Space for industry and enterprise** – plan and deliver the land, property and infrastructure and quality city and town centres that a strong economy needs.

**Environment** – reinforce our excellent quality of life through effective management of the environment, waste and through the development of low carbon industries.



**Devolution** –ensure that we have the powers and resources to create a prosperous place by retaining local taxation for reinvestment, increasing our powers to borrow and seeking devolved responsibilities and resources from central government.

- 3.5 The key to developing our ambitions for a Combined Authority will be ensuring that our ambition stretches beyond what each constituent council can deliver on its own. So, for example, a fully integrated transport system could deliver effective planning and operation across different public transport modes (rail, bus and tram), smart ticketing, rail investment to shrink travel times within Nottingham and Nottinghamshire, influence on wider rail investment plans to connect Nottingham with eleven other cities in under 90 minutes, and leveraging the greatest economic benefit from HS2 investment.
- 3.6 Our skills and work ambitions should include a radical and permanent shift from our current economic dependence on low skill/low pay activity and could include stronger local control and strategic policy-making through the Combined Authority around skills commissioning and supporting people into work. We should connect our economy more effectively to the emerging knowledge and skills in our Universities and develop skills relating to emerging technologies.
- 3.7 Economic prosperity is dependent on our ability to ensure that we have the space for business to thrive and grow and that homes are available for our population. Through a Combined Authority, we can plan and commission the key infrastructure which is critical to ensure that places function properly, for example, by exercising powers at Combined Authority level that are currently exercised by government agencies such as the Homes and Communities Agency.
- 3.8 Our environmental ambitions could enable us to take more influence on the management of key environmental issues such as flood prevention, waste management and low carbon industries. Recognising that Quality of Life is a key strength for Nottingham and Nottinghamshire, a Combined Authority could ensure that our ambitions protect and enhance our quality of life as part of a long term strategy.
- 3.9 By developing each of our ambitions, the added value which a Combined Authority could bring will illustrate the scale of ambition for Nottingham and Nottinghamshire. This ambition will drive the future discussions we have with central government around the devolution of powers and resources. This might include greater control over and retention of business rates, local retention of an element of taxation, local control over land taxes, devolution of funds currently controlled at national level to the Combined Authority and greater powers to borrow or issue bonds.

#### **4 COMBINED AUTHORITIES – STATUTORY BACKGROUND, PROCEDURE AND LOCAL TIMETABLE**

- 4.1 The nine local authorities that make up the N2 area have a long history of informal collaboration on matters which impact on the economic success of the area and which contribute to the wider economic

geography across the D2N2 area (Derby, Derbyshire and Nottingham, Nottinghamshire).

- 4.2 This collaboration was formalised through the development of the N2 Joint Economic Prosperity Committee as well as continuing collaboration on a more informal basis through the Nottinghamshire Leaders Group. The tangible benefits of this collaboration can now be seen in the designation of the Nottingham Enterprise Zone, Nottingham's City Deal, and the recent D2N2 Growth Deal.
- 4.3 Whilst increased coordination and collaboration is positive and leads to tangible benefits, the governance structures of the N2 area need to be viewed in the context of new governance structures being developed across the country and the aspirations of national government to be able to devolve powers and resources to strong local governance structures.
- 4.4 Those authorities in the N2 area recognise the value of leading and shaping the debate on devolution. The N2 area will outgrow its existing governance structures and arrangements – which have traditionally been informal, voluntary partnerships with the recent addition of this Committee. Accordingly, N2 Leaders have recognised the opportunity to establish a more formal governance structure in the form of a Combined Authority.
- 4.5 A combined authority is a new type of local government institution introduced in England outside Greater London by the Local Democracy, Economic Development and Construction Act 2009. There are currently five such authorities, all including former metropolitan areas, with the Greater Manchester Combined Authority established on 1 April 2011, and four others established in April 2014. Combined authorities are created in areas where they are considered likely to improve transport, economic development and regeneration. Combined authorities are created voluntarily and allow a group of local authorities to pool appropriate responsibility and receive certain delegated functions from central government in order to deliver transport and economic policy more effectively over a wider area. Recently the government has shown it is also willing to use powers under the Localism Act 2011 to devolve further functions directly to combined authorities.
- 4.6 The combined authority is a separate legal entity able to exercise any functions delegated by its constituent councils that relate to economic development and regeneration, and any of the functions that are available to integrated transport authorities. For transport purposes combined authorities are able to borrow money and can levy constituent authorities. The Local Democracy, Economic Development and Construction Act 2009 also allowed for certain functions over transport to be delegated from central government. The Localism Act 2011 allowed for additional transfers of powers from the government and governmental agencies and gave combined authorities a general power of competence for ancillary purposes. The powers and functions to be shared are agreed by the constituent district councils, the County Council and the City Council.

- 4.7 There are three stages to the creation of a combined authority:
- (i) a review must be undertaken to establish the likelihood that a combined authority would improve:  
“...the exercise of statutory functions relating to transport in the area, the effectiveness and efficiency of transport in the area, the exercise of statutory functions relating to economic development and regeneration in the area, and economic conditions in the area”;
  - (ii) On completion of the review the local authorities produce and publish a proposed scheme of the combined authority to be created, including the area that will be covered, the constitution and functions, membership of the authority, remuneration and how meetings will be chaired and recorded;
  - (iii) Following a period of consultation and subject to the approval of the Secretary of State for Communities and Local Government, the combined authority is formally created by a statutory instrument.
- 4.8 Discussions with DCLG and BIS officials about a combined authority for the geographic county of Nottinghamshire have been positive. They are keen to see the councils being ambitious. An indication has been given that, provided steps (i) and (ii) in paragraph 4.7 above have been concluded and all relevant materials are delivered to DCLG by mid February 2015, there is a prospect that a combined authority may be created by Statutory Instrument in July 2015. The recommendations in this report reflect the pressures of this timetable.

## **5 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

- 5.1 At this stage the financial implications are restricted to the cost of developing the ambition and work priorities for a Combined Authority in more detail and it is anticipated that these costs can be contained within existing budgets of constituent authorities.
- 5.2 If a Combined Authority is established it may operate as an accountable body for additional funding streams from central government to support transport, economic development and regeneration. Constituent authorities will also need to consider the extent to which they intend to pool any resources or activities under the arrangements.
- 5.3 The Combined Authority, if agreed by all members, will be able to act collectively to utilise additional financial leverage through use of surpluses of finances within their collective control e.g. Surpluses of the NDR pool.

## **6 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

- 6.1 The report sets out proposals around ambitions and vision for a Combined Authority. Each constituent authority will need to consider implications for its current arrangements in the event that a Combined Authority is formed. Legal issues are addressed in section 4 above.

## **7 SOCIAL VALUE CONSIDERATIONS**

7.1 A Combined Authority would need to take into account the requirements of the Public Services (Social Value) Act 2012.

## **8 EQUALITY IMPACT ASSESSMENT (EIA)**

A Combined Authority would need to take into account the requirements of the Public Services (Social Value) Act 2012.

## **9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

- 9.1 Draft Scheme for the establishment of a Nottingham and Nottinghamshire Combined Authority
- 9.2 Draft Governance Review
- 9.3 Draft Statutory Instrument
- 9.4 Draft Consultation Plan
- 9.5 Nottingham Growth Plan
- 9.6 Nottinghamshire Growth Plan
- 9.7 D2N2 Strategic Economic Plan

## **10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

None.

## **11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

None.