

**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 Hardstaffs, 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.