

**Report to the City of
Nottingham and
Nottinghamshire Economic
Prosperity Committee**

23rd September 2016

Agenda Item: 6

**REPORT OF THE CHIEF EXECUTIVE OF RUSHCLIFFE BOROUGH
COUNCIL**

GRADUATE RETENTION IN N2

Purpose of the Report

1. This report is updating the Economic Prosperity Committee (EPC) on current activities to increase graduate retention in N2.
2. To propose options for investment in graduate retention by the EPC.

Background

3. At the June 2016 EPC meeting it was agreed that Graduate Retention in N2 should be a priority for the committee and the draft N2 Growth Strategy identifies graduate retention as a key action for business productivity and growth.
4. N2 has two well regarded universities which attract students from all over the country and abroad but the retention rate of graduates in N2 is relatively low when measured against comparable areas.
5. Nottingham Trent University, the University of Nottingham, Nottingham City Council and Nottinghamshire County Council have been working together in a Graduate Retention Partnership (GRP) to develop a series of initiatives to highlight the benefits of living and working in N2 to students and graduates and with local SMEs on the benefits of employing graduates. In parallel with the EPC the N2 Skills and Employment Board (N2 SEB) have identified graduate retention as a priority. The N2 SEB appointed a board champion from Boots UK who has recently joined the GRP to ensure a joined up approach to graduate retention across N2.
6. Research commissioned by the GRP, in addition to primary research undertaken as part of the Great Nottingham Debate on Graduate Retention, highlighted that students' experiences when studying in Nottingham influences their graduate destinations. In response to this a student experience group that brings together universities, student unions and Nottingham City Council is taking forward initiatives to connect students with local communities and ensure students feel

welcomed. This includes a Welcome to Nottingham campaign that will run from late September 2016, the re-launch of a student website and promotion of volunteering opportunities.

7. The intelligence gained through primary research has led the design of initiatives by the GRP targeted at local SMEs, as they are the majority of employers in the N2 economy. This information has been used in the development of the GRP action plan.
8. The GRP has focussed its limited resources on the market failure between SMEs and graduates. This has entailed raising the awareness of opportunities to graduates within local SMEs and at the same time working with SMEs to support and incentivise them to offer placements and jobs.
9. The GRP has developed an action plan which has three main priorities
 - Promoting pathways to higher education for local students in N2
 - Promoting N2 as a positive graduate destination
 - Supporting employers to create graduate employment opportunities in N2

Current Activities of the Graduate Retention Partnership

10. The FUSE project (www.fusegraduates.com/) is a pilot to create graduate jobs in SMEs who have never previously employed a graduate or found it difficult to retain graduates. The FUSE project has created 30 jobs with local SMEs in a range of roles, which include web developers, financial analyst and business development. The unique selling point to SMEs of this initiative is that the graduates are recruited through a corporate graduate scheme process at no charge to the employer. This approach ensures a better fit between the employer and employee and also capacity builds the SMEs for future graduate recruitment. The pilot is being managed by Gradcore a social enterprise which specialises in graduate recruitment for SMEs.
11. An additional element of FUSE is that Gradcore will deliver professional development and networking sessions for the graduates and invite other graduate networks which operate locally to participate. The intention is to integrate young professional networks across sectors and give a sense of N2 being a place where young graduates can develop their careers.
12. Nottingham City Council, Nottinghamshire County Council, the University of Nottingham and Nottingham Trent University have shared the delivery costs of the pilot FUSE project. The recruitment phase will be completed by November 2016. A further phase of CPD and networking events for SMEs and graduates will then complete by March 2017.
13. Nottingham Trent University and The University of Nottingham independently of the GRP have developed a series of employability initiatives which prepare students for the world of work. This includes time spent in industry as part of the

course, holiday placements, recruitment fairs, CV advice and interview support. The universities also have a range of incentives for SMEs who offer a placement or employment for students/graduates. Both universities recognise the importance of supporting the local economy through providing high calibre graduates for the local labour market.

ESIF Higher Skills Development

14. D2N2 are planning to release a European Social Fund open call for Higher Skills Development. This programme will develop pathways for higher and degree apprenticeships with local SMEs and create work experience placements for undergraduates with the intention of a job offer following graduation.
15. For the Higher Skills Development opportunity the minimum amount which can be applied for is £1.0m which has to be matched funded by the applicant. Early discussions between Nottingham Trent University, the University of Nottingham, Derby University, Nottinghamshire County Council and Nottingham City Council have taken place about a collaborative bid. This approach would enable the current graduate retention work in N2 to be built upon and sustained, the EPC may wish to consider providing a proportion of the match funding to ensure SMEs in the boroughs and districts have an opportunity to fully benefit from this opportunity.
16. A major focus of the bid would be on the cohort of students who have been identified in the universities widening participation strategies. These students tend to come from lower socio-economic backgrounds, are less likely to undertake placements as part of their course, have fewer professional networks to rely upon for careers advice and find it harder to secure graduate level roles upon leaving university.

The Graduate Housing Offer

17. An emerging theme which needs further investigation is the housing offer for young professionals.
18. Nottingham City Council have to date explored the feasibility of graduate housing, looking at barriers and the types of housing that graduates are seeking. They are now working with Nottingham Trent University to develop proposals for graduate housing models.
19. Outside of the City boundaries, anecdotal evidence suggests that the limited availability of suitable housing for this cohort deters them from settling in N2 and establishing their careers here. Further investigation and research is needed to establish the extent to which this is an issue and if so, how the N2 authorities can ameliorate or resolve it.

The Apprenticeship Levy

20. The Apprenticeship Levy which will begin in April 2017 could have implications for graduate recruitment. Businesses which will pay the levy could reduce their

graduate schemes and focus their resources to higher and degree apprenticeships as a way of spending their resources they have committed through the levy. This subject is addressed in more detail in a separate report to the September EPC which highlights the implications for N2 Local Authorities.

The Next Steps

21. The City Council are already investing significant resources into graduate retention. To achieve the EPC's aim of attracting and keeping graduates in county based businesses, investment will be needed to match and complement the city council investment. The Business Rate Pool could be a mechanism to un-lock these resources.
22. The FUSE pilot will cease in November 2016. The EPC may wish to consider financially supporting an increased additional cohort of graduate level jobs being created within the county, to contribute resources to a second phase of the jointly-funded programme. Of the thirty jobs developed in the first cohort by Gradcore, they had a target of creating 8 jobs in county based SMES, based on the funding provided by Nottinghamshire County Council, they exceeded this target by creating 10 jobs. This illustrates there is a demand for graduates by county based SMEs.
23. The ESF Higher Skills Development opportunity is still subject to some uncertainty due to the result of the EU referendum. The EPC could give an 'in principle' decision to financially support the collaborative bid being developed by partners with the caveat being that officers reporting to Allen Graham negotiate a delivery mechanism which ensure county based SMEs, students and graduates are proportionally supported via this programme.

Reason(s) for Recommendations

24. The recommendations will contribute to the EPC priority of increasing graduate retention in N2 and build upon the work of the established Graduate Retention Partnerships
25. The county employer base is made up of predominately SMEs with micro (0-9 employees) dominant, support for these businesses to recruit graduates will enable them to increase productivity and growth.
26. The recommendations in this report will demonstrate the EPC's' commitment to graduate retention and allow the EOC to shape its future direction.

Other Options Considered

27. Doing nothing to improve graduate retention would input negatively on the future productivity and growth of N2.

RECOMMENDATION/S

28. That the Economic Prosperity Committee:

- a) Subject to a successful appraisal of the FUSE pilot project, increase in scale and ambition the FUSE SME Graduate Employment Programme for N2.
- b) The EPC support the ESIF Higher Skills Development opportunity subject to the identification of the added value it will bring to county based SMEs.
- c) Agree that officers apply to the Nottinghamshire Pre Development Fund for a feasibility study on the need, shape and design of a housing scheme for young professionals.

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Constitutional Comments

Financial Comments

Background Papers

Graduate Retention in N2 – EPC Report - 22nd June 2016

Nottingham Great Debate on Graduate Retention – March 2016

ICM Unlimited ‘the early bird catches the worm’ Graduate employment research-
March 2016

Understanding graduate employment and retention opportunities and challenges in
the city of Nottingham – Association of Graduate Careers Advisory Services Report,
Findings and Recommendations – April 2015

Electoral Division(s) and Member(s) Affected

All