

# D2N2 SKILLS AND EMPLOYABILITY STRATEGY

2017-2020

Labour Market, Employment and Skills Provision Review

Prepared by the University of Derby and D2N2 LEP

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## TABLE OF CONTENTS

<b>Foreword.....</b>	<b>3</b>
<b>Executive Summary .....</b>	<b>4</b>
<b>Key Figures and Findings .....</b>	<b>6</b>
Local Economy .....	6
Labour Market and Labour Demand .....	6
Skills Provision and Labour Supply .....	6
Skill Supply and Demand Mismatch .....	7
Summary and Conclusions: .....	7
Implications .....	8
Looking Forward and Measuring Success.....	8
<b>Key Priorities .....</b>	<b>10</b>
<b>1. Introduction .....</b>	<b>11</b>
<b>2. A Conceptual Framework for Local Skills Analysis .....</b>	<b>14</b>
<b>3. Policy Drivers .....</b>	<b>15</b>
3.1. National Policy Drivers.....	15
3.2. Regional Policy Drivers .....	16
3.3. Local Strategies and Influences .....	18
<b>4. Economic Trends .....</b>	<b>21</b>
4.1. GVA and Productivity .....	21
Growing GVA.....	21
Improving Productivity Levels.....	21
<b>5. Labour Market and Employment Demand in the D2N2 Area .....</b>	<b>23</b>
5.1. Employment rate.....	23
5.2. Unemployment .....	23
5.3. Economic Inactivity .....	24
5.4. Employees and self-employment.....	25
5.5. Sectoral Structure of Employment.....	26
5.6. Occupational Structure of Employment .....	27
5.7. Demand Forecast .....	27
5.8. Qualifications of the working age population .....	28
Qualifications by Age.....	29
<b>6. Labour and Skill Supply: Learning Provision and Skills Attainment in D2N2... 31</b>	<b>31</b>
6.1. School-based provision .....	31
6.2. Further Education (FE) and Skills provision.....	33
FE Contexts .....	33

Education and Training provision .....	34
Community provision.....	35
Workplace learning .....	36
Traineeship Provision.....	38
Apprenticeships.....	39
<b>6.3. Higher Education (HE) provision .....</b>	<b>41</b>
Place of Study of HE Students who grew up in D2N2 .....	41
Travel to learn.....	42
<b>7. Does Skilled Labour Supply Match Demand? .....</b>	<b>46</b>
7.1. Skills shortages in the region.....	46
7.2. Skills Gap .....	46
7.3. Qualifications Mismatch .....	46
7.4. Skills Funding Agency Provisions vs Businesses in the Priority Sectors .....	47
<b>8. Tackling Unemployment, Inactivity and Skills Mismatch .....</b>	<b>48</b>
8.1. Employability Framework .....	48
8.2. Provider Charter .....	48
8.3. Skills Capital Projects.....	49
8.4. <b>CAREERS AND ENTERPRISE FUND</b> .....	<b>50</b>
8.5. Ongoing and Proposed Programmes (ESIF, ESF) .....	<b>51</b>
Targeted support to develop enterprise and employability skills - CAREERS Local .....	52
Creating opportunities and matching people to jobs, apprenticeships and graduate jobs - EMPLOY Local.....	52
Changing mind-sets and supporting access to employment - INSPIRE Local.....	53
Supporting workforce development and business growth - SKILLS Local .....	54
Youth Engagement.....	55
Higher Skills Development (Open Call) .....	56
Develop Sector Growth (Open Call) .....	56
Enterprise, Innovation and Pathways - Visibility and Access to Employment and Career Insights (Open Call).....	57
<b>9. Action Plan .....</b>	<b>59</b>
<b>APPENDICES.....</b>	<b>62</b>
D2N2 LABOUR MARKET INTELLIGENCE SUPPLY AND DEMAND (TO FOLLOW) .....	62
ECONOMIC PROFILES (EXAMPLE PROVIDED).....	62
DISTRICT LOCAL MARKET INTELLIGENCE (EXAMPLE PROVIDED) .....	62

## FOREWORD

The D2N2 Skills and Employment Strategy provides a comprehensive evidence base of the needs of individuals and the local economy across Derby, Derbyshire, Nottingham and Nottinghamshire. Meeting these needs requires us all to pull together, to work cohesively in partnership to create opportunities to deliver fit for purpose activities and effective and purposeful support. Through a strategic and joined up approach using joint investment we can deliver an effective and efficient skills and employment system which will benefit the local economy, local people and local business. Through our influencing powers we can help to strengthen better business performance, help to increase productivity, provide a joined up and simple employer engagement strategy, create opportunities for job creation and sustained employment, and provide the skills needed by people to further develop within the existing workforce.

The D2N2 area has a comprehensive 3-year implementation plan of £46.6 million of ESF funding which sees the delivery of social inclusion, employment and skills programmes supporting the vision of D2N2 LEP to create 55,000 new jobs up to 2023 and driving economic prosperity. The programmes have been co-commissioned and co-designed by the D2N2 LEP and key stakeholders to meet the challenges of economic need, local people and local business.

Over the next 3-years our plans will see us:

- Engage 3,600 employees and 1,500 SMEs through sector growth, create 300 SME placements and 500 higher apprenticeship roles, create 1000 new apprenticeships and support 800 SMEs to create apprenticeship positions.
- Support 11,000 unemployed people across D2N2, in additional 5,500 NEETs whilst providing 3,700 sustainable jobs for the unemployed.
- Provide business to business skills support to enable business growth for up to 500 SMEs and engage with 600 employees.
- Develop a higher skills programme including the development and delivery of technical programmes to support our growth sectors and employment sectors.
- Implement the D2N2 Employability Framework and extend the Enterprise Adviser Network to provide joined up mechanisms for business to work with schools and colleges, to raise the image of key priority sectors and foster entrepreneurial behaviour.



Melanie Ulyat  
Chair, D2N2 Skills & Employment Commission

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*"Together we will create the workforce for now  
and for the future."*

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## EXECUTIVE SUMMARY

The D2N2 Skills and Employability Strategy sets out a comprehensive 3-year plan for the joined up delivery of social inclusion, employment and skills programmes. This links to the vision of D2N2 LEP to create 55,000 new jobs up to 2023 and to drive economic prosperity. The Strategy aim is to inform stakeholders about labour market conditions and employment skill needs and provision, providing an evidence base to influence quality solutions to improve local skills performance. The Strategy Vision is to create a productive workforce who have the skills required in the current and future economy. The Strategy draws data and insight from various up to date sources to maximise its value as evidence.

The D2N2 LEP vision, as documented in the Strategic Economic Plan, is to make the D2N2 area one of the strongest and most resilient economic regions in the UK by optimising the skills offer related to eight identified growth opportunities in sectors which are:

Construction, Food and Drink Manufacturing, Medicine & Bioscience, Transport Equipment Manufacturing, Creative Industries, Low Carbon Goods & Services, Transport and Logistics, and Visitor Economy.

In addition to the D2N2 key priority sectors, the Strategy supports employment and growth sectors including Health & Social Care and Information Technology across the D2N2 area; Engineering (in Derby and Derbyshire) and Professional Services and Retail (in Nottingham and Nottinghamshire). In addition, the Strategy will support Sectors that, based on evidence, will provide future demand and supply.

Understanding the D2N2 population, employment and skills needs is essential to create an evidence base that will influence provision reflective of local socio-economic conditions and need. D2N2 has lower-than-average rates of employment in more highly skilled occupations and higher-than-average rates in the lowest and middle skilled areas. The main area for job growth is anticipated to be in higher level roles, half of which will be professional roles. The qualification levels of residents, however, are lower than average with particularly poor levels in some districts. Working with local authorities, the Strategy will attempt to include, where possible, district-level information to provide localised local market intelligence. The business voice is important to the D2N2 LEP: we seek to understand their needs for recruitment, business growth, performance and competitiveness. We achieve this through business-led Advisory Groups for the D2N2 key priority sectors and employer surveys.

A key consideration of the Strategy is the total job numbers which is expected to rise by around 47,000 between 2012 and 2022. Some principle considerations for this growth is that between 2017 and 2022, there is a projected 9% growth in the human health and social work area, and 7% growth in the construction industry.

Findings from the desk-based research of skills provision in schools sees Derby and Nottingham amongst the 10 lowest ranking local authority areas nationally for school-based GCSE examination outcomes. The East Midlands is currently the joint lowest performing Ofsted region in terms of inspection outcomes for schools. As a result of new accountability measures, the curriculum offer in schools has become more restricted resulting in the number of vocational programmes being cut. Schools demonstrate an inconsistent approach to Information Advice and Guidance (IAG), employability, careers and enterprise.

The development of the D2N2 Employability Framework, a shared language between employers and young people for employability, the Careers and Enterprise Company Enterprise Adviser Network and the NCS Careers Inspiration programme has resulted in some initial positive engagement with schools and a take-up from schools to develop their own Employability, Careers and Enterprise Strategies and Action Plans.

Ensuring local labour supply hinges upon IAG for those considering their journey into the jobs market. With the costs of Further/Higher education rising, 16-24 students are more likely to study in their local area with choices being made based on (perceived) employment opportunities in that area. Local growth industries (as opposed to traditional industries) may not be fully represented in IAG support as the breadth of skills required may not be known e.g. the construction industry employs a large number of IT professionals. Coherent targeted IAG for school, college and HE students, retraining for adult learners coupled with high profile input from local and locally based employers will ensure supply of labour will meet future demands.

All HEIs offer programmes directly related to seven of the eight D2N2 key priority sectors with over-representation of Creative and Digital Industries and Construction. Low Carbon is the least represented priority sector. This is evident through all skills provision and in main is due to the sector not being classified and defined (e.g. SOC code). Some low carbon provision does appear in related sectors such as engineering, manufacturing and construction. Of particular concern is the lack of foundation degree provision within the D2N2 key priority sectors and there is little evidence of higher and degree level apprenticeships also of in the seven key priority sectors. HEIs should be looking to validate such courses for delivery in colleges as this could provide a route to degree-level qualifications for those without traditional access, including mature students. Limited employer involvement in course and programme development has been evidenced, but by strengthening the business voice, this provision can be influenced to meet local need. As part of this, serious consideration should be given to degree-level apprenticeships not currently offered.

Working Futures 2012-2022 produced by the UK Commission for Skills and Employment highlights major changes in occupational demand in the labour force. The report forecasts that women will take up the majority of additional jobs and that female full time jobs will be the largest segment of growth. For males, growth in part-time employment will outstrip the increase in full time employment. There is significant employment growth forecast for higher-level occupations (managers, most professional occupations and many associate professional and technical roles) and caring, leisure and other service occupations. Net jobs losses are predicted for administrative and secretarial, skilled trade occupations and plant and machine operatives, as robotics, automation and digitisation remove routine jobs in key parts of manufacturing and the service sector.

## KEY FIGURES AND FINDINGS

### LOCAL ECONOMY

- The D2N2 GVA growth has slightly outpaced the national average, and has grown faster than that recorded in any other core city LEP area.
- Three sectors – public administration, education and health; manufacturing; and wholesale, retail and transport – account for around 60% of total GVA in D2N2.
- Over the past year, the fastest rate of GVA growth has been in the professional and business services sector.
- Across the D2N2 area, there are over 67,835 businesses employing 891,800 members of staff. However, 87.7% of these businesses are classified as micro-businesses employing one to nine employees.

### LABOUR MARKET AND LABOUR DEMAND

- The D2N2 area has an employment rate that now exceeds the pre-recession peak, with nearly 990,000 D2N2 residents of working age in employment.
- In 2015, the D2N2 employment rate stood at 72.9%, an increase of 1% on the previous year, although continuing to lag the national employment rate (73.9%).
- The number of working age people who are unemployed<sup>1</sup> has fallen by 18,700 in D2N2 over the past year to 51,100, a fall of 27%.
- Unemployment rates in D2N2 vary by age group, with the highest levels of unemployment amongst young people, with 11% of economically active 16-24 year olds unemployed.
- The area is narrowing the gap in skills levels in comparison to the England average, with the proportion of the working age population with no qualifications no longer above the national average.
- Average earnings between local authority areas vary widely with some areas showing substantial in or out-flow of local work force (e.g. significant difference between average local earnings by workplace compared to average earnings by residence). Overall earnings across D2N2 are £2,462 lower national average with the figure standing at £25,411.
- The largest employment sectors in D2N2, and nationally, are wholesale and retail and health and social work, jointly accounting for 30% of total employment in D2N2, and employing over 270,000 people.
- Manufacturing is also an important employment sector accounting for 13% of total employment in the LEP area and highly represented in comparison to the national average.
- Between 2017 and 2022, there is a projected 9% growth in the human health and social work area, and 7% growth in the construction industry.
- Occupations that are more highly represented in D2N2 include process, plant and machine operatives, elementary and skilled trades' occupations, largely reflecting the high level of manufacturing employment in D2N2.
- Replacement demand for the D2N2 region was estimated at 404,000 jobs over the next 10 years, some 40,400 jobs per year - more than eight times as many openings as net growth.
- Replacement demand is expected to be highest at qualification levels 4-6.
- Net change in employment is forecast to be greatest amongst highly skilled occupations, with significant increases forecast for professional occupations, managers, directors and senior officials and associate professional and technical occupations.

### SKILLS PROVISION AND LABOUR SUPPLY

- The levels of qualifications held by residents of the D2N2 region aged 16-64 are lower than the average for the whole of England, but with significant variation among local authority areas and age groups.

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<sup>1</sup> Using the International Labour Organisation's definition of unemployment - being available for and actively seeking work.

- Derby and Nottingham amongst the 10 lowest ranking local authority areas nationally for school-based GCSE examination outcomes. As a result of new accountability measures, the curriculum offer in schools has become more restricted resulting in the number of vocational programmes being cut.
- Schools demonstrate an inconsistent approach to IAG, employability, careers and enterprise.
- The FE sector includes provision with colleges, sixth form, private training agencies, community and workplace learning. Key factors evidence only 21.5% of those engaged in FE-based education and training were enrolled on programmes directly relevant to the eight key priority sectors in D2N2. D2N2 represents the sixth highest starts for traineeships in England overall for 2014-15.
- Apprenticeship starts and achievements vary across D2N2 with greater successes in the counties compared to the city areas; a majority of which are Intermediate level with lower than average availability of Advanced and Higher Apprenticeship opportunities. Over 42% of apprentices are in the 25+ age group.
- Community based learning provision is still relatively strong in the D2N2 area accounting for 13% of all provision compared to an East Midlands average of 8%. Participation is predominately the older age groups (45+) and the majority of provision is generic work, life and functional skills.
- Workplace learning is the smallest context of Further Education and Skills provision within D2N2 with some major local employers directly in receipt of Skills Funding Agency monies, e.g. Rolls Royce and Toyota. The majority of provision within workplace learning is targeted at the priority sectors of D2N2.
- Higher Education in the D2N2 area is concentrated in the three Universities (University of Nottingham, Nottingham Trent and University of Derby) who provide both undergraduate and postgraduate qualifications.
- Colleges have yet to take full advantage of higher education (HE) and further education (FE) partnership opportunities, instead concentrating on their traditional HND/HNC awarding organisation provision beyond Level 3. Some evidence of Higher Education Institutes (HEIs) and College-Higher Education Partnerships is seen in the availability of University validated foundation degrees in colleges. However, these are not widespread.
- There are more students studying within the D2N2 area than the number that grew up in the area, indicating a net in-flow of students. The in-flow accounts for just under 20% of all students studying within the D2N2 area

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## SKILL SUPPLY AND DEMAND MISMATCH

- Results from the UKCES 2015 survey show that 13% of D2N2 employers reported existing vacancies; 31% reported their vacancies were hard to fill, the main reason being the shortage of skilled workers; 68% highlighted work experience as being critical or a significant factor in recruiting candidates.
- Recruitment of school and college leavers was nationally comparable but recruitment of graduates was low.
- The skill supply is unlikely to satisfy the demand in construction, visitor economy and creative and digital sector.
- Only 17% of employers at the time offered formal apprenticeships of which a future rise of 40% was expected.

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## SUMMARY AND CONCLUSIONS:

- SMEs collectively employ the largest number of people in the area; therefore, focus needs to be placed on engaging SMEs and meeting their needs.
- D2N2 lags behind England as a whole on self-employment; consequently, consideration must be given to encouraging enterprise and entrepreneurship.
- The fastest growing sectors such as professional and business services are likely to experience skill shortages. Investments in skills in these areas should be prioritised since the returns to productivity are potentially high, while the downside is the unrealised economic potential
- The sectors with projected growth – health & social care; wholesale & retail trade - align to the D2N2 priority sectors.



- Manufacturing is the only one of the priority sectors projected to decline, although it will still continue to employ significant numbers of people.
- Skills uplift is needed at all levels, but especially at levels 2 to 6. This should be seen as part of a journey to higher skills for the workforce and higher enterprise productivity.
- Work experience, maths, English and communication skills are seen as critical in preparing individuals for work.
- Apprenticeship support for employers is essential in order to engage more employers as they need higher skills and are willing to participate in apprenticeship schemes.
- Employers should be encouraged to employ more people at graduate level.
- In order to increase the overall employment rate, a focus needs to be placed on ESA claimants, particularly those with mental health or muscular-skeletal conditions.

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## IMPLICATIONS

Our vision and ambition is built on our knowledge of the D2N2 economy, recognition of the challenges and opportunities of the 21st century global economy.

To achieve our ambitions we need to invest in programmes, which will support a step change in private sector job creation in D2N2, including:

- ensure education and training systems reflect employer requirements;
- engage new start businesses and SMEs in the education and skills agenda;
- equip the workforce with the skills and competencies required by local employers, both at present and in the future.
- improve the alignment between the supply of skills in D2N2 and employer demand by:
  - making the skills system more responsive
  - ensuring young people and adults are better informed about skills needs; and
  - ensuring all our young people have the opportunity to acquire the skills and aptitudes they need for work and for them to gain work which leads to a career;
- extend and deepen engagement between business sectors and training providers;
- encourage better matching of skills supply with employer need to address recruitment difficulties and unemployment; and
- develop employer-led, added value and flexible provision.

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## LOOKING FORWARD AND MEASURING SUCCESS

Consultation with the key stakeholders has shown a general consensus that they would use the Strategy to inform their strategies and action plans. Going forward, we expect to get stakeholder buy in and engagement on strategic and tactical levels.

We will measure progress by regularly monitoring and reporting overall economic conditions. Additionally, a set of KPIs linked to the key priorities of the Strategy will be used with a consideration to address local socio-economic factors.

Our consultation with the stakeholders also showed generally positive support towards the intention to develop a local outcome agreement framework for funded provision based on local priorities and indicators. Any new agreement will be developed with clarity of purpose and value and acknowledgment that not all interventions will have an immediate effect.

D2N2 LEP will continue to inform and involve D2N2 stakeholders in emerging strategies and action plans as more detailed data analyses on sectoral and occupational skill shortages and gaps become available.

Since foreign policy was not one of the variables factored into our analysis, there will be a growing need to consult and engage with the stakeholders when Government gives more details of what Brexit will look like. As the feasible effects of Brexit are well within the time frame of the Strategy, we may need to employ a form of scenario analysis to make our strategy more robust and responsive to possible political developments.

## KEY PRIORITIES

After considering all the evidence presented throughout the rest of the document and consulting with the key stakeholders to D2N2 area (businesses, local authorities, education and training providers at all levels, 3<sup>rd</sup> Sector) on the findings of research and analysis, the following Five Key Priorities for skills and employment for D2N2 are:

1. ***Preventing marketisation of education*** that forces a type of competition driven by retention of funding rather than generation of quality outputs. This includes generation of an evidence base that will support lobbying the central government for more national changes and more local control over the design of local skills delivery.
2. ***Ensuring coherent and targeted IAG, career insights and specialist careers support for young people and adults to raise aspirations, participation, employability and retention.***
3. ***Meeting the needs of local employers*** by:
  - Providing support to employers in filling all vacancies - related to both growth and replacement demand.
  - Have a particular focus to engage micro businesses in skills and employability.
  - Support business growth to encourage the creation of higher level jobs.
  - Support individuals to improve their readiness for work.
  - Recognise and create opportunities for those who are underemployed with a particular emphasis on graduates.
4. ***Developing coherent pathways linking schools to further education (FE) and FE to higher education (HE)*** including:
  - Support for stronger maths, English and IT skills, including coding provisions.
  - Pathways and local provision for Higher Skills.
  - Support the required infrastructure development.
  - Pathways and local provision for Apprenticeships with a focus on higher Apprenticeships and degree Apprenticeships to achieve higher level skills.
  - Localised agreement from the three universities in the region to make available undergraduate for local people.
  - Acknowledgement for the need to recognise teacher training qualifications for the delivery of new standards and levels as well as support employment or retraining of high-skilled teachers with industry experience.
5. ***Developing coherent pathways from engagement in the community to skills provision to improve employability*** by:
  - Targeting young people, particularly those, who are not in employment, education or training (NEET), or at high risk of NEET.
  - Encompassing local community provisions to advance local strategies involving a range of stakeholders.
  - Promoting entrepreneurship and support individuals to set up their own business.
  - Recognising inequalities and focus on narrowing the gap between performance, social barriers, and in upskilling the local communities through targeted approaches where qualifications are below the local and national averages.

## 1. INTRODUCTION

The D2N2 Local Enterprise Partnership area covers Derby, Nottingham, Derbyshire, and Nottinghamshire. It is one of the largest LEP areas within England, covering an area with a population of more than 2m people and with an economic output of nearly £40bn. The D2N2 economy accounts for nearly half of the businesses and GDP of the East Midlands region. It has a central location in England, well served by key north-south transport links such as the M1 and Midland Mainline, with a comparatively competitive and abundant supply of sites to promote investment. The economy comprises a mix of rural and urban areas across 17 local authority areas.

The D2N2 Strategic Economic Plan (SEP) sets out our proposals for raising growth rates in the D2N2 area, creating increased prosperity and higher levels of employment. We want to ensure that we harness the potential of all our businesses and people, and energise and empower our partners, in order to make the greatest possible contribution to national economic growth.

Our Growth Strategy, the basis of the D2N2 Skills Strategy, set out one single target – **to support the creation of an additional 55,000 private sector employee jobs in D2N2 by 2023**, shifting the balance to more private sector jobs. Every action proposed in this Skills Strategy will help us to move towards this target. To achieve this ambition, we need to put in place the infrastructure and conditions that will support employment growth by creating skills and training system, which ensures our people are properly prepared for work, enables employers to access the skilled workers they need and supports people, including our most disadvantaged individuals, to develop their skills and employability to gain, retain and enhance employment and earnings.

Our vision and ambition is built on our knowledge of the D2N2 economy, recognition of the challenges and opportunities of the 21st century global economy and our understanding that economic growth is not an end in itself. Economic growth enables individuals to access the opportunities to lead productive and rewarding lives, our society and culture to flourish and allows us to protect and enhance our environment, creating a sustainable, low carbon future for the D2N2 area. Our vision is to make the D2N2 area one of the strongest and most resilient economic regions in the UK. During the 1998-2008 growth period, just over 30,000 jobs were created in D2N2. However, the number of private sector jobs actually fell by some 2,200<sup>2</sup>. Therefore, our aim is not only to grow our economy but to re-balance it.

To achieve our ambitions we need to invest in programmes which will support a step change in private sector job creation in D2N2, including:

- ensure education and training systems reflect employer requirements;
- engage new start businesses and SMEs in the education and skills agenda;
- equip the workforce with the skills and competencies required by local employers, both at present and in the future.
- improve the alignment between the supply of skills in D2N2 and employer demand by
  - making the skills system more responsive
  - ensuring young people and adults are better informed about skills needs; and
  - ensuring all our young people have the opportunity to acquire the skills and aptitudes they need for work and for them to gain work which leads to a career;
- extend and deepen engagement between business sectors and training providers;
- encourage better matching of skills supply with employer need to address recruitment difficulties and unemployment; and
- develop employer-led, added value and flexible provision.

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<sup>2</sup> Public sector jobs are assumed to be those in the public administration and defence sector, plus the majority of those in the health and education sectors. Private sector jobs are the remainder.

The D2N2 Skills Strategy is based on a set of Core Delivery Principles which define the approach for commissioning, delivery and success measures and will influence local strategic fit:

- Impact and Scale
- Delivery Readiness
- Added Value
- Local Value
- Quality, Performance and Efficiency
- Strategic Partnerships and Co-ordination of Market Engagement
- Flexibility and Responsiveness

Analysis of the D2N2 economy has highlighted its distinctive characteristics, many of which relate to its innovation, manufacturing and exporting strengths and strategic location within UK and international transport routes. Whilst D2N2 is a diverse economy with specific sector strength, we have identified 8 priority sectors in which D2N2 is already strong or has the capacity to grow:

- Transport Equipment Manufacturing
- Life Sciences
- Food and Drink Manufacturing
- Construction
- Visitor Economy
- Low Carbon Economy
- Transport and Logistics
- Creative Industries

We will prioritise activity that supports these sectors but we will remain agile to support growing businesses in other sectors, including the wider engineering, advanced manufacturing, information technologies, health and social care, and retail sectors. We will respond to emerging growth opportunities across the economy, recognising that much of the employment growth in the D2N2 economy over the next ten years will occur outside the 8 priority sectors, particularly in professional services and newly emerging sectors.

This D2N2 Skills Strategy aims to inform stakeholders as to the labour market, employment skills provision and needs to influence solutions and decisions as to how future money is spent, allocated and commissioned for social inclusion, employment and skills provision in the D2N2 area with the overall aim to create a productive workforce that has the skills required in its current and future economy.

Developing a skilled and adaptable workforce is a focus of the D2N2 Skills Strategy and as such resources must be focused on people who are not in the workforce, those in the workforce with low skills, and to help people gain relevant skills and qualifications needed for their career progression and for business growth and innovation in the knowledge economy.

The need for lifelong learning is more evident now than ever before. People no longer have jobs for life with many people changing career as well as individual employers during their working life. Staying informed of employer skills requirements to have the best possible chance of accessing and progressing in employment is therefore a high priority.

Demand for skills, particularly higher level skills is expected to rise significantly in the D2N2 area, and there is a need to balance expansion demand and replacement demand<sup>3</sup>, with opportunities arising at all skills levels.

D2N2 is seeking to engage employers, not currently engaged with skills and training, offering a service which cannot be delivered through the private sector. Once employers understand and appreciate the full impact

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<sup>3</sup> job openings created by people leaving the labour force temporarily or permanently

and value that skills development can have on workforce productivity and performance they will be more likely to contribute financially to further training and development where the private sector will play a part.

Employers need to be supported to identify and articulate their skills needs, so that providers can respond. Currently, the skills landscape is confusing for employers. Many have skills gaps and shortages alongside unemployment but over two-fifths of D2N2 employers don't invest in skills development. The D2N2 Skills Strategy will respond by helping employers to articulate their skills needs. It will support employers to source provision to meet that need where there is existing provision and source or develop bespoke training where necessary to meet niche demand.

To support better alignment between provision and local economic needs the D2N2 Skills Strategy will look to influence a set of outcome agreements, collectively established, which will be a written agreement identifying the skills needs in a local area and solutions to address them. Local partners including employers and education providers come together to agree the priorities for that area, the outcomes that need to be achieved, and the part that each partner will make to achieve those outcomes. The set of outcome agreements would link provision directly to labour market outcomes therefore ensuring that provision focuses on development of relevant skills.

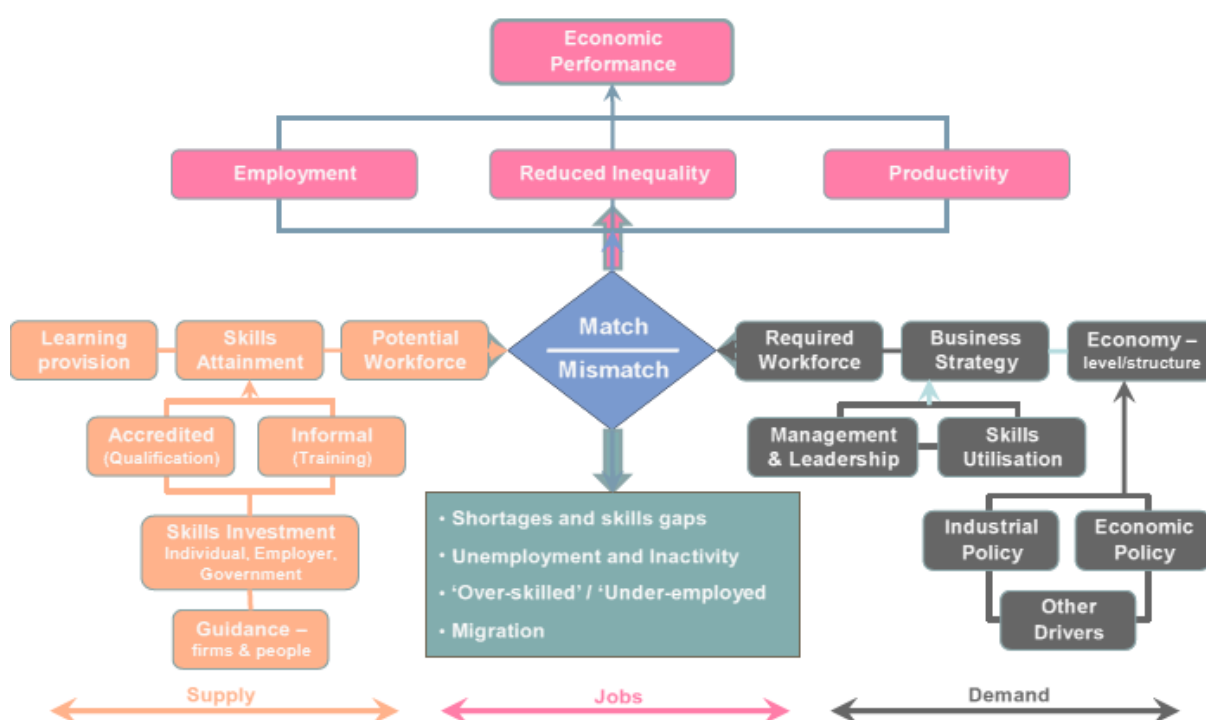
## 2. A CONCEPTUAL FRAMEWORK FOR LOCAL SKILLS ANALYSIS

The UK Commission proposed a strategic framework for thinking and action on the skills and employment agenda<sup>4</sup>. This is robust framework that links together the various dimensions of skills and employment policy and practice into a system and provides a useful tool to translate the skills and employment elements and data into potential routes to action.

The broad framework is set out in Diagram 1, and is split into three central themes:

- the characteristics of labour **supply** - the number of people who could potentially work, the likelihood of those people actually participating in the labour market and the skills they have (or might develop);
- the composition of labour **demand** and how it is changing – the number of people employed, the type of work they do and the use of their skills, influenced by business strategy, government policy and other factors; and
- the **matching** of supply and demand – the top part of the diagram illustrates the benefits to be achieved where supply meets demand, whilst the bottom box illustrates what happens when it does not.

Diagram 1: A conceptual framework for local skills analysis



<sup>4</sup> Ambition 2020: World Class Skills and Jobs for the UK (2009), UKCES

### 3. POLICY DRIVERS

The performance of the D2N2 economy is influenced by wider policy and trends affecting labour markets and businesses, which are outside the influence of policy-makers within D2N2. A successful economy and skills strategy will need to respond and adapt to these external drivers in order to maximise growth and productivity.

#### 3.1. NATIONAL POLICY DRIVERS

Funding Reforms (Looking to the Future): The Skills Funding Agency have set out the principles to their funding reforms which are to stabilise (re-shape the FE sector through Area Reviews to make it more resilient in the context of declining financial health), simplify (establish a national funding framework and operational arrangements to deliver stability and flexibility, while reducing operating costs) and localise (enable intelligent local commissioning of adult skills provision). The reforms don't apply to apprenticeships and loans.

The Adult Education Budget: The principal purpose is to fund provision that engages adults and delivers the skills and learning needed for work, an apprenticeship or further learning. It will also fund other types of learning to help people who are disadvantaged, furthest from learning and/or the workplace. It will enable more local flexibility, e.g. entitlements will remain, but providers will be able to deliver non-accredited learning where relevant. It will be devolved to localities, subject to readiness conditions, from 2018/19.

Post-16 Skills Plan: Plans for a radical overhaul of post-16 education, involving the creation of 15 new technical education pathways were published in July 2016. The wide-ranging reforms, announced by the Department for Education and the Department for Business, Innovation and Skills, are based upon the recommendations of an independent panel on technical education, chaired by Lord Sainsbury. The plans will provide academic or technical pathways for students after they have completed their GCSEs. Under the technical pathway students can opt for either a two-year, college-based programme (including compulsory work

experience), or an employment-based programme – most likely an apprenticeship. After this, they can progress to higher technical education, a degree apprenticeship or a higher apprenticeship. The plans will see “high-quality routes, with the content for those streamlined routes and standards developed and respected by employers”.

Apprenticeships and Apprenticeship Reforms: Government set out their Vision for 2020 which is to see 3m apprenticeships created in the current parliament. Also for all apprenticeships to provide substantive training in a professional or technical route, transferable skills and competency in English and maths for all ages, for apprenticeships to be an attractive offer that young people and adults aspire to go into, as a high quality and prestigious path to a successful career, for apprenticeships to be available across all sectors of the economy and at all levels, including degree level, for every apprenticeship to be a high quality opportunity that delivers the skills, knowledge and behaviours that employers are looking for. The Reforms are intended to be the solution to the problem of a lack of employer demand and put employers in the ‘driving seat’ and have ‘ownership’ of the content & assessment (standards), the funding (levy, fees and negotiation) and the oversight (Institute for Apprenticeships)

DWP Health and Work: The Spending Review saw the start of genuine integration between the health and work sectors, with a renewed focus on supporting people with health conditions and disabilities return to and remain in work. Spending in this area, sees the expansion of Access to Work and Fit for Work, and investing in



the Health and Work Innovation Fund and the new Work and Health Programme.

Universal Credit: Universal Credit is a new type of benefit designed to support people who are on a low income or out of work. It will replace six existing benefits and is currently being rolled out across the UK. The new system is based on a single monthly payment, transferred directly into a bank account. At present Universal Credit only affects newly unemployed people in certain areas of the country.

Careers Education, Information, Advice and Guidance Sub-Committee Report: The Sub-Committee urges the Government to incentivise schools to improve, which includes Ofsted downgrading those where careers provision is sub-standard. For Government to untangle the unruly and complex web of organisations, service providers and websites overseeing and offering careers advice and put a single Minister in charge of provision. Findings are that too many young people are leaving education without having had the chance to fully consider their future options or how their skills and experiences fit with

opportunities in the jobs market. It also judged that a host of policy changes, initiatives and new bodies introduced in recent years have failed to make serious improvements and in some cases have even been counter-productive.

Careers and Enterprise Company: In December 2014, the Secretary of State for Education announced The Careers & Enterprise Company which was incorporated in February 2015. The organisation is an employer led body set up to unlock the potential of Britain's young people by strengthening interactions between employers and schools. Its role is to be an enabler, supporting and sharing the good work already out there. It will focus on 'what works', measuring impact and commissioning high quality research. The CEC national programme aims to motivate young people, support them in making informed choices about their future and help them attain against those choices both in and out of school. It enables networks of Enterprise Advisers (volunteer employers) working directly with secondary schools and colleges to increase the efficiency and effectiveness of employer-school interactions.

### 3.2. REGIONAL POLICY DRIVERS

Midlands Engine – Skills Perspective: The current skills approach focuses on the manufacturing sector but which can be replicated for other sectors and will be delivered through a partnership between colleges, universities and large manufacturing employers to create a joined up approach to meet the needs of the sector both now and in the future. Common aims are for:

- 100% increase in manufacturing apprenticeships to 41,520 – 40% of that growth at higher levels.
- 100% growth in those entering STEM subjects at HE Level – including the growth in degree apprenticeships.
- 50% reduction in hard to fill vacancies due to skills – a reduction of 12,500.

13% increase in the current workforce qualified to level 3 and above equating to improving

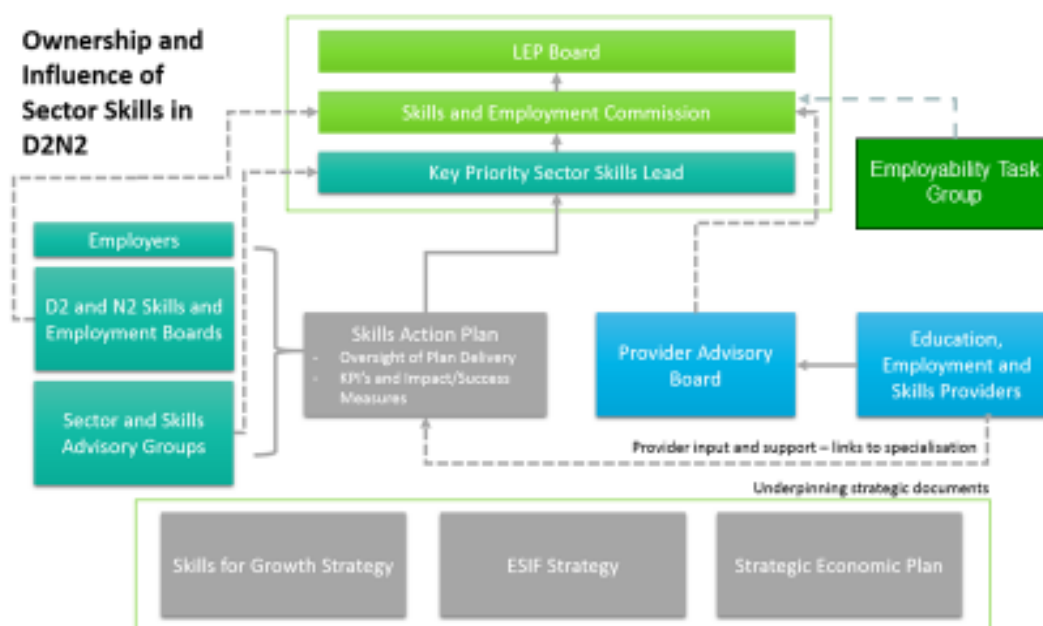
skills levels of 660,00 people – this will be achieved through a combination of better qualified new recruits and upskilling existing workforce.

New Universities Group: The Midlands Enterprise Universities will see Derby work alongside Birmingham City University, Coventry University, De Montfort University Leicester, University of Lincoln, Nottingham Trent University and the University of Wolverhampton, to support job and wealth creation in the region. The institutions will pool together their skills, research, expertise and facilities, which will be made available to businesses and local authorities to create jobs, boost economic growth and plug skills gaps across the Midlands.

The partnership will use its knowledge and expertise to support businesses and sectors key to the region's growth.

### 3.3. LOCAL STRATEGIES AND INFLUENCES

The D2N2 LEP infrastructure to support the Skills Strategy includes a range of stakeholders including employers, local authority, a range of providers from the FE sector, third sector, HEI, schools, educational providers network groups, trade bodies and employer organisations such as FSB, Chamber of Commerce and CBI. Stakeholders contribute through consultation, advocacy, influence and delivery.



#### D2N2 Sector and Skills Advisory Groups (SSAGs):

The Advisory Groups are a collective body of 'sector ambassadors' who provide the link between the sector and the D2N2 LEP informing strategic awareness, developments, needs and actions. Clearly, we face a series of challenges when considering differing business and individual's needs, therefore, raising ambition and aspiration are vital to the success of our local economy. To help achieve this, the D2N2 LEP has established business-led Sector and Skills Advisory Group principles for each of the key priority sectors, to inform, consult, and identify how economic impact for their sector can be maximised through driving growth, workforce development, training and employment for local people.

Provider Charter: Across the D2N2 area our providers have recognised that they cannot function completely independently. The 'Provider Charter' is testament to their desire to work alongside of D2N2 in partnership to help bring about new jobs, skills and economic growth, it is

a commitment towards working together closely to build a coherent set of requirements and solutions to skill shortage and job creation at a local and regional level. To achieve the ambitions of the D2N2 Strategic economic Plan the infrastructure and conditions that will support business, enterprise and employment growth need to be created. Essential to this is a fit-for-purpose skills and training system that ensures our people are properly prepared for work, which enables employers to access the skilled workers they need and supports people, including our most disadvantaged individuals, to develop their skills and employability to gain, retain and enhance employment and earnings.

D2N2 Growth Deal: D2N2 was successful in securing more than £190m in Local Growth Fund grants to support a large number of schemes throughout the region. These projects are now progressing and delivering much needed infrastructure, to support developments.

The Employability Framework: Launched in 2015 seeks to address the mismatch between the

employability skills being taught to young people leaving schools and post-16 training programmes in the area, and those needed by employers in their workforces is being delivered through the Careers and Enterprise Company – Enterprise Adviser Network. *“Employability needs to be part of a coherent career development and work related programme in schools, delivered in partnership with education, employers, and careers professionals”*. The D2N2 Employability Framework is a shared language for young people and employers, and reflects the common concerns of key stakeholders on behalf of young people across the area. The Framework has been developed to work within existing policy and should complement and integrate current activity. It is not intended to generate another layer of bureaucracy nor should its application duplicate what is already in place.

D2N2 Enterprise Adviser Network: D2N2 believes a successful economy needs businesses, and schools and colleges, to work closer together on this issue. Business volunteer Enterprise Advisers work with school leaders, to develop an employability, careers and enterprise plan to engage with employers and to ensure activity has a direct impact on helping young people with their career ambitions.

Sector Skills Action Plans and Reports: Through consultation and led by business the sectors have produced a series of Action Plans and Reports specific to skills and employment. These documents are aimed to support and influence D2N2’s objective to create 55,000 new private sector jobs by 2023 and are useful resources to inform local strategy, funding and provision to meet the needs of the D2N2 key sectors. They are a key resource for providers of education and skills (including schools and academies, FE colleges, private training providers and Universities) and can be used to inform Business Planning and to revise the Skills Offer to business to reduce the identified skills shortages of their communities and to meet the needs of their local employers. The output from the Sector Seminars will continue to build insight relating to emerging challenges, opportunities

and responses from the Employment and Skills market to the needs of the key economic sectors, and through this, will help to inform future policy and programme responses.

Procurement Charter: Through Growth Deal funding we are committed to this D2N2 Procurement Charter, setting out how we want to raise standards using the principles of the Public Services (Social Value) Act 2012; optimising the economic, social and environmental outcomes that can be generated.

The D2N2 Growth Hub: Launched in December 2014 it provides a ‘one stop shop’ for ambitious new and developing businesses looking for advice on training, growth, and how to access funding help to expand into fresh markets. Growth Hub advisors work within the D2N2 Local Enterprise Partnership (LEP). The LEP is a private sector-led partnership between business, local authorities, skills and training providers, and community and voluntary organisations, which promotes economic growth and jobs creation.

Skills Capital: The D2N2 LEP manages the government’s skills capital investment for the area. This is funding to support capital investments to respond to the needs of the skills sector, aligned to D2N2 strategies. To date this includes: £2.6million D2N2 investment in £6.5million Vision West Nottinghamshire College University Centre; £3.48million for Chesterfield Centre for Higher Level Skills; and £30million D2N2 investment in a £60million Nottingham Skills Hub for the Nottingham College.

D2N2 Vision for Entrepreneurial Behaviour & Careers Insight: The ambition over the next two years is for every secondary school and college in the D2N2 area, and at least 20% of specialist schools, to have an employer linked to their organisation; an Enterprise, Careers and Employability Strategy; a self-assessment and action plan in response to their Enterprise, Careers and Employability Strategy; access to providers who have mapped their provision to the D2N2 Employability Framework; and access to a range of funding to support their school strategies.

## 4. ECONOMIC TRENDS

The region has a population of 2,147,900, of which 49% are male and 51%, and benefits from 67,835 businesses which employ a total of 891,800 people. Of these businesses, 87.7% are micro businesses (companies, which employ between 1 and 9 people).

### 4.1. GVA AND PRODUCTIVITY

The most recent State of the D2N2 Economy 2016<sup>5</sup> report identified and presented key data on D2N2's economic performance. Key findings are presented below:

- Gross Value Added (GVA, the value of the output created in an economy) rose to just under £43.0bn in D2N2 in 2014.
- GVA growth has kept pace with the England average over the past five years, and out-performed the other core city LEP areas.
- Three sectors – public administration, education and health; manufacturing; and wholesale, retail and transport – account for around 60% of total GVA in D2N2.
- Over the past year, the fastest rate of GVA growth has been in the professional and business services sector.
- GVA per full-time equivalent worker (FTE) in D2N2 is around 85% of the national average, but GVA per hour worked is higher at around 90% of the national average.
- The increase in GVA per FTE worker has not kept pace with the national increase, although the gap in performance has narrowed over the past year.
- GVA per FTE is below the national average across all sectors in D2N2.
- GVA per FTE is particularly low in comparison to the national average in the financial and insurance sector and professional and business services.
- D2N2's investments through the Local Growth Fund are leading to thousands of new jobs, and a potential £1.8bn-2.5bn uplift in GVA.

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#### GROWING GVA

The key mechanism through which D2N2 LEP can have a direct impact on GVA is through its use of Local Growth Fund resources. To date D2N2 has secured £192m of Government funding through the Local Growth Fund, unlocking a further £380m of investment from the private sector and local partners. Thirteen LGF-funded projects have been through D2N2's Local Assurance Framework to date, with a further 16 from LGF rounds 1 and 2 yet to be approved. Projects include major road and transport schemes, projects to unlock strategic development sites and support for new educational and training facilities. When projects in the LGF pipeline but not yet approved are considered, a further 15,000 jobs could be created over the next 16 years.

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#### IMPROVING PRODUCTIVITY LEVELS

The key target in the D2N2 SEP is to increase the number of private sector jobs, and the SEP does not have an explicit target relating to productivity. However, productivity has become an increasing focus of concern both nationally and locally, given the slow rates of productivity growth affecting the UK economy during the recovery from the 2008-09 recession (the 'productivity puzzle'). In response, the Government published its productivity plan<sup>6</sup> in 2015. The D2N2 LEP Board commissioned economists at the University of Nottingham to undertake expert research into the productivity issues affecting the D2N2 economy. The research has identified factors underlying the productivity of

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<sup>5</sup> Available at: [www.d2n2lep.org/write/D2N2\\_State\\_of\\_the\\_Economy\\_report\\_2016\\_-\\_Final.pdf](http://www.d2n2lep.org/write/D2N2_State_of_the_Economy_report_2016_-_Final.pdf)

<sup>6</sup> Fixing the Foundations, creating a more prosperous nation, HM Treasury, July 2015

businesses within the D2N2 area, looked at the nature of the economic activity being undertaken and the importance of firm size, management and leadership, workforce skills and capital investment. The research points to a number of ways in which the areas productivity gap could be addressed, including:

- Area wide initiatives to encourage companies to invest in innovation and research
- Encouraging more 'global frontier' firms to relocate or set-up within the D2N2 area
- Supporting labour and capital markets which help the best firms to invest, adapt, grow and employ the best workers

The findings will be used by the LEP to identify priority interventions to support faster levels of productivity growth within D2N2. They will also feed into the review and refresh of the Strategic Economic Plan, planned for 2017-18.

## 5. LABOUR MARKET AND EMPLOYMENT DEMAND IN THE D2N2 AREA

To be able to plan effectively for the future skill needs of the labour market in the D2N2 region and to develop a Skills Strategy which is fit for purpose and relevant to the region, an analysis of the current employment and education landscapes has been conducted. This section of the report sets out to summarise key labour market and employment statistics and trends across the area's economy, with a view to matching available training to demand.

### 5.1. EMPLOYMENT RATE

In 2015, the D2N2 employment rate stood at 72.9%, an increase of 1% on the previous year, although continuing to lag the national employment rate (73.9%). The employment rate nationally also increased by just over 1% over the past year.

There remain stark differences in the employment rates across D2N2, with an employment rate of 76% in Derbyshire (84% in the Derbyshire Dales), 73% in Derby and Nottinghamshire and 64% in Nottingham, reflecting the high number of students in the city.

The total number of employees in D2N2 rose by 19,700, from 872,100 to 891,800 between 2013 and 2014. This equates to an increase of 2%, slightly lower than growth nationally over the past year (3.1%)<sup>7</sup>.

An additional 27,000 private sector jobs have been created, raising the total from 694,100 to 721,300 (+4%), reflecting the ongoing recovery from the recession.

Over the past year (2015), net employee numbers have increased across the two cities and two counties, with the most significant increases in Nottinghamshire (+7,600) and Nottingham (+6,900).

Nottingham and Nottinghamshire have also experienced the fastest proportionate rates of growth over the past year, with increases in employee numbers of 3%, in line with the national average. Lower levels of growth have been experienced across the D2 area (2% in Derby and 1% in Derbyshire).

Jobs growth has largely been driven by increases in full time employees, with Derby the only area in which part time employment accounted for a significant proportion of employee growth. This contrasts with last year, when one third of the growth in employee numbers was in part-time jobs, and indicates a strengthening of the D2N2 economy.

### 5.2. UNEMPLOYMENT

The number of working age people who are unemployed<sup>8</sup> has fallen by 18,700 in D2N2 over the past year to 51,100, a fall of 27%.

The unemployment rate in D2N2 (as a percentage of the economically active population) stands at 4.9%, a lower rate than the 5.3% who are unemployed nationally, and has fallen at a faster rate in D2N2 over the past year than nationally, with a decline of 1.8% points compared to 1.1% points.

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<sup>7</sup> The data relates to the number of employees, i.e. it excludes self-employment.

<sup>8</sup> Using the International Labour Organisation's definition of unemployment - being available for and actively seeking work.

Unemployment continues to affect Nottingham more severely than other parts of D2N2 even though there has been significant improvement over the past year with the number of people unemployed in the city (c. 14,000) at its lowest since 2008.

Derby also has a relatively high unemployment rate (nearly three percentage points higher than the D2N2 average) and this has not significantly improved over the past year.

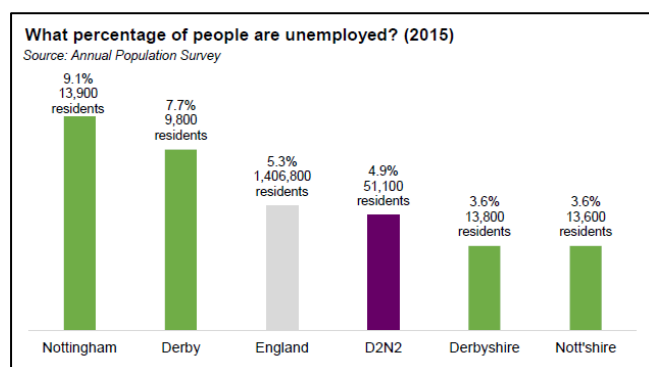
Unemployment rates in D2N2 vary by age group, with the highest levels of unemployment amongst young people, with 11% of economically active 16-24 year olds unemployed. However this remains below the national average of 14% for this age group. The remaining age groups have unemployment rates which are largely in line with the national averages.

The number of Job Seeker Allowance (JSA) claimants stands at 1.4% of the working age population, which is in line with the average for England. This ranges from a high of 3% in Nottingham to just 0.4% in the Derbyshire Dales.

Several trends can be identified with regard to the unemployment statistics. Between May 2011 and May 2016, the number of JSA claimants fell by 32,300, equivalent to 34%. However, over the same period, there was a rise in long-term unemployment, with a 34% increase in individuals claiming JSA for more than 2 years.

129,400 people in the region are claiming Out of Work Benefits. This represents 12.5% of the population against an average of 11.4% for England as a whole. Of these, 62% have been claiming these benefits for 2 years or more.

### *Out of Work Benefits*



90,580 people are claiming Employment and Support Allowance (ESA) or Invalidity Benefit (IB); at 6.6% of the population, this is slightly lower than the national rate of 6%. Of these claimants, 15,330 (1.1%) are lone parents, which is the same as the England average. Mental health is the primary condition cited for claiming these benefits.

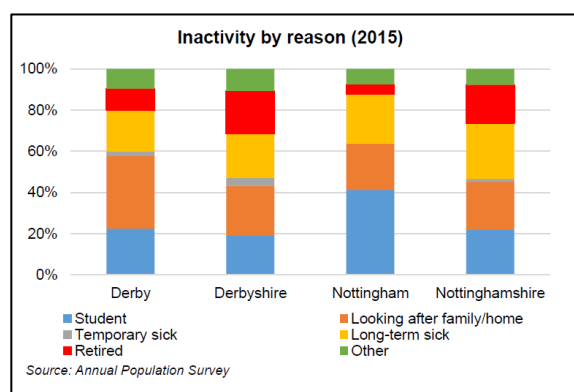
## 5.3. ECONOMIC INACTIVITY

In 2015, almost 22.3% of working age residents in D2N2 were economically inactive, 1.3% points above the national average and a slight increase on the previous year.

The D2N2 LEP area has higher than average levels of inactivity across all age groups, with the exception of residents aged 16-19.

The three main reasons for inactivity in D2N2 and nationally are being a student, looking after family / home and being long-term sick, accounting for just under three quarters of the economically inactive population.

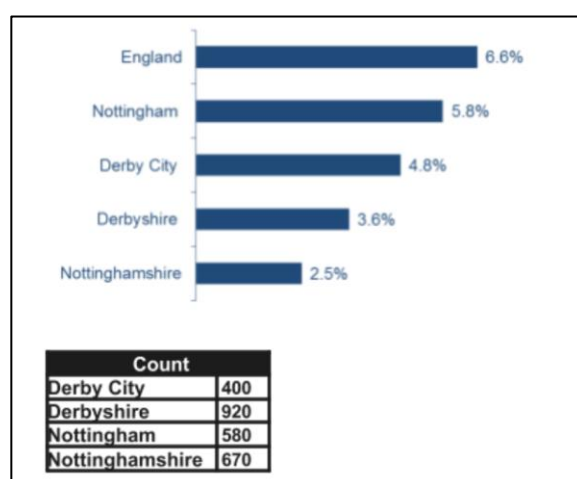
As shown above, reasons for economic inactivity vary by area within D2N2, the key differences being High levels of students in Nottingham (reflecting the presence of two large universities in the city), high levels of retired residents of working age in Derbyshire and Nottinghamshire, and a high proportion who are looking after family or home in Derby.



In addition to the employment and unemployment numbers NEET rates are relatively low in the region, standing at an estimated 2,570, which is lower than the average for England. This is mirrored in Nottingham itself, which has one of the lowest NEET numbers in the country and boasts the lowest rate for all core cities. The LEP area, however, has a higher proportion NEETs, 9% of KS4 leavers compared to 7% nationally<sup>9</sup>.

*16-18 NEET (Not in Education, Employment or Training) and Not-Known*

*Dept. for Education, Nov, Dec and Jan 15/16*



#### 5.4. EMPLOYEES AND SELF-EMPLOYMENT

Of the 990,000 residents in employment in D2N2, 114,000 are self-employed, accounting for 11.2% of the workforce, compared to 14.1% nationally.

Nottingham has the highest proportion of residents who are self-employed (13% of those in employment / 18,100 residents), followed by Nottinghamshire and Derbyshire (12% / 42,600 residents and 11% / 39,700

<sup>9</sup> Destinations of KS4 and KS5 Pupils, 2014, DfE



residents respectively). Derby has the lowest levels of self-employment in the LEP area (8.6% of those in employment / 10,000 residents).

Over the past 10 years, self-employment as a proportion of those in employment in D2N2 has decreased slightly, from 11.6% in 2005 to 11.2% in 2015 (-0.4% points), in stark contrast to the national position, which has increased by 1.5 percentage points. However, this masks considerable variation across the area with greater declines in Derby and Derbyshire (-1.7%), whilst self-employment in Nottingham has risen by 4.3%.

## 5.5. SECTORAL STRUCTURE OF EMPLOYMENT

The largest employment sectors in D2N2, and nationally, are wholesale and retail and health and social work, jointly accounting for 30% of total employment in D2N2, and employing over 270,000 people.

Manufacturing is also an important employment sector accounting for 13% of total employment in the LEP area and highly represented in comparison to the national average (Location Quotient<sup>10</sup> of 1.6), reflecting the area's advanced manufacturing strengths.

Eleven per cent of employees work in the administration and support services sector, with nearly 96,000 employees working in these medium-value private service activities (including employment agencies, security services and cleaning). A further 6% (over 56,000 people) are employed in the higher value added professional, scientific and technical services sector, which covers legal, accounting and finance activities.

Many of the higher value added sectors are under-represented in D2N2 in comparison to the national averages, with employee numbers in the financial and insurance activities and information and communications sectors only around half of the national average. The relatively low number of workers in these sectors contributes to D2N2's productivity gap.

<b>D2N2 Employment by Sector 2014</b>			
	<b>No.</b>	<b>% of D2N2 employment</b>	<b>LQ</b>
Wholesale and retail trade	146,800	16%	1.0
Human health and social work	124,200	14%	1.1
Manufacturing	118,500	13%	1.6
Administrative and support service	95,600	11%	1.2
Education	87,500	10%	1.1
Professional, scientific and technical	56,600	6%	0.8
Accommodation and food service	51,900	6%	0.8
Construction	41,500	5%	1.1
Public administration and defence	38,700	4%	1.0
Transportation and storage	34,900	4%	0.9
Information and communication	24,100	3%	0.6
Arts, entertainment and recreation	20,300	2%	0.9
Other service activities	15,200	2%	0.8
Real estate activities	12,500	1%	0.8
Financial and insurance activities	11,900	1%	0.4
Utilities: Water	6,000	1%	1.1
Utilities: Electricity	3,300	0%	1.0
Mining and quarrying	1,700	0%	2.0
Agriculture, forestry and fishing	500	0%	0.1
<b>Total</b>	<b>891,800</b>	<b>100%</b>	<b>1.0</b>
Source: BRES			

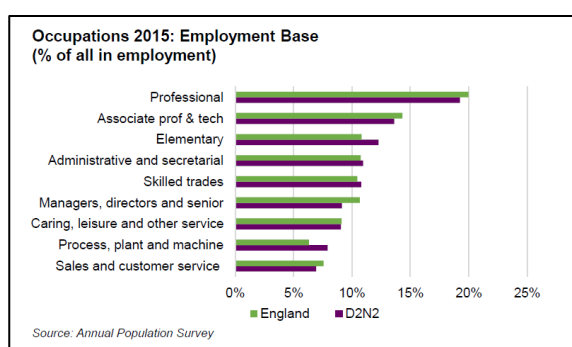
<sup>10</sup> A Location Quotient provides an illustration of the level of concentration of employment in a sector in a particular location, compared to the national average. An LQ of 1 indicates that the sector accounts for the same proportion of employment locally as nationally; an LQ>1 indicates that the sector accounts for a larger proportion of employment locally.

## 5.6. OCCUPATIONAL STRUCTURE OF EMPLOYMENT

The occupational profile of those who work in D2N2 differs from that in England as a whole.

Occupations that are more highly represented in D2N2 include process, plant and machine operatives, elementary and skilled occupations, largely reflecting the high level of manufacturing employment in D2N2.

There is a below average representation of highly skilled occupations, including managers, directors and senior officials, professional and associate professional and technical occupations. This is despite the proportion of people employed in professional and associate professional occupations in D2N2 increasing at a faster rate than nationally over the past five years (+1.3 and 2.1 percentage points compared to +0.9 and 0.3 percentage points nationally).



The occupational profile of employment varies by local authority, reflecting the job opportunities available in the area. Derby and Nottingham have a high representation of employment in professional occupations, with Nottingham also having a high level of employment in associate professional and technical occupations.

Derbyshire and Nottinghamshire have higher than average representations of employment in skilled trade occupations, process, plant and machine operatives and elementary occupations.

## 5.7. DEMAND FORECAST

Working Futures 2012-2022 produced by the UK Commission for Skills and Employment highlights major changes in occupational demand in the labour force<sup>11</sup>. The report:

- Forecasts that women will take up the majority of additional jobs, and that female full time jobs will be the largest segment of growth. For males, growth in part time employment is expected to outstrip the increase in full time employment.
- Anticipates significant employment growth for higher level occupations including managers, most professional occupations and many associate professional and technical roles.
- Projects significant employment growth in caring, leisure and other service occupations.
- Projects net jobs losses for administrative and secretarial, skilled trade occupations and plant and machine operatives as robotics, automation and digitisation remove routine jobs in key parts of manufacturing and the service sector.

Overall, the number of jobs in the Derby, Derbyshire, Nottingham and Nottinghamshire LEP area is projected to rise by around 47,000 over the next decade (2012-2022), an average annual rate of growth of 0.4 per cent<sup>12</sup>.

<sup>11</sup> Although an updated version of the national report (2014-2024) is now available, sub-national data has not yet been released.

<sup>12</sup> UKCES Working Futures (2012-2022)

While there will be fewer jobs in some occupations, replacement demand to fill vacancies arising from labour market churn means that there will continue to be opportunities across all occupations.

The leading sources of employment growth in the Derby, Derbyshire, Nottingham and Nottinghamshire LEP area (in absolute terms) are forecast to be construction (+13,000), wholesale and retail trades (+10,000), health and social care (+9,000), support services (+9,000) and Information Technology (+8,000).

Public administration (-4,000 jobs) and manufacturing (-9,000 jobs) sectors are projected to see a net decline in line with the overall UK picture.

Replacement demand for the D2N2 region was estimated at 404,000 jobs over the next 10 years - more than eight times as many openings as net growth.

Replacement demand is expected to be highest at qualification levels 4-6 (degree level), followed by level 2 (GCSE grades A-C or equivalent) and level 3 (A-level or equivalent). A relatively low proportion of the replacement demand forecast is for the very highest level qualifications (QCF 7-8, equivalent to a Master's Degree or PhD), or for jobs which require no qualifications.

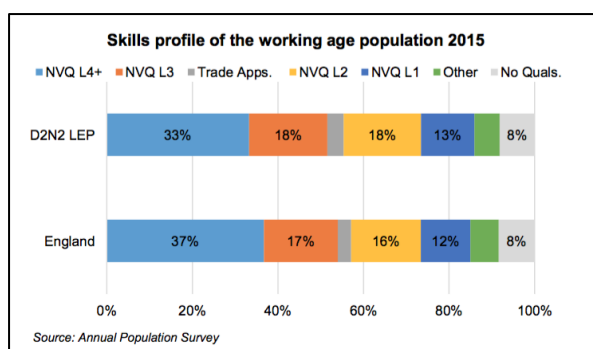
Net change in employment is forecast to be greatest amongst highly skilled occupations, with significant increases forecast for professional occupations, managers, directors and senior officials and associate professional and technical occupations – similarly to the trends across the East Midlands region shown in the table below. Caring and leisure occupations are also forecast to grow significantly, whilst skilled trades, administrative and secretarial and process operative occupations are forecast to decline.

<b>East Midlands Changing Workforce 2012 - 2022 (000's)</b>				
	<b>2012</b>	<b>2022</b>	<b>Net Change</b>	<b>Replacement Demand</b>
Managers, dir. and senior	229	266	36	94
Professional occupations	375	437	62	147
Associate prof. and technical	254	286	32	91
Admin and secretarial	246	218	-28	107
Skilled trades occupations	262	234	-29	89
Caring, leisure and other	237	291	54	110
Sales and customer service	192	190	-3	70
Process, plant and mach.	184	164	-21	66
Elementary occupations	248	245	-3	91
<b>Total</b>	<b>2,229</b>	<b>2,329</b>	<b>100</b>	<b>866</b>
Source: UKCES Working Futures				

However, replacement demand, which is much greater in scale than the absolute levels of growth, is expected at all occupational levels, including those forecast to decline in absolute terms.

## 5.8. QUALIFICATIONS OF THE WORKING AGE POPULATION

The D2N2 workforce is, on average, less well-qualified than the workforce nationally with a smaller proportion of residents qualified to Level 4+ and a higher proportion whose highest level of qualification is level 1 or 2.



However, the skills levels of D2N2 residents have improved over the past year, and at a faster rate of improvement than that seen nationally:

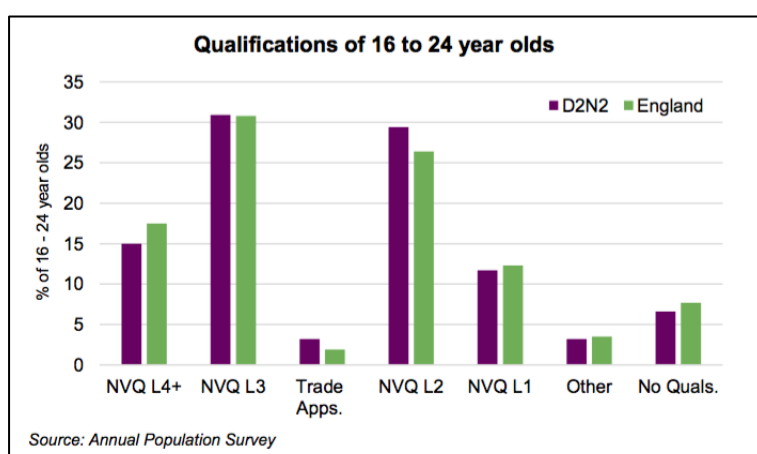
- A third of D2N2's working age residents now hold degree-level qualifications (Level 4 and above), increasing by 2.2% points over the past year, compared to an increase of 1% point nationally.
- There has been an increase in the number of residents holding qualifications at Level 3 and above, rising to 55.3% in 2015. This is an increase of 1.8% points outpacing the increase of 0.6% points nationally over the past year.
- The percentage of working age people with no qualifications has fallen to 8.2%, and now matches the national average.

Whilst skills levels remain below the national average, progress is being made and the skills gap is narrowing. Nottingham has the highest proportion of residents qualified to NVQ L4 or above (34.4%), however the city also has the highest proportion of residents with no qualifications (12.4%). Derbyshire has the lowest proportion of residents with no qualifications (6.3%) and has a high proportion who are qualified to NVQ L3 or above.

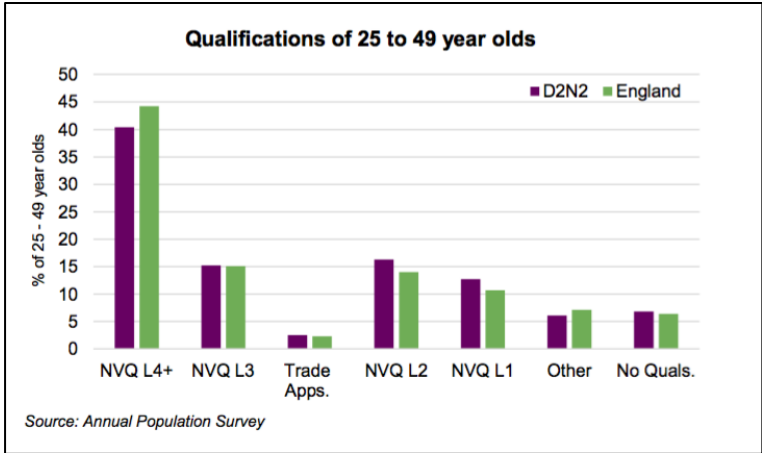
## QUALIFICATIONS BY AGE

The skills profile of residents in D2N2 varies considerably by age group. Almost 80% of young people are qualified to Level 2 or above (compared to 77% nationally) and very few (7%) have no qualifications.

When compared to the national profile, D2N2 has a slightly lower proportion of young people with L4+ qualifications and a slightly higher proportion holding trade apprenticeships and L2 qualifications.

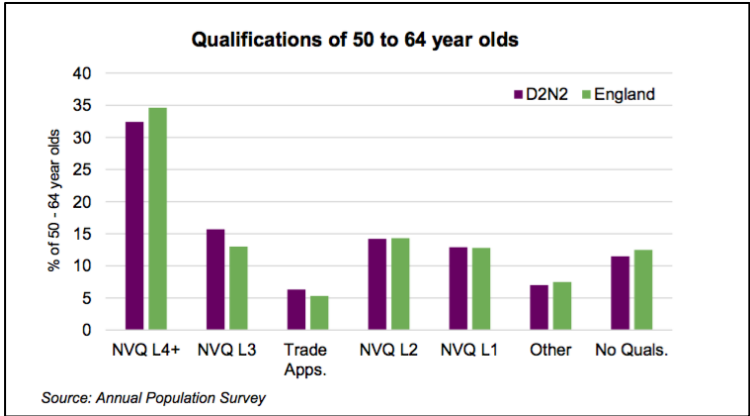


The group aged 25 to 49 years old are most likely to hold degree level qualifications, although the proportion is slightly lower in D2N2 than nationally (40% of residents qualified to L4+ compared to 44% across the country).



The older working age population (50-64 year olds) are well qualified in D2N2. Whilst a slightly lower proportion of these residents hold a L4+ qualification than nationally, this is partly compensated for by an above average proportion with L3 qualifications. The proportion of 50-64 year olds holding qualifications at level 3 or above in both D2N2 and nationally is therefore equal at 48%.

The older age group has the highest proportion of individuals who have no qualifications, although the proportion is marginally lower in D2N2 than nationally. Some of these workers will remain in the labour market for another 10+ years, and will need to increase their skills levels if they are to remain employable.



## 6. LABOUR AND SKILL SUPPLY: LEARNING PROVISION AND SKILLS ATTAINMENT IN D2N2.

Desk based research undertaken to map current education provision across the compulsory, post compulsory and higher education sectors in relation to the eight priority sectors for D2N2 has been carried out to determine how curriculum across all sectors of education is preparing the future labour market to work in those businesses and industries which are robust or have the potential for growth. The primary purpose of the activity is to identify those pathways and gateways which exist in relation to the eight priority sectors which enable learners to progress to higher levels of study and employment opportunities.

### 6.1. SCHOOL-BASED PROVISION

Overall, there are 182 schools in the region across urban and rural areas and these include 18 independent schools, 43 special schools and 121 maintained secondary schools. The curriculum offer for all schools was examined, however due to the alternative and specialist curriculum provided by the special schools, their programmes are not included in the analysis. There was limited information available from some of the independent schools in relation to their full curriculum, particularly in relation to the eight priority sectors considered in this report. However, there was sufficient material to provide a useful overview.

Whilst the aim of compulsory education is to provide an all-round education for young people covering different disciplines of study, the aim of reviewing this provision in the D2N2 region is to identify if young people are being exposed to opportunities to develop skills which could lead to them being attracted to finding employment in the eight priority sectors.

Against a backdrop of lower than national average educational attainment within compulsory education in the region, the real challenge is to be able to develop a workforce which is able to meet the needs of local employers and contribute to the future economic growth and prosperity of the D2N2 region.

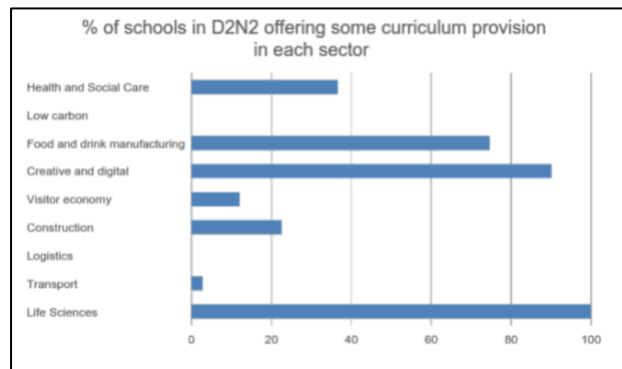
Ofsted (June 2016) identified the following about the wider region:

- the East Midlands is currently the joint lowest performing Ofsted region in terms of inspection outcomes, with almost one in three secondary schools judged less than good at their last inspection
- the region had the worst GCSE results in England in 2015; nearly 46% of pupils did not achieve the benchmark five or more A\* to C grades including English and maths
- nearly 73% of East Midlands' pupils eligible for free school meals (FSM) failed to achieve this benchmark in the East Midlands children in care did worse than in any other region; just 10.2% of them achieved 5 or more A\* to C grades in GCSE examinations, including English and maths.
- Derby and Nottingham were among the 10 lowest ranking local authority areas nationally for GCSE examinations – only 47.6% and 42.4% of pupils respectively achieved the benchmark five or more A\* to C grades including English and maths in 2015.

Outcomes are improving across the region in terms of GCSE success as a result of targeted initiatives. For example, Nottingham City has developed a ten year education improvement plan to raise the attainment of young people in the area.

Desk based research for school provision centred upon information which is publically available via school websites. As a key method of communication with students, parents, wider communities and employers, the use of websites was seen as the most effective way to build an overview of provision in relation to key sectors. Curriculum provision at key stage four and where appropriate key stage five has been

identified. Health and Social Care has also been included as the sector is expected to grow nationally and in the D2N2 region.



*\* Based upon 121 mainstream schools in the D2N2 area*

#### Explanatory notes:

- Life Sciences covers GCSE Biology. Of the 121 schools only 3.5% offer environmental science.
- Transport in the context of secondary education includes motor vehicle engineering at levels one and two.
- Construction programmes in schools are predominantly generic in their nature or focus upon trowel occupations. Only one school offers a specific plumbing programme which continues into key stage five
- GCSE, BTEC and OCR National qualifications form the basis of the offer in schools for the visitor economy and Health and Social Care sectors
- Creative and Digital covers computing and related multimedia disciplines.
- Food and drink manufacturing is represented in schools through Food Technology and nutrition.

#### Summary:

- No geographic trends were identified in terms of where transport, construction, leisure and tourism and health and social care programmes are delivered in the D2N2 area or the overall performance of schools.
- In light of new accountability measures and the way in which GCSE success in particular is reported (Progress 8 and the EBacc), schools are utilising a variety of methods to celebrate their successes with stakeholders.
- It would appear that as a result of new accountability measures, curriculum offer has become more restricted and the number of those options perceived as vocational has been cut. This could be due to the impact of the Wolf Review (2011) and the reduced number of high value vocational qualifications which schools can offer.
- There are three recently opened free schools which focus upon some of the priority sectors; Derby Manufacturing University Technical College, Nottingham University Academy of Science and Technology and Vision Studio School.
- 29% of 16 -19 learners take STEM subjects at A Level.
- There appears to be an Inconsistent approach to employability, careers and enterprise within schools across the region.

## 6.2. FURTHER EDUCATION (FE) AND SKILLS PROVISION

The region benefits from a total of 8 colleges of further education; 5 are in the Nottinghamshire region and 3 in Derbyshire.

In Nottinghamshire, the soon-to-be-merged New College Nottingham (NCN) and Central College will dominate the City's provision. Private provider City College also adds to the city's provision. Vision West Nottinghamshire College, in Mansfield, and North Nottinghamshire College, in Worksop, extend provision across the county. Newark College is now a part of the Lincoln College group but continues to offer provision in the county.

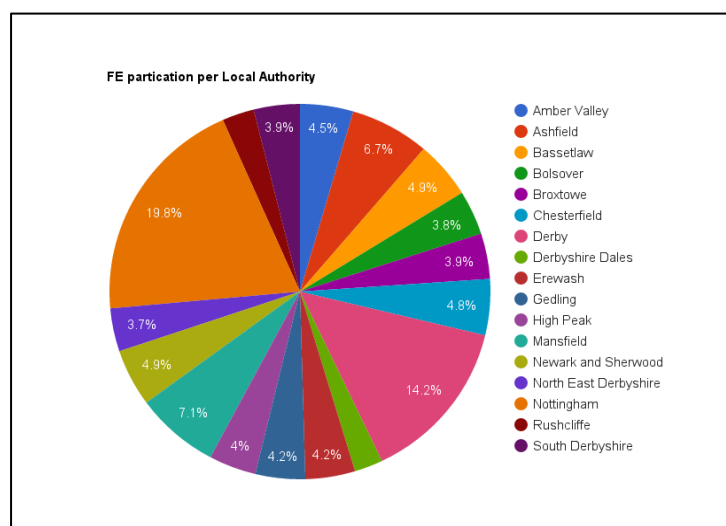
In Derbyshire, Derby College has a range of campuses in addition to its city centre provision, extending as far as its Ilkeston site. Chesterfield College also offers significant provision in the north of the county, with Buxton & Leek College offering provision to the west, in Buxton.

Colleges, along with private training providers, are invited to join the D2N2 provider advisory board.

### FE CONTEXTS

The Further Education and Skills sector includes a number of contexts including sixth form colleges, general further education colleges, private training providers, community learning and workplace learning. For the 2015-16 academic year, there were 36 prime providers of Further Education and Skills in the D2N2 region with Skills Funding Agency allocations. For the year 2014-15, 317620 residents within the D2N2 region (based on learner postcode) were engaged in some sort of education and training in either an education and training establishment (general further education college or private training provider), community learning or workplace setting. 21.5% of those engaged in education and training were enrolled on programmes directly relevant to the eight priority sectors in D2N2.

Participation rates vary across the local authorities within D2N2 for a number of different reasons including the size and demographics of the population within the district. The chart below demonstrates the percentage of all participants in Further Education and Skills provision regardless of whether they have participated via general further education providers, community learning or in workplace learning. Unsurprisingly, participation is highest in the urban areas of Nottingham and Derby.





As Further Education and Skills provision covers many different contexts, the table below shows participation via the main contexts and routes to gaining Further Education and Skills qualifications in the region for 2014 - 15.

Percentage of learners enrolled in general education and training	78.60%
Percentage of learners enrolled in community learning	13.10%
Percentage of learners enrolled in workplace learning	0.60%
Percentage of learners enrolled in apprenticeships	7.70%

## EDUCATION AND TRAINING PROVISION

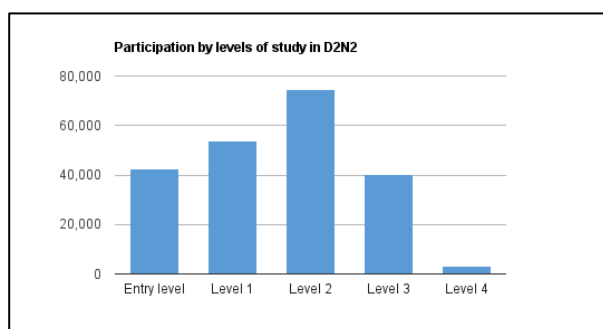
Education and Training provision accounted for 78.6% of all enrolments across D2N2 for 2014-15. Not surprisingly, the majority of this provision is provided by the large general further education colleges in the region; Central College, Chesterfield College, Derby College, NCN and Vision West Nottinghamshire College.

Desk based research has demonstrated that the colleges offer courses at a variety of levels in relation to the eight priority sectors.

In all of the D2N2 districts apart from Nottingham City, the majority of learners are engaged in level 2 study. In Nottingham City, there is a higher number of learners engaged in level 1 study. The table below demonstrates the participation by level across all districts of D2N2.

	Entry level	Level 1	Level 2	Level 3	Level 4
<b>D2N2 total</b>	<b>42,440</b>	<b>53,871</b>	<b>74,652</b>	<b>40,210</b>	<b>3,072</b>
Amber Valley	1,013	1,692	3,447	1,833	109
Ashfield	3,304	2,653	4,530	2,182	166
Bassetlaw	1,643	3,277	3,888	1,453	219
Bolsover	1,490	1,590	3,014	1,618	108
Broxtowe	1,857	2,272	2,735	2,248	162
Chesterfield	1,138	2,188	4,720	1,547	142
Derby	6,466	7,640	10,966	4,847	190
Derbyshire Dales	394	725	1,587	810	71
Erewash	1,196	2,204	3,396	2,150	119
Gedling	2,100	2,100	3,071	2,139	223
High Peak	543	1,458	2,714	3,164	134
Mansfield	3,800	3,392	4,507	2,025	207
Newark and Sherwood	2,169	2,108	3,687	1,758	156
North East Derbyshire	802	1,604	3,268	1,266	106
Nottingham	12,845	15,435	13,772	7,252	716
Rushcliffe	907	1,395	2,010	1,956	161
South Derbyshire	773	2,138	3,340	1,962	83
<i>Source: SFA Datacube</i>					

The numbers studying at level 3 and particularly at level 4 appear to drop quite significantly. In total only 3072 residents of D2N2 enrolled to level 4 study during the 2014-15 academic year.



Summary:

- The majority of education and training provision is focused on levels 1 and 2.
- There is a need for more provision at higher levels, especially level 4 across all local authorities.

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## COMMUNITY PROVISION

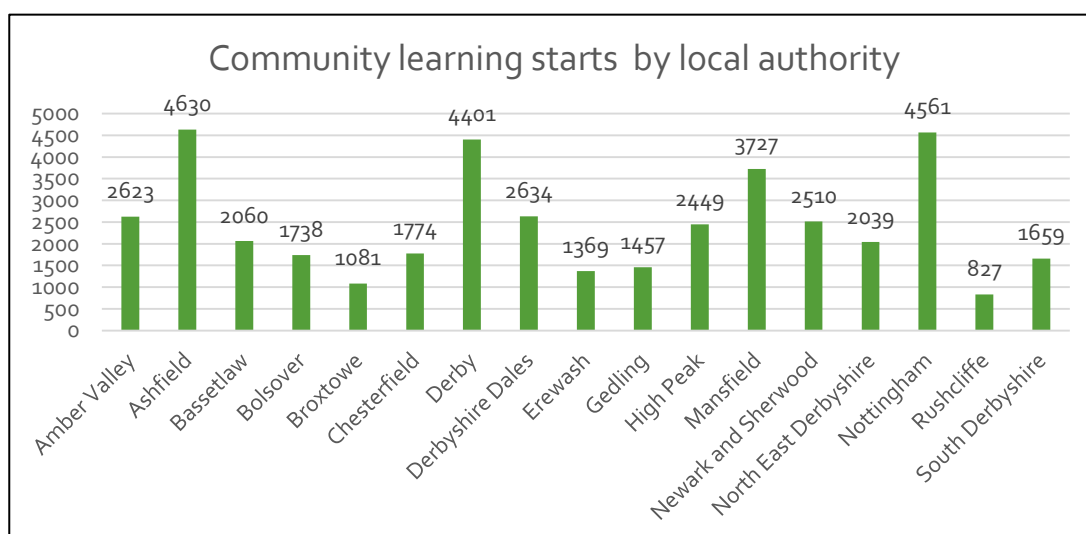
Community learning includes a range of community based and outreach learning opportunities primarily managed and delivered by local authorities. Over the last decade there has been a steady decline in the numbers of learners participating in community based provision nationally. Since 2008, community based provision, based upon the number of learner enrolments has contracted by approximately 11%. Community provision encompasses a wide range of activity including:

- Personal and Community Development.
- Neighbourhood learning in deprived communities.
- Family English, Maths and Language.
- Wider family learning.

In terms of the age profile of learners engaged in community provision, there has been an approximate 78% decrease in the under 19 age group from 2008 to 2013 nationally. This is more than likely due to the raising of the participation age whereby young people aged 16-19 years old must now be in formal education and training and the development of other routes such as traineeships and 16-19 study programmes. Participation amongst the 45-59 and 60+ age groups has remained the highest between 2008 -2013 and has accounted for approximately 57% of all learners engaged in community provision.

Enrolments for community learning for 2014-15 accounted for 13.1% of all enrolments within D2N2. This demonstrates that in a context which has contracted in size nationally, there is still a demand and appetite for this type of learning within the D2N2 region. Data on community learning by sector subject area is limited but national figures indicate that approximately 20% of those engaged in community provision are on Preparation for life and work programmes. This would suggest programmes at entry level and level one. In terms of the priority sectors of D2N2, only about 0.6% of all community based provision nationally is aimed at construction, 20% at Arts, Media and Publishing and 7% at health and social care.

Starts per local authority for 2014-15 in D2N2 were as follows:



Summary:

- Community based provision is still relatively strong in the D2N2 region. Approximately 13% of all provision in the region is community based compared to an East Midlands average of 8%.
- Participation amongst older age groups (45+) is the highest of all groups within community based provision.
- Provision is less likely to be targeted to specific sectors and more likely to cover generic work, life and functional skill provision.

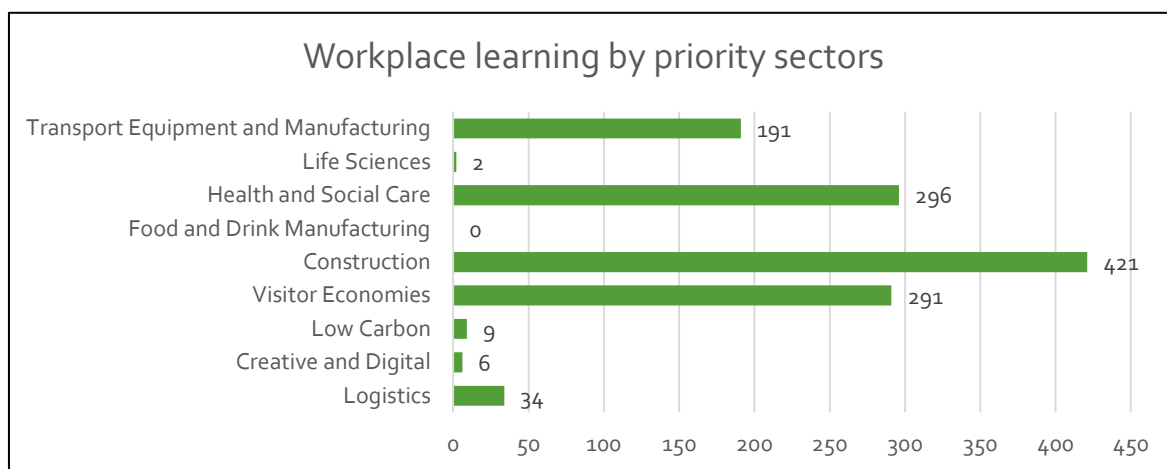
## WORKPLACE LEARNING

Workplace learning which leads to formal qualifications accounts for less than 1% of all Further Education and Skills provision across D2N2. Participation in workplace learning and the levels which are studied mirror the patterns for education and training provision in the region. More D2N2 residents enrolled to workplace learning programmes study at level 2 than any other level.

	Entry level	Level 1	Level 2	Level 3
<b>D2N2 total</b>	<b>174</b>	<b>209</b>	<b>1,473</b>	<b>60</b>
Amber Valley	5	18	92	7
Ashfield	11	19	95	2
Bassetlaw	1	4	57	1
Bolsover	14	10	54	4
Broxtowe	2	0	64	0
Chesterfield	1	4	104	5
Derby	17	35	278	12
Derbyshire Dales	0	3	24	0
Erewash	0	3	66	2
Gedling	5	1	66	3
High Peak	6	3	34	2
Mansfield	19	24	117	3

Newark and Sherwood	16	9	57	4
North East Derbyshire	45	33	88	3
Nottingham	26	28	178	5
Rushcliffe	2	7	43	0
South Derbyshire	4	8	56	7

In relation to the eight priority sectors in the region, plus health and social, 65.24% of all workplace learning in the region directly linked to these industries in 2014-15. This would suggest that although workplace learning is more limited than other types of provision within D2N2 it is more targeted at the priority sectors. The following chart demonstrates the number of learners who were resident in D2N2 in 2014-15 who engaged in workplace learning across the priority sectors:



**Summary:**

- Workplace learning is the smallest context of Further Education and Skills provision within D2N2.
- Some major local employers are in direct receipt of Skills Funding Agency monies. For example, Rolls Royce and Toyota.
- The majority of provision within workplace learning is targeted at the priority sectors of D2N2.

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## TRAINEESHIP PROVISION

A traineeship is an education and training programme with work experience aimed at young people with the intention of preparing them for their future careers by helping them to become work ready. The programmes are for those aged 16-24 who do not yet have the appropriate skills or experience to secure an apprenticeship or employment. The programmes last for up to six months and include work experience, work preparation and English and maths support.

Traineeships were first introduced in 2013 and in the second year of delivery (2014-15), there has been significant growth in the number of traineeship enrolments/starts in the D2N2 region.

	13/14	14/15	Variance (+/-)	% increase or decrease
Nottingham	100	310	210	210
Ashfield	20	40	20	100
Bassetlaw	20	10	-10	-50
Broxtowe	20	40	20	100
Gedling	20	30	10	50
Mansfield	10	20	10	100
Newark and Sherwood	20	10	-10	-50
Rushcliffe	10	10	0	0
Derby	50	230	180	360
Amber Valley	10	30	20	200
Bolsover	30	30	0	0
Chesterfield	40	80	40	100
Derbyshire Dales	-	10	10	
Erewash	20	30	10	50
High Peak	20	10	-10	-50
North East Derbyshire	20	30	10	50
South Derbyshire	30	20	-10	-33.3
Totals	440	940	500	113.6

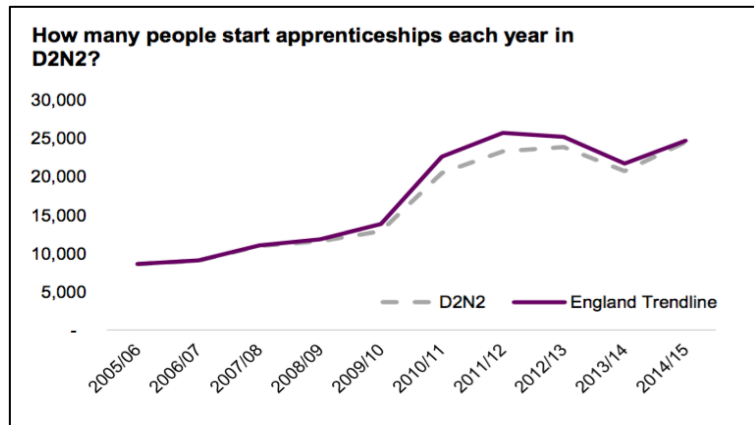
### Summary:

- In 2014 - 15 there were 19,400 traineeship starts nationally and 12,600 completions.
- 940 of those starts were in the D2N2 region.
- Currently there is limited data about completions in the region or the sectors in which young people are doing their traineeships.
- The starts figure for D2N2 represents the sixth highest starts for traineeships in England overall for 2014-15.
- Derby, Nottingham and Amber Valley have recorded the most significant increases in the number of traineeship starts from 2013-14 to 2015-16.
- Increased numbers could be attributed to the relaxing of rules regarding the education and training providers who are eligible to offer traineeships and draw down Skills Funding Agency monies for the programmes.
- Another reason for the increased uptake could be the Raising of the Participation Age and more 16-18 years engaging in the programmes.

## APPRENTICESHIPS

An apprenticeship is a real job with training which would allow those on programme to earn whilst they learn and gain a nationally recognised qualification. Apprenticeships take between one and five years to complete and are available at a number of different levels in approximately 1500 job roles. Apprenticeships are offered from intermediate level (level 2 and equivalent to 5 GCSE passes at grades A\*-C) through to degree level apprenticeships at levels 6 and 7.

Apprenticeships have become a favoured government policy since their introduction in the mid 2000's and the current administration has a target of creating three million apprenticeships by 2020. Mirroring the national picture the number of learners engaged in apprenticeships has increased in the D2N2 region over the last decade. The graph below demonstrates the number of apprenticeship starts in the region over a ten year period.

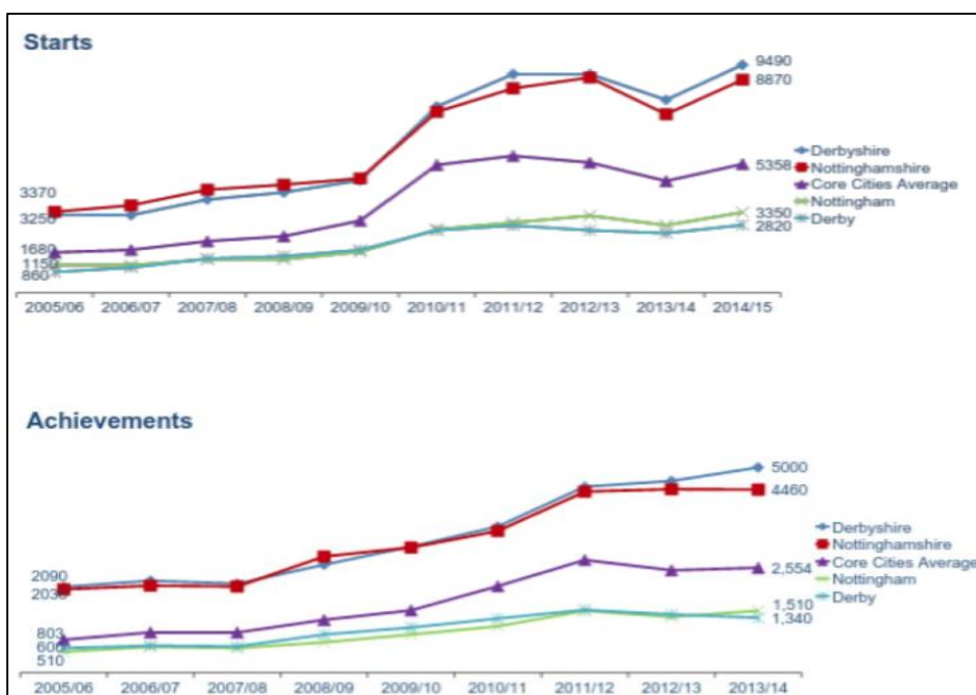


Apprenticeship Achievement Rates (all ages, levels and institution types)			
	2012/13	2013/14	2014/15
D2N2	74.4	70.2	73.7
England	72.3	68.9	71.7

Source: National Achievement Rates Tables, SFA, June 2016

The National Achievement Rates Tables set out levels of success, in terms of apprenticeship framework completions. Achievement rates have consistently been higher in D2N2 than nationally, with 73.3% of apprentices competing their framework in 2014/15.

The below graphs provide a more detailed breakdown of the number of intermediate apprenticeship starts and completions across the region over a ten year period.



Starts and achievements vary across D2N2 for all levels of apprenticeships with certain areas such as Derbyshire and Nottinghamshire enjoying higher recruitment and success rates than the national average for core cities. However, recruitment and success rates in Derby and Nottingham are below the national average.

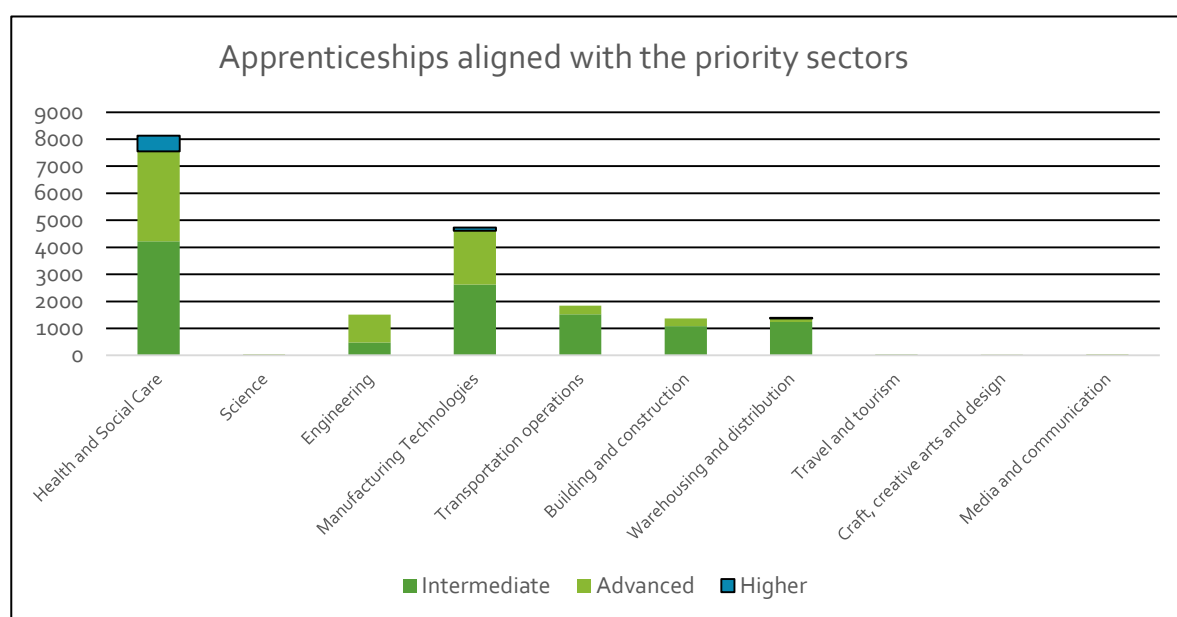
According to the latest Skills Funding Agency data for the first quarter of 2015-16:

- The majority (60%) of apprenticeships are at Intermediate level within D2N2 (24,994 of 41,716 starts).
- The 25+ age group constitutes 42.7% of all apprenticeships. This represents a 2.9 % increase in engagement of this age group on this route since 2011.
- The number of Advanced Apprenticeships (level 3) is increasing more slowly in D2N2 than England overall.
- There is limited Higher Apprenticeship (level 4+) offer and delivery in D2N2.

However, there are positive indicators of employer engagement with apprenticeships in the region with 17% of employers in D2N2 offering formal apprenticeships, compared to a national figure of 15%. In addition, around 40% of employers were expecting to offer formal Apprenticeships in the future<sup>13</sup>.

Data for D2N2 for 2012-13 and 2014-15, suggests that the number of Apprenticeships in Engineering and Construction has started to increase, possibly as a result of a slight upturn in the economy. There is a need though to increase higher apprenticeships in the eight priority sectors. This is illustrated that for both Life Sciences and construction for 2014- 15 there was a 0% participation rate for higher level apprenticeships.

Looking at other priority sectors for 2014-15, there were only 44 apprenticeships in the travel and tourism sector across the whole D2N2 area. 68.2% of these apprentices were engaged with intermediate/level two apprenticeships and all in travel services. The chart below shows the number and levels of each apprenticeship started by D2N2 residents for 2014-15 in apprenticeships most closely aligned to the eight priority sectors:



<sup>13</sup> UKCES Employer Perspectives Survey (2014)

#### Summary:

- The majority (60%) of apprenticeships are at Intermediate level within D2N2.
- The number of Advanced Apprenticeships (level 3) is increasing more slowly in D2N2 than England overall.
- Health and social care apprenticeships have higher starts and are well represented across levels.
- More intermediate and higher apprenticeships are needed across all sectors

### 6.3. HIGHER EDUCATION (HE) PROVISION

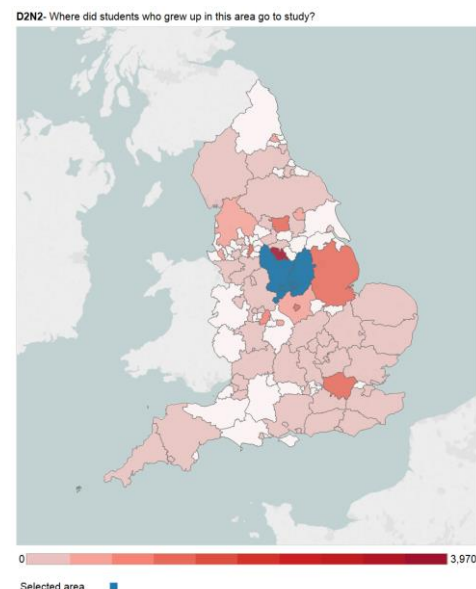
Mapping from school based provision through to higher education provision allows an overview of education and skills provision within the D2N2 region which allows for progression and development of the skills needed by the region. Higher education is important to national and local economies as a graduate workforce is believed to raise productivity and contributes to economic growth. There are three universities within the D2N2 region; University of Nottingham, Nottingham Trent University and the University of Derby. From the three universities there is an estimated student population of 78500, with approximately 47% of students at these institutions coming from within the region. All of the general further education colleges in the region also offer higher education programmes.

Higher Education is not expected to be self-contained within a functional economic area in the same way as work or Further Education opportunities might be. However, data is now available on the place of learning of students domiciled in each LEP area, and this is presented in this section.

#### PLACE OF STUDY OF HE STUDENTS WHO GREW UP IN D2N2

##### Key Points:

- Sheffield is the most common outward destination of students who grew up in D2N2.
- London, Lincoln, Leeds, Manchester and Leicester also attract a relatively large number of D2N2-born students.
- Amongst students who come into D2N2 to study, the most common places of origin are: Greater London, Leicestershire, Lincolnshire and Staffordshire.



Source: HEFCE<sup>14</sup>

<sup>14</sup> Available at <http://www.hefce.ac.uk/analysis/maps/student/>



HE Students in D2N2 and Surrounding LEP areas				
	No. students studied in LEP	No. students who grew up in LEP	Net flow into LEP	% Grew up and studied in LEP
D2N2	46,045	37,670	8,375	47%
SCR	33,905	23,175	10,730	51%
LLEP	27,155	19,695	7,460	40%
Gtr Lincs	12,790	18,135	-5,345	33%
Gtr B'ham and Solihull	60,005	52,610	7,395	59%
Stoke and Staffs	19,775	21,410	-1,635	40%
Source: HEFCE student mobility data, 2012/3-2013/4				

#### Key Points:

- Compared to the surrounding LEP areas, D2N2 has the second highest number of students studying within the LEP boundary.
- There are more students studying within the D2N2 area than the number that grew up in the area, indicating a net in-flow of students. The in-flow accounts for just under 20% of all students studying within the D2N2 area.
- Just under half of those studying in D2N2 also grew up within the LEP area. This is a lower proportion than in Greater Birmingham and Solihull, and Sheffield City Region, but higher than in Leicester and Leicestershire, Stoke and Staffordshire and Greater Lincolnshire.

#### Summary:

- All offer programmes directly related to 7 of the priority sectors
- All FE Colleges in the region have some HE provision
- Foundation Degree is predominant offer for priority sectors
- Low carbon is least represented priority sector
- Creative and Digital Industries is the most represented
- Construction is well represented
- Little evidence of higher and degree level apprenticeships

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## TRAVEL TO LEARN

Statistics recorded for participation in all sectors of education are based upon learner postcode and whether or not they reside in the D2N2 region. To gain a broader overview of participation, the following investigates the number of learners who travel to learn either at providers within the D2N2 region or who travel out of the region to access learning in other regions.

The travel to learn analysis covers D2N2 residents who started on Further Education learning between 2011/12 and 2014/15,

Travel to Learn data by FE Participants at LEP Level demonstrates that overall 87% of learner's resident within D2N2 undertook their learning within the LEP area between 2011/12 and 2014/15. 13%, nearly 165,000 learners who started on a course, were learning outside D2N2. Younger learners are more likely to be learning within the D2N2 area.

D2N2 FE Place of Learning by Learner Age			
	No. Learners	% in D2N2	% outside D2N2
D2N2 total	1,263,959	87%	13%
Under 16	9,105	92%	8%
16 – 18	481,922	89%	11%
19 – 24	182,192	84%	16%
25+	590,740	86%	14%
<i>Source: Datacube, 2011/12-2014/15</i>			

The table below shows that In general, those studying at lower qualification levels are more likely to be learning within the LEP area, whilst those studying higher level qualifications are more likely to be outside the area.

D2N2 FE Place of Learning by Level			
	No. Learners	% in D2N2	% outside D2N2
D2N2 total	1,263,959	87%	13%
Entry level	170,472	93%	7%
Higher level	1,188	81%	19%
Level 1	296,629	89%	11%
Level 2	290,468	80%	20%
Level 3	169,109	83%	17%
Level 4 (original)	11,623	73%	27%
Level 5 (original)	466	74%	26%
Not applicable	245,127	90%	10%
Not Applicable/ Not Known	78,871	93%	7%
<i>Source: Datacube, 2011/12-2014/15</i>			

In relation to the priority sectors of D2N2 across all sector subject areas, 87% of D2N2 learners were learning within the LEP area. There are six subject areas where the proportion learning within the D2N2 area is below 85%. These include some sector subject areas that align to the LEP's priority sectors, including engineering and manufacturing technologies, and others which relate to key growth areas, including business, administration and law.

D2N2 FE Place of Learning by Sector Subject Area			
	No. Learners	% in D2N2	% outside D2N2
D2N2 total	1,263,959	87%	13%
09 - Arts, Media and Publishing	103,526	91%	9%
12 - Languages, Literature and Culture	52,041	90%	10%
06 - Information and Communication Technology	72,727	89%	11%
11 - Social Sciences	11,280	89%	11%
14 - Preparation for Life and Work	464,956	89%	11%
02 - Science and Mathematics	44,339	87%	13%
07 - Retail and Commercial Enterprise	61,306	86%	14%

o8 - Leisure, Travel and Tourism	47,095	86%	14%
o5 - Construction, Planning and the Built Environment	41,668	85%	15%
o4 - Engineering and Manufacturing Technologies	52,098	83%	17%
13 - Education and Training	10,208	83%	17%
10 - History, Philosophy and Theology	12,734	82%	18%
o3 - Agriculture, Horticulture and Animal Care	14,765	81%	19%
o1 - Health, Public Services and Care	119,632	77%	23%
15 - Business, Administration and Law	53,254	76%	24%
U - Unknown	74,950	89%	11%
X - Not Applicable	27,380	91%	9%
<i>Source: Datacube, 2011/12-2014/15</i>			

At a district level, six districts have a below average proportion of learners learning within the D2N2 area – South Derbyshire, High Peak, Bassetlaw, Rushcliffe, Newark and Sherwood and North East Derbyshire. These are districts on the periphery of D2N2, with links to other conurbations outside the D2N2 boundary. Key destinations for travel to learn outside the LEP area include:

- South Derbyshire – East Staffordshire, NW Leicestershire
- High Peak – Stockport, Tameside, Manchester
- Bassetlaw – Doncaster, Lincoln, Rotherham
- Rushcliffe – Charnwood
- Newark and Sherwood – Lincoln
- NE Derbyshire – Sheffield

Due to the geographical closeness to provision in other regions, some learners do travel out of the region to access to learning. Equally there are learners who reside in other regions who access learning offered by providers in D2N2. The Sheffield City Region (SCR) is the region most likely to attract learners who live within D2N2 as a result of good transport links and the number of large providers in this region.

D2N2 FE Place of Learning: Overlap areas						
	% learning in own LA	% learning in other overlap areas	% learning in rest of D2N2 (excluding overlap areas)	% learning in rest SCR (excluding overlap areas)	Total % learning in D2N2	Total % learning in SCR
Bolsover	17%	43%	33%	2%	93%	62%
Derbyshire Dales	42%	18%	29%	2%	90%	62%
Bassetlaw	70%	3%	8%	7%	81%	80%
NE Derbyshire	19%	56%	7%	11%	83%	86%
Chesterfield	76%	8%	5%	3%	89%	88%
<i>Source: Datacube, 2011/12-2014/15</i>						

#### Key Points:

- The overlap districts have closer travel to learn links to the rest of D2N2 than to SCR.
- Nearly one-third of learners from Bolsover and Derbyshire Dales learn within the rest of D2N2 (non-overlap areas), compared to just 2% who learn in the rest of SCR.
- Bassetlaw and Chesterfield both have a slightly higher proportion of learners learning in the rest of D2N2 than in the rest of SCR.
- North East Derbyshire is the only district that has a greater reliance on (the non-overlap areas within) SCR for learning opportunities for its residents than on (the non-overlap areas of) D2N2.

D2N2 FE Place of Learning: Overlap areas						
LA name	% of residents learning within:					
	Bolsover	Derbys. Dales	NE Derbys.	Bassetlaw	Chesterf'd	Overlap areas total
Chesterfield	3%	1%	4%	1%	76%	84%
Bassetlaw	0%	0%	0%	70%	2%	73%
Derbys.Dales	1%	42%	1%	0%	17%	60%
NEDerbys.	2%	2%	19%	1%	52%	75%
Bolsover	17%	1%	2%	7%	33%	60%
Source: Census 2011						

#### Key Points

- Again there are linkages between the overlap areas in terms of the provision of learning opportunities for local residents, although these are less marked than the travel to work linkages.
- North East Derbyshire, Bolsover and Derbyshire Dales all have significant numbers of residents who are learning in Chesterfield.
- Bolsover also has a significant proportion (7%) of residents learning in Bassetlaw.

## 7. DOES SKILLED LABOUR SUPPLY MATCH DEMAND?

### 7.1. SKILLS SHORTAGES IN THE REGION

In 2013 13% of employers reported existing vacancies. While most employers recruited successfully, 31% reported that their vacancies were hard to fill with the main reasons being the shortage of skilled workers and poor terms and conditions (e.g. pay)<sup>15</sup>. This shortfall was most common in skilled trades and the care and leisure industries.

A majority of employers surveyed (68%) highlighted work experiences as being an important factor in recruiting candidates. Among other key recruitment factors, maths and English skills rated higher, at 60%, than vocational qualifications.

### 7.2. SKILLS GAP

While most employers say they have proficient workforce, 14% of employers reported skills gaps in their staff, which represents 4% of the total workforce.<sup>16</sup> The two main reasons cited – lack of experience in new roles and/or on-going training – account for 77% of skill gaps. The main impact of skill gaps is an increased workload for other staff.

Under-use of skills is also relatively common with 42% of employers reporting staff, who are over-skilled or overqualified for their jobs.

UKCES reports that most employers (66%) fund or arrange training for their staff in D2N2 area. On-the-job training was provided by 19% of employers whereas off-the-job-training was the choice of 46%.

While most employers were able to provide all the training that they wanted over the previous 12 months, 39% wanted to provide more training.

### 7.3. QUALIFICATIONS MISMATCH

Skills gap analysis within the region has already suggested that there need to be more D2N2 residents engaged in higher level study. This need is amplified when considering the net employment growth and replacement demand qualification needs by sector. While the numbers on sub-regional replacement demand levels are not available, one can see the difference between the current skills profile and the projected replacement demand needs. While the new jobs and replacement demand will require the majority of employees qualified level 2 to 6 (about 73%), only 69% of the workforce have the needed qualifications.

Further, the lack of higher level apprenticeships and very low workplace learning provision contribute to the shortfall in qualifications to satisfy the future demand.

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<sup>15</sup> UKCES Employer Skills Survey

<sup>16</sup> UKCES Employer Skills Survey (2013)

## 7.4. SKILLS FUNDING AGENCY PROVISIONS VS BUSINESSES IN THE PRIORITY SECTORS

Through analysing the data, an attempt has been made to provide a comparative for employer demand and skills supply. Latest figures (July 2016) identifies 67,835 businesses in the D2N2 region. By comparing the percentage of priority sector businesses in each local authority area with the percentage of local residents engaged in appropriate Skills Funding Agency (SFA) funded provision gives a picture of skill supply vs. demand.

DEMAND AND SUPPLY - FE ANALYSIS (DATACUBE 14/15 BASED ON LEARNER LA POSTCODE)

AREA	Region	% OF SUPPLY BASED ON DEMAND construction	% OF SUPPLY BASED ON DEMAND Creative & Digital	% OF SUPPLY BASED ON DEMAND Food & Drink Manufacturing	% OF SUPPLY BASED ON DEMAND Life Science	% OF SUPPLY BASED ON DEMAND Logistics	% OF SUPPLY BASED ON DEMAND Transport Equipment Manufacturing	% OF SUPPLY BASED ON DEMAND Visitor economy
D2	Amber Valley	-3%	-1%	16%	3%	2%	4%	2%
D2	Bolsover	1%	2%	2%	4%	2%	4%	2%
D2	Chesterfield	0%	1%	1%	2%	4%	7%	2%
D2	Derby City	-2%	2%	16%	7%	7%	16%	3%
D2	Derbyshire Dales	-2%	-1%	9%	1%	5%	2%	-1%
D2	Erewash	-1%	1%	10%	3%	5%	3%	1%
D2	High Peak	-1%	1%	3%	2%	10%	4%	0%
D2	North East Derbyshire	1%	1%	3%	2%	2%	5%	3%
D2	South Derbyshire	1%	1%	10%	1%	6%	5%	2%
N2	Ashfield	2%	5%	3%	11%	3%	8%	3%
N2	Bassetlaw	1%	4%	5%	24%	6%	7%	4%
N2	Broxtowe	0%	0%	3%	7%	3%	3%	-1%
N2	Gedling	-1%	2%	2%	4%	1%	3%	0%
N2	Mansfield	2%	6%	1%	8%	3%	8%	3%
N2	Newark and Sherwood	1%	1%	7%	5%	5%	6%	-1%
N2	Nottingham City	5%	10%	1%	10%	11%	11%	2%
N2	Rushcliffe	-3%	-4%	6%	3%	1%	2%	-3%

The above uses data from the SFA data-cube to give a visual impression of skill demand and supply. Red and pink show areas of under and equal supply. Amber and green show areas where demand and supply are 'comfortable'. The analysis tells us that the supply is unlikely to satisfy the demand in construction, visitor economy and creative and digital sector.

This tentative analysis confirms the trends predicted by the UKCES regarding and increase in construction, retail and wholesale jobs in the region as well as a decrease in manufacturing jobs that is not yet covered with the current skill provision. However, more data is needed on the sectoral and sub-regional composition of labour demand to make a more robust quantitative prediction about the extent of skills mismatch by sector and local authority.

## 8. TACKLING UNEMPLOYMENT, INACTIVITY AND SKILLS MISMATCH

### 8.1. EMPLOYABILITY FRAMEWORK

The development of employability skills for young people is an integral component of D2N2's economic strategy. Across the D2N2 area there is a mismatch between the career aspirations of young people and the reality of the jobs market, and young people are three times more likely than older workers to struggle in the jobs market. Although unemployment across D2N2 is declining, the highest unemployment rate remains amongst young people, with 11% of economically active 16-24 year olds currently unemployed compared to 4.9% in the population as a whole. At the same time, despite employers nationally suggesting that school leavers lack the right employability skills, D2N2 research indicates only a quarter of businesses offer young people work experience opportunities. With 55,000 new private sector jobs to be created in D2N2 by 2023, it is vital that young people and adults are able to benefit from these new opportunities. Employability skills help young people and adults find work, make a positive contribution within work, and add value to their organisations as they develop their career.

D2N2's Employability Framework has been created to guide interventions aimed at supporting young people to engage with employers, learn about the world of work and develop their employability skills. It will also ensure that the area's priority sectors have access to a skilled workforce able to support long term economic growth. The Employability Framework was developed by the University of Derby with the Evolve Trust, supported by a Task Group comprising representatives from local authorities, businesses and business sector groups, schools and school partnerships, and the National Careers Service. The Employability Framework has three main functions:

- To set out an ambition for all young people in the area – an ambition that can only be achieved through co-ordinated and focused partnership working.
- To shape practical actions by providing a Framework for self-evaluation and a focus on key actions.
- To shape a strategic response to commissioning to ensure that actions achieve goals, and that the cumulative impact of those goals is to achieve better outcomes for D2N2's young people and employers.

A Toolkit has been developed for schools and colleges to help implement the Framework and develop ten employability 'goals' which include "resilient", "accountable", "entrepreneurial", "self-motivated" and "informed". The toolkit helps education providers to map and monitor how enterprise and employability opportunities are delivered across all year groups and curriculum areas; how many children are accessing these opportunities and how activity supports employability goals set out in the Employability Framework. Resources have also been made available to support careers, employability and enterprise, which includes D2N2 Escalators which are intended to raise awareness and understanding of different career pathways in D2N2 priority sectors.

An Education Provider Directory lists organisations who deliver activities in schools, specialist schools and colleges, and efforts have been made to simplify employer engagement across the D2N2 area, working through the Growth Hub and the National Careers Service.

### 8.2. PROVIDER CHARTER

The Provider Charter, launched in April 2015, also contributes to closer links between employers, and skills and training providers. The Charter demonstrates a commitment from training and skills providers within D2N2 to align their skills offer to match employer need with the aim of creating a sustainable market for skills development that:

- Continually adapts to drive enterprise and growth □ Produces high quality training provision

- Creates more opportunities for young people
- Is less reliant on government intervention
- Deepens engagement between business and training providers

The Charter sets out four key areas where D2N2 and providers will work together to deliver against the Skills and Employability Strategy objectives. Priorities include:

- Employer and sector led demand: Developing Sector Growth Agreements for each D2N2 Key Sector and improving business leadership and management skills
- Apprenticeships and Traineeships: Promoting Apprenticeships and Traineeships
- Employability of all Young People: Fostering enterprise, entrepreneurial behaviour, career adaptability and resilience and raising the visibility of and access to careers insight
- Graduate Recruitment and Retention: promoting graduate recruitment and facilitating graduate retention in the area.

In signing the Charter providers make a commitment to provide D2N2 with information to monitor performance, with the process being overseen by the D2N2 provider Advisory Board made up of ten priority sector providers, ten providers of training for the unemployed, the LEP area's three main universities and provider representative groups.

### 8.3. SKILLS CAPITAL PROJECTS

D2N2 has secured £192m of Local Growth Fund (LGF) grant to support major schemes across the LEP area. This includes capital projects which are improving the skills infrastructure and providing the facilities to deliver D2N2's education, training and skills ambitions.

**Chesterfield Centre for Higher Level Skills** (£3.48 million) – the new centre teaching higher vocational skills to mainly adult learners is due to open on the site of the former St Helena's Grammar School in Sheffield Road, Chesterfield, in September 2016. The project will increase local access to higher level skills provision in North East Derbyshire, thereby supporting economic growth and business resilience in Chesterfield and North East Derbyshire. The Centre will increase local pathways into higher level skills provision, and the building will also provide business incubation units and innovation labs which will provide employers and students with access to contemporary digital and engineering technologies. The Centre will increase access to higher level skills amongst those unable or unwilling to travel or leave home to progress their education. It also aims to raise aspirations across North East Derbyshire through a physical higher education presence in the town. In addition, new local progression routes into HE via Higher Apprenticeships will be created, and the development will have a wider beneficial economic impact by developing a more highly skilled and resilient workforce.

**Flagship Vision University Centre in Mansfield** - £2.61m has also been invested in West Nottinghamshire College's. Due to open in September 2016, the Centre will aim to improve access to higher education among local communities. In addition to providing new teaching space, the development will also provide new meeting rooms, seminar rooms, IT suites and a learning resource centre; and will accommodate 600 additional HE students including an additional 100 Higher Apprenticeships per year.

#### **Further Skills and Training projects set to be approved this financial year (2015/16) £30million**

- *Nottingham Skills Hub* - funding for the Nottingham Skills Hub (subject to business plan), a £60m further education and vocational skills facility to be built off Canal Street, in Nottingham city centre, and to be managed by the merged New College Nottingham and Central College.
- *Institute for Advanced Manufacturing (£5million)* - towards the new Institute for Advanced Manufacturing, to be located at the University of Nottingham's Innovation Park campus.



#### 8.4. CAREERS AND ENTERPRISE FUND

Young people who are exposed to the world of work whilst in education are much less likely to become NEET than their peers, and have higher future salary levels. The £5 million national Careers & Enterprise Fund has been created to increase the number of encounters young people have with employers while in education. D2N2 has secured the maximum level of funding available from the Careers and Enterprise Company (CEC) (£150,000), to create a £300,000 fund to support delivery of the Employability Framework. The funding is being used to create a network linking employers with secondary schools and colleges, and motivating and supporting young people in making better informed choices about their future careers. The funding has enabled seven Enterprise Coordinators to be employed across the D2N2 area to engage with schools and link them with business leaders.

Business people are being recruited to act as volunteer Enterprise Advisors; forming an Enterprise Advisor Network of employers to work with school leaders. The purpose of the Enterprise Adviser Network is to create powerful, lasting connections between local businesses and the schools and colleges in their area. Once the Network is in place, every school and college in the D2N2 area, and at least 20% of specialist schools, will have:

- A designated employer linked to their organisation
- An Enterprise, Careers and Employability Strategy
- Undertaken a self-assessment, to produce an action plan in response to the Enterprise, Careers and Employability Strategy
- Access to providers delivering enterprise, careers and employability activities who have been quality assured against the Employability Framework
- Access to a range of funding to support their school strategies.

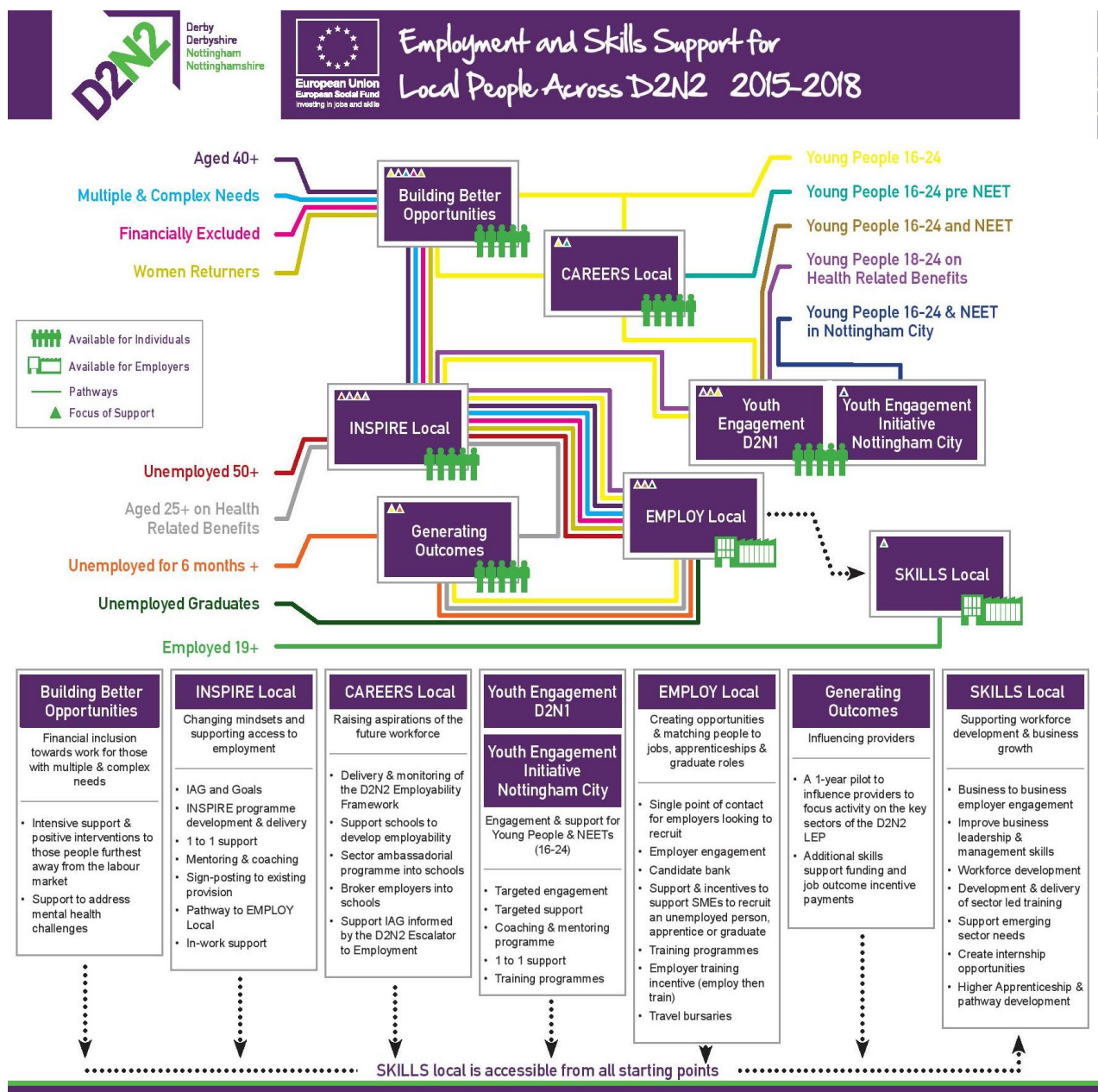
Partners overseeing the Network include the LEP, the National Careers Service, the Evolve Trust, Placing Futures and Local Authorities.

Since commencing in late 2015:

- The D2N2 LEP area has seven Enterprise Coordinators (4 full time equivalents).
- 241 schools have been engaged, with 106 pledging their support to the Network of which 48% have completed their audit and final Action Plans.
- The Network has been promoted to 655 business people, with 55 signing up to the Network and 33 who have been linked and are actively working with a school or college.
- Approximately 36 engagement events have been attended and 42 engagement events have been held across the D2N2 area.

## 8.5. ONGOING AND PROPOSED PROGRAMMES (ESIF, ESF)

The infographic below summarizes the key programmes, which come together to form an Employment and Skills Support network for local people and enterprises across D2N2. It also includes the 12 D2N2 skill pledges to support access to business growth through recruitment and skills development, as well as Key Performance Indicators (KPIs). Additional programmes going through the open call process are covered later in this section.



Note: Generating Outcomes has not procured.

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## TARGETED SUPPORT TO DEVELOP ENTERPRISE AND EMPLOYABILITY SKILLS - CAREERS LOCAL

The Careers Local Enterprise Grant will provide grants to schools, specialist schools, academies, Pupil Referral Unit (Alternative Learning Centres), Virtual Schools, those Elected

Home Educated (through registration with the Local Authorities) and colleges to provide targeted interventions to help young people develop enterprise and employability skills, to improve their career opportunities.

The aim of the Enterprise Grant is:

- To support young people aged 15 - 19 who are at risk of becoming NEET to develop enterprise and employability skills, in line with the D2N2 Employability Framework.
- To enhance and supplement existing CIEG infrastructure (such as the Careers and Enterprise Company funding operating in D2N2) and deliver purposeful enterprise and employability activity.

The objectives of the Enterprise Grant is to:

- Support young people at risk of NEET to engage in employability and enterprise activity.
- Support young people at risk of NEET to prevent them from disengaging.
- Embed the D2N2 Employability Framework into activities supporting young people at risk of NEET.
- To lever additional funding, evidenced through an Enterprise Action Plan, to support employability and enterprise activity for all young people within the school / college applying for the grant.
- Raise awareness of the employment opportunities locally especially advanced and higher apprenticeships and create pathways for young people to access the opportunities.
- Provide tailored enterprise and employability activities to young people who are at risk of disengaging with education, to allow them to develop the personal skills and competencies valued by local employers.

People who will benefit from this programme are:

- Young people aged 15 – 19 who are at risk of becoming NEET

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## CREATING OPPORTUNITIES AND MATCHING PEOPLE TO JOBS, APPRENTICESHIPS AND GRADUATE JOBS - EMPLOY LOCAL

The programme will provide:

- A one point of contact service for employers to include:
- Support with recruitment e.g. advertising vacancies, screening applications, interview days.
- Support to take on an apprentice, providing advice, guidance and practical help to the employer through the process, and ongoing mentoring support.
- Financial incentives to create new apprenticeships, jobs in SME's, and traineeship placements.
- Employment and training incentives to support SME'S with initial training costs of previously unemployed new recruits.
- Support for candidates to engage them with the candidate bank and to make sure they are job ready, to include:

- Working with existing SFA funded providers to deliver ongoing sector based work academies based upon the specifications of the employer.
- Active management of the candidate bank of job ready individuals for employers.
- Bespoke pre-employment training, based upon needs highlighted by sector consultative task groups where this is not available through mainstream funded provision
- Travel bursaries for trainees and apprentices in the first few weeks of work.

The programme will achieve added value by:

- Supporting young people currently NEET into work and Apprenticeships through training pathways including work experience and traineeships;
- Increasing the number of graduates in graduate level jobs within D2N2 through bespoke training pathways;
- Supporting people who have been out of work for over 6 months to take up opportunities leading to employment and economic activity, including those who have progressed from D2N2 Social Inclusion and DWP opt in programmes;
- Supporting and incentivising employers to provide employment and training to people who are currently out of work, leading to sustained employment outcomes; and
- Supporting and incentivising SMEs to create jobs and to engage with Apprenticeships and Traineeships.

People who will benefit from this programme are:

- Individuals who have been unemployed for 6 months+
- Young people aged 16 – 24 who are currently NEET
- Individuals who originally had multiple barriers to accessing work (those supported through the Social Inclusion and DWP opt in programmes)
- Unemployed graduates who have not previously been employed in a graduate level job

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## CHANGING MIND-SETS AND SUPPORTING ACCESS TO EMPLOYMENT - INSPIRE LOCAL

The programme will provide:

- An initial two week rapid start/inspiration programme aimed at engaging the individual, motivating and action planning to determine their route to work. This programme to be reviewed and endorsed by D2N2 LEP through the D2 and N2 SEBs.
- Each participant will be assigned a mentor within two weeks of joining the programme, who will work with them on a weekly basis for up to 52 weeks to ensure that they achieve their action plan, and that 25% progress into employment.
- Mentors will provide wrap around support involving relevant partners, to maximise the impact of mainstream programmes
- Each participant will be supported to follow a clear pathway to work, setting out the specific actions needed to remove barriers to work. This will include production of a personalised action plan. This needs to build upon and not duplicate current provision provided through the National Careers Service.
- Each pathway will be personalised around the needs of the individual and may include work experience, pre-employment training, health and wellbeing support, access to treatment programmes for addiction, tailored provision for ex-offenders and for young people. This will primarily be provision that is available through mainstream funding.
- Where a participant has a need that can't be met through mainstream funding and/or existing provision and which is a barrier to employment, the programme will fund or secure

delivery of actions to address this need e.g. paying for equipment to allow the participant to undertake work experience. This could include small volume of basic, low value, job-related skills certification where the absence of that certification is identified as the barrier preventing individuals from moving into work.

- Once the individual starts work the mentor will maintain contact for a period of 26 weeks to ensure that individual sustains in employment and provide in-work support e.g. travel costs, work equipment, debt and money management information, sign-post to in-work training.
- Upon completion of the programme (either 52 weeks mentoring or sustained job outcome) all participants will be introduced to complementary local provision – to include Employ Local for those not in employment and Skills Local for those in work who may benefit from skills support to increase progression.

People who will benefit from this programme are:

- Unemployed and economically inactive people with disabilities or health conditions to enter and remain in work
- Inactive older workers, including those who become disabled or develop health conditions  
Young people to prevent them becoming longer term unemployed
- Target groups who are in rural areas including community-based activities and outreach
- Individuals supported by the D2N2 social inclusion Big Lottery Fund

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## SUPPORTING WORKFORCE DEVELOPMENT AND BUSINESS GROWTH - SKILLS LOCAL

The programme will provide:

- A one point of contact for employers to support workforce development, and for skills capacity to support business growth.
- Support for employees to develop their skills.
- Incentives for employers to develop the workforce.

The programme will achieve added value by:

- Supporting and incentivising employers to provide work related training for their low skilled workers.
- Supporting and incentivising employers to provide work related higher skills pathways for their current workforce, including apprenticeships.
- Supporting business leaders and strategic managers, not engaged with the skills system, to understand the skills needs of their workforce, the impact on business growth, and where to access support.
- Supporting employers to offer graduate placements, to provide sector work experience to the individual and which contributes higher levels skills to SME growth.
- Supporting employers to develop supply chain provision.
- Supporting and incentivising employers to provide appropriate support for their workforce where they are under consultation or notice of redundancy, or likely to be directly affected by downsizing or company closure locally.

People who will benefit from this programme are:

- Individuals with low skills (defined as those with either no qualifications or whose highest previous qualification is below Level 2)

- Graduates on placements (who have not previously worked in a graduate level job) where the placement is likely to lead to sustained employment
- Employees who are under-employed in jobs without training and needing to improve their skills
- Employees at risk of redundancy and needing to retrain
- Employees working in one of the eight priority sectors
- Recent recruits who were supported by Employ Local or were previously unemployed in the 3 months before they started work with the eligible employer

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## YOUTH ENGAGEMENT

The programme will provide:

- Outreach activities to identify and engage young people who are disengaged from mainstream provision or unemployed i.e. young people who are NEET. This will include working with relevant Local Authorities to engage YP known to be NEET.
- Marketing and promotion of the programme to engage participants, including working with partners to secure referrals to the provision for eligible young people. This may include sessions with parents / carers / family members.
- Intensive initial engagement to motivate and inspire young people to engage with the provision, including mentoring and careers advice. Support to complete an individually tailored Action Plan. The Action Plan should be signed and agreed by the participant and set out their personalised pathway to move into EET.
- Delivery of the action plan to include independent and impartial face to face careers advice and guidance, provision of motivation and confidence building support, work experience and work tasters, volunteering to develop personal skills and competencies, enterprise activities to inspire participants and raise aspirations, referral to appropriate existing local provision. This could include innovative solutions to individual barriers such as supporting the young person to engage with sports coaching to address confidence and motivation.
- Where a young person has a need that can't be met through mainstream funding and/or existing provision and which is a barrier to employment, the programme will fund or secure delivery of actions to address this need e.g. paying for equipment to allow the participant to undertake work experience. This could include small volume of basic, low value, job-related skills certification where the absence of that certification is identified as the barrier preventing individuals from moving into work or education/training.
- Identifying and securing an appropriate EET activity for XX%\* of participants, to include traineeships, Apprenticeships, full time education, jobs with training. This could include part-time education for young people who are not ready for full time provision.
- Provide targeted incentives for employers to support with additional costs of taking on a participant from the programme. This would be a single payment of up to £x00 directly to the employer.
- Provide in work / in training support for young people to ensure they sustain their activity e.g. travel costs, work equipment, debt and money management information, signpost to in-work training.

The programme will achieve added value by:

- Supporting young people aged 16 – 24 who are currently not in education, employment or training (including claiming out of work benefits) to reengage with education, employment and training;
- Providing support that is tailored to individual needs to address young people's barriers to progression;

- Delivering wrap-around support and mentoring to enable young people to engage with existing provision and to sustain in employment, education or training.

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#### HIGHER SKILLS DEVELOPMENT (OPEN CALL)

The programme will provide:

- A support mechanism for employers to create career pathways of higher and degree apprenticeships for their workforce.
- Incentives to employers to provide ongoing support to an undergraduate or post graduate student during their learning to gain actual work experience and to offer a job with a career pathway on completion of study.
- Support disadvantaged students on higher level programmes to access employability skills, work experience and advice to increase their local job prospects within 6-months of leaving education.
- Promoting and developing better links between business and education.
- A flexible approach to meet the needs of differing businesses

The programme will achieve added value by:

- Increasing graduate retention and stimulating graduate returners to D2N2 using a joined up approach and engagement strategy, linking with EMPLOY Local and SKILLS Local.
- Supporting existing higher level students with knowledge of existing opportunities and future jobs across D2N2, particularly the SME market-place.
- Embedding employer-led employability into current higher skills programmes.
- Creating purposeful graduate internships and student placements, which lead to jobs in D2N2.
- Up-skilling staff to deliver apprenticeship pathways.
- Developing and delivering future and current intermediate and technical skills and higher skills for local industries and sectors based on local employer need, especially STEM, new and emerging technologies, such as those which support a low carbon and climate resilient economy.
- Developing local and employer-led higher apprenticeships and degree apprenticeships, with particular focus on the D2N2 growth and the additional employment sectors of D2 and N2, and enable SME participation.

People who will benefit from this programme are:

- Students and graduates from disadvantaged backgrounds
- Existing higher level skills students
- Existing staff to re-skill to deliver vocational programmes
- SMEs

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#### DEVELOP SECTOR GROWTH (OPEN CALL)

There is a distinct need for provision across the D2N2 area to be demand-led, and for employers and sectors to lead on the skills and employment agenda to provide skills solutions to enable job creation. We will procure innovative projects which are aligned to the Skills for Growth Strategy which will further add value to existing services, activities, funding and other ESF programmes, and which complement the D2N2 offer to meet the needs of Key Sectors, and in particular Micro businesses and SMEs.



The programme will provide:

- Employer and sector-led initiatives which will harness and enable a cultural change to the skill system across the D2N2 area.
- Enable employers of the D2N2 key priority sectors to own and develop a demand-led skills system.
- Solutions to meet the ASKS of the key priority sectors.
- Promoting role models either through employers or individuals reflecting the need to help, promote or inspire young people into various sectors especially the key priority sectors.

The programme will achieve added value by:

- Encouraging and delivering successful employer-led partnerships which will be instrumental in bringing about new jobs, skills and growth.
- Creating employment and skills solutions to skills shortages and job creation.
- Boosting enterprise, entrepreneurship and business growth, including leadership and management.
- Consolidating knowledge, activities, expertise and capability within the area.
- Supporting employers to take a lead on shaping investment in demand-led provision and supply-side goods within their localities and sectors, to enhance SKILLS Local.
- Developing delivery methodologies to encourage aggregation so that employer and or sector led sustainable programmes can be delivered locally and enable the exchange of experiences and good practice.
- Enabling employment training to be guided by employers rather than providers and the training provision to be linked directly to the needs of the sector, to enhance EMPLOY Local.
- Creating more affordable delivery focused on business needs with a greater alignment to strategy and investment.
- Providing solutions in light of the Apprenticeship Reforms to assist small businesses of the key priority sectors to enhance the SKILLS Local offer.

People who will benefit from this programme are:

- SMEs within the D2N2 Key Priority Sectors
- Unemployed and Employed individuals of the D2N2 Key Priority Sectors

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#### ENTERPRISE, INNOVATION AND PATHWAYS - VISIBILITY AND ACCESS TO EMPLOYMENT AND CAREER INSIGHTS (OPEN CALL)

We will procure innovative projects which are aligned to the Skills for Growth strategy to raise the visibility of and access to career insights, specialist careers support and employment for young people and adults - which will further add value to existing services, activities and funding. The projects are to meet the needs of targeted groups of disadvantage which have not been met by the D2N2 ESF opt-in programmes. All projects are required to provide an evidence base of need and how they will contribute to the strategic economic growth of the D2N2 area.

The programme will provide:

- Support to fill existing and future gaps in provision and activities within existing infrastructures and organisations, where there is a demonstrable evidence of need linked to and aligned with local strategies.
- Complementary activities and resources to support the D2N2 opt-in programmes.



The programme will achieve added value by:

- Providing individuals from target groups which face particular labour market disadvantage who are not being funded through Building Better Opportunities, INSPIRE Local, CAREERS Local, EMPLOY Local and SKILLS Local by providing additional support and creating opportunities:
  - to complete effectively in the labour market
  - into employment
  - of career development
  - to address basic skills and ICT
- Supporting activities and resources which complement the D2N2 opt-in programmes of Building Better Opportunities, INSPIRE Local, CAREERS Local, EMPLOY Local and SKILLS Local.
- To provide support for women at a disadvantage in the labour market, and particularly those who are currently inactive, to contribute to our efforts to reduce the gender employment gap.
- Support training skills to cover self-employment as an alternate option to employment.
- Meeting the strategic economic growth of the D2N2 area.
- Mentoring at different points of an individual's career path levels to help individuals to understand their skills and contributions and potential for growth to develop careers and compete effectively in the labour market and contribution to the strategic economic growth.

## 9. ACTION PLAN

### ACTION PLAN TO SUPPORT THE KEY PRIORITIES OF THE D2N2 SKILLS AND EMPLOYABILITY STRATEGY 2017-2020

Overarching priority is for the D2N2 LEP and stakeholders to lobby central government for national changes and more local control over how skills delivery should be tailored for local need. The Strategy will be used to evidence to central government that stakeholders locally are willing and able to work collaboratively to meet the needs of individuals, business and the economy.

#### 1. PREVENT MARKETISATION OF EDUCATION THAT FORCES A TYPE OF COMPETITION DRIVEN BY RETENTION OF FUNDING RATHER THAN GENERATION OF QUALITY OUTPUTS

Generation of an evidence base that will support lobbying central government for more national changes and more local control over the design of local skills delivery

#### 2. COHERENT AND TARGETED IAG, CAREERS INSIGHTS AND SPECIALIST CAREERS SUPPORT FOR YOUNG PEOPLE AND ADULTS TO RAISE ASPIRATIONS, PARTICIPATION, EMPLOYABILITY AND RETENTION

• Aspirations and Employability • Careers Advice • Work Experience • Transition to Post-16 Destinations • Informed Choices (Parents and Carers)

##### Current Activities:

Support and roll out the D2N2 Vision for Employability and the D2N2 Employability Framework (EF) to all schools and providers • D2N2 Skills Escalators • Head Teacher representation on the Careers and Enterprise Company (CEC) Head Teacher Group • Collaboration and stakeholder engagement through the Employability Task Group • Work with Ofsted to inform inspectors of the Employability Framework • Simplify engagement with schools through existing funded services • CAREERS Local grant fund to schools to implement their careers, enterprise and employability strategies • Establishment and rollout of the CEC Enterprise Adviser Network • Joint meeting between schools and training providers to review the feasibility of using the traineeship model to engage disengaged school students in Year 10.

##### Future Activities:

More joined up and collaborative approach with LAs to establishing the Employability Framework and Vision for Employability as the supporting mechanism to improve IAG for young people across D2N2 • Head Teacher representation on the D2N2 LEP Board • Lobby the CEC to make funds available for a localised strategy to enable all D2N2 schools to undertake work experience for at least all year 10 students • Use the accelerated ESF funding to enable schools to continue to implement their careers, enterprise and employability strategies • Lobby government for all funding to support CEIG to be routed through a local single body who is committed to working with local stakeholders in commissioning and procurement of services for the local area • Work with CEC to support social mobility across the D2N2 area • Promote the EF through local school teaching alliances • Further extend EF to be embedded into Schools, FE and HEI.

##### Impact and Measure:

- Increase traineeship uptake by XX%
- Decrease NEET rates by XX%
- Increase levels of learning / educational attainment to XX%
- Destination levels increased by XX%
- No of schools pledged to the Vision of D2N2 LEP and the Employability Framework XX%

### 3. MEETING THE NEEDS OF LOCAL EMPLOYERS

• Recruitment and Vacancies • Replacement Demand • Work Ready Provision • Business Growth • Higher Level Jobs • Engage Micro Businesses • Underemployment • Graduate Underemployment

#### Current Activities:

Procurement of existing planned ESF programmes to support the needs of local employers including EMPLOY Local, SKILLS Local, and Higher Skills Development • Sector and Skills Action Plans • Sector and Skills Advisory Groups (SSAGs) • Affirm the D2N2 priority sectors in the Strategy • Work through the SSAGs to ascertain from employers the skills and employment demands • Support formation of emerging sectors / growth sectors which follow the methodology of the SSAGs.

#### Future Activities:

• Encourage a joined up strategic single vacancy portal for the D2N2 area, which can be localised at a district level • Use the accelerated ESF funding to extend fit for purpose follow on programmes to EMPLOY Local and SKILLS Local, including addressing mental health and disability in the workplace, and activity that influences employers with regard to employment terms (living wage, flexible working, zero hour contracts etc), working conditions and inclusivity, support • Influence a local outcome agreement to recognise and support current and future priority sectors • Influence the Area Review for FE Colleges to collaborate to produce a joint employer engagement strategy, utilising the D2N2 Growth Hub, which produces a comprehensive and single portal for employers of provision for employers • Influence local providers to develop and deliver provision in line with the D2N2 Skills and Employability Strategy • Canvas and lobby the three local universities for them to introduce a localised commitment to offer local people under-graduate programmes which fit the needs of the local economy • Lobby the D2N2 LEP and stakeholders to create a housing strategy to assist and support graduates to return and stay within the D2N2 area • Work with employer groups (CBI, Chamber and FSB) to realise the impact of Brexit and technological advancements, both of which could lead to job losses and skills deficits local areas and seek collaboration to inform local solutions.

#### Impact and Measure:

- Increase in training offered in priority sectors, against % target increase
- Increase number of employers engaged by XX%
- Decrease in employers reporting skills shortages by XX%
- Increase average workplace earnings (narrow gap locally) by XX%
- Decrease in number of employers reported a shortage in English and Maths (currently 60%) to XX%
- Decrease in employers reporting skills gaps by XX%

### 4. DEVELOPING COHERENT PATHWAYS LINKING SCHOOLS TO FURTHER EDUCATION (FE) AND FE TO HIGHER EDUCATION (HE) AND WORK

• Pathways incl. Higher Skills, and All Levels of Apprenticeships • Undergraduate programmes for local people • Maths and English and IT, including Coding Provision • Increased GCSE Results

#### Current Activities:

Link FE and HE representative supporting each of the D2N2 SSAGs • D2N2 escalators (which needs to be mapped to existing provision) • Planned ESF programmes will support the development of higher and technical skills pathways, and maths, English and IT provision.

#### Future Activities:

Lobby DfE for a joint local board for education and skills so that a localised coherent pathway can be realised, particularly in how GCSE outcomes can be increased at a local level • Influence the Area Review for FE Colleges to collaboratively agree an investment and asset capital strategy (higher level) based on curriculum priorities • Use accelerated ESF funding to support the recruitment issues in relation to employing high-skilled industry experienced teachers and teacher training qualifications for the delivery of new apprenticeship standards and levels • Locally come together with stakeholders to support existing lobbying organisations for government to recognise this as an issue and to provide support • Use accelerated ESF funding to further support the development of local provision where gaps in the pathway are recognised • Influence a local outcome agreement to recognise and support a coherent pathway of provision across FE and HE • Encourage LAs to commission a report to analyse the effectiveness and impact of current 6<sup>th</sup> Form provision and for this to inform a framework for FE which measures the outcome of learning based on an individuals' starting point in FE.

**Impact and Measure:**

- Increase apprenticeship starts, completions, level, key priority by XX% sectors
- Increase number of learners into higher / degree apprenticeship to XX%
- Increase in higher level apprenticeships, particularly in the growth sectors to XX%
- Increase the offer of higher level apprenticeships to XX%

**5. COHERENT PATHWAYS FROM ENGAGEMENT IN THE COMMUNITY TO SKILLS PROVISION TO IMPROVE EMPLOYABILITY**

- Young People, particularly NEETs • Designed and Delivered by Local Community at a Local Level
- Enterprise • Narrowing Gap of Communities

**Current Activities:**

D2N2 escalators (which needs to be mapped to existing provision) • Planned ESF programmes to support NEET, preventative NEETs, INSPIRE Local and Building Better Opportunities funding • Work with DWP to further enhance evidence of particular areas of disadvantage and disadvantaged groups • Incorporate the findings of the Inequalities Report commissioned by the LEP to evidence areas of disadvantage and disadvantaged groups • Continue work with all LAs for their LMI (needs at a community and district authority level) to be incorporated into the Strategy

**Future Activities:**

Influence opportunities, such as the Area Review for FE Colleges, to encourage development of a shared strategy for the delivery of community learning. Input to focus on system coordination which meets the needs of disadvantaged groups and communities, improved links with and between existing community provider delivery plans and delivery which provides wider holistic support for individuals in addressing social, community, wellbeing or economic needs. For the single strategy to provide tangible socio-economic indicators and showing short and long term outcomes in readiness for potential AEB localism and future (co-)commissioning • Use accelerated ESF funding to support potential programmes to support an increase in female roles and gender equality issues. • Develop concept of a wage subsidy programme to benefit micro-businesses • Locally come together with stakeholders to support existing lobbying organisations for government to recognise this as an issue and to provide support • Ensure third sector organisations are represented within SEBs • Use accelerated ESF funding to further support the development of local provision where gaps in the pathway are recognised • Influence a local outcome agreement to recognise and support a coherent pathway of provision across FE and HE.

**Impact and Measure:**

- Increase in start ups
- Decrease of NEETs
- Decrease of NEETs N/K
- 100% provision with learner destinations accounted for
- No of unemployed into work from redundancy
- Increase the minimum wage by £2+ for XX% of people in the key areas of deprivation
- Increase the skills levels for XX% of people in the key areas of deprivation
- Increase qualification levels by XX%
- Increase number of learners into full time sustained employment to XX%
- Increase number of learners to continued study (in relation to key priorities) to XX%
- Decrease the reliance of tax credits by XX%
- Decrease unemployment by XX%
- Decrease number of people out of work due to health conditions by XX%

## APPENDICES

### D2N2 LABOUR MARKET INTELLIGENCE SUPPLY AND DEMAND (TO FOLLOW)

This report is being commissioned. The report will use Labour Insights (demand) and a range of data (supply). Completion will be in readiness for the release of the Strategy. This section of the Strategy will be updated annually.

### ECONOMIC PROFILES (EXAMPLE PROVIDED)

Derby

Derbyshire (example provided)

Nottingham

Nottinghamshire

### DISTRICT LOCAL MARKET INTELLIGENCE (EXAMPLE PROVIDED)

Amber Valley

Ashfield

Bassetlaw

Bolsover

Broxtowe

Chesterfield

Derby

Derbyshire Dales

Erewash

Gedling

High Peak

Mansfield

Newark and Sherwood

North East Derbyshire

Nottingham

Rushcliffe

South Derbyshire