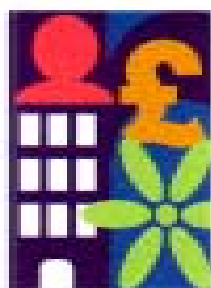


**Appendix One**

# **Leicester Local Employment Strategy Document 2004 – 2007**

**Second Draft  
Work in Progress**



**Leicester  
Economic Regeneration  
Partnership**

**Prepared By  
Leicester Economic Regeneration Partnership  
Employment Strategy Working Group**

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## Foreword

Leicester has been hit particularly hard by the decline in traditional manufacturing industries. In Leicester this has been most apparent in the decimation of the textiles and footwear industries, and to those looking in, it is the abandoned, empty factory units of this industry that seem to define Leicester. It is also true that we have some of the worst unemployment rates in the region and still register some of the most deprived wards in England. However, we also carry advantages of geography, diversity and our local workforce. Local businesses can thrive here, large and small, and year after year, thousands of Leicester residents find new and fulfilling jobs. In addition Leicester enjoys many of the benefits associated with the East Midlands economy and its central location.

The LERP recognises the need to change Leicester's economy but it also recognises the need to equip Leicester's residents with the skills to win and retain the jobs on offer. The LERP recognises the part it has to play in helping new enterprises take root and the role it has in encouraging meaningful and rewarding work. We recognise what we can and what we cannot do and we are working to concentrate our efforts into those areas where we can best influence, direct and effect change whether as employer, educator, landlord or regenerator. Above all we are clear that nothing can be achieved without sound partnership working.

Leicester's local Employment Strategy has been developed by the Leicester Economic Regeneration Partnership. To an extent it remains a work in progress, reviewable and responsive.

The strategy is aspirational in scope, but deliverable in detail and it signals our profound commitment to making the most of Leicester's enormous economic potential, for the benefit of all our residents.

## **Introduction**

The need for a coherent and shared Employment Strategy for Leicester has been recognised by agencies and organisations across Leicester but it was the emergence of local and sub regional partnerships during the last 12 months which presented an ideal opportunity to develop a joined up and holistic approach to tackling the persistent high levels of unemployment in Leicester. Partners to the Strategy include the statutory agencies, training and guidance organisations, the voluntary sector, employers, regeneration partnerships, trade unions and the Council. It is a shared document with a shared responsibility for addressing the high levels of unemployment and consequent deprivation in Leicester. Its intent is to help all the key partners meet their own operational targets while continuously improving the way we all operate and work together to improve employment outcomes for Leicester's residents.

### **The Need for a Strategy**

While Leicester's unemployment rate has dropped during the last ten years, it is still significantly high enough to warrant a coordinated approach: in certain wards, unemployment rates are amongst the highest in the country. The Strategy will seek to improve employment outcomes by both reducing the overall rate of unemployment and by increasing employment participation rates by those currently claiming out of work benefits.

However the need for a Strategy is also focused upon wider social inclusion objectives. Ensuring that people have the opportunity to participate fully in their community is a fundamental tenet of a fair society. Helping people into work improves the individual's standard of living, pulls families out of poverty and helps to improve levels of participation in society. A coherent approach to addressing unemployment locally in Leicester should help to reduce the current high levels of poverty and deprivation in the city. The Strategy should help to improve the lives of those who suffer disadvantage in finding and keeping work. The Strategy should also ensure that the multiplicity of programmes on offer in Leicester are not only accessed by those who need them most but also delivered in a way that guarantees both access to the programmes and the positive outcome of sustainable employment. This is the vision that the Strategy will deliver.

### **Linkages**

In order for the Strategy to be effective, it must link closely with other relevant national, regional and local initiatives. The Employment Strategy is focused on the supply-side of Economic Development – with key activities focused on improving and developing access to the existing employment opportunities for residents. At a local level, this Strategy must therefore link effectively to the demand-side of Economic Development and in particular to the developing Leicester Regeneration Company Master Plan, the Community Plan and the Neighbourhood Renewal Strategy and its related developments that will each set out proposals for supporting, coordinating and promoting the regeneration of the Leicester economy.

### **Consultation & Review**

This Employment Strategy has been disseminated to all key stakeholders, partners, Ward Councillors, regional, local and sub regional strategic partnership members; also

employers, voluntary and community agencies, training organisations and trade unions (particularly the GMB) and other interested members of the community for input and comment prior to the final document being produced in October 2003.

Part of the consultation process was a round table discussion group which was attended by 72 agencies and their representatives. Further to this event a working group was given the task of developing and writing the strategy. The Leicester Economic Regeneration Partnership wishes to take this opportunity to thank all those who have contributed to the development of Leicester's local Employment Strategy.

# Section 1 - Strategy Objectives

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The goals, priorities and objectives for Leicester’s local Employment Strategy have been drawn together through extensive consultation with stakeholder groups, organisations and individuals. We have identified an overarching goal for the Strategy, three key priorities to shape the way we work together to achieve the goal and 5 key objectives that focus on who is intended to benefit from the work undertaken in delivering the Strategy’s goal. Our priorities and key objectives focus on both short and long term strategies for achieving our primary goal.

## Overall Aim

*“Our central and overarching goal in this local Employment Strategy for Leicester is to improve employment outcomes for all Leicester residents”.*

It is against this key task that we will ultimately be able to measure our effectiveness as agencies and against which we will be judged. Tackling employment issues will also help us to achieve our wider objectives of reducing poverty, developing opportunity and promoting social inclusion in Leicester.

## The Key Objectives

The five objectives set out below reflect both short term and long-term aspects of achieving our primary goal – to improve employment outcomes for all Leicester residents.

<b>Objective 1 – Inclusion:</b>	To enhance the economic and social inclusion of residents through increasing their capacity to actively participate in the labour market.
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<b>Objective 2 – Development:</b>	To develop and promote a balanced approach to supply and demand through the promotion of employment and enterprise.
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<b>Objective 3 – Access:</b>	To improve access to employment for disadvantaged groups communities and individuals in Leicester by removing barriers to employment and employment related services.
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<b>Objective 4 – Progression:</b>	To ensure people progress in employment by building the skills of the Leicester workforce.
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<b>Objective 5 – Sustainability:</b>	To support participants in the labour market in sustaining employment including improving recruitment and retention practices.
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## Employment Strategy Underpinning Priorities

The Employment Strategy sets out 6 key priorities that represent the “how” of working together to deliver the goal and objectives. These priorities will be cross cutting themes that will feature throughout the action plan of the strategy.

1. Building an Employment & Learning Culture in the City.
2. Targeting vulnerable groups within the labour market and those that are economically inactive.
3. Supporting sustainable employment.
4. Supporting statutory employment protection.
5. Promotion of employment growth and enterprise development in the City.
6. Utilising diversity within an inclusive labour market.

# Section 2 The International and National Context

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## Introduction

It is self evident that Leicester operates within an international economy and as such there are factors which dictate local economic prospects which are beyond local or even national control. In particular, the emergence of low-cost global manufacturing has had a serious, negative, effect on Leicester’s manufacturing base. To be competitive and to survive within this international context is the driving force behind the European, National and Regional agendas that affect the City. The agencies, companies and partnerships that seek to enhance the prospects of people in Leicester’s labour market need to be mindful of these agendas and how they seek to direct resources and action at the local level.

## The European Dimension

The European Commission (EU) has suggested that local employment strategies could follow the same structure as the European Employment Strategy (EES) and they have funded a number of pilot projects to test this approach.

### The EES is built around four pillars

- Employability:** Aims to encourage active employment polices, develop youth employment and reduce long-term unemployment.
  
- Entrepreneurship & Job Creation:** Supports the development of new businesses and supports actions relating to increasing entrepreneurial skills.
  
- Adaptability:** Supports life long learning actions and emphasises the changing natures of employment.
  
- Gender Equality:** Addresses the gender gap between men and women in terms of quality and access to employment, working time, wages/salaries, conditions and career development.

The EES has grown in influence for local and regional authorities. The Regional Development Plans for ESF objective 3 and Objective 2, EQUAL Community Initiative and Article 6 of ESF all show strong links to the EES. The EU has also argued that a reduction in unemployment is not always possible unless other forms of exclusion are tackled. At the Lisbon European Council (March 2000), the European Union set itself a new strategic goal for the next decade:

*“ to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”.*



The strategy was designed to enable the Union to regain the conditions for full employment and to strengthen cohesion by 2010. The Council also considered that the overall aim of these measures should be to raise the overall EU employment rate to 70% and to increase the number of women in employment on average to more than 60% by 2010.

## **National Policy**

The two major government policy departments that structure local employment strategy are the:

Dept for Work & Pensions (DWP) – National Employment Strategy  
Dept for Skills & Education (DfES) – National Skills Strategy

## **DWP Employment Strategy**

The Government aims to create an active welfare state to increase opportunity and self-sufficiency through work<sup>1</sup>. It also aims to achieve this through the broader, overarching umbrella of sustainability, that is:

- social progress which recognises the needs of everyone.
- effective protection of the environment.
- prudent use of natural resources.
- the maintenance of high and stable levels of economic growth and employment.

This entails<sup>2</sup> addressing inequalities in the labour market through:

- investing in higher levels of education and skills.
- active labour market policies to make work pay.
- policies to tackle discrimination and encourage employers to recruit from the widest pool of vacancies possible.
- policies to make work pay.

Measures taken to deliver these aims include

- continuing the pursuit of active labour market policies such as Intermediate Labour Markets and transitional work programmes.
- delivering services at a local level through Regional Development Agencies and Local Strategic Partnerships.
- increasing flexibility by allowing more discretion by front-line staff.
- prioritising support for the more disadvantaged jobseekers, particularly those who have been economically inactive.

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<sup>1</sup> 'Report on the Government's Employment Strategy', DWP, October 2002.

<sup>2</sup> 'Report on the Government's Employment Strategy', DWP, October 2002.

- ensuring that additional support is available from specialist agencies to help address disadvantage and needs in groups of working age claimants and that the central role of those agencies are recognised.
- structuring New Deal programmes so that they are flexible to individuals' needs.
- improving the retention in employment of New Deal clients and also their progress in work so that their wage levels are increased.
- tackling the gap between the employment rates of ethnic minorities and the general working age population.
- taking action to ensure that individuals' transport needs are met.
- ensuring that, over time, there is affordable, accessible and good quality childcare available in every neighbourhood.

Another developing aspect of the Government's employment strategy revolves around the need to attract migrant labour into the country. This has arisen as a result of demographic factors and a low birth rate giving rise to specific professional skill shortages and a long-term need for semi-skilled and unskilled labour.<sup>3</sup>

## The National Skills Strategy

In its recently launched skills strategy, the government outlines its plans for skills development in the UK over the medium and long term. Its strategy is based on the challenges posed by the global economy and the current national context. The aim of the strategy is to ensure that:

Employers have the right skills to support the success of their businesses and individuals have the skills they need to be both employable and personally fulfilled.

### The Global Context

A central plank of the strategy is that increasing global competition and the rate of technological change has resulted in a need to shift from the concept of a job for life to that of "employability for life".

"To compete on the basis of low wages is not an option, the UK must compete on the basis of productivity, competitiveness, and capacity for innovation, enterprise and quality. It must add value to products and services. All that is dependent on raising the level of skills"

### The National Context

The strategy starts from the premise that skills gaps in the UK are stubbornly persistent. The UK performs well in higher education but is weak in giving people the broad foundation skills they need for sustainable employment. The UK is particularly poor at training people to intermediate skills levels level (apprenticeship, skilled craft and technician levels). In its strategy the government notes that a highly educated workforce with a culture of life long learning is more likely to adapt to economic change. As such, improving the level of skills within the workforce, particularly the level of skills amongst those with the lowest level skills, is regarded as a top priority to increase the flexibility of the UK's workforce.

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<sup>3</sup> *The New and the Old, the Report of the "Life in the United Kingdom" Advisory Group*, Home Office September 2003

In the UK there are particular gaps in the basic skills for employability – these include literacy and numeracy, the use of IT, intermediate skills at apprenticeship, technician and higher craft and associate professional level, mathematics, and management and leadership skills.

The National Skills Strategy will affect how resources are directed at the regional and local levels. The government does not postulate a new initiative, nor extra resources, instead it wants see existing agencies, providers and initiatives working together at the national, regional and local level to implement its key action points. The National Skills Strategy outlines how it intends to work with employers, employees and individual learners through a series of key action points. The government intends to make the strategy responsive to the needs of the major industrial sectors by using newly created sector skills councils to implement its strategy at the national and regional level. The newly created sector skills councils (23 of these by summer 2004) will be expected to work alongside FRESAs at the regional level. Alongside these changes the government will instigate a series of reforms to the structure and delivery of Adult Training, including the extension of the modern apprenticeship scheme to adults and the creation of a new “level 2 qualification” aimed at providing the foundation skills needed to ensure employability. (See appendix 4 for more details of the National Skills Strategy).

## **The East Midlands Economy and the FRESA**

The East Midlands is well situated to take advantage of the ever-closer ties Britain has with European neighbours and also from expanding world trade and globalisation. The region accounts for 7% of all economic activity in the UK and covers 12% of England's total land area. The East Midlands region covers the counties of Leicestershire, Rutland, Derbyshire, Nottinghamshire, Lincolnshire & Northamptonshire.

The region has a population of 4.2 million and workforce of 2 million. The region has good rail links, road infrastructure and easy access to airports and seaports. On the basis of most indicators of economic performance, the region is performing at or close to the national average. The GDP per head is approximately 6.6% above the UK average. Employment growth has been above average with an extra 100,000 jobs created between the years of 1996 – 1999, an increase of 7.5% compared to the 5.5% UK average.

## **The Regional Labour Market**

### **Labour supply – key facts**

- The unemployment rate in the region is relatively low.
- Around a quarter of those living in the East Midlands have low levels of literacy and numeracy – with almost 5% having severe difficulties.
- The East Midlands has the second lowest incidence of job related education and training of the nine regions in England.
- The labour force is relatively poorly qualified when compared to other regions. It scores above average for those holding NVQ 1 and 2 and below average for those holding a degree or equivalent.

### **Labour demand – key facts**

- The region is reliant on manufacturing and particular sectors, such as clothing and textiles, that are characterised by low added value and are also in long term decline.
- Only one other region employs proportionally more people in unskilled occupations than the East Midlands. Similarly the region has a greater proportion of people in semi-skilled and skilled manual work than the UK as a whole and has proportionally fewer people in professional and managerial positions. Overall the region has an under representation of jobs at the top of the occupational hierarchy and an overrepresentation of jobs in the middle and lower levels.
- Only one region has proportionally fewer jobs that require high-level qualifications and proportionally more jobs that require no qualifications at all.
- On average jobs in the East Midlands take less time to train for.
- The public sector outweighs the private sector as a 'knowledge' economy employer.

## Labour market conditions – key facts

- Wage levels in the region are well below average – in fact the region comes towards the bottom of the wages league – this reflects the relatively low skills demand and supply in the region.
- 10% of employers report difficulties in filling vacancies (this is in fact low compared to other regions).
- 20% of employers faced difficulties recruiting associate professional, craft and clerical posts.
- 40% of employers report that they have taken on less qualified staff due to recruitment difficulties.
- 5% of employers report having vacancies caused by skills shortages – well below the national average.
- 25% of employers feel that their staff lack basic computer skills
- The region has an excess of jobs that require no qualifications and shortage of those that demand intermediate qualifications.
- GDP per head in the region is low.
- The region has an over reliance on low knowledge intensity sectors that account for 45% of employment in the region – making it the second worst performing region in this respect.

## The Regional Economic Strategy – Destination 2010.

The aim of emda's regional economic strategy is to place the East Midlands in the top 20 European Regions by 2010. Informed by consultation with a range of agencies in the region and backed up by a large scale research project<sup>4</sup> the regional economic strategy (Destination 2010) has been developed as a high level strategic framework which can be used by public sector partnership organisations as well as business and the voluntary sector to aid business planning in this way, the collective effort and resources of all regional stakeholders will work towards the same objectives and targets". The strategy is intended to be the blueprint for economic development over the next seven years".<sup>5</sup> Emda will judge its success on the following "top twenty" indicators:

Income (GDP per head)

Employment (employment rate, unemployment rate)

Equality (GVA disparity between highest and lowest localities)

Environment (energy use and waste production)

In addition to the "Top 20" Index, economic performance will also be measured against regional targets described under the 12 strands of the strategy. Progress will be recorded annually as part of the East Midlands State of the Region report.

***(More to follow - summarising the RES and highlighting relevant strands to the employment strategy)***

The Regional Economic strategy will inform the work and direction of the FRESA

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<sup>4</sup> The East Midlands: The State of the Regions Economy; DTZ Pineda Consulting April 2002.

<sup>5</sup> Destination 2010: The Regional Economic Strategy for the East Midlands 2003 –2010- emda.

## **The East Midlands Framework for Regional Employment & Skills Action (FRESA)**

The East Midlands framework for regional employment and skills action (FRESA) works through its partners to create a healthy labour market for the East Midlands region. It aims to provide a single regional plan for employment and skills based on coherent, valid and accessible labour market and skills information and intelligence. The key focus of the FRESA is on what happens in the region to maintain and grow a healthy labour market, its key product is an agreed action plan outlining a set of actions and responsibilities for the agencies that sign to it.

The FRESA supports the ambition for the region as set out on the regional economic strategy:

By 2010 the East Midlands will be one of the top twenty regions in Europe it will be a place where people want to live, work and invest because of:

- Its vibrant economy
- Its healthy, safe, diverse and inclusive society
- Its quality environment.

The FRESA is based on a baseline labour market analysis of the region. The analysis benchmarks the East Midlands against other regions. It analyses both labour supply and demand and assesses the relative strengths and weaknesses of the region.

The FRESA links into the National Skills strategy and also into regional and sub-regional partnerships to fulfil its objectives. Its analysis of the East Midlands economy is summarised below

### **The East Midlands Regional Profile**

The East Midlands is trapped in a low skill/low pay equilibrium. Relatively high employment rates in the region mask a low value added economy. Employers in the region base their product market strategies on low quality products that require fewer skills to produce and therefore justify low wages, but still generate sufficient profits without enhanced productivity or competitiveness. A vicious circle results.

The key challenge that the FRESA has set itself is to move the region out of this negative cycle.

To turn the economy of the region around the FRESA identifies three headline challenges for the East Midlands:

- To drive up demand for skills from regional business (public, private and voluntary sector) through improvements in business productivity – 70% of productivity gains must be met by SMEs if the region is to meet its target.

- To correspondingly drive a parallel improvement in the skills supply and to address current weakness in the skills profile of the region to keep up with business aspiration.
- To raise the aspirations of the people of the region – as individuals and parents, employers, employees and members of regional communities.

The challenge for the FRESA is how to achieve a healthy labour market in the regions. The FRESA describes its actions under the following headings:

### **Placing people and skills at the heart of the economic agenda**

The most important challenge for the FRESA is to drive up demand for skills. This can be achieved by working closely with businesses and public sector organisations in key sectors and clusters that have been identified as growth points for the region by emda. All these clusters depend upon the skills of their workforce. The focus is on higher level skills. Employment and skills in these priority clusters sit high on the list of regional priorities.

### **Focusing on customers**

What do employers, individuals and communities really want and need? The FRESA postulates bringing in customers at an early stage so that planning reflects their needs, therefore it suggests that employers need to be seen as partners in change. It will seek to engage employers through established programmes such as the Jobcentre Plus Ambition programme, Business Links, emda's business champions, the Learning and Skills Council boards and employer networks. The public sector will be encouraged to work directly with key agencies to design programmes that are directly relevant to the needs of the regional labour force, for example through active delivery of welfare to work and workplace learning programmes. In addition customers will need information: employers and individuals need to be better informed about the opportunities available to them. Individuals at all stages of the labour market are poorly informed about the link between wages, skills and qualifications - the concept of life long learning and its link with employability is still alien to many. Barriers to learning are diverse and information and advice agencies in the public and private, voluntary and union sectors have a crucial role in ensuring that people can make intelligent choices about jobs and learning. Local strategic partnerships have a crucial role in ensuring that the FRESA is relevant to local communities of need at the sub-regional level.

### **Making informed decisions about Employment and Skills issues**

The FRESA aims to develop a Regional Skills Intelligence Unit that will provide a hub for labour market intelligence.

## Ensuring responsiveness

The FRESA aims to be:

- Prepared for labour market change through scenario planning
- Responsive, by providing large-scale redundancy support through the Jobcentre plus 'rapid response unit'
- Proactive, by the provision of employment opportunity support and the provision of a seamless and customer focused response from the region's agencies.

In addition the FRESA aims to prioritise its actions under five main themes

1. Raising skill levels in the workforce.
2. Management and leadership.
3. Employability for all.
4. Skills for enterprise and innovation.
5. Knowledge and ICT.

In Leicester, the Leicester and Leicestershire Employer Engagement Group is charged with developing a mutual understanding between employers and partners. It will align objectives and oversee the delivery of employer engagement activities relating to the FRESA and the delivery of FRESA's Skills Strategy in Leicester.

The FRESA and the regional development plan that it informs will also have an impact on the funding partnerships that structure skills development in Leicester. **(More details on the East Midlands FRESA can be found at appendix 5)**



## Section 3 – The Leicester Context

### Leicester's economic profile

Leicester as a city reflects the weaknesses in the region as a whole. It is a city locked into a low wage – low value economy, over-reliant on a manufacturing base, which in itself is over-reliant upon the declining sector of clothing and textiles (11% of its labour force in 2002). Overall, Leicester is over-reliant upon industrial sectors that are contracting and these have not been replaced with a corresponding increase in employment in growth sectors, such as business services. Leicester can be characterised as delivering relatively poor performance, with comparatively low earnings and high unemployment. The employment it does provide has grown relatively slowly in recent years – although the effects of this have been offset by slow population growth. Leicester's relatively poor performance and slow growth can be explained in part by the unfavourable economic structure that it has inherited but this is exacerbated by failure to keep up with the national growth of employment in the service sectors. In addition its population suffers from the effects of educational under achievement; 21% of Leicester's population have low literacy – the worst in the country – and 25.5% of the population have low numeracy (the second worst performing district in the country – Basic Skills Agency 2000). Although it has two universities, Leicester is also prone to skills flight as graduates see little in terms of opportunity or lifestyle, to keep them in the city. In addition, Leicester's areas of deprivation are amongst the worst in the country. Social exclusion and communities of disadvantage represent major challenges for those agencies that seek to regenerate Leicester and turn its economy around.

Leicester's working population is employed within the following proportions defined by broad industrial groups:

<b>Broad industrial group</b>	<b>Percentage employed</b>	<b>Numbers employed</b>
Public administration education and health	29.2	48,300
Manufacturing	24.4	40,400
Distribution, hotels and restaurants	18.3	30,200
Banking finance and insurance etc	16.1	26,700
Construction	3.9	6,400
Transport and communications	3.9	6,400
Other Services	3.8	6,300
Total	100	165,600

From the Leicestershire Economic and Research Partnership the key issues facing Leicester's economy are:

- A relatively high proportion of SME's – particularly in textiles.
- A lack of large-scale areas of land suitable for industrial development.

- Pockets of social disadvantage and relatively high levels of unemployment within these.
- Opportunities relative to the National Space Science Centre.
- Increased inward investment opportunities resulting from the formation of the Leicestershire Development Agency.
- Urban Regeneration opportunities.

In terms of trends in employment it is clear that manufacturing industries are in decline and in the case of textiles there is a predicted reduction in the labour force of up to 4000 people (a quarter of the current workforce). Increases are predicted in hotels and catering, banking and insurance, financial and business services, education, health.

In Leicestershire, employment growth is predicted within the service sector and especially business services. By 2012, Tourism and Leisure is expected to account for approximately 9% of the total employment in Leicestershire. There is expected to be significant growth in this sector over the next ten years – with growth predicted to be above regional and UK levels – some 5600 jobs will need to be filled.

Increases in employment are also expected in the following occupations: management and senior officials, professional occupations, associate professional and technical occupations, administrative and secretarial occupations and elementary occupations. A net gain of 1, 800 is forecast for self-employment within Leicester.

Industries that are expected to decline in Leicester include: skilled trade occupations, process plant, tool and machine operatives, sales and customer services occupations.

## Local labour market - Industrial composition

The most noticeable feature of the industrial composition of Leicester's labour market is the high proportion of employment in manufacturing 21.9% compared with a national average of less than 14%. The East Midlands region, as a whole, has the second highest proportion of its employment in manufacturing compared with other regions, being just behind West Midlands.

The structure of Leicester's labour market is as follows<sup>6</sup>

<b>Sector</b>	<b>% of employees</b>
Manufacturing	21.9%
Construction	4.2%
Distribution, hotels and restaurants	18.2%
Transport and communications	4.3%
Banking, finance and insurance	16.5%
Public administration, education and health	30.2%
Other services	4.2%
<i>Source: Annual Business Inquiry 2001 (ONS)</i>	

<sup>6</sup> *Leicestershire Economic Perspective 2002'* Leicestershire Economic Research Partnership

## Occupational structure

In terms of occupational structures, Leicester has a significant proportion of jobs in the lower added value spectrum of the labour market and this is reflected in the level of average wages for occupational categories.

<i>Occupation</i>	<i>% of workforce 2000</i>	<i>% of workforce 2010</i>	<i>Average wages, Leicester City</i>
Clerical & secretarial	16%	16%	£11,500
Managers & administrators	11%	11%	£23,543
Professional occupations	9%	10%	£20,628
Personal & protective services	9%	10%	£10,017
Sales	7%	8%	£10,227
Other elementary occupations	7%	7%	£6,424

As the above table shows, the occupational forecast for Leicester City in 2010 is more or less the same occupational mixture as at present.<sup>7</sup>

## Future trends

The above table indicates that many of the jobs that, it is forecasted, will be created will demand only a limited level of skills. It is true, as the National Skills Task Force points out, the nature of skills in these jobs is likely to change and that few jobs will require no skills at all. In many jobs there will be an increased premium on communication and customer care skills.

Nevertheless the level of skills and training demanded in these jobs and the amount that employers are prepared to invest have to be regarded as limited. This is not to say that people should not be encouraged into life-long learning or that investment in skills is not of crucial importance. It does suggest, however, that reliance on a skills based agenda alone will not help many of the workforce out of poverty or low pay. It is for these people, in particular, that employment rights and protection are required. Employment status

In terms of employment status, Leicester has a higher proportion of part-time workers than the national average.

<b>Employment Status</b>	<b>Leicester %<sup>i</sup></b>	<b>UK %<sup>ii</sup></b>
Full-time	63	66
Part-time	27	22
Self-employed	10	11

<sup>7</sup> *Leicestershire Economic Perspective 2002* Leicestershire Economic Research Partnership

## Low pay

The average hourly earnings for Leicester is £9.08<sup>8</sup> compared with a national average of £11.12. In fact wages in Leicester are the lowest in East Midlands with the exception of Lincolnshire and are also lower than regional averages throughout the country, as the table below shows.

<b>Region</b>	<b>Average hourly wage</b>
North East	£9.50
North West	£10.23
Yorkshire & Humberside	£9.77
West Midlands	£10.50
South West	£10.19
East	£10.89
South East	£11.90
Wales	£9.56
Scotland	£10.07
<b>East Midlands</b>	<b>£9.73</b>
<b>Leicester</b>	<b>£9.08</b>

Of course averages do not tell the whole story, but in Leicester's case the problem of low pay is even worse. Research conducted by Leicester City Council on the impact of the National Minimum Wage, which was based on door-knocking in the Belgrave area, found that over 60% in the sample were not receiving the National Minimum Wage, with wages as low as £1.60 an hour. Around two-thirds were working in the clothing and textile sector.<sup>9</sup>

Other research conducted on behalf of the Low Pay Commission reported that it was estimated that the informal sector in the textile industry in the North West of England was practically the same size as the formal part of the sector<sup>10</sup> If this was translated to Leicester, it would mean around 7,000 workers in the textile industry were working informally.

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<sup>8</sup> National Earnings Survey 2002

<sup>9</sup> 'The Impact of the Minimum Wage Amongst Ethnic Minority Workers in Leicester,' Leicester City Council 2000

<sup>10</sup> 'The National Minimum Wage, Fourth Report of the Low Pay Commission', Paragraph 3.72, February 2003

## Unemployment and Deprivation

Nationally, employment rates have been rising steadily for a decade and unemployment is at its lowest for a generation. However, Leicester has performed below the national average. The city's rate of economic inactivity, 28.8% of the working age population, is higher than that for England, 21.4% and also that of East Midlands, 20.4%<sup>11</sup>. The unemployment rate in Leicester, although it has steadily improved, at 5.9%, is more than twice the national average of 2.6%.<sup>12</sup>

A problem with unemployment, nationally, is that the reduction of unemployment has not been evenly spread and that there are some areas with persistent high unemployment. Often these are close to areas of prosperity.

Leicester is no exception, with there being wide disparities in unemployment rates in the city. The highest, the old ward of Wycliffe, at 14.4% is more than 7 times the rate of the area with the lowest level of unemployment, East Knighton, 2.0%<sup>13</sup>. Such wide disparities could have consequences for the city in terms of community cohesion and community safety as well as leading to individuals and families being socially excluded.

Although, nationally, unemployment has fallen markedly, the level of economic inactivity has hardly changed over the last ten years. Economically inactive people, at a national level, now outnumber those who are unemployed by almost four to one. Groups that face most difficulty in the labour market such as certain ethnic minority groups, lone parents, older people of working age and people with a disability, or limiting illness are particularly vulnerable as well as those with a history of offending or anti-social behaviour, alcohol or drugs dependency, patterns of homelessness or insecure housing tenure and domestic or family stress.

There is a strong correlation between poverty and worklessness and being out of regular employment can lead to poor health and social isolation for individuals. There is evidence that many would want a job if they had an appropriate opportunity. Leicester is in the most deprived 10% in the country, having a ranking of 35<sup>th</sup> out of a total of 354 in the indices of deprivation with 13 wards that are in the most deprived 10% in the country.<sup>14</sup>

Part of the problem is that the city has higher than average levels of the groups that are most vulnerable to unemployment and require more intensive assistance and support in entering and remaining in the labour market. For instance, the city has a higher proportion of lone parents, 8.7% compared with a national average of 6.2%. There are 36,250 households in Leicester with limiting illness and dependent children, 14,960 of which have dependent children between 0 and 4 years old.

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<sup>11</sup> *Labour Market Trends, Volume 111, no.9*, National Statistics, September 2003.

<sup>12</sup> *Labour Market Trends, Volume 111, no.9*, National Statistics, September 2003.

<sup>13</sup> *Unemployment Bulletin*, July 2003, Leicestershire Economic Research Partnership

<sup>14</sup> *Leicestershire Business Perspective 2002*, Leicestershire Economic Research Partnership

## High Need / Disadvantaged Groups in Leicester

Factors impacting on whether individuals are vulnerable to being in highly disadvantaged groups include economic, geographical and personal circumstances or characteristics.

### Economic and labour market disadvantages

- Economic inactivity – Falling unemployment has meant some progress with regard to this. However, there are currently 2.7 million people claiming an incapacity benefit plus another 700,000 expected to join them over the next year.<sup>15</sup> The Labour Force Survey shows that a minimum of 33% of people on disability benefits want to work.

**Key action – target those that are economically inactive but want to work.**

- Unemployment – Unemployment itself is a cause of further unemployment. Around 40% of claims for JSA last claimed less than six months ago<sup>16</sup> as a result of employment being insecure or unsustainable.

**Key action – target support to those who were previously not working to increase sustainability of their employment.**

- Low pay – Since the introduction of the minimum wage in 1998, the official estimate of the number of adults being paid below the hourly rate of pay has dropped from 1.5 million to 200,000 in 2001. However, rates of pay at slightly higher levels have hardly changed; in 1998 2.5 million adults aged 22 or over were paid less than £4 an hour; by 2001 an estimated 2 million were still being paid less than £4 an hour after uprating for inflation. This has resulted in half of all children and working age adults living in low-income households.

**Key action – target resources in order that wage rates and household incomes are increased amongst those on, or just above, the minimum wage.**

### Geographical

It has been well documented, in this paper and elsewhere, that one of the issues that has to be tackled is inequality in the rate of employment between and within areas.

- Job vacancies in low paid labour markets had a higher number of applicants in areas of high unemployment than those situated in tighter labour markets. The number of applicants was higher when the wage offer was higher relative to the local labour market.<sup>17</sup>

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<sup>15</sup> *Office of National Statistics, 2003*

<sup>16</sup> *Monitoring Poverty and Social Exclusion 2002* Guy Palmer, Mohibur Rahman & Peter Kenway, Joseph Rowntree Foundation 2002.

<sup>17</sup> *Recruiting and Retaining Employees in Low Paid Labour Markets* Donna Brown, Richard Dickens, Paul Gregg, Stephen Machin, and Alan Manning, Joseph Rowntree Foundation, January 2001.

**Key action – interventions at the low paid end of the labour market to improve the affordability of low waged firms paying higher wages.**

- Jobs located in town centres or other areas with good public transport links tend to have more applicants than those in out-of-town areas or poor transport links.

**Key action – develop good transport links to jobs, education and training.**

**Supply side weaknesses**

Common weaknesses that manifest themselves as barriers among individuals include:

- Lack of job readiness – one of the main reasons why people failed to access first-entry and low paid employment was that they created a poor impression at interview.<sup>18</sup>

**Key action – an emphasis on personal development and developing ‘soft skills’ with employers taking responsibility for developing the skills that they demand.**

- Flexibility – the other most common reason for not gaining low paid sector jobs was lack of flexibility and inability to agree suitable hours.<sup>19</sup>

**Key action – targeted action to promote, and work with employers in developing, work-life balance policies and practices.**

- Ensuring that work pays – According to research into Working Families Tax Credit (WFTC), more than half of WFTC recipients said that without WFTC they ‘couldn’t manage at all and another quarter said that they could only manage if ‘they cut down a lot’. Yet understanding the levels that may still qualify for WFTC is poor and awareness among low and moderate-income families only about 42%.<sup>20</sup>

**Key action – ensure that timely advice is given to ensure that full in-work and other entitlements are claimed including among the harder to reach groups.**

- Low levels of skills – There is a causal link between poor skills, insecure employment and relatively high structural unemployment. Overall, the composition of jobs in the future is forecasted to having increased skills intensity.<sup>21</sup>

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<sup>18</sup> *Recruiting and Retaining Employees in Low Paid Labour Markets*’ Donna Brown, Richard Dickens, Paul Gregg, Stephen Machin, and Alan Manning, Joseph Rowntree Foundation, January 2001.

<sup>19</sup> *Recruiting and Retaining Employees in Low Paid Labour Markets*’ Donna Brown, Richard Dickens, Paul Gregg, Stephen Machin, and Alan Manning, Joseph Rowntree Foundation, January 2001.

<sup>20</sup> *Working Families Tax Credit in 2001*’ Report No. 181, Department for Work and Pensions, January 2003

<sup>21</sup> *Working Brief No. 145*’ Centre for Social and Economic Inclusion, June 2003

Access to training – Firms tend to adopt a strict human capital approach to investment in training by investing a disproportionate amount to the higher tiers in their workforce. There are also barriers for those out of work accessing training and education, a significant one being fear of losing welfare benefits because by taking up training they run the risk of being viewed as capable of work and, thus, lose their benefit.<sup>22</sup>

**Key actions – targeting resources to encourage workforce learning among the lower paid through, for example, links between adult learning and workforce development and encouraging the engagement of those out of work into education and training.**

### **Issues among some vulnerable groups**

Despite an improvement in the labour market over the last number of years there are still groups that are significantly disadvantaged in the labour market. By definition, these groups are harder to reach and harder to engage and will require different approaches to those used previously if they are to successfully gain entry and maintain a position in the labour market. This will include offering co-ordinated and integrated packages to assist recruitment to and retention in the labour market.

Groups that are most vulnerable to disadvantage in the labour market include those who are disabled or have a limiting illness, lone parents, ex-offenders, those with a drug or alcohol dependency, some ethnic minorities and those of working age but over 50.

### **Disability and those with a limiting illness**

It is estimated that, nationally, a third of all those qualifying for an incapacity benefit, over 1 million, are out of work and want to work. In Leicester this would amount to over 12,000 households. Integrated measures to address barriers to entry to work include:

- breaking stereotypes about disability including positively portraying what people are capable of and that disability is a dynamic concept in which people can move in and out of disability
- working with employers to increase their understanding of disability issues and improve their practices of dealing with ill-health in the workplace
- reaching people on Incapacity Benefit to ensuring that welfare and in-work benefits advice is available and timely so that fear of loss of benefits and risks of moving into work are minimised
- developing better co-ordination between health services and employment initiatives to improve rehabilitation in the workplace services
- working with employers and appropriate agencies, including health services, to improve the retention, sustainability and progress of disabled people in employment.

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<sup>22</sup> 'Skills Strategy White Paper, 21<sup>st</sup> Century Skills – Realising Our Potential: Individual, Employers, Nation', DfES, DTI, Treasury, DWP July 2003.



**Key action – to develop a working link with partners who are developing employment strategies for those who are disabled and for those who have learning disabilities**

**Key Action – to develop social enterprises /social firms to provide employment opportunities for people with disabilities' (This key issue arises from the Welfare to Work for Disabled People Joint Investment Planning Group).**

## **Lone Parents**

Evidence shows that the majority of lone parents want paid work. There has been an increase from 44% in 1997 to 52% in 2002 of lone parents in work<sup>23</sup>. This is probably due to further tightening of the labour market and the more generous in-work and childcare tax credits. It also includes those who are better educated and have higher skill levels.<sup>24</sup>

Factors involved in not looking for work include:

- the lack of suitable, affordable childcare.
- the fear of being worse off if in work.
- worries about being able to sustain employment.
- those who are less skilled and for whom work incentives remain weak.

In addition, despite New Deal for Lone Parents (NDLP) having some positive impact on getting lone parents into work, these have tended to be low paid and low skilled with high turnover. There has been little after care support to encourage progression in employment.

Measures to improve the position of lone parents in the labour market include:

- ensuring integration with the National Childcare Strategy through the Early Years Development and Childcare Partnership delivered by the LEA
- targeting training and learning, in appropriate forms and settings, to lone parents who have low levels of skills or no, or poor, qualifications
- advice provision to ensure that lone parents are fully aware whether work pays
- the provision of after care support and advice to support the sustainability and progression of lone parents in employment
- promoting policies and practices that provide work-life balance and flexible employment practices among employers and lone parents.

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<sup>23</sup> *Working Brief No. 146* Centre for Economic and Social Inclusion, July 2003.

<sup>24</sup> *Welfare Reform and Lone Parents Employment in the UK* Paul Gregg & Susan Harkness, CPMO Working Paper No. 03/072, June 2003.

## **Ex-offenders**

It is widely recognised that unemployment, and low skill levels amongst offenders increases the chances of re-offending. The levels of offending are also decreased if the payback is reduced.

Measures to tackle re-offending include:

interventions to offer individualised education, training and employment opportunities;  
maximisation of earned income including full entitlement to in-work benefits.

## **Drug/alcohol dependence**

Working with those with a drug/alcohol dependence requires inter-agency support and, for example, people with mental health problems intensive preparatory work.

Measures include:

- linking vocational training with other treatment services as part of a rehabilitation programme
- delivering individualised programmes that can recognise where more intensive support is required.

## **Ethnic minorities**

Most ethnic minority groups have higher unemployment and lower wages than white groups. However, the disparity between different ethnic minority groups is higher than that between many ethnic minority and white groups.

Reasons for this include poor geographical mobility, family and childcare commitments, a lack of support or understanding of the support available, discrimination and some groups having higher cultural barriers to employment.

Measures for tackling these issues include:

- increasing access to education and training particularly for those working in declining or low paid sectors
- measures to support employers developing good equal opportunity policies and practices
- increasing appropriate access and confidence to tackle discrimination in the workplace.

## Age

It is well documented that there is a strong correlation between increasing age and increasing rates of worklessness. This is particularly so among males over 50 and especially so if they have low skill levels.

Measures for tackling labour market issues around age include:

- promoting the virtues of older workers especially around the pool of skills and experience that they carry
- working with employers to tackle discrimination and develop equal opportunity policies that also include age as a factor
- targeting skills and retraining to older workers in and out of work
- providing advice to overcome worries about loss or disruption of income if engaging in training or work.

## Leicester Regeneration Company & The Master Plan

Leicester Regeneration Company (LRC) is a partnership of the public and private sectors, set up in 2001 to spearhead the future development of 400 hectares of land in and around the city centre. Their area stretches from Abbey Meadows, in the north, to Bede Island in the south, with the river as its spine. During 2002 the OLCS published a draft <sup>1</sup>master plan to show how the city could be regenerated over the next 10 years, to make the most of its assets, and to transform Leicester into a high skill / value added economy.

If the LRC masterplan is implemented Leicester will change dramatically over the next ten years. Redevelopment work will improve the image of the city and create new jobs and homes. A skills development programme will be needed to drive the LRC master plan as the proposed new direction for the local economy will need a new set of skills to deliver the service sectors of finance, entertainment and catering that are seen as the key growth areas to attract a young city centre population that will, in turn, foster the development of the city. Development of the Abbey Meadows site as a science park will also demand a higher level of technical skills. The physical regeneration of the city proposed in the master plan will need people who have construction skills. All these skills are currently under represented in Leicester and consequently need to be developed, or retained, within the current population.

The Master Plan proposes the development of five major projects:

<b>Projects</b>	<b>Job Potential</b>
(1) Creating a new office core	4000 Plus new office related jobs
(2) A new science and technology park	High quality jobs for graduates
(3) Widening the city's retail circuit	Expanding Retail Sector employment
(4) A new residential community	Inner city housing development
(5) Developing the waterfront	Leisure & Tourism job Creation

<sup>1</sup> Leicester Mercury Master Plan Article September 30 2003

Already various agencies have provided the LRC with support, for example, emda has brought Charles St. Police Station for the LRC, so it can be converted into offices by the end of 2006, creating 700 office based jobs within the city. The vast majority of the Masterplan is to be funded by private developers.

## Other Employment Growth Sectors

According to the Learning and Skills Council Local Strategic Plan 2002 –05 emerging employment sectors that will play a significant role in the future labour market in Leicestershire are:

<b>Top Ten Industries by Employment 2000-2010</b>	<b>2000</b>	<b>2010</b>	<b>Change</b>
Businesses Services	40,800	47,900	7,100
Education	35,900	39,300	6,000
Hotels & Catering	18,500	24,300	5,800
Retailing	44,300	48,400	4,100
Health	36,900	39,300	2,400
Transport	20,900	22,700	1,800
Wholesaling	31,100	32,300	1,200
Construction	23,000	22,900	-100
Public Administration & Defence	18,200	16,100	-2,100
Textiles & Clothing	28,000	15,500	-12,500
<b>Total Employment</b>	<b>297,600</b>	<b>311,300</b>	<b>13,700</b>

Source: *Business Strategies Limited, June 2000*

As well as the planned development of the master plan, consideration needs to be given to other significant growth sectors, such as transport, education and health. The projected decline in the textiles and clothing sectors will have implications for how adaptable the labour market is, and whether skills in the future need to be more transferable to take advantage of new emerging employment opportunities.

## Skills Requirements and Gaps in Leicester and Leicestershire

Leicester has skills requirements at all levels of the Labour Market. The Leicestershire Economic Perspective details the problems faced by industry in terms of recruitment, skills shortages and skill gaps. Although there are many reasons for these problems, not least the unwillingness of many to enter jobs that are perceived low status, nevertheless the economic perspective also shows the very real problems industry has when faced with national and local skills shortages within a tight labour market.

### Recruitment Difficulties

Within Leicester and Leicestershire over half of businesses recruiting new staff reported difficulties (53%). In general, manufacturing firms reported more problems (56%) than the service sector (51%). Sectors that found it particularly difficult to recruit were textiles (61%) other manufacturing (65%) and other services (59%). Overall local businesses had the greatest difficulty recruiting craft occupations (skilled manual workers). Firms also reported increased problems recruiting to clerical and secretarial occupations, personal and protective service occupations, care workers and bar staff. In manufacturing, firms experienced significant difficulty recruiting to skilled manual work and plant and machine operatives.

## **Skill Shortages**

Skills shortage can be defined as a shortage of individuals with the required skills within the accessible labour market.

The Leicestershire Business Survey (summer, 2002) showed that overall, 40% of businesses agreed that skill shortages were having a significant effect on their business.

## **Skill gaps**

A skills gap can be defined as any deficiency in the skills of an employer's existing workforce, which prevents them from achieving business objectives

In Leicestershire advanced IT was regarded by Leicestershire business as the most serious skills gap in their workforce. Businesses also reported gaps in management and supervisory training and marketing and sales skills. There are a number of occupational areas where there is considerable scope for raising skills levels – for example only 56% of managers have a level three qualification of any kind. Occupational areas where they are high levels of people without recognised qualifications include craft and related skills, plant and machine operatives and other unskilled occupations.

## **Qualifications by industry**

Those with higher qualifications are particularly concentrated in certain industrial sectors, such as education, business activities, public administration and health, demonstrating a need to broaden higher qualification levels across more industry sectors.

In particular people working in the construction and production sectors are less likely to have participated in training to gain a qualification. Sectors employing high volumes of individuals without any recognised qualification include the manufacturing, construction, wholesale, retail and repair, hotel and restaurant, and the transport sectors. All these industrial sectors are also reporting recruitment difficulties and skills shortages.

## **Individual Learners - Skills demand in the population**

In a survey of Leicestershire households, respondents were asked which skills they felt they needed to develop over the next 12 months. In terms of the aspirations expressed above it must be worrying for the planners of the regional and local economies that 32% of households surveyed felt that they had no need to develop new skills over this period (the figure rises to 42% for those who have had no training since leaving school) and this shows the challenge facing those who wish to shift the economy and aspirations of the region. However, the survey shows a high demand for IT skills (27% amongst those surveyed. Interestingly the demand for IT skills increased amongst members of the survey who were unemployed - 31% of those surveyed).

## **The Challenge for Leicester**

The factors that impinge on skills development in Leicester are manifold. The challenge outlined in government and regional strategies is that of raising the aspirations of individuals, business and the workforce. Alongside this, skills development needs to be inclusive, linked into real economic need and engaged to the needs of employers. Leicester faces problems of over-reliance on declining industries and needs to transform

its local economy to attract and retain new growth businesses and those people who have the skills to supply them. However existing companies in Leicester face problems when seeking to meet their current and future skill needs from existing labour market supply. This and the lack of skills and qualifications manifest in an overly large proportion of the working population show a real need for workforce development in Leicester. It is these factors that drive the policies, objectives and priorities of the key agencies, regeneration partnerships and government programmes that influence skills development in Leicester. The challenge within Leicester is to ensure that the mechanisms, structures, tools and resources are in place to deliver programmes that meet this strategic fit.

## **Section 4 - Existing Mainstream and Local Initiatives**

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### **Jobcentre Plus**

The newly formed Jobcentre Plus is now trying to achieve employment outcomes for a far wider range of client groups than was previously the case. Jobcentre Plus targets and performance measures are based on a complex points system with higher points awarded to Local Offices for clients with high needs that they place into employment. High needs clients include people with disabilities, long term unemployed, lone parents and people on incapacity and other sickness/disablement benefits.

The full range of clients Jobcentre Plus will work with in 2003 -2004 is as follows:

#### Lone Parents

Clients on New Deal for Lone Parents

Clients on New Deal for Disabled People

Clients who are on specified sickness/disability benefits\*

Clients in receipt of primary benefits\*

Clients on New Deal 50+

Clients on New Deal 25+

Clients on New Deal for Young People

Other people with disabilities

Long term unemployed clients

Short term unemployed clients

Unemployed clients not in receipt of any benefit

Employed people

\*Sickness/disability and primary benefits encompassed for these categories include Income Support, Incapacity Benefit, Severe Disablement Allowance, Bereavement Benefits (including Bereavement Payment, Widowed Parents Allowance, Bereavement Allowance), Invalid Care Allowance, Maternity Benefit and Industrial Injuries Disablement Benefit.

### **New Deal Provision / Targets**

In Leicester New Deal provision is run through the private sector company Fern Training and Development. Fern Training and Development run the bulk of the programme, as they provide New Deal provision for the 18 – 24 age group and adults over 25. Jobcentre Plus provides New Deal provision for: lone parents, people aged fifty plus and people who are disabled.

Jobcentre Plus is charged with placing 2,900 Job Seeker's Allowance claimants into work per year, over the next three years, in the Leicester area, through the New Deal programme. Figures from Fern Training, available at their district level (Leicestershire), give some indication of the demand for New Deal in Leicester. They currently have between 1,650 and 1,800 starters on the 18 – 24 New Deal option. On the 25 plus New Deal option they have a cohort of between 11, 000 and 13,000 people, of which 3,500 – 4,000 are claiming Job Seeker's Allowance; New Deal would expect to access up to a quarter of these.

## **Leicestershire Learning and Skills Council (LLSC)**

The LLSC has targets that focus primarily on qualifications and improvement in levels of learning achievement for Leicester and Leicestershire. The targets will focus on improving learning in work; improving the levels of basic skills; and improving the level of qualifications by young people and adults.

### ***Young People Strategy***

3250 more 16-18 years old in structured learning

850 more to achieve level 2 by 19 years

700 more to achieve level 3 by year 19

### ***Adult Learning Strategy***

52% of survey respondents not participating in learning in particularly low in City particular (Beaumont Leys, Braunstone, Eyres Monsell, New Parks, Saffron, West Humberstone).

31,500 more adults qualified to level 3 by 2004

### ***Basic Skills Strategy***

12,700 more adults with basic skills qualifications by 2004

24 Additional trainers of basic skills and ESOL tutors trained by 2003

250 additional basic skills and ESOL tutors trained by 2003

### ***Work Force Development Strategy***

110 New Organisations recognised as Investors In People

80% of Organisations investing in training by 2004

3 Centres of Vocational Excellence (CoVES) by 2004

*Extracted From Leicestershire Learning & Skills Council Local Strategic Plan 2002 – 2005  
pages 12 – 18*

## **Regeneration Partnerships**

All the regeneration partnerships (including the New Deal for Communities) have targets to achieve to improve employment outcomes, qualifications and participation in learning. Headline targets for each of the Regeneration Partnerships are generally listed in their annual Delivery Plans. Targets relevant to this Strategy would include residents into employment (1D), Job creation (1A) and qualifications (1C) but may also include other targets specific to particular partnerships. Targets are agreed with East Midlands Development Agency annually and reviewed and monitored quarterly. For New Deal for Communities, targets are agreed with the Government Office for East Midlands and monitored quarterly. All regeneration partnerships have targets for Black and Ethnic Minority participation as a proportion of their outputs.

# The Single Regeneration Budget Scheme

Leicester has six single regeneration budget schemes focused on the Leicester areas of Greater Humberstone, Belgrave, Saffron, Braunstone, Beaumont Leys, North-West Leicester (Beaumont Leys, Mowmacre, Abbey Rise, Stocking Farm and Anstey Heights). The schemes are area based and are located in wards that have consistently ranked high in the Indices of Local Deprivation and Multi – Deprivation. The wards vary in terms of their needs and priorities but all the areas face similar problems of high mortality rates, poor housing, high levels of unemployment and low pay, low levels of educational achievement, high crime rates and fear of crime and lack of community and shopping facilities. The LERP has merged Leicester’s six area based SRB programmes into a single city - wide scheme. The aim of the LERP ’s merged plan is to provide synergy and joint working between the SRB programmes which all have similar problems and similar aims and objectives.

The SRB scheme will be implemented through five objectives:

- Enhancing the employment prospects, education and skills of local people
- Address social inclusion and increase opportunities for the disadvantaged
- To promote sustainable regeneration, improving the environment and infrastructure
- To support and promote growth in local economies and business
- To tackle crime and improve community safety

The SRB programmes are time limited and the LERP and local area strategic partnerships are committed to continuing the process of regeneration beyond the end of the SRB programme. The LERP is currently working with its partners, the Leicester Partnership and the LSEP to develop a forward strategy for all area based initiatives within its remit.

## New Deal for Communities

**Information to follow:**

## Neighbourhood Renewal

The aim of Neighbourhood Renewal is to build stronger, sustainable local neighbourhood communities. This entails delivering a range of services in an integrated and co-ordinated manner to tackle the complexity of problems associated with deprivation. There are two clear goals in achieving this:

- to have common goals of lower worklessness and crime and better health, skills, housing and environment
- and
- to narrow the gap on these measures between the most deprived neighbourhoods and the rest of the country.



Floor targets have been set to give a minimum of what needs to be achieved and to provide a focus for services. As far as jobs and regeneration are concerned, the floor targets pertaining to Leicester are to:

- generate 18 additional social enterprises in deprived areas
- increase the employment rates of people in disadvantaged groups
- improve economic performance measured by the trend in gross domestic product per capita.

This has led to the development of the following priorities:

- increasing employment rates in high unemployment areas,
- developing sustainable enterprise including support to SME's and alternative social enterprises,
- encouraging established agencies to develop inward investment in deprived areas, developing themes of communication and development in local neighbourhoods alongside the City council's Revitalising Neighbourhoods Initiative.

## Connexions

All Connexions partnerships have the key target of reducing by 10% the proportion of 16-18 year olds who are not in Employment, Education or Training (NEET) by November 2004. For Connexions in Leicestershire, the means of reducing the number of young people who are NEET is twofold:

- A) Prevention** – Working with young people in school, college, training and employment to prevent them from dropping out to become NEET and ensuring smooth transition from one option and route to another.
- B) Re-engagement** – working with young people who are not in employment, education or training to break down barriers, identify and address issues and provide access to specialist support to enable them to progress into a positive outcome.

## Leicester Shire Economic Partnership

The Leicester Shire Economic Partnership was conceived in Autumn 2001 as a sub – regional strategic partnership working on behalf of Leicester and Leicestershire to improve economic prosperity and the quality of life for all within its communities. The LSEP was formally accredited by emda in 2002 as the sub - regional partnership for the area. The LSEP has prepared, on behalf of emda, a sub – regional Economic regeneration Strategy, this sets out LSEP vision and priorities for the next ten years (2003 – 2012<sup>25</sup>). The LSEP

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<sup>25</sup> The LSEP Leicester and Leicestershire Economic Regeneration Strategy 2003 - 20012

Economic Regeneration Strategy will inform and guide future funding programmes the first of which has been set out in the LSEP Action Plan 2003 – 2006.

The LSEP's overarching vision is to create the right economic conditions to improve the quality of people's lives and the environment within which we live. The LSEP sees greater economic prosperity as an essential means of improving the equality of life of everyone in the sub- region, which covers Leicester and Leicestershire. By supporting more competitive businesses and increasing wealth the LSEP aspires to achieve economic growth which can help to reduce inequalities between differing parts of our area, improve the quality of the sub – regions' built and rural environment, create economic advantage using the sub - region's great diversity.

The LSEP will deliver its vision through four main themes: People and Skills, Enterprise and Innovation, Land and Buildings and Sustainable Communities. In its Action Plan 2003 - 2006 the LSEP adds the cross – cutting themes of ICT / Broadband and Research.

Under its four themes the LSEP will deliver its vision over the next ten years to realise a sub-region which:<sup>26</sup>-

### **People and Skills**

- becomes a 'centre of excellence' through the quality of its education and training
- gives people the confidence to develop and better use their talents and abilities
- enables graduates to be attracted to and stay in the area because of the increased number and variety of jobs on offer.
- uses its ethnic and cultural diversity in promoting employment opportunity.

### **Enterprise and Innovation**

- has a strong enterprise culture where many more local people are prepared to set up in business and have the support to succeed
- supports the transfer of research ideas from its universities into business opportunities
- has a broad mix of innovative businesses which are at the cutting edge of technology
- has increased household incomes through higher wage rates

### **Land and Buildings**

- maximises the use of development sites and buildings and revitalises derelict and under-used land and buildings
- has an established image and high profile which will be used to attract investment and capital to further its ambitions
- has high quality health, education, transport and other public services achieved through increased investment
- promotes quality buildings and community spaces through sensitive design and development, which projects the vibrancy and safety of the area.

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<sup>26</sup> The LSEP Leicester and Leicestershire Economic Regeneration Strategy 2003 - 20012

## Sustainable Communities

- has much reduced the gap between its more deprived and wealthy communities
- has a measurably better environment and has increased its environmental 'capital' for future generations.
- secures partnership commitments to work together to deliver the vision for the sub-region.

## Section 5 - Key Targets

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**This section is yet to be resolved: The following is an indication of local targets within Leicester. The sub – group is seeking to identify an agreed set of targets in conjunction with the Leicester Economic and Regeneration Partnership (formerly the LRA) and through wider consultation. It is intended that the common framework of this strategy will be used by all the key organisations in the City.**

### Headline Targets

Over 2 years to 2005, and taking into account the economic cycle, to increase employment rates in Leicester and reduce the difference in rates between other regions Areas within the East Midlands.

Over 2 years to 2005, and taking into account the economic cycle, to increase the employment rates of people with disabilities, lone parents, ethnic minorities & over 50's & narrow the gap between these rates and the overall Leicester rates.

### Stakeholder Targets

Stakeholder targets will effectively contribute to the headline targets by addressing employment needs of some or all of the priority groups as well as addressing unemployment in areas of high deprivation. A summary of the key stakeholder targets is set out below.

### Leicester City Council

The Council has its own targets to meet on numbers of residents receiving training and qualifications through Council Grant Aid and numbers of residents into employment. In this financial year, all Council funding is matched into Single Regeneration Budget (SRB) and European Social Fund (ESF) programmes, so Council targets link directly to these two programme areas as well. The Council is also the key signatory to the Community Plan and Public Service Agreement (PSA).

## Regeneration Partnerships

All the regeneration partnerships (including the New Deal for Communities) have targets to achieve to improve employment outcomes, qualifications and participation in learning. Headline targets for each of the Regeneration Partnerships are generally listed in their annual Delivery Plans. Targets relevant to this Strategy would include residents into employment via training, careers guidance or other help (1D's) residents gaining qualifications (1C's) and jobs created (1A's) but may also include other targets specific to particular partnerships. Targets are agreed with East Midlands Development Agency annually and reviewed and monitored quarterly. For New Deal for Communities, targets are agreed with the Government Office for East Midlands and monitored quarterly. All regeneration partnerships have targets for Black and Ethnic Minority participation as a proportion of their outputs.

### Key outputs relating to jobs and qualification and training for SRB in Leicester are:

Output	Actual (March 2003)	Total (all years forecast)
1a no. of jobs created	710	720
1a no of jobs safeguarded	809	812
1c people trained and obtaining qualifications.	2588	5512
1d number of residents in the target area finding work, through training, careers guidance or other help.	1,401	2158
1e number of training weeks	7288	12,972

The key challenge for SRB in Leicester is to meet these targets by the end of SRB in 2007, in particular emda's priorities for training weeks (1e's), and local priorities (as defined in the community plan) for residents trained and obtaining qualifications (1c's) and residents placed into employment through advice and guidance (1d's) of which is dependent upon wider economic factors.

This Strategy may not therefore, be able to effectively take into account a large downturn in **European Social Fund (ESF)**

Government Office for East Midlands (GOEM) contracts directly with a range of local providers under its European Social Fund Programme. Many of these are local voluntary sector providers some of whom deal with particular high need groups. These targets are not readily available for Leicester because many of these projects cover a wider geographical area. Headline targets will be sought from GOEM.

**Key Action: To integrate, standardise, and link wherever possible stakeholders targets relating to Leicester's Labour Market.**

## Section 6 - Monitoring and Review

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Reviewing and monitoring the effectiveness of the Strategy is vital for this Strategy to work. Each of the partners has their own internal targets, monitoring and review systems. In addition, the Strategy sets out an Action Plan to identify the specific actions that partners and stakeholders will take in order to improve Leicester employment outcomes.

This Strategy seeks to develop effective strategies for training and placing jobseekers into work and continuing to work with them to help them progress and sustain their employment. Whilst the Strategy recognises the importance of linking jobseekers effectively with demand-side requirements, it has not been formulated to address more complex issues around business growth, development and sustainability – much the economy and the consequent impact that would have on available jobs and levels of unemployment. For this reason, annual monitoring and review of the Strategy will be critical to assess how well the supply - side of Leicester's employment services infrastructure is working to allow flexibility in the annual setting of targets that can take account of wider economic circumstances; and to effectively plan for, and resource, training and skills that will help to equip jobseekers to meet the demands of the labour market.

### **Establishment of a Citywide Employment Network**

The strategy has been developed by the LERP working sub group which is a cross sectoral partner organisations comprising of voluntary, private and public bodies. Continuing to build on the work of the sub group the Strategy would benefit from a citywide network. The Strategy can then be monitored and reviewed on a quarterly basis against the following suggested key criteria:

- **Labour Market** – identification of existing and new employment opportunities and skill requirements to ensure Leicester residents receive appropriate training linked to available jobs. Analysis to focus on demand - side issues, covering both employers and residents access to available jobs.
- **Statistical Analysis** – assessment of rates of unemployment and employment participation within Leicester as a whole and as a comparator across the East Midlands, employment outcomes and participation rates for high need groups, rates of unemployment in priority neighbourhoods and numbers of individuals placed into and sustaining employment across all existing programmes and projects.
- **Action Plan** – assessment of whether action plan targets have been met and annual reviews to update the action plan to ensure any new issues are identified. Process to include annual employment conference with stakeholders to identify progress, issues, actions and activities.
- **Qualitative Impact** – assessment of how much the Strategy has impacted on the participating agencies in changing the way they work and the effectiveness of how they work together as well as assessing the qualitative impact on service users including jobseekers and employers. Research undertaken in preparing this Strategy should help to provide a useful baseline

**Key Action – To set a Leicester Based Employment and Training Network to monitor and review the Employment Strategy, which will meet four times a year to monitor the implementation of the strategy.**

## **Section 7 – Conclusion & Recommendations**

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It is apparent that there are international, national and regional agendas that structure the delivery plans of the key agencies and resources coming into the City. In addition the City itself has future skills development needs and challenges, particularly around the LRC master plan, physical regeneration within the City and the transformation of Leicester's low wage/ low skill economy. Effective change in Leicester will only be achieved when these needs and challenges are taken into account and linked into the relevant national and regional strategies and their targets. The challenge for the agencies and partnerships that work within Leicester is to define labour market needs within the context of the priorities of the national, regional and sub regional economies to ensure that resources are directed appropriately to aid the regeneration of Leicester's economy.

### **Recommendations:**

#### **Building an Employment and Learning Culture in the City**

1. More resources need to be applied towards developing a coordinated skills strategy for Leicester
2. There is a need for more detailed and comprehensive information on the skill needs and skills gaps within the city and a mechanism whereby this can be rolled out to employers, individuals and providers.
3. The City faces a major displacement of staff from the clothing and textiles sector in particular and manufacturing industry in general: this should be met with an appropriate response from agencies within Leicester.
4. Leicester faces challenges at all stages of skills development within its labour force. It has to be recognised, however, that there is no automatic transmission of developing a higher skills base and improving wages or working conditions. The real challenge is to provide appropriate training and development which results in sustainable jobs, better conditions and personal fulfilment.
5. There is an overwhelming need expressed at the national, regional and local levels to link skills development into the needs of employers and the economy.
6. Specific efforts and measures need to be made to enhance cohesion by addressing what is effectively a dual labour market operating in Leicester.

Targeting vulnerable groups in the Labour Market and those who are economically inactive.

1. The public sector needs to fulfil its responsibility to co-ordinate and engage with workforce development, particularly in the provision of basic skills.
2. Leicester is seeking to radically change the aspirations and capability within its workforce through a process of redevelopment, population change and encouraging educational achievement. It is important that those in the disadvantaged communities of Leicester are locked into this process of regeneration. Prosperity should be shared by all, the hardest to reach need to be pro-actively engaged by the agencies in Leicester and programmes developed which are responsive to peoples needs and their aspirations to take their full part in the economy of Leicester.
3. Steps need to be taken to ensure that specific barriers are addressed, so that all groups have greater opportunities to access employment, particularly those that are economically inactive or have specific issues.
4. Efforts need to be made to enhance sustainability of employment through improving workforce development. This could include: measures that increase learning at work, ensuring financial incentives are made fully available so that work and training become financially viable, quality job matching, effective enforcement of labour standards and developing an after care service (particularly for those who have been distant from the labour market).

### **Supporting Sustainable Employment**

1. There is an important link between the quality of the transport system and labour market efficiency.<sup>27</sup> Transport poverty is a serious impediment to the ability of people to access economic opportunities<sup>28</sup> and is a particular issue for Leicester's outer estates. There is a need to take account of transport issues when developing economic opportunities in Leicester and also a responsibility to respond to transport poverty where it exists.

### **Establishing a City Wide Employment Network**

1. To establish the formation of a Citywide Employment Network to help monitor, deliver and implement the Employment Strategy.
2. In order to follow and build on the recommendations, there needs to be an integrated action plan for the strategy to be delivered at local level jointly by its partners. It is strongly recommended that the LERP Employment Strategy working group continues developing the action plan relating to the strategy and development of a City-wide Employment Network.

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<sup>27</sup> The State of the Regions Economy – Key findings and Implications - emda

<sup>28</sup> The Social Exclusion Unit



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## **Appendix One: The Action Plan - Work in Progress**

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## **Appendix Two: Individual Organisations & Partnerships Consultees**

### **Groups & Partnerships**

Business Link Employer Engagement Group  
European Regional and Regeneration Officers Group  
Leicester City Council All Department Service Directors  
Leicester Economic Regeneration Partnership  
Leicester Employment Agency Association  
Leicestershire Learning Partnership  
LERP Employment Strategy Working Sub Group  
LERP Round Table Conference attendees  
Learning Disability Partnership Board Employment Strategy Steering Group

### **Individual Organisations**

APEX Leicester Project Limited  
Beaumont Community Association  
Belgrave Baheno  
Braunstone Community Association  
Business To Business  
Connexions Leicester Shire  
De Montfort University  
Diocese of Leicester City Council  
Direction Recruitment Limited  
East Midlands Development Agency  
Elequip Projects Limited  
Fern Training and Development  
GAIN Information Advice & Guidance Service  
GMB Trades Union  
Government Office for the East Midlands  
Greater Humberstone SRB6  
IAG Partnership  
Inland Revenue  
Jobcentre Plus  
Learning and Skills Council  
Leicester African Caribbean Business Association  
Leicester Chamber of Commerce  
Leicester College  
Leicester Constabulary  
Leicester Partnership  
Leicester Racial Equality Council  
Leicester Regeneration Company  
Leicestershire & Leicester City Learning Partnership  
Leicestershire Centre for Integrated Living  
Leicestershire County Council  
Leicestershire Development Agency

## **Individual Organisations, cont:**

Leicestershire Prince's Trust  
Leicestershire Promotions  
LESP Highfields Youth and Community Centre  
LNW Regeneration  
NEDI  
Northamptonshire County Council  
Raynsway Properties  
TUC Learning Service  
University of Leicester  
Voluntary Action Leicester

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## **Appendix Three: LERP Working Group Report Contributors**

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## **Appendix Four: The National Skills Strategy**

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In its recently launched skills strategy the government outlines its plans for skills development in the UK over the medium and long term. Its strategy is based on the challenges posed by the global economy and the current national context. The aim of the strategy is to ensure that:

Employers have the right skills to support the success of their businesses and individuals have the skills they need to be both employable and personally fulfilled.
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### **The Global Context**

A central plank of the strategy is that increasing global competition and the rate of technological change has resulted in a need to shift from the concept of a job for life to that of “employability for life”.

“To compete on the basis of low wages is not an option. The UK must compete on the basis of productivity, competitiveness, and capacity for innovation, enterprise and quality. It must add value to products and services. All that is dependent on raising the level of skills”
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### **The National Context**

The strategy starts from the premise that skills gaps in the UK are stubbornly persistent. The UK performs well in higher education but is weak in giving people the broad foundation skills they need for sustainable employment. The UK is particularly poor at training people to intermediate skills levels level (apprenticeship, skilled craft and technician levels). In its strategy the government notes that a highly educated workforce

with a culture of life long learning is more likely to adapt to economic change. As such, improving the level of skills within the workforce, particularly the level of skills amongst those with the lowest level skills, is regarded as a top priority to increase the flexibility of the UK's workforce.

In the UK there are particular gaps in the basic skills for employability – these include literacy and numeracy, the use of IT, intermediate skills at apprenticeship, technician and higher craft and associate professional level, mathematics, and management and leadership skills.

The National Skills Strategy will affect how resources are directed at the regional and local levels. The government does not postulate a new initiative, nor extra resources, instead it wants to see existing agencies, providers and initiatives working together at the national, regional and local level to implement its key action points. The National skills strategy outlines its key action points as follows

***The government will work with employers and employees to:***

- Give employers a greater choice over the publicly - funded training they receive (lessons will be learnt from the evaluation of the Employer Training Pilot programme)
- Provide better information for employers about the quality of local training – through the introduction of Employer Guides to good training
- Improve training and development for management and leadership, particularly for SME's, using the new Investors in People management and leadership model.
- Develop business support services to ensure that employers have better access to the advice and help they want, from the sources best placed to provide it, bringing in a wider range of intermediaries.
- Expand and strengthen the network of Union Learning Representatives to encourage the low skilled to engage in training.

***The Government will work with individual learners through the strategy to:***

- Create a new guarantee of free tuition for any adult without a foundation of employability skills to enable them to achieve foundation level qualifications - to be known as a 'level 2' qualification.
- Increase support for higher-level skills at technician, higher craft or associate professional level (known as a 'level 3' qualification), in areas of sectoral or regional skill priority.
- Pilot a new form of adult learning grant, providing weekly financial support for adults studying full-time for their first full level 2 qualification, and for young adults studying for their first full level 3 qualification.

- Safeguard the provision in each local area of a wide range of learning for adults, for culture, leisure, community and personal fulfilment purposes, with a better choice of opportunities to encourage adults back into learning.
- Provide better information, advice and guidance on skills, training and qualifications, so that people know what is available, what the benefits are, and where to go.
- Help adults gain ICT skills, as a third basic skill alongside literacy and numeracy in the “Skills for Life” programme.

## **Sector Skills Councils**

To implement its strategy the government intends to set up a new mechanism – the Sector Skills Council. Twenty three Sector Skills Councils will be established by summer 2004, they will act as a representational voice for employers and employees in each major sector of the economy. Sector skills agreements will be developed to set a long term agenda for raising productivity in each sector, to determine the skills needed for international competitiveness, and to establish how employers might work together on a “voluntary” basis to invest in the necessary skills.

It is intended that the Sector Skills Councils will be major contributors at a regional as well as national level. The strategy has identified a strong regional dimension to the skills problem. Variations in the skills base of the regions are a major factor in explaining regional variations in productivity. Regional Development Agencies will lead in producing Frameworks for Regional Employment and Skills Action (FRESAs) designed to address the skills and employment needs of employers and individuals in the regions within an economic, demographic and social context – they will be expected to work closely with their Sector Skills councils

## **Supply and delivery of education and training**

To bring about the changes needed the government intends to take concerted action to reform the supply and delivery of publicly funded education and training. The qualifications framework will be reformed so that it is more flexible and responsive to the needs of employers and learners. The government intends to:

- Strengthen and extend Modern Apprenticeships so that they become a top quality vocational route, designed to meet the needs of employers. It will also lift the current age cap, so that adults will be able to benefit.
- Review the vocational routes available to young people, and strengthen the focus on their employability and enterprise skills.
- Make qualifications for adults more flexible by dividing more learning programmes into units and speeding up accreditation of new qualifications.
- Introduce credits framework for adults, to help both learners and employers package the training programmes they want, and build up a record of achievement, over time, towards qualifications.
- Make it easier for people to gain the skills they need by reviewing in each sector the need for new adult learning programmes to develop generic skills for employment.

The government will build on its “Success for All” reform programmes to raise the effectiveness of further education colleges and training providers by:

- Reforming the funding arrangements for adult learning and skills, to give training providers stronger incentives to work with employers while reducing bureaucracy. This will include introducing a new approach to setting fees and raising income.

- Supporting the development of e - learning across further education, with more on-line learning materials and assessment.
- Helping colleges build their capability to offer a wider range of business support for local employers.
- Broadening the range of training providers, by bringing within the scope of public funding those private providers who have something distinctive and of high quality to offer.

In addition the Government intends to lead by example, showing that delivery agencies can work more effectively together at national, regional and local levels in providing coherent services for skills, business support and the labour market. The government will:

- Form a National Skills Alliance, bringing together the key Government departments with employer and union representatives as a new social partnership, and linking the key delivery agencies in a concerted drive to raise skills.
- Link implementation of the Skills Strategy with the conclusions of the Department of Trade and Industry Innovation Review, so that both skills and innovation work together as two key drivers enhancing productivity.
- Integrate the work of Regional Development Agencies, the Sector Skills Council network, the Small Business Service, the Learning and Skills Council and Jobcentre Plus, inviting the Regional Development Agency in each region to develop innovative proposals for effective collaboration. The focus will be on simplifying the system for employers and learners, improving value for money, raising aspirations and responding to local and regional skills needs.
- Strengthen the partnership between the Learning and Skills Council and Jobcentre Plus, with a stronger push to support skills and training for benefit claimants, and provide a better integrated service for employers.
- Build up education and training opportunities for offenders through closer working between the Prison Service, the Probation Service, the Learning and Skills Council, Ufi / learndirect and other partners.

## **Appendix five: The East Midlands FRESA**

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### **Framework for Regional Employment & Skills Action (FRESA)**

The East Midlands Framework For Regional Employment And Skills Action (FRESA) works through its partners to create a healthy labour market for the East Midland region. It aims to provide a single regional plan for employment and skills based on coherent, valid and accessible labour market and skills information and intelligence. The key focus of the FRESA is on what happens in the region to maintain and grow a healthy labour market, its key product is an agreed action plan outlining a set of actions and responsibilities for the agencies that commit to it.

The FRESA supports the ambition for the region as set out on the regional economic strategy that:

By 2010 the East Midlands will be one of the top twenty regions in Europe. It will be a place where people want to live, work and invest because of:

Its vibrant economy  
Its healthy, safe, diverse and inclusive society  
Its quality environment.

The FRESA is based on a baseline labour market analysis of the region. The analysis benchmarks the East Midlands against other regions. It analyses both labour supply and demand and assesses the relative strengths and weaknesses of the region. The FRESA will link into the National Skills Strategy and also into regional and sub regional partnerships to fulfil its objectives.

### **The East Midlands Regional profile**

The East Midlands is trapped in a low skill / low pay equilibrium. Relatively high employment rates in the region mask a low value added economy. Employers in the region base their product market strategies on low quality products that require fewer skills to produce and therefore justify low wages, but still generate sufficient profits without enhanced productivity or competitiveness. A vicious circle results. The key challenge that the FRESA has set itself is to move the region out of this negative cycle.

To turn the economy of the region around, the FRESA identifies three headline challenges for the East Midlands:

- To drive up demand for skills from regional business (public, private and voluntary sector) through improvements in business productivity – 70% of productivity gains must be met by SMEs if the region is to meet its target.
- To correspondingly drive a parallel improvement in the skills supply and address current weakness in the skills profile of the region to keep up with business aspiration
- To raise the aspirations of the people of the region – as individuals and parents, employers, employees and members of regional communities

The challenge for the FRESA is how to achieve a healthy labour market in the regions. The FRESA describes its actions under the following headings:

## **Placing people and skills at the heart of the economic agenda**

The most important challenge for the FRESA is to drive up demand for skills, this can be achieved by working closely with businesses and public sector organisations in key sectors and clusters that have been identified as growth points for the region by emda. These currently include:

High performance engineering – motor sports, aerospace, power generation systems and Environmental technologies

- Clothing and textiles – concentrating on technical textiles
- Food and drink – with the emphasis on food technology
- Health care – focusing on bio – science
- Creative industries – particularly new media

All these clusters depend on the skills of their workforce. The focus is on higher-level skills. Employment and skills in these priority clusters sit high on the list of regional priorities.

## **Focusing on customers**

What do employers, individuals and communities really want and need? The FRESA postulates bringing in customers at an early stage so that planning reflects their needs, therefore, it suggests that employers need to be seen as partners in change. It will seek to engage employers through established programmes such as the Job Centre plus ambition programme, Business Links, emda's business champions, the Learning Skills Council boards and employer networks. The public sector will be encouraged to work directly with key agencies to design programmes that are directly relevant to their needs, for example, through active delivery of welfare to work and workplace learning programmes. In addition customers need information; both employers and individuals need to be better informed about the opportunities available to them. Individuals at all stages of the labour market are poorly informed about the link between wages, skills and qualifications, the concept of life long learning and its link with employability remains alien to many. Barriers to learning are diverse and information and advice agencies in the public and private, voluntary and union sectors have a crucial role in ensuring that people can make intelligent choices about jobs and learning. Local strategic partnerships have a crucial role in ensuring that the FRESA is relevant to local communities of need at the sub regional level.

## **Making informed decisions about Employment and Skills issues**

The FRESA aims to develop a Regional Skills Intelligence Unit that will provide a hub for labour market intelligence.



## **Ensuring responsiveness**

The FRESA aims to be:

Prepared for labour market change through scenario planning

Responsive, by providing large-scale redundancy support through the Job Centre plus “rapid response unit”

Pro –active, by the provision of employment opportunity support and the provision of a seamless and customer focused response from the regions agencies and organisations

## **Prioritising the key themes of the FRESA**

### **Raising levels in the workforce**

The FRESA wants to encourage individuals to attain skills that can be used in the East Midlands economy and will also lead to higher wages or an increase in job quality. There is little point in training “for stock”. The aspiration that drives the FRESA is to move to a higher skills / higher value added economy. The FRESA also emphasises sustainability in employment. Individuals and employers must have the right support for sustained employment.

The barriers that people face do not disappear when they find work – there is a need for a package of support for those facing multiple disadvantage to ease the transition from welfare into work and to ensure that they stay in work. In this context the acquisition of soft skills can be just as important to an employer, many employers place high value on communication skills, enthusiasm and customer care, and regard on – site training and experience as valid and as important as paper qualifications. The public sector has a special responsibility as a major employer in the region and a leader in the knowledge economy to address low skilled jobs, tackle basic skill issues, and encourage HR development.

### **Management and leadership**

The East Midlands has predominantly a small business economy. As such management and leadership development for SMEs is a key priority for the FRESA. The FRESA aims to make the business case for skills development by encouraging SMEs to adopt product market strategies that are about innovation in product process and which raise productivity; developing skills is a key part of this strategy. By helping small businesses to develop product market strategies which are about profitability through innovation the FRESA aims to stimulate the demand for higher skilled jobs and enhance regional competitiveness and productivity this in turn will lead into more quality jobs and better employment opportunities – this is FRESA’s virtuous circle.

Development within the public sector will focus on improving the link between supply and demand for courses and development programmes and qualifications within the workplace, through a proposed management and leadership action group.

## **Employability for all**

To be employed is to be at risk, to be employable is not. The FRESA believes that everybody, irrespective of the job they do, is selling their experience, knowledge and skills to their employer. While the individual has the skills their employer needs they will remain employable. The scenario is one where the individual needs to be constantly learning, where each individual is responsible for their own career path and where the career path itself branches off into many different directions. In this context employability means retaining individual ownership of skills that can be retained from job - to - job.

There are seven million people in the UK who have poor basic skills and one million of these live in the East Midlands. Poor literacy is a major challenge that needs to be addressed both in and outside the workplace. The public sector and the trade unions have a key role in improving basic skills levels. The FRESA will roll out learning and skills development through established groups and partnerships formed through the regional skills for life forum, the regional workplace forum, emda and GOEM will take the lead responsibility in this area. In addition more needs to be done to bring those near to work back into the workplace. There is a responsibility on agencies working with the unemployed to engage with the hard to reach to identify barriers into employment and to provide seamless services that provide support from unemployment into work. The emphasis needs to be on what people can do – rather than on what they cannot.

Discrimination should be tackled where it is practiced and employer's perceptions challenged where labels and assumptions are incorrectly applied, whether this relates to ethnic minorities, gender, lone parents, disabled people or the long term unemployed. The mature workforce initiative ("experience works") challenges age discrimination and is now being rolled out across the region.

## **Skills for enterprise and innovation**

The FRESA aims to encourage a spirit of enterprise and innovation and regards this as crucial to the sustained growth of companies. The focus will be on priority clusters, higher-level skills and knowledge transfer, through encouraging SMEs in particular to recruit and retain graduates in the region. It regards schools, universities and colleges as key in developing the owner managers of tomorrow to develop the skills they need to become the building blocks of a high skill / value added economy. The FRESA envisages encouraging enterprise by augmenting existing programmes that assist graduates – such as STEP - and will build in advice about business start - ups into these. In addition it will link new businesses into the STEP and *Getonwith* graduates programmes. It will encourage women entrepreneurs and by showing a commitment to skills development hopes to attract inward investment into the area. In addition it recognises the importance of social enterprise to disadvantaged communities and communities of deprivation and sees the SEEM network as mechanism for increasing individual skills and confidence in this sector.

## Knowledge and ICT

The profile of the East Midlands is that of a low knowledge economy. The aspiration for the region is to encourage and develop new knowledge-based businesses and to increase the knowledge intensity of existing businesses. The extent of this challenge is shown by a report on “e - adoption” in Leicester that indicates that 33% of the businesses in the region do not even own a computer. The FRESA needs to encourage more people to engage with the knowledge economy and the ICT revolution and will need to identify mechanisms to achieve this, such as, the DTI broadband fund and the European Innovations Actions Funds. It will emphasise ITC skills development throughout its partners funding programmes.

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