

Derby Employment Taskforce 2012 – 2015

Programme Summary v2

February 2012



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1. CURRENT SITUATION IN DERBY

The Derby Economic Strategy was published in June 2011 after a 12 month period involving extensive research and widespread stakeholder consultation. This strategy included a SWOT analysis backed by our local Economic Assessment (both are available separately). A summary of the main issues influencing the focus of our strategy and the Delivery Plans created to implement this strategy is outlined below. Appendix 1 contains an extract from the Centre for Cities, *Cities Outlook 2012* and should be read alongside this section.

Derby is fortunate to have a relatively high performing and wealth creating economy. The city is home to world renowned brands and is the UK leader in advanced manufacturing. However, there are a number of significant under-lying pressures that threaten our economy and inhibit growth potential of our businesses thus demonstrating the need for public sector intervention:

1. Derby's population is steadily growing - increasing by 1.15% between 2009 and 2010. Derby is therefore in the top third of fastest growing English cities (source: Centre for Cities) . A 2009 report investigating the future demand for skills has calculated that the city will need to generate 16,000 net new jobs by 2023 – that is 1,100 net new jobs each year - to keep pace with a forecast increase in population of 19.5% by 2030.
2. Unemployment rates have been rising since Feb 2008, with over 4,000 additional JSA claimants (representing a 2.5 fold increase) placing Derby firmly in the bottom quartile of the rankings of English cities (source: Centre for Cities). Indeed the JSA claimant rate in Derby has risen by 21% over just the last 12 months (December 2010 to December 2011). Pockets of deep-seated deprivation exist in parts of the city. 3 wards are in the bottom 6% nationally for multiple deprivation – Arboretum, Normanton and Sinfen.
3. Despite the presence of world leading high technology companies, the percentage of Derby residents qualified to degree level or higher is below the GB average. Most worryingly though, almost one fifth of the city's residents (2010) have no formal qualifications – Derby is therefore the worst performing of any English city in this context. 22% of employers report skills gaps. A recent Skills Audit by the UK Commission for Employment and Skills identified that transport equipment manufacture was the national sector with the second largest skills deficit. Employers have expressed concerns about the readiness for work of some school children, students and young unemployed adults.

4. There is a large and widening disparity between workforce earnings and resident earnings. Other parts of the country with a relatively high level of workplace earnings retain their wealth much more effectively than Derby does. Just over half of professional jobs in Derby are filled by non-Derby residents, compared to 16% in “elementary occupations”. With an aging workforce and the relative ease with which an employer can recruit from outside the city, urgent steps need to be taken to assist our young people realise the opportunities presented through economic growth. We must better inform career choices, influence school curricula, and better link FE learning provision to the needs of employers and work harder to overcome barriers into work for young people.
5. Derby generated almost 3,200 net additional private sector jobs in the decade leading up to 2009 but the city haemorrhaged 1,300 private sector jobs in 2009 and 2010. The rail sector is notoriously reliant upon winning Government new-build contracts, for rolling stock and replacement infrastructure. The large-scale potential redundancies faced by Bombardier staff at the end of last year have been largely averted for the time being. Nevertheless, imminent closures and relocation of jobs at other companies could place another 1,000 private sector jobs at risk. Although manufacturing employment still accounts for 17% of all jobs, in the decade up to 2008 this sector accounted for the largest source of job loss (shedding 4,200 jobs). One third of jobs in Derby are in public administration and education (Derby has a private to public sector ratio of 2.5). The local economy is therefore vulnerable to further Government cuts.
6. The innovation capacity of the city is enhanced by the presence of advanced manufacturing companies such as Rolls-Royce. Around 1 in 10 of the local workforce is employed in this sector but if employment in aerospace manufacturing is excluded, Derby’s manufacturing profile is almost identical to the national average. On various levels, the city under-performs in many measures of innovation (e.g. patents per 100,000 population 4.9; placing Derby in the bottom quartile of English cities). The University of Derby quite clearly is not a leading research-based institution. Furthermore there is little evidence that cross-fertilisation occurs between the three main manufacturing industries (planes, trains and automotive). A 2010 report for the City Council found little evidence of networking, joint purchasing or knowledge spillovers between the three industries, although anecdotal evidence suggested that workers occasionally do migrate from one to another.
7. Derby has consistently lower than average rates of business registrations and self-employment. The differential between self employment levels (percentage of working age who are self employed) in Great Britain and Derby actually widened by

over two-fifths between 2000 and 2009. Our business stock and business start-ups (per 10,000 population, 2010) is 229 and 27.9 respectively - placing Derby in the third quartile of English cities. Derby is therefore over reliant upon the fortunes of a handful of large businesses. Two fifths of the city's employment is from firms of more than 200 people compared to Britain's average (32%). The recent failure of Bombardier to win the Thameslink contract has threatened the existence of many companies operating almost exclusively within the rail industry. The city has not been good at nurturing new businesses and supporting companies with genuine growth potential to expand and create jobs.

8. In the 1990's Derby successfully utilised City Challenge funding to create the Pride Park business area adjacent to the city centre. However, the Derby city centre commercial office market has represented a weak investment proposition, with no speculative development occurring for 20 years – demonstrating evidence of long-term market failure. The city's industrial property portfolio is also severely compromised. It is characterised by old property in a poor location and sub-optimal environment often remote from the main transport networks and further compromised by insufficient broadband capacity. These factors are not conducive to nurturing expanding SMEs and welcoming new companies to the city. They constrain business to business collaboration and marginalise SMEs from mutually beneficial links with academia.

2. VISION, OUTPUTS & OUTCOMES

Vision

This programme has been created with the aim of accelerating the delivery of the existing Economic Strategy for Derby (Appendix 2 summarises this Strategy) and thus **creating a thriving sustainable economy** based on three inter-linked themes:

Investment in Business: The programme will build upon the strengths in Derby's economy through support for the diversification into new markets and will contain a strong focus upon the support of "high growth" firms, which make up around 0.7% of the existing business base, especially SMEs operating in the rail, automotive and aerospace sectors.

Investment in Innovation: The programme seeks to enhance the innovation capacity of our companies by working closely with leading research Universities and encouraging a more outward-facing and collaborative culture between companies operating within different supply chains / networks. It will improve the business environment through physical improvements in commercial accommodation, site access arrangements and other essential site infrastructure such as broadband and power facilities for SMEs.

Investment in Skills: The programme will assist the better alignment of bespoke skills initiatives and business needs, increase the engagement with SMEs, seek to influence young people's aspirations to work in particular sectors and increase the capacity to access jobs.

The programme has been devised to tackle six objectives of the Derby Economic Strategy:

- *Stimulating an enterprise culture with creativity and innovation*
- *Supporting the growth of companies and relocation opportunities*
- *Improving Derby as an investment proposition*
- *Addressing barriers to employment*
- *Aligning supply of and demand for skills*
- *Influencing young people's career aspirations.*

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This programme will address both of the RGF objectives of *encouraging private sector enterprise by providing support for projects with significant potential for economic growth and and creating additional sustainable private sector employment and supporting those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector led growth and prosperity.*

Outputs

The programme will deliver the following outputs:

- Creating >4,700 jobs and a further 1,875 indirectly
- Safeguarding 1,700 jobs
- Creating over ~600 businesses
- Attracting >30 businesses
- Establishing 350 apprenticeship places
- Refurbishment of 3,700 sq.m. of rail laboratory, workshop and office space
- Generating >£134m (private) and >£3m (public) leverage.

Outcomes

In addition the following outcomes – to be quantified - will be achieved:

- Increase in business exports and productivity
- Increase in gross value added
- Increase in proportion of adults with qualifications
- Reduction in proportion of businesses reporting skills gaps
- Raising levels of aspirations amongst young people
- Reduction in unemployment rates and the total welfare bill.

3. PROGRAMME COMPONENTS

The Derby Employment Taskforce Programme will comprise three themes and the projects for each are described in turn. A cross reference has been made to which of the two RGF objectives each project addresses.

a. Investment in Business

This theme comprises four projects that are capable of being delivered in tandem or separately:

Project 1: Transport Engineering Supply Chain Initiative

This project addresses the RGF objective of *encouraging private sector enterprise by providing support for projects with significant potential for economic growth and creating additional sustainable private sector employment and supporting those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector led growth and prosperity.*

This project will provide a tailored programme of support SMEs both within, and with the potential to be within, the supply chain for world class aerospace, rail and automotive OEMs located in Derby. The project will lead to an increase in innovation, enable business growth and job creation. The programme will complement both national business support products and other projects within Derby's RGF programme, and includes interventions that will:

- Provide advisory and, where appropriate, financial support to increase the quality, productivity and efficiency of beneficiary SMEs (ensuring complementarity with MAS services).
- Work to facilitate the 'clustering' of groups of SMEs in this sector to:
 - Undertake collaborative research and development projects, building on the good practice of Midlands Aerospace Alliance and the Transport i-Net. The majority of this activity will take place in the Derby Innovation Campus.
 - Identify and maximise exporting opportunities by increasing access to and penetration of UKTI services and employing agents to work on behalf of these SME clusters overseas to facilitate contract opportunities.

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- Maximising contract opportunities “at home” by identifying collaborative opportunities to bid for contracts and holding targeted “Meet the Buyer” events.
- Facilitate better ‘cross-fertilization’ of skills and competencies within the different strands of the ‘transport engineering’ sector, through encouraging better collaboration between SMEs.

The project will utilise a number of channels to showcase innovation and collaboration including joint events with partners, online showcases and via partner news feeds. These will inspire and increase the aspirations of prospective and actual project participants for the diversification of products or services; access to new and overseas markets, capitalisation on Intellectual Property and to highlight successful examples of collaborative NPD. The programme will also encourage and facilitate knowledge transfer between participants, collaboration on NPD in a non commercial environment and sharing of areas of good practice. Importantly participants will have access to the academic and research facilities of a University consortia.

The project will help Derby SMEs maximise return from the recently announced Manufacturing Supply Chain initiative, by helping bring forward applications. It will generate new economic activity by supporting the consolidation and strengthening the quality with the supply chains to our key transport engineering businesses. The project is critical to the success of other key strands of our RGF programme, namely the GTC project. The direct beneficiaries of the project will be businesses who are, or who could be, in the supply chain for the aerospace, rail and automotive OEMs based in Derby. New jobs will be generated for local residents and local businesses will benefit from a greater number of potential trading partners. The project will consolidate and continue Derby’s status as the UK centre for high technology, by attracting additional investment from companies in the transport engineering sector.

Project 2: Coaching for Growth Programme

This project addresses the RGF objective of *encouraging private sector enterprise by providing support for projects with significant potential for economic growth and creating additional sustainable private sector employment.*

This project will support enterprises that do not qualify for the national Business Coaching for Growth (BCG) programme but make a significant contribution to the local economy through a Growth Readiness programme. This will significantly increase the number of enterprises that have the potential to become High Growth Enterprises and will increase the pool accessing the national

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programme. The programme will increase the stock of 'Gazelle' businesses in Derby that according to NESTA are the vital 6% of businesses that create 60 – 70% of jobs.

A fundamental part of the process in accessing the national BCG programme involves the assessment of the growth potential of applicants, a proportion of which will not be in a position to access the national programme on offer due to a variety of reasons, most notably a lack of preparation to embed the improvements of the business coaching on offer. These companies will benefit from an additional package of support, Growth Readiness, to prepare them for the national programme.

The Growth Readiness programme offers:

- One day Master Class – “Vision for Growth” to create a clear business vision and strategy.
- Two days in-company creating and developing a vision for high growth facilitated by a Growth Coach. This will allow the management team to create and decide on the direction of growth for the company in the next three years.
- A further three days with the Growth Coach developing the key actions for unlocking high growth to produce a written “Growth Action Plan” (GAP).
- Up to an additional five days with a Growth Coach to facilitate the GAP work streams with the Management Team to maintain momentum.

In addition to the structured coaching, potential and high growth businesses will be supported to take part in networking activity. Engaging with existing business networks and encouraging links with larger businesses and Universities enables the sharing of best practice and collaborative working and provides potential opportunities for peer to peer mentoring. Research undertaken by GVA Grimley on behalf of Derby City Council identified that peer group support is amongst the most popular and beneficial drivers of success. This business networking will lead to improved business confidence and the long term competitiveness of the private sector in Derby.

The expert coaching support to potential growth businesses will help SMEs identify additional market opportunities and put in place the strategies, processes and capabilities required to exploit them. It will enhance both the companies and city's sustainable competitive advantage. This will create employment and result in enhanced local economy resilience to economic shocks to ensure sustained economic growth.

Project 3: Enterprise Creation Programme

This project addresses the RGF objectives of *encouraging private sector enterprise by providing support for projects with significant potential for economic growth and creating additional sustainable private sector employment and supporting those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector led growth and prosperity.*

This project will offer a package of support to individuals seeking to create a business and those in the early stages of the business lifecycle (start up). It will offer:

- Taster Session – to introduce clients to the programme, generate ideas, ascertain their strengths, build confidence, assess ideas, increase business skills and ensure the individuals are committed to the programme prior to registration.
- Enterprise Workshops – available to the majority who graduate from the taster session to access a series workshop programmes designed to encourage and help the individual to:
 - Examine their strengths, experience and competence areas.
 - Generate and create business ideas.
 - Examine, test and hone down their business propositions with the strongest market potential.
 - Increase their enterprise confidence and business skills.
- Enterprise Coaching and Support – providing 5 to 10 days of intensive one-to-one coaching and support to ensure participants they stay focussed on achieving their objectives. Further coaching and support is provided as necessary to encourage the individual at the pre start stage of the business cycle to pursue their ideas and concepts for business.
- Business Development Workshops – these advanced workshops will encourage new start up business to continue to develop their skills and knowledge and ensure that these businesses are sustainable and have higher growth potential. These will include researching your market, integrated marketing communications, pricing and positioning, business planning, financial management and control, managing people and managing enterprise performance.

In terms of self employment, Derby has consistently performed way below the England average with an average of 6% of the population aged 16-64 being self employed between 2004 and 2009 compared to 9% for England. There has also been a

significant reduction in the number of VAT registered companies in the city since 2007. The programme will reverse this trend, create jobs, GVA and will enhance both the companies and city's sustainable competitive advantage. This will create employment, reduce some reliance on key employers for employment in the City and result in enhanced local economy resilience to economic shocks to ensure sustained economic growth.

Project 4: Enterprise Investment Fund

This project addresses the RGF objectives of *encouraging private sector enterprise by providing support for projects with significant potential for economic growth and creating additional sustainable private sector employment and supporting those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector led growth and prosperity.*

The project will address an equity gap for investments in the region of £50k to £500k. These amounts of funding are notoriously difficult to access through mainstream routes served by other national or local investment funds. There is demonstrable evidence, through the experience of the Growth Investment Network over the last 6 years, that there is latent demand for such investment funding.

The project will supply equity investment funding for high growth potential businesses, helping to fuel their innovation and growth, retain them in Derby city and create more jobs. The priority will be early businesses, with sound business foundations and growth potential, who cannot access traditional bank funding due to limited track record. The fund will also act as a catalyst for further investment from other venture capital funds and from individual investors (a pre-requisite for accessing the Capital for Enterprise co-investment funds in the future). The Fund will make a projected total of 45 deals over the first 3 years of the programme, with exits starting in year 6 generating returns for the fund.

It is intended to fill a local gap for “near miss” investment propositions where the following are unable or unwilling to fund a business:

- Banks - loans, structured lending and overdraft

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- Business Growth Fund - set up by the Banks Business Finance Task Force to invest in companies with a turnover of £10m - £100m. Investments will be £2m - £10m
- Enterprise Capital Fund - national funds to invest £500k - £2m (occasionally begin at £200k), average deal size £750k - £1m

Due to deal fees and concentrated levels of risk, investment funding of up to £1m is very difficult for growth businesses to secure. There are several active Business Angel networks operating within the local area but they cannot, on their own, meet the forthcoming demand for early stage investment. The only early stage investment fund in the region is now closed to new investments.

The project will benefit the local economy by filling a clear gap in availability of equity funding and helping businesses that would not otherwise find the finance to realise their growth potential and create jobs. It also provides a further platform for University spin outs following investment by the Lachesis Fund (The Lachesis Fund is an early stage seed fund investing in the technologies arising from research undertaken at the Universities of Derby, De Montfort, Leicester, Lincoln, Loughborough, Northampton, Nottingham and Nottingham Trent. The Fund provides venture capital investment to transform innovative research into commercial reality). These two investment streams will provide means of turning the work generated through the proposed Derby Innovation Campus into operational businesses and ultimately, jobs.

This project will also help sustain the Growth Investment Network within Derby and the wider LEP area. This not-for-profit network will:

- encourage entrepreneurs to consider private equity as a route to growing a successful business
- help existing SMEs develop plans that are attractive to investors (working with the national Business Coaching for Growth Programme and Derby's proposed enhanced BCG programme)
- generate awareness of the Local Investment Fund
- encourage private individuals to invest in local businesses and provide training on becoming a business angel ("Angel Insight" workshops)
- integrate with all other local business support projects and signpost entrepreneurs to other relevant business support services (including the national Solutions for Business portfolio).

3. PROGRAMME COMPONENTS cont.

b. Investment in Innovation

This theme is the catalyst for much of the rest of the programme. It involves three significant capital projects:

Project 5: Global Technology Cluster

This project addresses the RGF objectives of *encouraging private sector enterprise by providing support for projects with significant potential for economic growth and creating additional sustainable private sector employment and supporting those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector led growth and prosperity.*

The Global Technology Cluster (GTC) is a manufacturing-focused innovation and technology park to the south of Derby. It aims to become a world class showcase for the UK in the support of open innovation practices and their commercialisation (i.e. productive applications) within the automotive, rail and aerospace sectors. The Derby Innovation Campus will be the hub facility, comprising approximately 4 hectares of land at the heart of the GTC with proposed to be the first building built on the GTC.

The GTC and Derby Innovation Campus projects are both crucial to the development and diversification of Derby's economy through the creation of new jobs and by encouraging new investment in high value added sectors. GTC has three objectives:

1. To drive the innovation capacity of UK companies within the region
2. To provide the infrastructure to find and exploit commercial routes to market for new innovations, and
3. To embed this innovation in workforce skills and production processes.

GTC will be promote by a partnership comprising Derby City Council, a consortium of Universities and several world-leading transport engineering companies.

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The RGF funding into this project will enable:

- the development of 112,000 sq.m (1.2m sq.ft) of commercial floorspace - including the Derby Innovation Campus (see ii below) – following the provision of essential infrastructure works (iii below),
- the construction of the Derby Innovation Campus 4,200 sq.m (45,000 sq.ft) gross,
- the construction of a new link road with associated services, connecting through to the A50 immediately to the south, which will support the development and
- the promotion of the GTC as a site specific opportunity critical in building supply chains around our transport engineering strengths.

Successful science & technology parks all promote clustering and collaboration amongst like-minded companies. They usually aspire to some degree of shared intellectual property and know-how, make available, buildings, equipment and machinery and are set within a high quality built environment. Some also benefit from the orchestration and integration of R&D and supply chains, generate genuine economies of scale and have effective joint marketing strategies.

The GTC is different because the central aim is to build open innovation practices within three complementary but quite different sectors - automotive, rail and aerospace. Perhaps more importantly though, the GTC aims to promote the commercialisation of these applications and assist their introduction into production by supporting the necessary skills development of the workforce. The central focus of this activity will be the Derby Innovation Campus.

In the first year of the RGF programme though the Derby Innovation Campus will be a virtual facility; offering programmes and support (part-funded through other projects within this programme) delivered from partner's existing bases. The first tangible development, part funded by RGF, will be for the construction of a high quality building providing 'fitted out' incubation and managed workspace in units between 40 – 400 sq.m. This building will act as the hub within the Global Technology Cluster. It will showcase R&D facilities, networks and support on offer to companies located at the GTC; provide access to funding and professional advice & consultancy; offer meeting and networking areas, a café, accommodation for the GTC Executive Team and small conferencing facilities; and become the eventual point of presence for some of the teaching programmes, leadership courses and enterprise coaching offered to SME's operating in the aerospace, rail and automotive sectors. It is anticipated that additional buildings may be constructed adjoining this facility to extend the teaching facilities.

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The GTC is unique. As an Innovation and Technology Park it will offer its clients a multi-layered skill base development, R&D and commercialisation program choreographed by The University of Derby in partnership with both leading research-intensive universities and individual scientists and innovators from other academic institutions. This will allow client companies of any size to rapidly identify and approach the optimum research partner from a carefully selected group of different academic and commercial R&D organisations and develop new techniques and commercialise new products much more rapidly and in a less costly manner than would be possible at traditional Science and Technology Parks.

GTC will be attractive to leading original equipment manufacturers (OEMs) and their supply chains and partners due to the research orchestration and supply chain integration model which will be applied. A University consortium will lead the R&D collaboration facilities based from the Derby Innovation Campus which will provide manufacturing and related technology companies with the opportunity to cooperate on 'close to market' and 'in market' product improvement research programs designed to deliver immediate financial benefit to the partners. The University led research facility will attract companies to work in research partnership with the organisations positioned above and below them in their supply chain. Leading academic institutions and individuals will be made available to orchestrate the company-funded R&D to ensure it is aligned perfectly with the needs of the companies' customers and suppliers, thereby reducing erroneous research, taking out cost and accelerating the time lag from investment in research to economic return.

The model also increases revenue as new manufacturing techniques developed allow the delivery of new products. In addition to centrally orchestrated whole-supply-chain research, a commercially powerful tool of Supply Chain Integration will be applied. This occurs when firms within a supply chain are brought together to network, collaborate, innovate and undertake R&D together. This collaborative and non-commercial environment reduces acute rivalry and adversarial competitor-to-competitor relationships. The ultimate objective for the OEMs is for their supply chains to adopt pseudo-corporate structures maximising 'through supply chain efficiency'.

As has been seen in other locations where similar models have been applied, such as Sheffield, Singapore and Virginia, the collaborative R&D model will not only attract inward investment from larger corporate bodies directly involved with the research institute, but also from other affiliated companies and even unrelated manufacturers. These companies will relocate for several reasons including the opportunity to collaborate with, and sell products to the site's key OEMs and their supply chain, and due to the high profile and prestige offered by having a facility on this leading Innovation and Technology Park. Furthermore, the site will be attractive to large manufacturing companies due to the concentration of skilled engineering workers in Derby, the City's favourable 'cost of doing business', the site's superb strategic road transport links and proximity to East Midlands Airport.

The GTC and Innovation Campus projects are both crucial to the development and diversification of Derby's economy through the creation of new jobs and by encouraging new investment in high value added sectors.

Project 6: Lightspeed Evolution

This project addresses the RGF objectives of encouraging private sector enterprise by providing support for projects with significant potential for economic growth and creating additional sustainable private sector employment and supporting those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector led growth and prosperity.

The provision of high-quality superfast broadband - ultimately fibre to the premises (FTTP) - is gaining recognition as the essential enabling infrastructure without which our economy will suffer in comparison with global competition. More and more Derby companies are reporting serious constraints upon their business due to problems with speed and capacity of their broadband connections.

To support business expansion and make FTTP viable, Derby requires a core network within the city, akin to an electrical “ring main”. This core network would enable the provision of dark fibre and unlimited bandwidth between sites. This means that there will never be any restrictions on the types of applications that can run across the network (Video, Voice, Data, Cloud Computing, Telepresence, E learning, E Health). Everyone on the network can change the way they use connectivity to improve their business model, to reduce operating costs and to grow with predictable costs. The project delivery will involve two phases, the first phase supported by RGF:

➤ Phase 1 – Core Network

The proposal is to deploy across the city the latest generation of core fibre infrastructure available in the UK - a 288 fibre metropolitan ring connecting all strategic existing and proposed employment sites and industrial parks, the University and Derby College, data centres, offices, key council locations, schools and hospitals. This will create an ultrafast, stable and scalable broadband infrastructure, anticipated to be in place by April 2013.

➤ Phase 2 - Fibre to the Premises

FTTP will enable next generation access to citizens throughout city. The city-wide rollout will be completed by 2013/14 to pass approximately 95% of all homes & businesses in Derby. The additional private sector investment of £30m-£35m to install a city-wide Open Access Fibre-to-the –Premises network would be secured by the building of the core network.

The project links to LEP partners - Nottingham and it's potential bid to the Urban Broadband Fund by improving the connectivity between the cities and Derbyshire by input into its BDUK Broadband Plan, improved connectivity and shared market making.

The enhanced digital access means that this project also links with a project in Derby currently being procured for Osmaston. This project is a smart homes/smart community project delivering delivering carbon reduction and fuel efficiency, public sector service transformation, a model of community engagement and employment.

Project 7: Rail Technology Centre

This project addresses the RGF objectives of *encouraging private sector enterprise by providing support for projects with significant potential for economic growth and creating additional sustainable private sector employment and supporting those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector led growth and prosperity.*

The project will involve investment in the existing rail engineering facilities at the Rail Technology Centre, which is strategically important for the UK. It is expected that this investment in core services and site infrastructure will secure current rail related operations and ensure the capability to procure future work contracts on site. There are 6 separate elements to this project:

- Vehicles Lab involving the relaying of track 7/8 road apron and relaying concrete, filling the workshop pit, demolition of the central tower and relocate amenities into current office building and diamond blasting the workshop floor and re-painting
- Demolition of the existing Track Lab structure and construction of a new train shed and paint shop facilities
- Upgrading and separation of the power supply to rail facilities and other office buildings

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- Upgrading the fuel point and controlled emission toilets to the yard
- Refurbishment of two complete floors of office space
- Refurbishment of laboratory / workshop space.

There will be significant private sector match-funding into the first three elements.

The RTC Business Park is home to a number of rail companies that have premises with rail access and whose operations require 24 hour rail access, as well as a number of other businesses who are in the form of British Rail offices forming the balance of the RTC Park. Approximately half of the park has rail head, and is the only cluster of this type in the UK with such a dense coverage of rail related businesses. After these improvements have been completed, the RTC and Derby will be better able to accommodate rail engineering maintenance and rail R&D facilities generating additional cluster benefits to the existing rail industry supply chain in the area. Activities complementary to this project will be supported through other elements of this RGF programme.

This project will substantially secure the future of a major rail connected engineering facility in Derby. Employment in rail has 8.8 times the concentration in Derby than nationally and Derby rail related jobs equate to 13% of all rail related jobs within the UK. The presence of the UK's only rolling stock manufacturer Bombardier, Network Rail, East Midlands Trains and a wealth of rail engineering expertise in companies such as Interfleet and Delta Rail, ensure Derby is the heart of the UK rail industry. Rail is one of the three significant transport engineering sectors present in Derby, with the majority of employers being, obviously, centred on the railway line and the former British Rail Technical Centre, now renamed the RTC Business Park. Rail manufacturing spread southwards down the Birmingham/Crewe railway line to the Bombardier Litchurch Lane site, also from the 19th century.

3. PROGRAMME COMPONENTS cont.

c. Investment in Skills

This theme involves one significant revenue project with two component parts:

Project 8: Investment in Skills Programme

This project addresses the RGF objective of *supporting those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector led growth and prosperity.*

Part A: Supporting Businesses

Skills development strategies and funding are increasingly geared towards ensuring workforce skills match business needs. In Derby, we have a well established partnership of employer representatives, sector skills councils, third sector organisations training providers and government agencies who have agreed that a local priority is to better understand the 'demand' signal from businesses about what their skills needs are and align provision to meet these needs. We recognise the wealth of data and intelligence that already exists, through, for example, national Sector Skills Council research, the work of Skills Academies and the Skills Funding Agency. However, the 'demand' signal for what skills employers need is patchy at a local level. National research gives high level information for specific sectors or groups of companies (through, for example, Chamber of Commerce research), however it is difficult to translate this into a measurable response at a local level.

Research at national and local level, evidences the difference between the capacity of large employers and SMEs to engage with employment and skills agencies. For many SMEs, the system is complicated, difficult to navigate and the route to a skills solution is unclear. At the delivery end, the capacity of organisations such as Sector Skills Councils and training providers to undertake extensive impartial skills diagnostics with companies, aligned to their strategic business plans, is limited. We recognise the excellent work that does exist; however, we firmly believe that extra resource is required to:

- increase engagement with SMEs in key sectors cost efficiently across Derby to:

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- work collaboratively with them to agree what skills need developing within the organisation to drive an increase in the productivity of their business and consequently increase job creation
 - broker solutions from existing training provision where possible, either on an individual or collective basis
 - influence the development of new solutions where there is a clear gap, and lever in funding to contribute to delivery (such as training on line)
- Bring together learning from this SME engagement activity with existing research at national and local level and feed strategic demand signals about skills to key agencies and funding bodies
- Capitalise on SME engagement to influence young people's aspirations to work in particular sectors

A key function of this project will be to broker training provision for groups of SMEs, using economies of scale and some intervention for diagnostic and analysis to reach a best cost effective solution. We want to bolt on to existing projects where possible (for example, the recently announced EIF funded projects for SEMTA) and utilise the excellent provision that already exists (in, for example, our highly renowned local FE college, University of Derby and 'outstanding' adult learners' service). The focus will initially be on transport engineering companies but will then be rolled out to other key employment and growth sectors (as identified by our Local Economic Assessment) We have routes in to engaging with such companies through a number of partners. Specifically, the project activity will comprise:

- Engagement and recruitment of SMEs to the project via:
 - Utilising existing networks as a route to communicate and recruit
 - Holding events where necessary (as we did successfully in Derby's Making Derby Work project 2009-2011)
 - One to one meetings where necessary
- Undertaking a diagnostic of what skills are required in the business to drive improvements in performance and productivity, based on existing good practice
- Identifying common requirements across groups of SMEs
- Broker solutions through working with training providers to tailor courses and qualifications.
- Creation of an Apprenticeship Training Agency for Derby to help SME's overcome financial and administrative barriers to taking on apprentices. The ATA service will include recruitment and employment of apprentices on behalf of SMEs, plus a financial contribution to SMEs towards the cost of training. This will need to include a higher apprenticeship component as there will be a take up of this within the SME sector at around 250 employees.

Part B: Supporting the Workforce

This element of the project will focus on activity to increase the capacity of the local working age population to access jobs created through the rest of the RGF programme. Specifically the programme will:

- Create an “Employment Resource Facility”: this will be an innovative and flexible mobile resource to co-ordinate support for individuals facing redundancy. Tailored services will be provided for particular target groups (e.g. support for young people not in employment, education or training)
- Deliver community based “work awareness programmes” to encourage hard to reach groups into employment by sharing information on job opportunities in particular sectors, introducing employers in these sectors to share their expectations and signposting individuals to route ways through to relevant training and jobs available. The project will also aim to track individuals to ensure sustainability of employment.
- Work with clusters of SMEs and in the third sector to identify forthcoming job opportunities and develop pre-employment training and support programmes to increase chances of local unemployed people getting these jobs (primarily in PTA)
- Create a virtual on-line local labour market information source for use by young people and job-seekers on key employment sectors in Derby, what employers need from their workforce and what choices individuals therefore need to make about training etc. This will build on delivery of the all-age careers service
- Create an on-line communication tool for all partners to share information on vacancies, training provision, services to employers and employees and record project activity.

A further key aim of the project will be to add value to existing activity that promotes interest in specific industries among young people. This is critical to ensuring the workforce of the future is informed to make effective choices about their education and first steps on the employment ladder, based on the actual jobs available in Derby. The project will co-ordinate and add value to the work of The Prince's Trust, Young Enterprise, Business in the Community etc to bring employers and education closer together.

This will be achieved through:

- work in schools to deliver information and skills enhancement around careers, the Derby economy, ‘real life’ employer expectations and industry-specific events to bring students and businesses together (for example i-Rail).
- Developing the Career Academies model for more industries in Derby.
- Developing the National Citizenship Service in Derby.

4. PROGRAMME DELIVERY

Programme Governance

A Programme Board to oversee the establishment and operation of the programme held their inaugural meeting on 19 December. It has been agreed that this Board should remain small and tightly focussed. Membership has been drawn from the main economic partnership in Derby - the Derby Renaissance Board, represented by Peter Richardson – and the Economic Recovery Taskforce – represented by Margaret Gildea. As accountable body for the programme, the City Council will be represented by the Chief Executive, Leader of the Council and Director of Regeneration.

A schedule of meetings of the Programme Board is yet to be established but it is anticipated that following receipt of the grant offer for the programme from BIS, the Board will meet quarterly. Highlight and exception reports will be provided to Adam Wilkinson (Senior Responsible Owner for the programme) as required between board meetings.

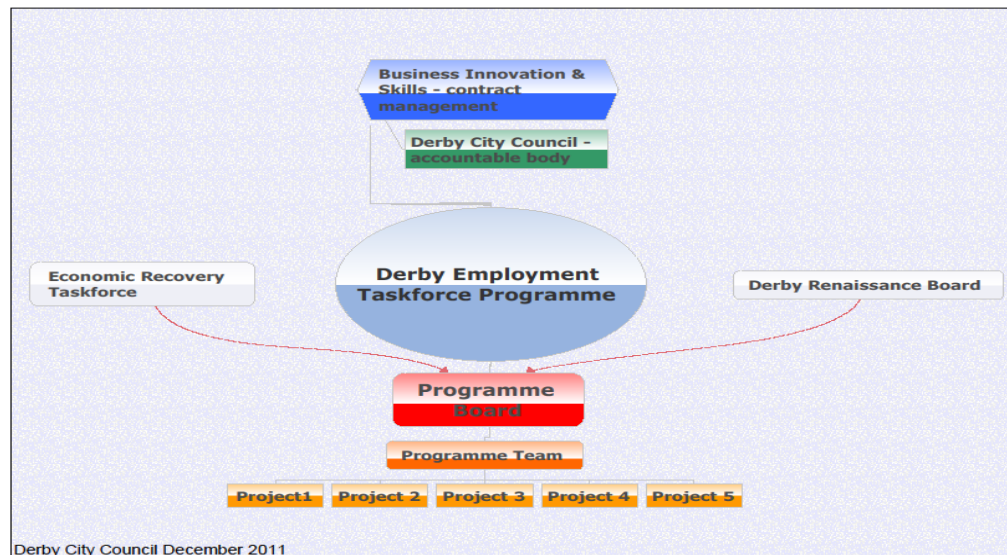


Diagram 1 – Programme Governance

Programme & Project Management

A programme executive team will be created to manage the inception and delivery of the programme. This will comprise a Programme Manager, Project Monitoring Officer and part-time Programme Administrator. The Programme Manager will be responsible for all programme-level reporting, including the submission of collated claims to BIS and all substantive correspondence with BIS about project business cases, grant offers and project evaluation. The Programme Manager will also prepare a mid-term (2014/15) programme-level evaluation report and a final programme evaluation report (2015/16). The programme executive will oversee the successful inception, commissioning and delivery of individual projects. The Prince 2 methodology will be applied to the management of all projects.

Phasing of Projects

The short duration of the funding – 2012 to March 2015 – places the onus upon the efficient preparation of project business cases to secure BIS approvals. The phasing of project business cases and contracting is expected to be broadly as follows:

Project	Q4 2011/12	Q1 2012/13	Q2 2012/13
7. Global Technology Cluster			
6. Inward Investment Programme			
5. Business Networks Initiative			
3. Enterprise Creation Programme			
8. Derby Innovation Campus			

Derby Employment Taskforce 2012 - 2015

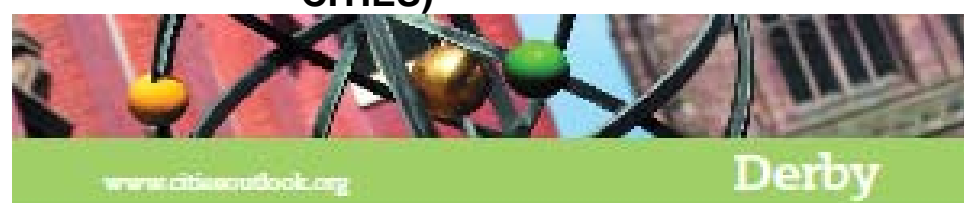
12. Investment in Skills Programme			
2. Coaching for Growth Programme			
1. Transport Engineering Supply Chain Initiative			
4. Derby Enterprise Investment Fund			
9. Lightspeed Evolution			
10. Rail Technology Park			
11. Derby Growth Fund			
Key: Business Case Submitted to BIS			
Contracts Issued			

Commissioning of Projects

It is expected that the majority of the projects described within the Business and Skills themes of the programme will be delivered by organisations external to the accountable body. Following receipt of a grant offer letter, Derby City Council and DRB partners will prepare and advertise project specifications. The most economically advantageous tenders will be selected and contracts issued. The delivery partner will be required to prepare quarterly monitoring returns.

Approximately £1.5-2m has been ring-fenced from the (Priority Axis 2) European Regional Development Fund programme in Derby against which some of the above projects will be invited to bid for match-funding.

APPENDIX 1: DERBY CITY OUTLOOK 2012 (CENTRE FOR CITIES)



Local authorities in PUA: Derby

	Derby	Derby
area km²	78,030 (5a/s4)	
people		
Total population, 2010	246,900 (3a/s4)	
Population change, 2009-10		1.15% (3a/s4)
business & innovation		
Business start-ups, 2010 (per 10,000 pop)		27.9 (4a/s4)
Business stock, 2010 (per 10,000 pop)		229 (47/s4)
Patents, 2010 (per 100,000 pop)		4.9 (5a/s4)
GVA per capita, 2009		£22,400 (1a/s4)
skills		
High level qualifications, 2010	44,000	28.0% (3a/s4)
No formal qualifications, 2010	30,600	19.5% (a/s4)
jobs		
Employment, 2010	109,100	69.7% (3a/s4)
Private to public sector ratio, 2010		2.50 (31/s4)
Private sector jobs change, 2009-10	-1,300	-1.5% (37/s4)
Public sector jobs change, by end 2016	-3,700	-3.1% (37/s4)
industrial structure		
Manufacturing jobs, 2010	20,000	17% (3/s4)
Knowledge intensive service jobs, 2010	13,400	12% (35/s4)
Public service jobs, 2010	34,100	30% (4a/s4)
earnings		
Average weekly wages, 2011	£440 (3a/s4)	
Change in real wages, 2010-11	-£33	-7.9% (5a/s4)
unemployment		
ISA claimant count, Dec 2011	8,000	5.0% (4a/s4)
Youth claimant count, Dec 2011	2,580	7.1% (4a/s4)
Long term claimant count, Dec 2011	1,450	0.9% (4a/s4)
Claimant count change, from Feb 2008	4,110	2.5 (5a/s4)
welfare		
Total welfare bill, 2009	£671 m (3a/s4)	
Welfare bill per capita, 2009		£2,750 (3a/s4)
Welfare cuts per capita, by 2014-15		-£150 (3a/s4)
housing		
Average house price, 2010	£141,700 (4a/s4)	
Housing stock change, 2009-10	370	0.4% (4a/s4)
Affordability ratio		5.99 (5a/s4)
environment		
CO ₂ emissions per capita (t), 2009		6.5 (4a/s4)

LEP: Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2)

APPENDIX 2: DERBY ECONOMIC STRATEGY 2011 - 2016

Diagram 4 - Derby's Economic Strategy

