



OVERVIEW & SCRUTINY VIEWS AND RECOMMENDATIONS

TO CABINET 11 MAY 2016

Report Title	RECOMMENDATIONS OF THE OVERVIEW AND SCRUTINY COMMITTEE – HEALTH CHECK OF THE LOCAL ECONOMY
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Agenda Status: PUBLIC

1. Purpose

- 1.1 To present to Cabinet for consideration, the comments and recommendations of the Overview and Scrutiny Committee on the findings of the Review – Health Check of the Local Economy.
- 1.2 Members of Cabinet have been issued with a copy of the full report. All Overview and Scrutiny review reports are published on the Overview and Scrutiny page on the Council's Webpage and a copy of this report can be located: www.northampton.gov.uk/scrutiny - Previous Scrutiny Reviews.

2. Recommendations

- 2.1 The Overview and Scrutiny Committee recommends to Cabinet that:
 - 2.1.1 The Council, together with its partners, develops a Skills Strategy for Northampton. This should include mechanisms for colleges and employers, especially Small and Medium-Sized Enterprises (SME's) to signpost vacant apprenticeships across the town; whilst raising the profile of apprenticeships and vocational training in Northampton.
 - 2.1.2 Cabinet investigates ways that the Council, and its partners, can continue to raise the profile of the economic growth and investment in Northampton through the Northampton Alive Programme, in particular the success of the Enterprise Zone, and work undertaken by larger employers and investors in the town.

- 2.1.3 It is recommended to Northamptonshire County Council and partners that schools and employers work closely to provide work place experiences for young people that are still in education.

3. Background and Issues

- 3.1 The purpose of the Scrutiny Panel was to look at how partners locally, including the private sector, can work together to influence the local economy.

Key lines of Inquiry:

- How can schemes, such as Apprenticeship Programmes, be developed and expanded so that they deliver for both local employees, employers and local residents?
 - What is the vision for skills and learning issues, particularly low skills?
 - What support is there for those that are in long term unemployment?
 - What are the areas for potential growth in jobs?
 - What can other organisations/groups/individuals do to help?
 - Whether a mapping skills gap exercise has been undertaken to identify the type of skills that are in short supply; and what the findings of this exercise are
 - How specific services can be used to generate business investment
 - How can the offer of commercial land in the borough be improved to ensure a steady stream of quality premises that are accessible by new and established organisations?
 - What could feasibly be done to improve the physical infrastructure in and around the town?
 - How it can be ensured that those who are seldom heard or isolated are engaged with?
- 3.2 The Overview and Scrutiny Committee, at its work programming event in June 2015, agreed to include a review of the health check of the local economy. The Overview and Scrutiny Committee commissioned Scrutiny Panel 1 to undertake the review. An in-depth review commenced in July 2015 and concluded in March 2016.
- 3.3 This review links to the Council's corporate priorities, particularly corporate priority 1 – Northampton Alive - A vibrant town.

3.4 The Scrutiny Panel established that the following needed to be investigated and linked to the realisation of the Council's corporate priorities:

Background data, including:

- Presentation to set the scene: "To identify the issues locally – The Northampton Picture"
- Relevant national and other background research papers, such as:
 - Mitigation Advisory Committee: [Skilled Shortage Sensible](#) (2013)
 - UK Commission's Employer Skills Survey 2013: [UK Results](#) (2014)
 - [Future of Apprenticeships in England: Implementation Plan](#) (2013)
 - [Winning the Global Race: Jobs, Skills and the importance of vocational education](#) (2014)
 - Department for Business, [Innovation and Skills – Evaluation of Apprenticeships: Employers](#) (2012)
 - Warwick Institute for Employment Research: [Review of Apprenticeships Research](#) (2013)
 - [SEMLEP – Strategic Economic Plan 2014](#)
 - [NEP – Northamptonshire Strategic Economic Plan 2014](#)
- Survey data in relation to skills and skill shortages, including equality data within the wards
- Relevant data, such as ONSA and other statistical data, including Government statistics on apprenticeships
- Best practice and successful initiatives in both Northampton and elsewhere
- Witness evidence:

Internal

- Leader of the Council, Northampton Borough Council (NBC)
- Cabinet Member for Finance, NBC
- Cabinet Member for Regeneration, Enterprise and Planning, NBC
- Director of Regeneration, Enterprise and Planning, NBC
- Director of Workforce and Development, LGSS

External

- Academic, University of Northampton, Northampton College and Moulton College
- Director, Northamptonshire Enterprise Partnership
- Director, Adult Learning, Northamptonshire County Council
- Chair, Northampton Town Centre BID
- Chair, Markets Action Group
- Chair, Brackmills BID
- Director, Northamptonshire Connexions
- Director, Talent Match, Northamptonshire
- Director, Northamptonshire Growth Hub
- Director, SEMLEP
- Director, Northamptonshire Chamber of Commerce
- Assistant Director, Transport Highways & Infrastructure, Northamptonshire County Council
- Key employers in the town
- Skills Funding Agency (SFA)
- Apprentice Training Agency
- Local employers

3.5 In considering the evidence the following conclusions were made: -

3.5.1 From the evidence received, the Scrutiny Panel highlighted that, in accordance with its key lines of enquiry, there were three key themes of information that came from the evidence gathered:

Physical environment

Economic environment

Social aspect of the economy – Workforce, the support of the workforce and how it comes together

3.5.2 The Scrutiny Panel was pleased to note that from the evidence received from the expert advisors, there was very little, if any duplication of services provided.

Social aspect of the Economy

Apprenticeship Programmes

- 3.5.3 The Scrutiny Panel acknowledges that apprenticeships contributed to £34 billion to the UK economy in 2014.
- 3.5.4 There is a variety of information available for both prospective apprentices and employers looking to offer apprenticeships. This information is contained in various locations. There is not however one central location where information can be obtained.
- 3.5.5 Evidence received details that it is envisaged by Government that there will be 3 million apprenticeships by 2020. There are 150 apprenticeships in Northamptonshire at any one time, delivered by both public and private training providers. The split of the funding is approximately, 60% for apprentices aged 16-18 and 40% for those aged 19 plus. Nationally, the retention rate of apprentices on programme aged 19 plus is generally higher than those aged 16-18 years. The Scrutiny Panel felt that small businesses perceive it is difficult to take on an apprentice. It is estimated that 90% of SMEs within Northamptonshire do not participate in the employment of an apprentice.
- 3.5.6 The Scrutiny Panel is pleased that Northampton Borough Council, Local Government Shared Services and Northampton Partnership Homes all employ apprentices.
- 3.5.7 The sectors that create a lot of interest from potential apprentices are hairdressing, ICT and the motor vehicle trade.
- 3.5.8 The Scrutiny Panel realises that the level of demand for apprenticeships cannot be met solely by young people; there is a need to investigate how adults can be supported to train or re-train.
- 3.5.9 There is a need to raise the profile of vocational education and apprenticeships so that it is held in the same esteem as further education courses and qualifications.

The Scrutiny Panel acknowledges the need for further work with employers to encourage the take up of apprenticeships especially in SMEs.

- 3.5.10 Evidence received alludes to a lack of consistent high quality careers advice in schools.

Economic environment

Areas for potential growth in jobs

- 3.5.11 The Scrutiny Panel acknowledges and commends the success of the Enterprise Zone, and work undertaken by larger employers in the town such as Cosworth and Churches; recognising the need to publicise their importance to both the local and national economy.
- 3.5.12 The Scrutiny Panel acknowledges that Northampton has a very competitive labour market with a jobs density of 0.99.
- 3.5.13 The Scrutiny Panel is pleased to note that NEP is actively involved in the skills agenda and “serious about skills” as NEP recognises that the availability of skilled labour is a serious challenge for most Northamptonshire businesses.
- 3.5.14 The Scrutiny Panel highlights that it is essential that Northamptonshire has sufficient skills and talent to meet current and future workforce demand, particularly given our productivity “under-performance”.

What other organisations/groups/individuals can do to help

- 3.5.15 NBC works with companies to help them secure growth and ultimately increasing the employment base of the Borough. The Scrutiny Panel acknowledges that NBC can support these sectors and individual businesses within it.
- 3.5.16 The Scrutiny Panel welcomes the frameworks of both SEMLEP and NEP; recognising it could have greater influence over skills policy in the future. It further welcomes the work that the Council does with these organisations.

- 3.5.17 Evidence received highlights the important roles of the two Colleges and the University in the town in the future of the local economy. The Scrutiny Panel felt that schools and employers could work closely to provide work place experiences for young people that are still in education.
- 3.5.18 The Scrutiny Panel welcomes the links that SEMLEP has with the colleges in the county and that from 2016 SEMLEP will employ two Enterprise Co-Ordinators that will work with schools and businesses.
- 3.5.19 The Scrutiny Panel acknowledges the amount of funding available but suggests there was a need for this to be publicised. It realises that there is a limited fund for marketing purposes.
- 3.5.20 Evidence highlights the success of the programmes led by Northamptonshire County Council (NCC), for example, INV-ENT delivered 105 local projects that have the potential to create 489 new jobs, 137 new apprenticeships and support over 1,000 people with their skills development through an initial investment of £1.4 million.

Mapping skills gap exercises to identify the type of skills that are in short supply; and what the findings of this exercise are

- 3.5.21 Scrutiny Panel highlights that the skills agenda is very important for Northampton. It notes that the manufacturing sector in Northampton has difficulties in recruiting individuals with the relevant skills to what they require. There is also a lack of available and qualified drivers for HGV's and also the lack of qualified fork lift drivers.
- 3.5.22 The evidence received further highlights that it is difficult to recruit people to certain sectors such as ICT and engineering. There are a lot of warehouses and distribution centres in Northampton, employing large numbers of low skilled workers.

How specific servicers can be used to generate business investment

- 3.5.23 The Scrutiny Panel welcomes that SEMLEP encourages Universities and Colleges to work with businesses such as South Bedfordshire College working and linking to Vinci.
- 3.5.24 The Scrutiny Panel acknowledges the Business Incentive Scheme (BIS) can be utilised to address funding issues within specific investments. The funding can make the difference between a business choosing Northampton over another close-by district.
- 3.5.25 The Scrutiny Panel welcomes the work undertaken by Northamptonshire Growth Hub and Northamptonshire University to enable employers to access funding for skills from universities worldwide.
- 3.5.26 Evidence received highlights that Northamptonshire County Council has been proactive in developing a flexible approach to the delivery of economic development activities across the county, this includes areas of skills, business support and infrastructure provision.
- 3.5.27 The Scrutiny Panel acknowledges that the £330 million relocation and expansion of the University into the Enterprise Zone, as part of the Northampton Alive programme will be a big step to increasing the volume of highly qualified individuals within the local labour market.

How can the offer of commercial land in the borough be improved to ensure a steady stream of quality premises that are accessible by new and established organisations?

- 3.5.28 Evidence received details that the availability of commercial land is paramount to the delivery of inward investment and ensuring organic growth of the existing business base. Northampton has a relatively constrained geography, with a number of available large sites for development such as FOUR Waterside in the Enterprise Zone.

How it can be ensured that those who are seldom heard or isolated are engaged with

- 3.5.29 The Scrutiny Panel welcomes the Big Lottery opt-in of the European Structural and Investment Fund (ESIF) that specifically targets groups that are furthest from the labour market.
- 3.5.30 The Scrutiny Panel further welcomes that some voluntary and community organisations help support people into employment. A number of courses have been run for a long period of time.

Vision for skills and learning issues, particularly low skills

- 3.5.31 The Scrutiny Panel supports the rollout of the Enterprise Advisors Pilot and that the Northampton model has been adopted for the national roll out.
- 3.5.32 The Scrutiny Panel recognises that, in accordance with the European Social Fund, people of all ages can be re-skilled and trained.
- 3.5.33 Evidence received shows that Northampton needs to develop a broader skills base. Aylesbury Vale is high skilled. Northampton is similar to Corby and Luton. Northampton does however have huge opportunities that need to be realised.
- 3.5.34 The Scrutiny Panel notes the reported conclusion from the Chamber of Commerce quarterly survey:

“The results from the Q2 2015 QES signals continued growth by firms in the county – but with noticeable differences between manufacturing and services.

“The service sector appears to be making good progress but there has been a slowdown in the pace of growth experienced by manufacturers in Northamptonshire however this is consistent with the national trend indicated by our national partners at The British Chambers of Commerce.

“We still need to secure long-term sustainable growth which will help drive the economy. The Government must support firms across the board by reducing the cost of doing business and tackling issues such as high business rates and energy costs as well as provide support for investments which can increase productivity and exports.”

Support for those that are in long term unemployment

- 3.5.35 The Scrutiny Panel emphasises that developing skills and employability is not just about apprentices and young people, it is also about helping adults who are not employed and those who need to re-skill. The *European Social Fund apprenticeship* grant will enable a lot of work to be done with those furthest away from the job market; targeting the hardest to reach groups. The Scrutiny Panel acknowledges that support of those that are in long term unemployment is important as on the latest statistics long term unemployment is marginally higher in Northampton at 0.5% than at GB level (0.4%).
- 3.5.36 The Scrutiny Panel acknowledges the importance of the partnerships with local organisations, who exist to meet the needs of the seldom heard or isolated. It realises that they are vital to engage with this target group and enter into a dialogue in which people can voice their aspirations, needs and issues and a bespoke programme of learning can be arranged. Evidence provided highlights that key partners include: Kettering centre for the Unemployed (KCU), Wellingborough Homes, Bridge project, Papworth Trust and Ground Work.

Physical infrastructure in and around the town

- 3.5.37 Funding was received by SEMLEP for infrastructure, £46.7 million for 2017/18.
- 3.5.38 Analyse indicates that development is taking place, but it is primarily focused upon the large logistics sites at M1 J15 and J15a; Grange Park and Swan Valley. Further, the type of premises being constructed are large distribution warehouses designed to cater for the regional and national market, rather than for those companies who are - necessarily – already based in Northampton. Existing businesses in Northampton might take a small amount of the space either recently/currently built, but the target audience for the developers is not the local market.

3.5.39 Evidence received highlights that any economic market is not perfect and will have inherent failings. The origin of any forthcoming programme must be an in-depth understanding of the local economic geography. The Scrutiny Panel realises that such an understanding is apparent within the Northampton Alive programme; a diverse range of projects aimed at intervening and catalysing the Northampton economic market and skills agenda.

3.5.40 The University, together with all further education colleges, is carrying out a research based project regarding an integrated transport system for the county. The Scrutiny Panel felt that it would be useful to obtain the results of this research when it is finalised.

3.5.41 The evidence highlights that NBC continues to invest in the physical infrastructure of the town. The opening of the bus and train stations were the core initial assets to improve the towns infrastructure. The future opening of St James Mill Rd will continue to improve the road infrastructure serving both the residents and the businesses.

3.5.42 From the evidence received the Scrutiny Panel acknowledges that the location and subsequent investment of a business rest on three motivators:

- Location: proximity to competition and customers.
- Operating costs: costs of land/property and employees.
- Labour: the availability of labour at the correct skill levels.

4. Options

4.1 Cabinet will need to consider the possible options as part of its response to the recommendations.

5. Implications (including financial implications)

5.1 Policy

5.1.1 The work of Overview and Scrutiny plays a major part in the development of the Council's policy framework through its work programme.

5.1.2 The report and its recommendations have policy implications in relation the health check of the local economy. Cabinet’s response will need to consider these issues in detail.

5.2 Resources and Risk

5.2.1 Cabinet will need to consider the resourcing issues for the recommendations made.

5.3 Legal

5.3.1 Legal issues will need to be considered as part of Cabinet’s response to the recommendations.

5.4 Equality

5.4.1 Equality issues will need to be considered as part of Cabinet’s response to the recommendations.

5.5 Consultees (Internal and External)

5.5.1 The Committee consulted and took evidence from a variety of sources as detailed in paragraph 3.5 of this report.

6. Background Papers

- Overview and Scrutiny Committee report – Health check of the local economy
- Minutes of the meeting of the Overview and Scrutiny Committee – 11 April 2016

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