

# Derby's Economic Strategy 2011 - 2016



Driving wealth creation in Derby

**Derby**  
*does it*

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# Foreword

Derby's exceptional industrial heritage, strengths in engineering innovation and world-class brands have helped to maintain a vibrant local economy that punches well above its weight on a whole range of economic indicators. Over the past decade, Derby has created 6,100 new jobs, witnessed average wages rise above all areas of the country outside London and the south east and benefitted from hundreds of millions of pounds of investment. Derby has the sixth highest value of goods and services produced per head (gross value added) in England, second highest of any local authority area outside the south east. Our retail core has been transformed; we have a flourishing commercial area at Pride Park and there is renewed interest in the city from inward investors. However, no city can afford to become complacent and stand still. Significant challenges lie ahead for Derby.

The UK is slowly emerging from the worst recession in a generation and uncertainty prevails about the full impact of public spending cuts right down to the local level. Derby is competing in a global economy and our businesses face a fight to stay ahead of the game. Persistent low skill levels and high rates of worklessness are holding back some of our communities. The wealth that the city creates could be driving our progress even more effectively.

To ensure Derby's economy remains vibrant and competitive and everyone in Derby benefits from the wealth we create, partners will need to work even closer together and more creatively. We need to facilitate the conditions that will encourage growth in private sector employment over the next decade. This will involve measures to further diversify our economy, to comprehensively embed innovation and a culture of enterprise, to uplift skills, especially within our most deprived communities, and to create a quality of life of which we can all be proud.

We firmly believe that this Strategy will put us on the right path to achieve these goals. It follows the collation of extensive evidence on the performance of the economy, in depth research and widespread consultation over the last 12 months. To realise our ambitious vision and achieve our jobs growth target will require the full support of, and concerted efforts within, the public, private and voluntary sector. Fortunately Derby is a city where partnership is more than just a sentiment.

We commend this strategy to you.

**June 2011**



**Peter Richardson**  
Chair, Derby Renaissance Board

A handwritten signature in blue ink, appearing to read 'Peter Richardson'.

**Cllr Philip Hickson JP**  
Leader of Derby City Council

A handwritten signature in blue ink, appearing to read 'Philip Hickson'.

# Executive summary

The evidence suggests that Derby's economy has performed well over recent years with some impressive headlines: Derby is the UK leader in advanced manufacturing employment and has the highest wage levels outside of London & the south east. However, significant challenges still need to be addressed. Pockets of deprivation, serious skills gaps, market failure and infrastructure deficiencies all need to be tackled to achieve a prosperous economy. Furthermore, a period of sustained contraction in public sector finances coincides with the UK's gradual emergence from a world recession.

The reduction in national and regional regeneration funding and a radical slimming down throughout the public sector means there is a completely different landscape to work within. Derby and Derbyshire, Nottingham and Nottinghamshire have formed a Local Enterprise Partnership that will develop an economic strategy for this geographical area. A new, holistic, city-wide strategy - The Derby Plan - has been prepared by Derby City Partnership.

The Derby Plan vision is: "Derby is a city that is passionate about progress." The plan identifies that Derby is home to world-leading brands including Rolls-Royce, Bombardier, Westfield and Citibank, with a strong hi-tech economy that is set to grow. Plans are in place to make the city centre more attractive to residents, visitors and investors and with low levels of crime, cultural events and festivals throughout the year, strong heritage and easy access to stunning national parks.

The Derby Plan has six outcome statements to describe the city in 2026 and the economic outcome statement is: "In 2026 all people in Derby will enjoy a thriving sustainable economy."

This Economic Strategy and associated delivery plans seek to achieve the economic outcome identified in The Derby Plan and will substantially shape the strategic context for the Local Enterprise Partnership. This strategy has been produced by the Derby Renaissance Board (DRB), which has emerged from the former City Growth Executive.

A key target of this Strategy is to create 5,700 new jobs by 2016. This equates to over 1,100 net additional jobs each year. To put this into context, in the period 1998 to 2008 Derby generated 610 net additional jobs a year. However, half of these jobs were created in the public sector and over the next five years employment and spending in the public sector are anticipated to decline significantly.

To achieve a sustained growth in net new jobs, the DRB has identified three themes – or drivers - that are the focus of this Strategy:

1. **Creating A Culture Where Enterprise Thrives**
2. **Ensuring Workforce Skills Match Business Needs**
3. **Maximising Quality Of Life.**

**Delivery Plans** have been prepared for each of these three drivers, which will focus the attention of three partnership delivery groups that feed into the DRB.

**Performance Measures** have been identified against which progress will be judged.



# Introduction



This Strategy has been produced by the Derby Renaissance Board to provide the framework within which the city, its residents and businesses can prosper and realise their potential. It demonstrates how the efforts of all partners will need to be focused to create new jobs and sustain economic growth over the next five years.

This document is the result of extensive evidence gathering and consultation with a wide variety of partners throughout 2010. It has been produced by the DRB to provide the framework to guide the activities and investment plans of partners seeking to further improve the economic performance of the city.

The significant milestones that have contributed to the production of this Strategy are:

- Economic Prosperity Peer Challenge report (IDeA, December 2009)
- Planes, Trains and Automobiles report (URS, January 2010)
- Economic Futures Conference (June 2010)
- Derby's Local Economic Assessment (Derby City Council, December 2010)
- Shifting Gears report (Centre for Cities, October 2010)
- Enterprise Growth Strategy report (GVA Grimley, December 2010).

The document sets out a range of interventions under three broad themes or drivers. The long-term target is to create 5,700 net new jobs by 2016 (as a contribution to creating 16,000 between 2009 and 2023). A Delivery Plan for each driver identifies how resources will be used to realise this Strategy.

## Strategic Context

Derby City Council published its Local Economic Assessment (LEA) in January 2011. The LEA provides the primary evidence base for this strategy. Recommendations from the 'Shifting Gears' report and the Enterprise Growth Strategy have helped to shape the priorities outlined in this document.

The Derby Plan was published in April 2011 as a result of extensive consultation with the community in Derby. The Derby Plan is the overarching strategy for the city and this contains a desired outcome of realising a thriving sustainable economy. This Strategy seeks to deliver this outcome, owned and overseen by the DRB. Progress against the Strategy's Delivery Plans will be overseen by the three DRB delivery boards and updated plans will be produced as required.

The Council continues to develop its Core Strategy as part of the Local Development Framework, which will provide the spatial context to the economic vision provided here. The Core Strategy is due for completion during 2012.

The Economic Strategy is complemented by a suite of other strategies, including the blueprint for the next phase of city centre development – the City Centre Regeneration Framework. Diagram 1 shows the relationships between The Derby Plan, the Economic Strategy and other strategies.

The Economic Strategy also contributes to the delivery of the national Strategy for Sustainable Growth<sup>1</sup>, which highlights the importance of a skilled workforce,

infrastructure investment and of encouraging entrepreneurialism. These are all key aims for Derby. We are committed to delivering the Government's aim of rebalancing the economy towards the private sector and will seek to build on the private sector jobs growth that the city has delivered in the past decade.

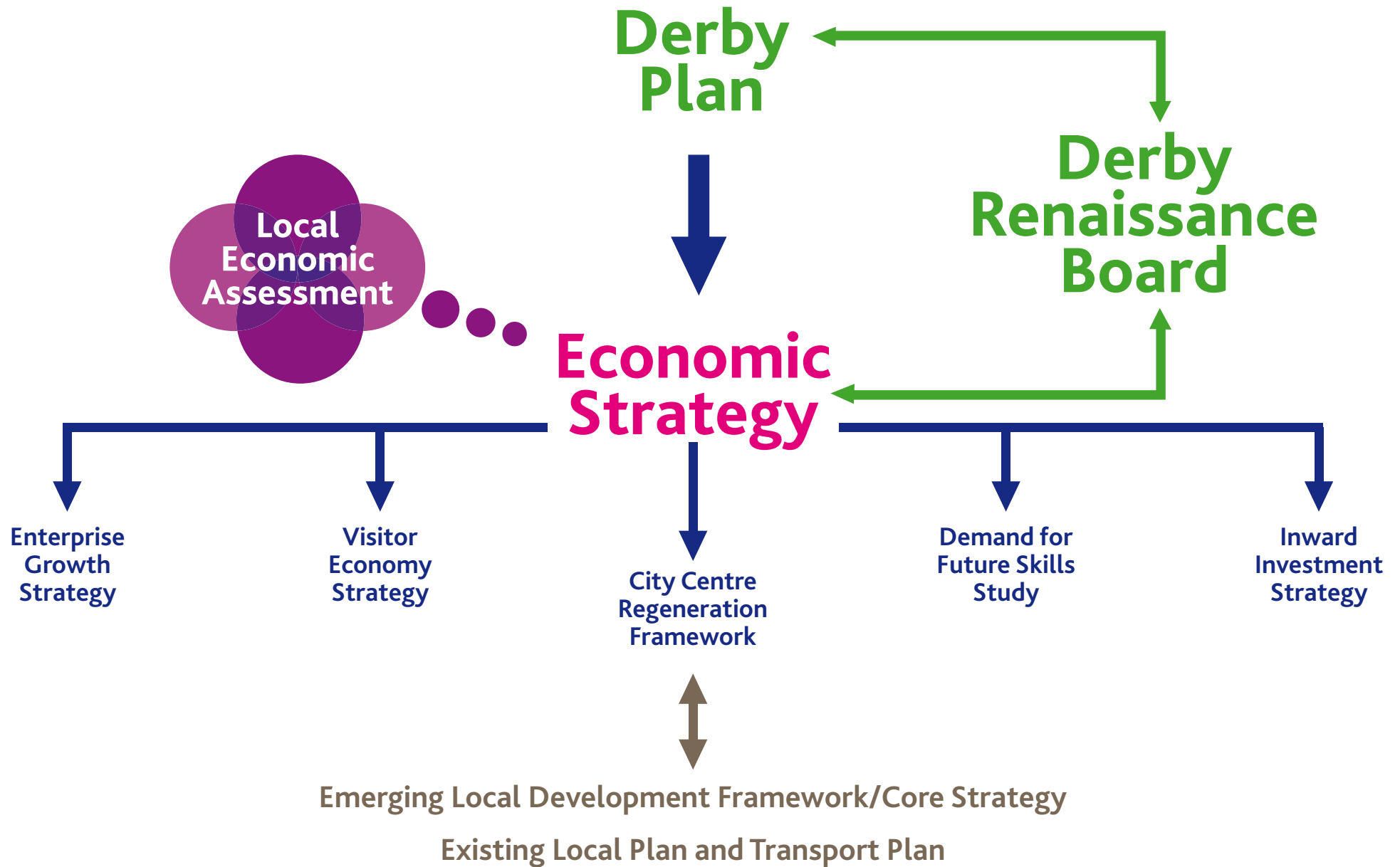
Alongside its growth agenda, the Government is committed to pursuing significant reductions in national energy use, as outlined in the Low Carbon Transition Plan<sup>2</sup> which sets a target to deliver an 80% reduction in carbon emissions by 2050. The DRB is committed to pursuing a low carbon economy in Derby and to realising the environmental and economic opportunities associated with reducing energy usage. Our low-carbon ambitions will underpin each one of the indicators in this strategy.



<sup>1</sup> Department for Business Innovation and Skills, *Strategy for Sustainable Growth*, July 2010

<sup>2</sup> Department for Energy & Climate Change, *The UK Low Carbon Transition Plan*, 2010

Diagram 1 - Relationship between the Derby Plan and Economic Strategy



## Funding Context

The Comprehensive Spending Review in November 2010 brought significant cuts to public funding throughout the UK. In Derby, the Council has had to find almost £30million of savings on its annual budgets from 2011/12 onwards with further reductions necessary for each of the next three financial years. All other public agencies are also subject to significant budget cuts. National and regional regeneration funding programmes have not been insulated from these cuts in the public purse. The demise of Regional Development Agencies and large-scale changes to Government Offices in each region have resulted in major changes, such as the loss of Single Programme funding for regeneration. In October 2010, the Coalition Government launched the Regional Growth Fund (RGF), which will be targeted at delivering private sector employment growth and helping to rebalance local economies that have suffered public sector job losses. Derby's Economic Strategy provides the framework for the development of RGF projects in the city and partners in Derby are engaged in the process of developing applications to the RGF. The European Regional Development Fund remains operational with Derby having an allocation of about £8.4million for the period 2011 – 13.

The Coalition Government has required devolution of decision-making to give local areas flexibility in how they raise, pool and spend resources. The Coalition Government has announced the introduction of a Tax Incremental Financing (TIF) scheme as a new method of promoting physical-led regeneration by financing projects on the basis of future tax revenues. Additionally, the Council has launched its Regeneration Fund aimed at kick starting physical development in the city centre through a variety of financial incentives to developers.

## Partnership Context

In October 2010 the Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership (the D2N2 LEP) was approved by the Government. The LEP provides strategic direction to the area while the DRB is responsible for delivery of economic regeneration in Derby. The LEP has identified joint priorities that are focused on the promotion of private sector led growth. As shown in Diagram 2, this Strategy fully aligns with these priorities and will complement the proposed direction of the LEP.





Diagram 2 - Partnership Strategic Priorities

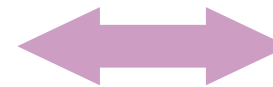
**D<sub>2</sub>N<sub>2</sub> LEP  
PRIORITIES:**

**Sharing the benefits of sustainable economic growth across our cities, towns and rural communities**

Building on shared advantages in internationally competitive science, manufacturing, engineering and creative industries to drive productivity growth as we develop a low carbon economy

Developing our skills, building on the strengths and reputation of our first-rate Further Education & Higher Education sector that will meet and drive up employers' current & future skills demands

Developing our distinctive cultural, leisure, sport and tourism offer to world-class standards



**DERBY'S ECONOMIC  
STRATEGY DRIVERS:**

**Creating a culture where enterprise thrives**

**Ensuring workforce skills match business needs**

**Maximising quality of life**

A new, overarching, city-wide strategy - The Derby Plan - has been prepared by Derby City Partnership. This Economic Strategy seeks to deliver the economic outcome of The Derby Plan and will substantially inform the strategic context for the Local Enterprise Partnership. This Strategy has been produced by the Derby Renaissance Board (DRB), which is the lead body for driving forward economic regeneration in the city.

# Derby's economic baseline

## Recent History

Derby has an estimated population of 244,100 and 77% of the working age population is economically active.

In the last 30 years, Derby's population has increased by around 12%, an estimated 26,000 people, compared to a national increase of around 10%. During that time, employment levels in the city have followed national trends with overall numbers of jobs increasing significantly, mainly attributable to the rapid expansion in public sector employment. Employment in the city during the mid 20th-Century was focused around manufacturing but in recent decades the city has developed a more balanced economy with significant employment in the service sector and a large public sector presence.

During the period 1998 to 2008, Derby's net additional job creation was 6,100. In line with national trends, employment growth was spread over a number of sectors, with 'real estate and business activities' adding 5,200 jobs. This was balanced out by extensive losses in the manufacturing sector, which was the largest source of job loss, shedding 4,200 jobs (3.5% of Derby's 2008 workforce). However, this decline was less than half the national rate, suggesting that Derby's strong industrial heritage has helped to make local firms more resilient. Since 1990, the number of people on Job Seekers Allowance fell steadily in Derby from a high of 9% to a low of 2.3% in November 2007. The recession led to a rapid increase in claimants to 5% in February 2010 but the rest of 2010 saw these figures slowly decrease.

## Derby in 2011

Derby is a leading high-technology city with the highest concentration of advanced manufacturing employment of any city in Great Britain. Average earnings for people working in Derby are amongst the highest of any city outside London and the South East, and the city has consistently out-performed regional and national averages in terms of Gross Value Added<sup>3</sup> per head. Even with this impressive performance, the city faces significant challenges in tackling long-term worklessness, pockets of deprivation and skills deficiencies. A summary of the strengths, weaknesses, opportunities and threats can be seen in Diagram 3 below.

The latest figures indicate that employment in Derby is heavily weighted towards the public sector with nearly a third of jobs being in public administration and education. At the same time, one in five jobs in the city is in manufacturing, almost double the national average. The city is proud of being home to global companies such as Rolls-Royce and Bombardier, and will continue to support these firms as the cornerstone of the economy. However, to strengthen our private sector we also need to support the growth of new enterprise in Derby.

<sup>3</sup> Gross Value Added (GVA) is a measure of the value of goods and services produced in an area, industry or sector of an economy

Diagram 3 - SWOT Analysis of Derby's Economy

Strengths	Weakness	Opportunities	Threats
<ul style="list-style-type: none"> <li>National leader in advanced manufacturing employment (10% of workforce)</li> <li>Wealth-creating economy (GVA per head, 2007 - £23,167)</li> <li>3,200 private sector jobs created in Derby over last 10 years</li> <li>Presence of global firms such as Rolls-Royce and Bombardier</li> <li>Highest workplace salaries outside of London (£31,785)</li> <li>Multi million pound investments to bus and rail interchanges and Connecting Derby Inner Ring Road project</li> <li>20 minutes from East Midlands Airport, One hour from international hubs (Manchester and Birmingham)</li> <li>East Midlands Airport is an international freight hub, handling more than 40% of UK air freight</li> <li>Multi-cultural community – 172 languages spoken in the city</li> <li>A younger than average demographic profile</li> </ul>	<ul style="list-style-type: none"> <li>Lower than average rate of business registrations and self-employment</li> <li>Difficult for new enterprise to develop in well established sectors, such as advanced manufacturing</li> <li>University of Derby not presently well-placed to drive forward innovation</li> <li>Higher paid workers live and spend outside the city</li> <li>Lack of quality office space in city centre</li> <li>Higher than average number of residents with no qualifications (18%) and significant proportion of employers reporting skills gaps (22%)</li> <li>Arboretum, Normanton and Sinfen wards in bottom 6% nationally according to Index of Multiple Deprivation 2007</li> <li>64% of workers use car to get to work (and yet 55% of those who work in Derby travel less than five kilometres)</li> </ul>	<ul style="list-style-type: none"> <li>Forecast population increase of 19.5% in Derby City to 2030 with an increase of about 16,000 in working-age-population by 2023</li> <li>Six million people live in 1 hour drive time of Derby</li> <li>Council committed to Regeneration Fund to support physical development in the city</li> <li>National Skills Academy for Railway Engineering based in Derby</li> <li>The Silk Mill site and Darley Abbey Mills form the southern gateway to a World Heritage Site</li> <li>4% of businesses in 'green industries'</li> <li>Need to reduce carbon emissions by 34% by 2020 (national target) and by 80% by 2050</li> <li>Regional Growth Fund, European Regional Development Fund &amp; Local Enterprise Partnership</li> </ul>	<ul style="list-style-type: none"> <li>Economic over-reliance on a handful of the biggest businesses</li> <li>Low levels of enterprise and innovation</li> <li>Manufacturing job losses equating to 15% in 10 years – a continuing trend?</li> <li>Lack of quality housing offer to attract highly-skilled employees</li> <li>Public spending cuts – rail sector particularly dependent on Government spending</li> <li>An increasing and ageing population and emerging number of retiring 'baby-boomers'</li> <li>Population and business growth could lead to increased carbon emissions</li> <li>Increased risk of city centre flooding</li> <li>Loss of big name brands in the city centre</li> <li>Reduction in regeneration budgets and loss of economic development programmes</li> </ul>

# Derby's economic strategy

## Vision for Derby in 2016

The key challenge for Derby is to make sure that the local economy is driven by a strong private sector presence following the inevitable reduction in public sector employment. Adding to this challenge is the need to ensure that all of the city's residents have the opportunity to be engaged in the labour market. With the current uncertainty in the national economic climate, job creation and retention are the primary aims. Underpinning this Strategy is the long-term target of creating 16,000 net new jobs by 2023 (from a base year in 2009). In the lifetime of this Strategy (2011-16) we will work towards achieving an increase of 5,700 net new jobs. The need to tackle existing skills gaps within the workforce is of high importance to make sure that Derby remains a competitive and growing economy.

To rebalance the economy of Derby in favour of a strengthened private sector, a concerted effort is required in supporting enterprise to start, grow and thrive. In our drive for increased private sector employment, we are mindful of the Centre for Cities findings that the majority of new jobs will come from a small number of high growth firms<sup>4</sup>. In a changing environment of business support, Derby remains committed to achieving enterprise success. We will look to support the growth of all companies in the city and work with our partners to focus efforts on employment growth.

It is now widely considered that global oil production will 'peak' and go into sustained decline, with some commentators suggesting there is significant risk of this happening before 2020. What is certain is that fuel deficits and the end of cheap carbon will have extremely

far-reaching social and economic consequences. These inevitable increases in energy costs will impact on all of our businesses. We will contribute significantly to the strength of the future economy if we make Derby businesses more resilient to increases in energy costs through, for example, adaptation methods and feed-in tariffs.

Throughout the development of this Strategy, there has been a great desire for Derby to be placed at the forefront of innovative ways of achieving economic growth without impacting negatively on the environment. Many firms in the city, such as Rolls-Royce, are already world leaders in the development of energy efficient technologies. There is great opportunity for the city to use the expertise it has within this field to embed new technology opportunities within other sectors and reduce energy use throughout the local economy. The DRB is committed to pursuing a low carbon economy in Derby and realising the environmental and economic opportunities associated with reducing energy use. Our low carbon ambitions will underpin each one of the indicators in this strategy.

## Strategic Drivers

The DRB has identified the crucial importance of creating net new jobs over the five year period of this strategy and beyond. This will be essential in line with expected increases in population but it also fits with the Government's drive to rebalance the economy towards the private sector. To realise our vision for a thriving, sustainable economy and to create private sector jobs, this strategy has adopted three distinct themes or drivers:

- Creating a culture where enterprise thrives
- Ensuring workforce skills match business needs
- Maximising quality of life

<sup>4</sup>*Firm Intentions: Cities, Private Sector Jobs & the Coalition*, Centre for Cities, September 2010

Diagram 4 - Derby's Economic Strategy

More:

- People with jobs

Better:

- Qualifications among adults
- Results at primary schools



More:

- New businesses
- people with jobs
- hi-tech businesses

More:

- use of shopping, leisure and visitor facilities
- Good quality affordable housing

Less:

- Carbon emissions

Better:

- Built and natural environment

# Creating a culture where enterprise thrives

## Context

Evidence shows that Derby has been relatively poor at creating new enterprise and promoting entrepreneurialism. The self-employment rate in Derby has been consistently lower than regional and national averages over the last 10 years, with the gap actually widening over this period to reach a 3.7% difference by 2010. The VAT registration rate in Derby is also significantly lower than regional and national averages, and the gap also widened to 15 percentage points between 1998 and 2007.

This strategy seeks to create a culture where enterprise thrives by:

- stimulating an enterprise culture with innovation and creativity
- supporting growth of companies and relocation opportunities
- improving Derby as an investment proposition.

Success in these areas will help to produce future employment and productivity growth through a diversified and more robust business base.



## Enterprise Growth: Issues and Interventions

Headline Issues	How is the economy affected?	Interventions Required
<p><b>Absence of an enterprise culture, low levels of innovation and poor business survival rates</b></p>	<p>Derby suffers from low levels of self-employment and new business formation and survival rates fail to match competitors. Enterprise is a vital part of economic growth as it provides a source of new employment helps to diversify the economic base and often enhances the level of innovation present in an area.</p> <p>Although there are some notable exceptions, our small and medium-sized businesses display a lack of innovation relating to product and service development for new markets, including overseas trade. Many enterprises within the supply chain of the city's major employers are totally dependent on their continued patronage.</p> <p>Targeting innovative and high-growth businesses has the potential to generate direct employment, but could also create a trickle down effect for the rest of Derby's economy, supporting organic business creation and strengthening supply chains.</p>	<ol style="list-style-type: none"> <li>1. Encouraging all ages to consider self-employment</li> <li>2. Nurturing the establishment and growth of small and micro enterprises</li> <li>3. Stimulating innovation and research and development through better partnerships with higher education and further education and better business to business collaboration</li> <li>4. Targeting potential high growth businesses with appropriate support measures</li> </ol>
<p><b>Over reliance on a few large employers and local markets</b></p>	<p>The Derby economy is heavily dependent on the fortunes of key employers such as Rolls-Royce and Bombardier. Evidence suggests that supply chain companies are too reliant on serving the large companies rather than exploring diversification options.</p> <p>41% of Derby's employment is from firms of more than 200 people, compared to a 32% GB average. Business density is 30% lower than the national average and 25% lower than the regional average, reinforcing the view that the city is reliant on a small number of large employers</p> <p>Derby is often described as 'inward looking' or 'insular'. Innovation and knowledge breed more easily in 'outward-looking' economies.</p>	<ol style="list-style-type: none"> <li>1. Encouraging diversification and localisation of supply chains of large businesses and support small business to enter supply chains</li> <li>2. Supporting cross-sector networking</li> <li>3. Creating bespoke interventions to support key sub-sectors</li> <li>4. Targeting and attracting inward investment to the city that complements and diversifies the Derby 'offer'</li> </ol>

### Poor range (quality and size) of office stock in city centre

Despite existing planning permissions for new offices, the city centre has a relatively poor range and quality of office stock, which has impacted on business investment. A vibrant commercial office market within the city centre will attract new investment, increase footfall and spending and encourage further retail and food and drink businesses.

The Housing Market Area Employment Land Review (BE Group, 2008) and Private Sector Offices End Users Study (CBRE, 2009) both suggested that further out-of-centre office development should be resisted to bring about an improved investment proposition for the city centre.

1. Stimulating high-quality development schemes through appropriate incentives (where financial viability is marginal) and promotional activities
2. Continuing improvements to the civic spaces and streets within the city centre and district centres
3. Reviewing the office location policy through the Local Development Framework process

### Restricted supply of developable land for employment uses

The Derby HMA Employment Land Review (2007) revealed that Derby had an over supply of some 88 hectares of land appropriate for employment uses (B1, B2 and B8 uses), based on historic take up rates. Despite this, there is a lack of immediately available sites. A large amount of the remaining employment land supply is constrained by issues such as the absence of essential infrastructure (greenfield sites), contamination (brownfield sites) and flood risk (blue corridor).

1. Assist site owners in bringing forward, in appropriate phasing wherever possible, employment land for developments that complement the city 'offer'
2. Investigating and utilising financial mechanisms to support the provision of infrastructure and to tackle site constraints such as the Community Infrastructure Levy and Tax Incremental Financing.

## Performance Measures

The success of this strategic driver will be gauged by the following measures of performance:

- Increased survival (at 1 year and 3 years) and growth of enterprise (measured by turnover, profit and employment)
- Increased net jobs created
- Increased entrepreneurship in all age groups
- Annual qualitative survey of impact of business support measures
- Increased businesses and jobs attracted to Derby by inward investment promotion and account management service
- Increased patents registered by Derby companies
- Growth in Grade A office rentals in the city centre.



# Ensuring workforce skills match business needs

## Context

Wage levels of people working in Derby are the highest of any city outside London and the South East, yet a high proportion of residents suffer from skills deficiencies and there are pockets of long-standing deprivation. More than a quarter of the city's population have qualifications at NVQ Level 4 or above, yet 18% have no qualifications. Despite the presence of highly-skilled jobs in the city, more than one in five of Derby businesses has reported skills gaps in their workforce. These conflicting issues must be tackled to maximise the opportunities that exist from a high-value economy.

This Strategy seeks to ensure workforce skills match business needs by:

- addressing barriers to employment
- aligning supply and demand of skills
- influencing young people's career aspirations

More employment and higher skills will lead to:

- an increase in the quality and supply of labour to the workplace
- a more productive economy, and
- greater well-being for Derby residents

The underlying ethos is to create Derby jobs for Derby residents.



## Employment and Skills: Issues and Interventions

Headline Issues	How is the economy affected?	Interventions Required
<b>Pockets of worklessness within communities as a result of significant barriers to employment</b>	<p>Despite the high wage levels that exist in the Derby workforce there are pockets of long-standing deprivation, worklessness and low wages in some of the city's communities.</p> <p>Inter-generational worklessness is a major problem in the deprived wards and contributes to continued lack of aspiration and low self esteem. These factors can prevent people from getting a job and engaging with the local economy.</p>	<ol style="list-style-type: none"> <li>1. Researching barriers to employment in the three most deprived wards and develop an action plan to eliminate them</li> <li>2. Supporting opportunities for entry-level employment by ensuring training is provided that meets the needs of employers</li> <li>3. Using planning processes to provide recruitment and training opportunities for Derby residents</li> <li>4. Co-ordinating work experience placement activities within the main employers in the city</li> </ol>
<b>Businesses suffer from skills gaps</b>	<p>According to the National Employment and Skills Survey (NESS 2009), almost a quarter of businesses in Derby are affected by skills gaps. Derby businesses suffer more than those in the East Midlands and England as a whole. These skills gaps affect the competitiveness of firms and restrict innovation and productivity.</p> <p>The Demand for Skills in Derby and Derbyshire research highlighted the fact that skills and qualifications are different things. Businesses require skilled staff as well as qualified staff.</p>	<ol style="list-style-type: none"> <li>1. Liaising closely with key business sectors to understand medium and longer term skills needs</li> <li>2. Influencing training provision to meet employer needs</li> </ol>
<b>Young people are unprepared for the world of work</b>	<p>Businesses are reporting that many young people applying for jobs and attending interviews do not have the necessary skills to secure employment.</p>	<ol style="list-style-type: none"> <li>1. Developing close working relationships with the Children and Young People networks and partnerships to improve the information available to young people about career opportunities in Derby</li> <li>2. Developing and delivering programmes to embed enterprise in schools.</li> </ol>

### Performance Measures

The success of this theme of the strategy will be gauged by the following measures of performance:

- Reduced number of Job Seekers Allowance claimants
- Reduced number of businesses reporting skills gaps
- Increase number of graduates staying in Derby
- Reduced NEET (not in education, employment or training) figures.

# Maximising quality of life in Derby

## Context

The 2008 Place Survey shows Derby residents have a poorer impression of the local quality of life than the England average. To attract and retain the highly-skilled workers that Derby businesses require, the city must offer high-quality and affordable leisure and cultural services, a high-quality built and natural environment, and housing of sufficient quality.

Economic development must also be set in the context of long-term sustainability. Derby has aspirations to continue to grow its economy as well as pursuing the opportunities associated with the low carbon agenda. Our challenge is to balance the need for increased competitiveness and increased job opportunities with the need to reduce carbon emissions and tackle the effects of climate change.

This Strategy seeks to maximise the quality of life in Derby by:

- reinforcing cultural and leisure facilities and the city's infrastructure
- pursuing low carbon economy opportunities
- developing a vibrant city centre
- realising the potential of Derby's heritage and tourism assets

Success in these areas will help to generate future employment and productivity growth through a more vibrant, attractive and sustainable city.



## Quality of Life: Issues and Interventions

Headline Issues	How is the economy affected?	Interventions Required
<p><b>Perceptions of Derby as a place to live and work are critical to investment decisions</b></p>	<p>The Shifting Gears report (Centre for Cities, October 2010) highlighted that while the demand for labour is the most important factor in attracting highly-skilled workers, it is also necessary for the city to offer high-quality and affordable leisure and cultural services and a high-quality built and natural environment.</p> <p>The report suggests that to attract high-skilled residents to the city, housing developments must offer inside and outside space. Additional benefits from persuading higher-income families to live closer to the centre, include less pressure on transport infrastructure, reduced impact on environment, and wealth retention as Derby's workers spend earnings in the city's core area.</p>	<ol style="list-style-type: none"> <li>1. Pursuing the creation of the Castleward Urban Village between the city centre and rail station.</li> <li>2. Maximising the economic and community benefits arising from the proposed new 50metre pool and the outdoor velodrome and events arena</li> <li>3. Lobbying for further enhancements to transport infrastructure</li> <li>4. Continue to integrate quality public realm and public art work into all major city centre developments</li> </ol>
<p><b>Vacant and derelict sites and under-used buildings and civic spaces prevail within the city centre and district centres</b></p>	<p>A vibrant, exciting and attractive city centre is crucial for any city. Derby's city centre has experienced a period of rapid change over the last decade. Much of this change has been positive but more remains to be done.</p> <p>Several large development sites remain in a derelict state, the city's night-time economy is heavily dependent upon young people drinking and the quality of public spaces and thoroughfares is mixed.</p>	<ol style="list-style-type: none"> <li>1. Bringing forward plans to realise the redevelopment of the Becketwell area</li> <li>2. Continuing to implement the Night-time Economy Strategy to bring Purple Flag status</li> <li>3. Further improving the civic spaces and streets within the city centre and district centres</li> <li>4. Promoting riverside developments and the river as leisure infrastructure</li> <li>5. Continuing improvements to the environment of the district centres</li> </ol>
<p><b>Help Derby realise opportunities in terms of emerging technologies and 'green jobs'</b></p>	<p>There are increasing legal, moral and economic reasons for moving towards a low-carbon economy. 'Green jobs' exist across every sector. If Derby does not fully understand the scale of opportunities, how these can be maximised, and what the skill requirements are likely to be in relation to the local economy, it will struggle to compete especially in relation to the Green Deal.</p>	<ol style="list-style-type: none"> <li>1. Research the opportunities related to the low carbon economy and generate a contact database for the low carbon business sector in Derby</li> <li>2. Promoting skills in low-carbon technologies through business networks and by linking private sector practice and innovation with university research expertise</li> </ol>

**Need to make Derby communities more resilient to increased energy costs and better adapted to climate change**

Climate change will impact on us all. There are major opportunities for the city in reducing the impacts of climate change - through technological developments within our key businesses (to reduce the impact on our environment) and through improvements in transport, housing, ICT and flood risk management.

1. Promoting energy efficiency of properties through adaptation methods and feed in tariff schemes
2. Improving sustainable transport options through vehicle hire schemes and effective use of transport interchanges
3. Pursue options for the blue corridor with the Environment Agency

**Need to use World Heritage Site status and other heritage and tourism assets as drivers of the economy**

Derby has an impressive array of heritage assets, including being part of a UNESCO World Heritage Site. The city's historic buildings, museum collections, history of innovation, and its critical roles in the development of railways and engineering provide a major resource for promoting the city and the World Heritage Site.

There is significant potential to use historic buildings (many of which are empty) for economic use, with resulting benefits of expanding the business base, increasing employment and attracting visitors to the city.

The UK has the fifth largest tourism industry in the world, attracting 32million overseas visitors a year. Domestic tourism offers significant opportunities for economic growth as the UK currently under-performs compared to other European countries. Tourism includes travel undertaken for leisure, for business and whilst visiting friends and relatives (VFR). Tourism spending is estimated to support 4,300 jobs in Derby and, due to the nature of the industry, benefits very many smaller businesses.

Cities offer an enticing option for short domestic breaks and increasingly are a focus for international VFR trips, which are an expanding market. In the last three to four years, Derby city centre has witnessed the development of almost 700 additional hotel rooms. Increasing competition has challenged traditionally strong mid-week occupancy levels. Significant opportunities remain to attract more business trade to Derby through conferencing and more leisure visits through the trends for domestic short-breaks.

1. Finding new and sustainable economic uses for under-used heritage assets
2. Delivering a major new visitor attraction at the Silk Mill
3. Delivery of the Darley Abbey Regeneration Strategy
4. Implementing the Visitor Economy Strategy including new promotional campaigns.

## Need to increase workforce productivity and maximise the economic benefits of health spending

Absence from work through ill health is a serious drain on economic productivity. Nationally, 2.6 million people are currently claiming incapacity benefits – with 600,000 coming on to the benefit each year – while 1.4 million people aged 50 to 59 have already retired due to ill-health.

Absence has further health implications too - the longer someone is out of work due to ill-health, the lower their chance of getting back into work.

Evidence shows that:

- If people are off sick for six months, they have an 80% chance of being off for five years
- 90% of people making a claim for incapacity benefits expect to return to work, but if they claim for two years or more, they are more likely to retire or die than return to work.

The Confederation of British Industry has estimated that 175 million working days were lost last year to sickness absence, at a cost to the economy of £13 billion. By addressing health, work and well-being we can make a real and substantial difference to the health of individuals and the cost to businesses and the economy.

1. Improvement in sickness absence levels through increasing the number of employers engaged in occupational health services and workplace based health improvement programmes
2. Development of a multi-agency health and work strategy

## Performance Measures

The success of this theme of the strategy will be gauged by the following measures of performance:

- Delivery of City Centre Regeneration Framework milestones and targets
- Provision of quality housing
- Improved condition & reduced numbers of derelict sites and buildings
- Improved perceptions of quality of life indicators, such as provision of culture and the built and natural environment
- Increased footfall at our retail, leisure and tourism venues
- Improved resource efficiency in residential and commercial property
- Reduced number of listed buildings on the "At Risk" register
- Reduced levels of sickness absence in the city.

# Delivery of the strategy

The Derby Renaissance Board is the strategic lead for economic regeneration in the city. This is a private sector led board, supported by Derby City Council and other partners, that works to achieve economic prosperity.

Three delivery groups report to the DRB and each of these has responsibility for a Delivery Plan that describe the interventions in more detail (what, who, when, how). These Delivery Plans are available separately.

Diagram 5 – Delivery Arrangements

**Strategic driver:**

**DRB Delivery Group:**

Creating a culture where business thrives	Enterprise Growth Board
Ensuring workforce skills match business needs	Employment and Skills Board
Maximising quality of life	Quality of Life Board

## Getting involved in delivery of the Strategy

This document has been produced by the Economic Regeneration Division at Derby City Council on behalf of the Derby Renaissance Board.

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