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Local Skills Improvement Plan

Leicester and Leicestershire

Annex A – Local Strategic Context

This Local Skills Improvement Plan has been approved by the Secretary of State in line with the approval criteria set out in the [Skills and Post-16 Education Act 2022](#), and in accordance with the [LSIP statutory guidance](#)



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1. Geography and infrastructure

The Leicester and Leicestershire Local Skills Improvement Plan (LSIP) covers a diverse geography, featuring significant rural areas with an urban core and several market towns. It borders Derbyshire and Nottinghamshire to its north, Rutland to the east, Northamptonshire to the south and Warwickshire and Staffordshire to its west.

Politically, the area is represented by a two-tiered authority structure, with a county council, plus seven district and borough authorities. Leicester City is situated in the centre of the geography, meaning its interaction and influence is spread evenly across the area, with all parts of the county accessible within a 40-minute journey by car. As of May 2023, the area is in conversation with Central Government to secure a devolution deal at Level 2, as defined by the Department for Levelling Up, Communities and Housing.

The M1 motorway runs through the centre of the geography, with the A6, A46, A5 and A511 connecting main urban areas by road. Market Harborough, Leicester and Loughborough are served by the Midland Main Line, with the city acting as regional hub for the local rail network.

This connectivity supports a relatively cohesive geography regarding travel to work (TTW) and travel to learn, with four of the 10 largest TTW volumes across the whole of the East Midlands being contained within Leicestershire (Charnwood to Leicester; Blaby to Leicester; Leicester to Blaby; and Oadby & Wigston to Leicester). Furthermore, there is little leakage out of area – the main outbound flow being Leicester to Nottingham, which ranks 17th out of all movements within city and county.

Figure 1 highlights the geographic, infrastructure and economic features relevant to the LSIP.

2. Demographics

1.08 million people live in Leicester and Leicestershire (using NOMIS data). Of these 344,200 are based in city with the remainder (706,200) in one of the county's 7 district authorities. The working age population is 684,000, representing 63% of the total population. A further 19% are aged 0-15 and 18% aged 65+. When broken down geographically, the city is much younger than the county, with only 12% over the age of 65 compared to 21% for the county. This compares to a national average of 18%.

Leicester is one of the most ethnically diverse cities in the country. According to the 2021 Census, 43.1% of the population identified their ethnicity as being Asian or Asian British. 40.9% identified their ethnicity as being within one of the sub-groups under the 'White' category while 7.8% identified their ethnic group within the 'Black, Black British, Black Welsh, Caribbean or African' category. 32% of Leicester residents said they were born overseas, with the highest percentage of these coming from India (16.2%). This compares to Leicestershire County where approximately nine tenths of the population identify as being 'White British'.

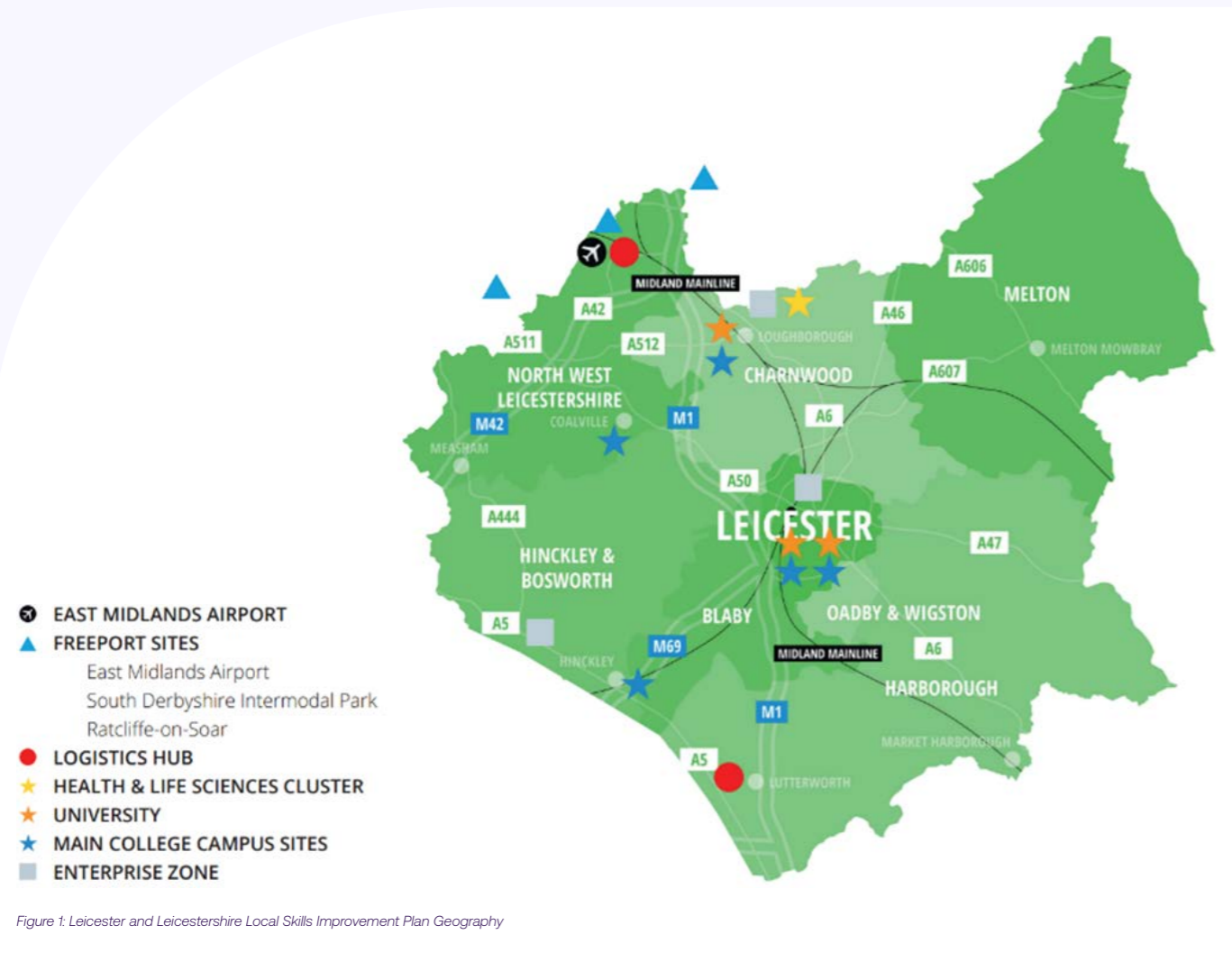


Figure 1: Leicester and Leicestershire Local Skills Improvement Plan Geography

3. Businesses and the economy

With 44,660 VAT registered businesses in the area and a GVA of over £23bn, Leicester and Leicestershire represents the largest economy in the East Midlands. It has a strong manufacturing heritage, which has modernised to varying degrees over recent years. It also has one of the highest proportions of small businesses in the country – over 98% of businesses in Leicester and Leicestershire employ fewer than 50 people. Leicester City was recently named by Forbes as one of the most popular places in the country to start a business, with the city also being ranked by PWC as the best city to live in in the East Midlands.

The core sectoral focuses of the LSIP – logistics, manufacturing, construction, sport & health – reflect the current strengths and developing opportunities in the area. The area has a strong manufacturing base, with 13.3% of its workforce in manufacturing compared to 8% nationally. The area employs 6% of its workforce in the Transportation and Storage sector, compared to 4.9% nationally. The preponderance of these sectors translates into almost one in five people working in Process, Plant and Machine Operatives and in Elementary Occupations compared to 14.7% nationally. This pattern contributes to the area having a significant number of labour-intensive occupations, which are often lower paid than the national average.

These sectors, however, are transforming quickly through automation, technological advances and complex supply-chain management. Reflecting this, there are two Enterprise Zones specialising in science and technology and an Institute of Technology in the region:

- > Loughborough and Leicester Science and Innovation Enterprise Zone: this operate across three sites – Charnwood Campus, focusing on bio-medical and pharmaceutical sectors (the UK's first Life Sciences Opportunity Zone); Space Park in Leicester; Loughborough University Science and Enterprise Park (including low carbon and advanced manufacturing businesses).
- > MIRA Technology Park: a world leading automotive research and development park, the largest in Europe, and hosting MIRA Technology Institute, an on-site training centre for the automotive industry.
- > East Midlands Institute of Technology: a collaboration between Loughborough College, Loughborough University, Derby College, University of Derby and 6 blue-chip employers, focusing on skills in net-zero and sustainability, digital and green economies.

In addition to the above, Loughborough, situated in the north of the county, is recognised as a world-class centre of excellence for sport. Loughborough College works with 15 national governing bodies and, alongside Loughborough University, specialises in training some of the world's elite athletes, with Loughborough athletes contributing over 20% of Team GB's medals at the Tokyo Olympics in 2020. The sporting ecosystem produces £600m GVA and accounts for c.17,000 jobs in the local sector, which is expected to rise by 18% in Charnwood, along with adding £100m of growth in GVA by 2030. In addition, following the impact of coronavirus in Leicestershire, a successful SDF pilot in Human Health in relation to Physical Activity was delivered, enabling significant employer engagement, resulting in staff upskilling and curriculum design to meet employer needs.

The area is a UK centre for advancements in logistics, with 90% of the UK population within a 4-hour drive. With the M1 running through the county, it is home to major logistics parks, including Segro Logistics East Midlands Gateway Logistics Park and Magna Park South – all of which form part of the Golden Triangle for logistics. One fifth of the spend for new warehousing space in 2021 was spent in the wider East Midlands region. Further boosting its lead role in logistics, there are several significant infrastructure projects which have started – or are planned to come on stream over the coming decade – including a focus on the A46 (the Trans-Midlands Trade Corridor) and the A5 (The Midlands Manufacturing Corridor), along with the proposed eastern extension of HS2.

North West Leicestershire is also home to East Midlands Airport, the largest pure freight airport in the UK. In 2021 it moved 442,000 tonnes of goods. Almost a third of which originate in the East Midlands. For freight it connects to 75% of the world's 'alpha' cities and 50% of the world's 'beta' cities. The average value of a tonne of goods passing through the airport is twice that of other airports and 168 time higher than for all ports (including sea ports), demonstrating its role in moving high-value goods from the advanced manufacturing sector.

4. Businesses and the economy

The geography benefits from a number of developments that will impact the wider skills landscape, including: success of the Freeport bid at East Midlands Airport in North West Leicestershire, which will create 60,000 new skilled jobs, bringing significant investment to drive innovation in alternative energy sources and green technologies; the launch of the new Centre of Logistics, Education and Research (CLEAR) to support development of the advanced logistics sector workforce; the continued development of local innovation centres, including Mira Technology Park, situated within a current Enterprise Zone, and Europe's leading mobility R&D location for automotive technology.

Developments in the Leicester and Leicestershire geography also form part of the remit for the East Midlands Development Corporation (see figure 2), which was formed to take forward significant economic opportunities created as a result of the delivery of HS2 in the region. While the delivery dates for these developments span decades, initial activity is commencing in the immediate future, including developments associated with the Freeport, the electrification of the Midland Mainline and significant developments planned at Toton & Chetwynd over the border in Nottinghamshire.

Also in Nottinghamshire, but likely to have an impact on the wider regional economy, the UK Government has recently confirmed the West Burton power station site as the home of the new STEP fusion energy programme, which will underpin an industry with the potential to be worth billions to the future UK economy.



Figure 2: East Midlands Development Corporation geography

5. Education and Employment Levels

Leicester and Leicestershire is home to three universities, producing approximately 19,000 graduates per year, along with four Further Education colleges with approximately 19,000 post-16 enrolments per year. The City and County has a relatively low density of Independent Training Providers headquartered in the area, emphasizing the importance of fostering relationships with out of area independent providers.

As of the end of 2022 Leicester and Leicestershire had an economic inactivity rate of 22.1%, compared to a national level of 21.6%, with 15.5% of households deemed workless compared to 14% nationally. As of February 2023 the area had an unemployment rate of 3.2%, lower than the national level of 3.7% – although these figures mask significant variations across the different districts, boroughs and wards, with the highest levels of worklessness and unemployment found in wards within the City.

With regards to occupation, 46.9% of the workforce were classed as working within Managerial and Professional roles, compared to 51.6% nationally. In contrast, 17.4% worked in elementary or process plant/machine operative roles compared to 14.7% nationally. The average gross weekly pay in 2022 was £607.9, compared to a £642.2 national average. In terms of attainment levels, 38% of the population were qualified at NVQ4 and above (43.6% nationally), and 59.7% at NVQ3 and above (61.5%).

6. Recent Further Education College activity

Over the past two years the Further Education Colleges have worked collaboratively with each other to ensure the impact of the Strategic Development Fund (SDF) has been maximised. The SDF has now been replaced by the Local Skills Improvement Fund, which will provide an opportunity for further collaboration and partnership.

The SDF 2022 was led by North Warwickshire and South Leicestershire College. An overview of the work undertaken, designed to ensure the Further Education Colleges locally are well placed to respond to changing vehicle maintenance requirements over the coming years, can be viewed in Figure 3, with the impact of the funding is set out in Figure 4.

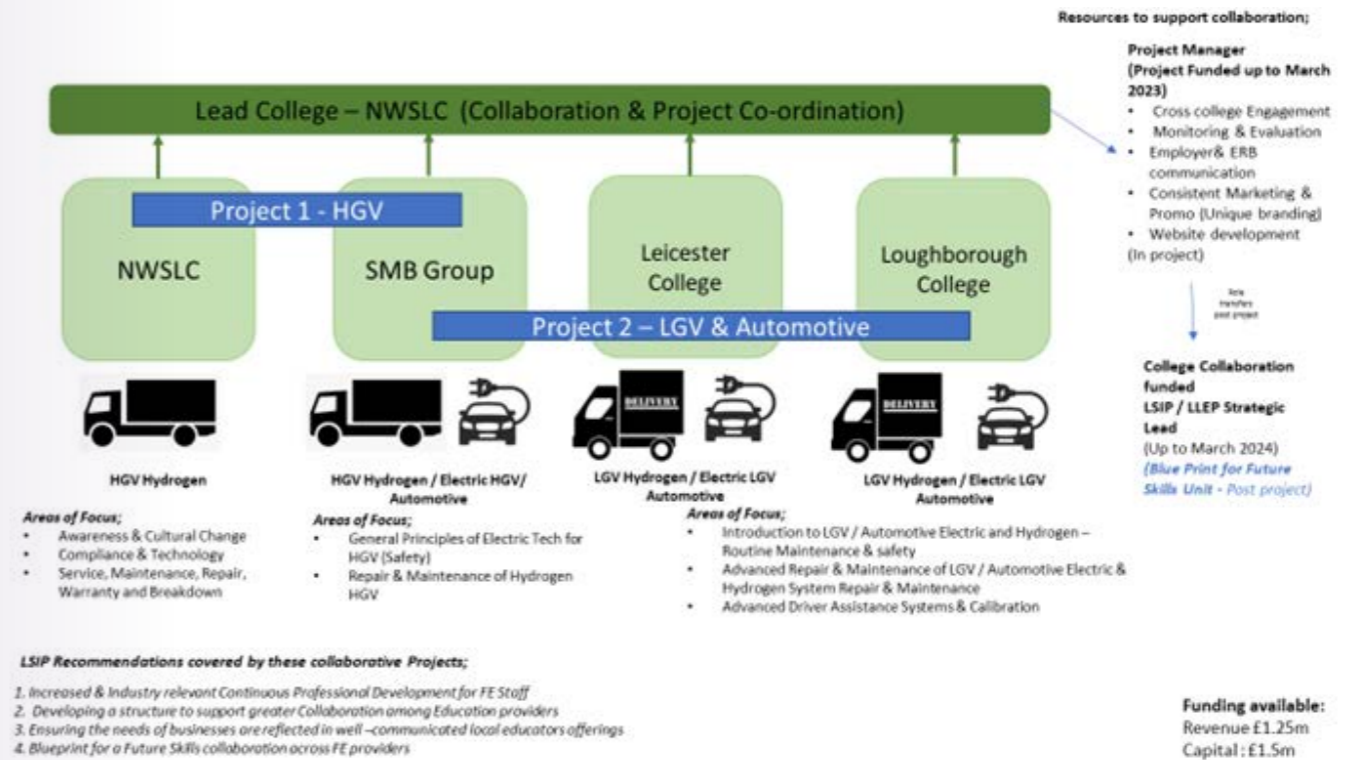


Figure 3: SDF Project Overview: Electric and Hydrogen Capacity Development



Figure 4: SDF 2022 Impact Data

Beyond the SDF there are many good examples of innovation and partnership collaboration between Further Education Colleges and industry. With the right support, there is opportunity for these to grow further. Examples include:

- > The MIT is the result of a unique collaboration led by North Warwickshire and South Leicestershire College, and its partners, HORIBA MIRA, Coventry University, the University of Leicester, and Loughborough University. Built with £9.5m investment from the UK Government's Local Growth Fund via the Leicester and Leicestershire Enterprise Partnership Limited, the MIT is a specialist facility designed specifically to train the next generation of engineers in the latest automotive technology.
- > Loughborough College has played central role in a unique partnership with the NFL, with the NFL UK Academy now located in Loughborough. This partnership including sports companies Nike, New Era and Wilson, along with Tottenham Hotspur Football Club, is providing sporting chances and life changing opportunities for young people in North Leicestershire.
- > SMB Group has partnered with Krone UK and Sharmans Agricultural Ltd to provide opportunities for farmers to trial agroforestry and other developing agricultural industries on College land before adopting on their own land. This provides training environments for young people, as well as helping to increase crop production whilst increasing habitat diversity and supporting the environment. The NFU and Young Farmers Association have supported in promoting this partnership to their members.
- > The National Space Centre has launched an Immersive Academy in partnership with NSC Creative and Leicester College. An Immersive Design & Development BTEC Diploma Level 3 qualification has been co-designed and is being jointly delivered, bringing together expertise from the College with a world-leading immersive production studio, based at the National Space Centre in Leicester. The Immersive Academy complements the National Space Centre's mission to enhance the science and engineering skills pool in the UK currently spearheaded by the National Space Academy by highlighting new STEAM (Science, Technology, Engineering, Art and Maths) career pathways. Examples of opportunities created for students include work on a production to mark the 50th Anniversary of the launch of Pink Floyd's 'The Dark Side of the Moon' album, currently being shown in planetariums around the world.
- > Wyggeston and Queen Elizabeth I College students are working with local charity Soft Touch Arts, Leicester Museums and Galleries, Arts Council England, Arch Creative and Leicester City Council to develop an exhibition to celebrate PUNK: 'Rage and Revolution'. Media and Creative Arts students are designing and creating a range of posters and images to support, promote and be included within the exhibition.