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To: Growth, Economic Development and Communities Cabinet Committee – 20 September 2021

Subject: **Youth Unemployment and Apprenticeships**

Classification: **Unrestricted**

Past Pathway of report: None

Electoral Division: All

Summary: The number of young people aged 18 – 24 claiming unemployment related benefits has more than doubled since the start of the pandemic last year. Over one in ten were unable to find jobs. The youth unemployment rate has slightly improved since June 2021, but it is still the highest since records began in 1992.

As the economy comes out of lock-down, there are increasing numbers of reported staff and skills shortages causing supply chain problems and increasing prices, nationally and in Kent and Medway.

The Government has introduced an unprecedented series of measures to tackle this employment crisis, many of which are aimed at helping young people into employment.

A Kent and Medway Employment Task Force was set up last October to find local solutions and to work to improve the impact locally of the Government's measures.

Recommendation:

The Committee is invited to comment on the situation and make recommendations to the Cabinet Members responsible for Economic Development, and for Education and Skills.

1. Introduction

1.1 The number of young people aged 18 to 24 claiming unemployment related benefits more than doubled between March 2020 and May 2020 owing to the Covid-19 pandemic and the economic lock-down. More than one in ten were unemployed. This remained the situation until June 2021 when the youth unemployment rate slightly improved. The latest available figures show youth unemployment at just under 8 per cent.

1.2 Youth unemployment in Kent and Medway has broadly followed the national pattern. In March 2020, 6,895 young people in Kent and Medway aged 18 to 24

were unemployed (an unemployment rate of 4.8 per cent); this increased to 14,550 in November 2020 (10.1 per cent) and this number only fell to 11,155 (an unemployment rate of 7.8 per cent) in June 2021, the latest month for which figures are available. The next updating of the numbers is expected on 17 September.

- 1.3 Adult unemployment also doubled during the pandemic. In March 2020, the unemployment rate in Kent and Medway for those aged 25 to 49 was 3.1 per cent: this increased to 6.5 per cent over the following year, slightly falling to 5.7 per cent in June 2021. The corresponding figures for those aged between 50 and 64 also showed an immediate doubling of the unemployment rate from 2.2 per cent in March 2020 to 4.5 per cent a year later only falling to 3.9 per cent in June 2021.
- 1.4 None of these unemployment numbers include those on furlough. The impact of the unwinding of furlough will be seen over the next month.
- 1.5 It should be noted that whilst the claimant count method of calculating unemployment is a very accurate measure of changes in unemployment it does not include the economically inactive who are not claiming (or cannot claim) benefits. Similarly, it does not include figures for those not in education, employment, or training (“NEETs”). The Office for National Statistics (ONS) estimates that 631,000 people in the UK were NEETs in the quarter April to June 2021, which is approximately 9.3 per cent of all young people; the ONS estimate that this is an improvement of 1.8 percentage points from before the pandemic, probably because of an increase in the numbers in full time education. However, the ONS estimate that half of all NEETs are looking for, and available for work so these numbers should be added to the claimant count figures for unemployment. (The ONS data for NEETs were published on 26 August 2021 and will be refreshed on 25 November 2021.)
- 1.6 In short, young people have been affected the most in terms of unemployment during the pandemic both nationally and in Kent and Medway.

2. The measures taken by the Government to tackle youth unemployment

- 2.1 Since the start of the pandemic in early 2020 the Government has put in place various initiatives aimed at getting people into employment:
 - In July 2020 the Government published its “**Plan for Jobs**”. This set out measures to get people back into employment, keeping people in their jobs and creating new jobs. It announced the Kickstart Scheme for the young unemployed.
 - In September 2020, the “**Lifetime Skills Guarantee**” was announced which offered a fully funded college course to any adult without an A-Level or equivalent qualification.
 - In the **Plan for Jobs** and the **March 2021 Budget**, incentive payments were announced that would be paid to employers when they took on new apprentices or trainees. This was in addition to other measures announced

in the January 2021 **White Paper on “Skills for Jobs”**.

- 2.2 The number of people starting **apprenticeships** fell following the outset of the coronavirus pandemic. From April to September 2020 across the UK, there were 82,400 fewer people starting an apprenticeship than for the same period in 2019 which was a fall of 41 per cent. In the March 2021 Budget, the Government announced it would pay employers in England £3,000 for every new apprentice they hired between 1 April 2021 and 30 September 2021. (This was an increase from the incentive that had been previously announced in the July 2020 “Plan for Jobs”. This promised to pay £2,000 for new apprentices under 25 and £1,500 for those aged 25 and over if they were employed from August 2020 to the end of March 2021.) Prior to the pandemic, the Government gave £1,000 to employers for every apprentice they took on who was either aged between 16 and 18 or aged between 19 and 24 and had been in care or had a local authority Education, Health and Care Plan. The new payment was to be additional to this.
- 2.3 As of 9 July 2021, incentive claims had been submitted across Great Britain for 79,850 apprentices. In the South East region, from August 2020 to April 2021 (ie in the first eight months of the educational year) there were 38,690 apprenticeships started and 15,080 completed. (We do not have the figures for Kent and Medway.)
- 2.4 Other initiatives were also announced in the **White Paper on “Skills for Jobs”**:
- The White Paper pledged to make it easier for apprenticeship levy-paying employers to transfer their levy funds to other employers. A “matching service” to help the transfer of funds was promised in the Autumn of 2021.
 - The White Paper said that front-loaded training would be introduced for some apprenticeships in the construction sector from April 2021 to enable apprentices to get more training when they first start to help them enter the workforce more quickly.
- 2.5 The **Kickstart Scheme** was announced as part of the “Plan for Jobs” announced in July 2020. Employers would be able to take on unemployed young people offered by the Department of Employment’s Job Centres on six-month placements with funding provided to the employers to pay the wages and National Insurance costs, plus the cost of training for one day a week and £1,500 to cover “set-up costs”. The Government provided a budget of £2 billion to fund over 250,000 Kickstart jobs. (The Government estimated that for a 24-year-old, the grant to the employer would be worth £6,500 based on the National Minimum Wage for those aged 21 to 24.)
- 2.6 The scheme got off to a slow start. As of 20 May 2021, only 262 Kickstart opportunities had been approved nationally by the Department of Work and Pensions, but by 22 July 2021 over 155,000 job placements had been approved, nearly 2,000 of which are in Kent and Medway.

3. Other measures taken by the Government to provide employment support

3.1 As part of its **November 2020 Spending Review** the Government said it would provide labour market support worth £2.6 billion in 2021-22.

3.2 The **Restart Programme** was announced to support unemployed people to find work. The scheme was intended to provide “intensive and tailored support to over 1 million unemployed people”. The scheme would offer “enhanced support” to Universal Credit claimants who have been out of work for at least 12 months. The guidance notes state that the commercial providers of this Restart support should “design and tailor interventions in accordance with the local labour market”. “This means seeking out and taking advantage opportunities such as local growth sectors and local training initiatives and flexing the offer throughout the lifetime of the Restart Scheme based on emerging labour market challenges and opportunities.” The guidance says the scheme should keep strong relationships with local stakeholders to make sure it complements “local efforts”. 70 per cent of the contract value to each provider will only be paid to the provider when a participant has met the qualifying conditions which include participants having a contract of employment with an employer or the participant becomes self-employed.

3.3 The Government said the three-year Restart Programme would provide £2.9 billion of funding, with around £400 million in 2021-22. Individual unemployed people only started to be referred to the Restart Scheme in July 2021, so it is too early to measure its impact.

3.4 Extra funding for some of the existing employment support programmes was announced in July 2020 as part of the “Plan for Jobs”:

- The **Work and Health Programme** provides support for people in England and Wales to find and keep a job. It is available for people with health conditions or disabilities and those who have been unemployed for over two years. As part of the Plan for Jobs, a Job Entry Targeted Support programme was launched in October 2020, aiming to support over 250,000 people. Additional support is being offered to people receiving benefits and who have been unemployed for more than three months.
- **Sector-based Work Academies** offer employment placements for people receiving benefits. These placements can last up to six weeks. Although available to jobseekers of all ages they are primarily aimed at young people. In 2021-22 the Government has increased the funding available to double the number of participants to 80,000.

3.5 Announced in September 2020, additional support is being aimed at young jobseekers:

- The **Youth Employment Programme** is a 13-week programme to help people prepare for work and includes an employment and skills review and a work search review.

- **Youth Employability Coaches** have been appointed to support young people who have complex needs
- **Youth Hubs** are being set up to offer support for up to six months from a youth hub work coach. As of June 2021, 110 Youth Hubs had opened virtually across England, Wales and Scotland. The Department for Work and Pensions aims to have at least one Youth Hub in every Jobcentre Plus District. One has already been established physically in Medway and discussions are under way to have one in every Kent District.
- The **Flexible Support Fund** gives Jobcentre Plus managers greater freedom to tailor back-to-work support to individual and local needs. An increase of £150 million was included in the Plan for Jobs.
- A new **Job Finding Support Service** was announced in the Plan for Jobs. It was launched in January 2021. It provides personalised online support to those who have been unemployed for less than three months.
- The number of **Work Coaches** in Jobcentre Plus offices was doubled: 13,500 new coaches had been appointed by March 2021.
- The Government said it will pay employers £1,000 for every new trainee they take on from the start of September 2020 to the end of July 2022. An additional £126 million was provided to fund this, which will provide for 40,000 more traineeships. **Traineeships** were previously only available to people aged 16 – 24 who were qualified below level 3, but the Plan for Jobs expanded eligibility to include those with three qualifications. This is against the background that the number of traineeships has been gradually decreasing since 2015-16.

4. Initiatives to improve access to training for sector specific skills have also been announced.

- 4.1 On 29 September 2020 the Prime Minister announced the **Lifetime Skills Guarantee**. From April 2021 adults without an A-level or equivalent qualification have been able to access a fully funded college course. The courses available to study are only those considered to be “valued by employers”. The Education and Skills Funding Agency publishes the list; the latest version is dated August 2021: the largest sector not currently listed is retail. Building and construction is included but not architecture nor urban, rural and regional planning. Accounting, finance, and business management is included as is hospitality and catering but not arts, media and publishing nor leisure, sports, travel and tourism.
- 4.2 Alongside the Lifetime skills Guarantee, the Government announced **Digital Skills Bootcamps** for adults aged 19 and over. These were piloted in Greater Manchester and the West Midlands and four more have been announced, but none so far in the South East. They offer participants help to build up sector specific skills over 12 to 16 weeks. The sectors covered are construction, digital, engineering and manufacturing, green skills, and rail.

- 4.3 A **Skills Toolkit** was launched in April 2020. It offers 70 courses in eight subjects: as of 27 June 2021, there have been an estimated 222,000 course registrations and 44,200 course completions nationally.
- 4.4 The **National Careers Service** has been given extra funding of £32 million to support 269,000 more people over the next two years.
- 4.5 For the 2020-21 academic year, £101 million has been allocated to provide **level 2 and level 3 courses** to 18- and 19-year-olds “where there are not employment opportunities available to them”.

5. The Kent and Medway Employment Task Force

- 5.1 The Kent and Medway Employment Task Force was set up last October following a recommendation in the Kent and Medway Economic Renewal and Resilience Plan which had been adopted by the Kent and Medway Economic Partnership in August 2020.
- 5.2 The Kent and Medway Renewal & Resilience Plan proposed that the Task Force should “build on previous experience of successful task forces – temporary, task-oriented and focused on the central challenge of rising unemployment and what we collectively need to do to limit and reverse it. It will exist in the context of the Government’s proposed interventions, and will identify how these can be best supported, and where they can be supplemented by additional local action”.
- 5.3 The Kent and Medway Employment Task Force’s terms of reference are to:
- Identify and progress initiatives that will mitigate the extent and impact of unemployment, under-employment, and economic inactivity, including:
 - Temporary employment and employment subsidy schemes, including those recently announced by Government.
 - Intermediate labour market initiatives.
 - Jobs brokerage and information, advice and guidance schemes.
 - Sector-specific initiatives, including driven by the private sector.
 - Additional training and re-training capacity.
 - Measures to maintain demand for training and skills (especially apprenticeships and work-based learning) during recession
 - Secure resources to meet identified needs.
 - Identify opportunities for innovation in addressing the employment crisis.
 - Maintain an awareness of the current state of the labour market.
 - Ensure that actions progressed in support of future employment contribute to the three principles for Renewal and Resilience set out in the Plan (Greener Futures; Productive and Open; and Better Opportunities, Fairer Chances).

5.4 Its membership is:

- Roger Gough (Chairman), Leader, Kent County Council
- Rodney Chambers (Vice Chairman), Portfolio Holder for Inward Investment, Strategic Regeneration and Partnerships, Medway Council
- Alan Brookes, Chair, Kent Association of Headteachers, and Headteacher, Fulston Manor School
- Simon Cook, Principal, MidKent College
- Karen Cox, Vice Chancellor of the University of Kent
- Carol Ford, fresh food and horticulture consultant.
- Sir Roger Gale, MP for North Thanet
- Damian Green, MP for Ashford
- Nicolas Heslop, Tonbridge & Malling Council
- Jo James, Chief Executive, Kent Invicta Chamber of Commerce
- Hamera Ahmad, DWP Service Leader for Kent
- Anthony Lilley, Chairman, The Creative District Co.
- Geoff Miles, Chairman, Maidstone Studios, and Chairman, Kent & Medway Economic Partnership
- Pauline Smith, Chief Executive, CXK
- Paul Winter, Chairman of Kent & Medway Skills Commission, and Chairman, Wire Belt Company

5.5 Task Force papers are shared with Baroness Stedman-Scott, Parliamentary Under Secretary of State at the Department for Work and Pensions and Peter Schofield, Permanent Secretary at the Department of Work and Pensions. Both have a standing invitation to join meetings of the Task Force.

5.6 The Task Force is serviced by a Reference Group chaired jointly by the Cabinet Members for Economic Development and Education and Skills and supported by KCC and Medway Council Officers and The Education People.

5.7 The Task Force commissioned a Kent and Medway Skills Evidence Base which supported the successful bid by Kent Invicta Chamber of Commerce to be designated by the Department for Education to implement, on a pilot basis, a Local Skills Improvement Plan.

5.8 The Task Force established a Horticulture and Fresh Food sub-group to find and implement solutions to staffing and skills shortages. This is the first of similar sectoral groups: the next will be for the road haulage and logistics sector.

6 Financial implications

6.1 Kent County Council's Budget for 2021-22 made financial provision of £150,000 to support the implementation of the renewal and Resilience Plan.

7 Equalities and Diversity

7.1 An EQIA will be drawn up for any new policies that are intended to be adopted by KCC under the aegis of the Renewal and Resilience Plan.

8 Information management

8.1 No information is held which falls within the ambit of the GDPR. The statistics published by the ONS are GDPR compliant.

9 Recommendation

The Committee is invited to comment on the situation and make recommendations to the Cabinet Members responsible for Economic Development, and for Education and Skills.

Contact details

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