1 Purpose of Report/Recommendations

1.1 To update members on the impacts of the COVID-19 pandemic on the labour market and highlight proposed broad areas of labour market intervention designed to help mitigate these impacts.

2 Background

2.1 COVID-19 will have far-reaching impacts on labour market outcomes and will have implications for our commitment to inclusive growth as outlined in the Strategic Growth Plan. Beyond the urgent concerns about the health of workers and their families, the virus and the subsequent economic shocks will impact the world of work. The ability of businesses to continue to employ and pay workers will be particularly precarious when government support starts to be withdrawn. In the short term, many workers in our current labour pool will face reduced hours, and at worst redundancy or unemployment. Over the longer term, those who are at the beginning of their work journey, and who will make up our future labour pool, will face higher unemployment, lower pay and poor job prospects compared to young people entering work before or after the predicted downturn.
2.2 In the four weeks from March 1st 2020, there was an increase of 4,590 (a 65% increase) in new applications for social assistance through the Universal Credit system in the DC&SD council area. The number furloughed and laid off within the council area was estimated to be 15,900 according to a recent UUEPC report. As the furloughed scheme is wound down, some of those furloughed will experience job losses, adding to concerns of a surge in unemployment. Those unemployed will predominantly come from a number of ‘at risk’ sectors which have been identified as hospitality, retail, tourism, arts, transport and manufacturing. Losses in these areas will have a major impact on the Derry City & Strabane District Council (DCSDC) economy. The situation unfolding is very fluid, and as there is limited local data available to date to suggest that suitable interventions will be identified and become more tailored over time as the impacts become clearer.

2.3 One of the emerging schools of thought is the need for a place-based approach to the recovery - recognising that the needs of Derry City & Strabane District Council are significantly different from the economic structure of other council locations. Whilst previous work has been undertaken on longer term transformative employability interventions to support the City Deal (Skills SOC & IFF proposal), and whilst work is currently being undertaken with DFC on a new employment offer beyond 2020 and DfE on a new Skills Strategy, this paper looks at emerging vulnerable groups and suggests some short term labour market interventions which could be prioritised to take account of the impact of COVID-19.

2.4 Epidemics and economic crises can have a disproportionate impact on certain segments of the population, which can trigger worsening inequality. Based on the Council’s demographics, past experience, current information on the COVID-19 pandemic and insights from previous crises, a number of specific groups have been identified as being more vulnerable to adverse labour market conditions, including:

• The long-term unemployed and those economically inactive who will find it more challenging to get back to work now, given the increased competition from the “newly unemployed” and with a much smaller number of job vacancies being available. There is also the potential of more people drifting into these two categories as some people are at risk of developing serious health issues following the pandemic.

• Young people, already facing higher rates of unemployment and underemployment, are more vulnerable to falling labour demand.

• Older workers can also suffer from economic vulnerabilities.
• Women are over-represented in more of the COVID – 19 affected sectors (such as services) or in occupations which are at the front line of dealing with the pandemic (such as nurses). Women also have less access to social protection, and will bear a disproportionate burden in the care economy, in the case of closure of schools or care systems.

• Unprotected workers, including the self-employed, casual and gig workers, are likely to be disproportionately affected by the virus as some do not have access to paid leave or sick leave mechanisms, and are less protected by conventional social protection mechanisms and other forms of income smoothing.

2.5 Given these changes in the broader economic climate and in the labour market, officers have been liaising with key stakeholders to ascertain our current situation, review how activity is being delivered and input into the re-focusing of their planned activity to provide employability and skills support. Emerging areas of work in order to take account of the economic changes are outlined below.

3 Key Issues

3.1 The world will move from immediate response and resilience measures to the various stages of recovery. As lockdown measures fade out, the employment crisis may worsen. Millions may become unemployed and businesses, already strapped for cash, will face a fragile economy. As we come out of the crisis, we need a recovery strategy focused on getting people back to work and into jobs which are skilled and sustainable, in sectors we want to grow.

3.2 Even though we are in an extremely fluid situation, in order to be ready for the months ahead, officers have been liaising with DfE, DfC, INI, ESF, NWRC & UU to discuss the challenges we face and the pressing need to rethink our supply and demand side interventions to reflect our shifting priorities in the labour market. This will include specific interventions for the following groups:

3.3 Re-employment support for those newly unemployed

The most important lesson from previous downturns has been the need to provide rapid and high quality support for those who find themselves unemployed, so that they can maintain contact with the labour market and return to work as quickly as possible. This needs to be planned for now, in anticipation of the recovery.
3.4 Working with the JBOs, ESF providers, PTOs etc. we need to rapidly mobilise all those in the space of delivering employment services in the council area to provide co-ordinated work focused support to new claimants - ensuring that those out of work get the help they need to reconnect with the labour market.

3.5 As we come out of the crisis, many will need to acquire new skills. Others will have reflected on their working lives and be looking for a change. To help people move into jobs which use their skills, abilities and interests, intensive support should be readily available and joined up, promoting the value of lifelong learning and engaging adults in learning that is “economically valuable” to them and/or the local economy, in venues accessible to them.

3.6 This back to work support should be accompanied by further investment in a job brokerage service linking the supply side (participants) and demand side (employers), where participants are linked to live vacancies and receive personalised advice to prepare them for the recruitment and interview process, as well as for the job role they are applying for. Employers, in return, receive a service which caters to their needs to enable strong relationships and repeat business. In addition, this approach of job brokerage can also be utilised for in-work progression initiatives which support individuals to achieve qualifications which enable them to progress into better paid work (higher positions) with their employer, particularly in growth sectors and growth skills (for example Digital).

3.7 Both public and private investment in adult training have fallen precipitously over the last decade, which the COVID-19 crisis has thrown into sharp relief. Therefore, it is important to reverse this decline so that those out of work, or at risk of job loss, are able to retrain to support more productive, higher quality work to meet future skills needs. Skills training is particularly important for those affected by recessions, as there is extensive evidence that the longer people are out of work the more likely they are to lose job-specific skills (‘skills atrophy’) and become less well-equipped for the labour market. There needs to be increased and flexible opportunities to re-skill and re-train in new sectors and new growth areas, as well as those sectors that are more likely to emerge first from the current situation. (e.g. health and social care, food retail and logistics). In addition, we should not overlook those sectors locally which have managed to sustain themselves or even manage to create jobs during the pandemic, for example the Fintech sector.
3.8 Even if employment were to return to previous levels in the next year or two, the shape of the economy and labour market may have shifted significantly. One of the key areas for investment is in digital skills, to prepare workers for the broader trends driven by automation and digitalisation. Investing in digital skills and digital infrastructure is a key proposal of the City Deal and it will be important to push ahead with the City Deal proposals and to engage with DfE on a significant digital re-skilling initiative across a range of business sectors. The Department for the Economy has recently (on 6th May 2020) announced two moves in this direction. Firstly, by encouraging the FE sector to utilise the “Skills Focus” programme by removing the requirement for the employer to contribute 25% of the cost, and secondly by the introduction of a short post-graduate certificate (PgCert) in software development at Queen’s University Belfast for those with degrees in non-computing subjects. This is the start of a process whereby the UUEPC’s Skills Barometer research, which identifies the future skills demand at the NI and sub-regional levels, could be used to inform the focus of reskilling and employability resources at a local level. The NWRC & Council have delivered on many tailored skills interventions in the last few years, including employment academies in the areas of IT, hospitality and manufacturing to meet local demand and they could provide further support in this area.

3.9 Long-Term Unemployed and Economically Inactive

Given there will be a new cohort of newly unemployed, it will become more challenging for those who are long-term unemployed or economically inactive to get back to work. DFC and stakeholders are currently in the midst of redesigning the employment offer to these two groups. The new emerging DFC offer for these groups will involve a targeted customer focused approach, with a menu of support based on need and customised on a local basis. In the interim, in addition to the new programmes coming on board, existing support programmes remain available for these groups, but now there is an urgency to do more. Integral to the design of the new employment programmes is the work and health conversation. There is an opportunity to bring this forward, working with a cross section of stakeholders in the council area involved in projects with a health focus (CMP), an employment focus (ESF) and others on social prescribing. Each of these partners have expertise in their respective areas, so there may be an opportunity to design a pilot to join up this expertise to initiate a health and work conversation targeting specific client groups, as a precursor to moving into employment support at potentially an earlier stage.
3.10 It may also be prudent, at this time, to explore how we incentivise employers through a possible wage subsidy in sectors important to recovery and progress, and tailored to local needs to create employment opportunities. Further work needs to be undertaken with employers on the design and co-investment of financial incentives/wage subsidies. If this project is to progress, we will need to secure support from both the Department for Communities (DfC) and the Department for the Economy (DfE) and we have had some preliminary conversations on the matter.

3.11 In addition, promoting the self-employment option and providing some financial assistance through existing business support programmes should be further explored to enable the initial acceleration of entrepreneurial ideas.

3.12 An integrated and coherent offer for young people

Young people will be hit by a perfect storm of weak demand in the economy and high competition for available jobs, particularly in ‘shutdown’ sectors. For those leaving education with low qualifications, and/or little or no work experience, there will be high barriers to finding that first employment opportunity. The graduate recruitment market has also been impacted with many losing placements, internships, work experience opportunities and job offers being deferred or rescinded. This in turn will see graduate leavers fulfilling non-graduate jobs, which has been a feature of other recessions, raising the probability of unemployment amongst young people on lower rungs of the qualifications ladder as they are squeezed out of the labour market. Therefore, a key priority is tackling youth unemployment, which has remained a persistent problem for the Derry City and Strabane District council area. It is important that this group is placed at the forefront of the recovery in order to address rising youth unemployment.

3.13 With a delayed entry into the labour market on the cards, young people will require more help than ever in finding the right opportunity which will require a wide range of high quality careers advice and guidance options, accessible at their chosen moment in time, to assist them in making informed, flexible choices. It will be necessary to promote, enhance and expand online and telephone job advice, dedicated employment support and career services including hooks to attract young people to engage and delay their entry into the labour market and remain in FE/HE.

3.14 UU, Magee have undertaken intensive work to encourage graduates to continue their studies at this time via a range of postgraduate study options, including part time, full time, e-learning and short courses whether graduates are looking to enhance their career, change career or are just starting out. Also, UU recently promoted an impactful #StudyinNorthernIreland campaign to encourage potential students to study in Northern Ireland.
3.15 For 2020 graduates who are entering the workforce do so at a challenging time. To support them, Ulster University has launched the Employability UnLock Programme, an innovative, personalised programme that will support graduates through 3 fundamentals:

• UnLock their Network: Sector specific online networking events (2-9 July) helping graduates to ignite and continue connections with employers, peers and alumni. Supporting graduate ambition and creativity through proactive action towards a brighter future.

• UnLock their Skills: Tailored digital learning areas focused on professional competencies and skills including leadership and resilience. This will also include enhancement of a digital presence, interview skills, self-awareness and confidence.

• UnLock their Ambition: For those participants who are seeking career direction. In depth 1-1 coaching will be provided to help graduates plan their personalised road map and work towards a brighter future.

3.16 NWRC staff have continued to work remotely with teaching and training being delivered online where possible. As students at NWRC tend to be more vulnerable, with a large percentage domiciled in areas of high deprivation (Q1 or Q2), some students have been unable to engage fully with online delivery due to digital deprivation/lack of broadband provision. However, all students tend to have mobile phones and where necessary teaching staff have engaged via different mobile phone apps e.g. Microsoft Teams, WattsApp. The college has provided laptops where possible to those most in need and the FE Sector intends to explore appropriate strategies to ensure that these students are not disadvantaged. NWRC will apply to secure additional funding to improve this provision in 2020/21 if possible.

3.17 NWRC is a large provider of work-based learning programmes and this has resulted in some students being unable to complete their qualification in 2019/20 academic year. The DfE has granted the six FE Colleges access to campuses for small groups of students and staff to enable these assessments to be completed before the start of the 2020/21 academic year.
3.18 At this time in a young person's life it is important to understand and address the barriers to entering the world of work or taking up educational or training opportunities. In addition to creating a plan of what steps they need to take and what they will need to achieve these goals must also include looking at financial barriers which may hinder that progression. Some of the things which need to be considered as part of a support package may include equipment to take up a training opportunity, interview clothing, a computer for their studies, tools for a job and travel costs to get to college.

3.19 We need to invest in keeping young people working to help mitigate the long term consequences of COVID-19 for labour productivity. For young people entering the labour market or who find themselves newly unemployed, fast access to employment opportunities will need to be stimulated and resourced. One tried and tested intervention is through Intermediate Labour Market Programmes delivering paid work experience for a period of six/twelve months, augmented by training, qualifications, personal development, employment support and job search activities which are tailored to the individual. This model of support has a proven track record of success, with employment rates of up to 70% having been achieved previously in the DC&SDC area utilising private, public sector and social enterprise placements. The creation of thematic programmes would address urgent skills mismatches in response to COVID-19 (e.g. young people working in agriculture, health and social care) and longer-term skills requirements (e.g. technology and e-commerce). This has been identified as a key area of support to help Council deliver on its aspiration of inclusive growth and to ensure that no one gets left behind.

3.20 For the last 2 years, the Council has invested heavily in promoting the growth of apprenticeships as a key vocational route for young people leaving school. The current health crisis is having a significant effect on apprenticeships. Companies are furloughing or making apprenticeships redundant, off-the-job learning has been disrupted and apprentices, already on low pay, have faced additional cuts.

3.21 The focus of employers will be on recovering from the economic consequences of the pandemic, and hiring and training new apprentices will not be a priority. This will mean fewer vacancies available, and more competition for fewer opportunities. The momentum we have created around apprenticeships is at risk, therefore we must sustain our apprenticeship work post COVID-19 and advocate for additional support for apprenticeships as an essential component of any long term economic recovery and sustainability initiative. We will continue to work with our existing champions, employers, training organisations and the NWRC to create new apprenticeships and to expand access to high quality work-based learning programmes.
3.22 To advance apprenticeships, as outlined in our Strategic Growth Plan, we must embed them into the school curriculum as a worthy vocational route into employment. **A Schools Based Pre-Apprenticeship Programme, included in the Strategic Growth Plan and targeted at 14 – 16 year olds**, needs to be progressed as an early intervention for those young people who are at risk of disengagement and educational underachievement, whilst still in post primary education. As a pilot, it will seek to offer these young people a vocational educational route which will also provide a foundation to a traineeship and/or apprenticeship.

3.23 The young people we are educating today are our future workforce and must not be left behind. COVID-19 is set to have a disastrous impact on the education of the children living in poverty in our council area, who we know already start school behind their better-off peers, and who are twice as likely to leave secondary school without good GCSEs in English and Maths.

3.24 While schools have remained open for vulnerable children and the children of keyworkers, the latest figures show that only a small percentage of the most at risk children are attending. What’s more, we know that these same children often do not have the technology or connectivity they need to effectively learn from home and their parents frequently lack the skills, confidence and motivation to support their learning outside the normal school environment.

3.25 Without additional support, our poorest children will fall even further behind in their education, their emotional wellbeing will suffer and the impact will be felt in the workplace. It is imperative that pupils are provided with the resources necessary to access online learning - laptops or other devices to mitigate inequality gaps and to facilitate internet connection. The current DE scheme needs to be reassessed and expanded as too many are falling through gaps in provision. In addition to technology, those vulnerable learners already falling behind need to be supported in order to catch up - summer classes, and small group tuition are required on their return to school and which is practical, effective and scalable.

4 **Financial, Equality, Legal, HR, Improvement, Rural Needs and other Implications**

4.1 There are no financial considerations at this time. Costs associated with the planned labour market interventions will be drawn from member approved budgets and presented in detail in September. Many of these activities are aimed at reducing inequalities.

5 **Recommendation**
5.1 Members note the contents of the report and endorse the proposed broad areas of labour market intervention designed to help mitigate these impacts. These include Careers Information & Guidance, Health & Wellbeing, Apprenticeships, Skills Academies, Employer Incentives and Supporting Inclusion in Education.

5.2 Officers bring forward a Covid-19 Skills Recovery Plan to members in September 2020.

Background Papers

None