

Title of Report:	Officer Presenting: Head of Business
Post COVID-19 Recovery – Update on Labour Market Interventions	Author: Skills Manager

1 Purpose of Report/Recommendations

- 1.1 To update members on the labour market interventions progressed with stakeholders to help mitigate the impacts of the COVID-19 pandemic on the labour market.

2 Background

- 2.1 In July, members were presented with a report detailing the impact of COVID-19 on the labour market, including identifying those most vulnerable in the labour market and highlighting broad areas of labour market intervention where we could work with stakeholders to add value. These included Careers Information & Guidance, Health & Wellbeing, Apprenticeships, Skills Academies, Employer Incentives and Supporting Inclusion in Education.
- 2.2 In the most recent analysis of the post COVID-19 labour market contained in the August 2020 UUEPC third paper on the economic consequences of COVID-19 on the Northern Ireland economy, the UUEPC estimates that it will likely take 4 to 5 years to reach pre-COVID levels of economic activity and possibly more than 10 years before unemployment falls to previous lows.
- 2.3 Of note in this report in terms of labour market 'issues' are:

Unemployment

There has been a significant increase in the number of people unemployed. A key short-term issue in this labour market recovery will be the length of time the JRS and SEISS continue in a full, tapered or sectorally targeted fashion. As these draw to a close, the major uncertainty is the proportion who will return to full (or part time) employment. It is predicted that NI could see the unemployment rate rise to 13%.

Economic Inactivity

The risks of economic inactivity increases given the nature of many of the jobs impacted by COVID-19 : typically those paying low wages and requiring low qualifications. People with lower qualifications typically find it more difficult to find re-employment than others in the workforce and, given the length of time it can take to retrain for other opportunities, the duration of worklessness itself can lead to inactivity.

Youth Unemployment

Estimates by the UUEPC for Q2 2020 suggest a sharp spike in numbers and there is scope for this to increase further as those leaving education enter the labour market and the furlough scheme begins to taper off.

Vulnerable Sectors

The sectors most effected by COVID-19, both in terms of the scale of shutdown and also the extent of ongoing restrictions, are Retail (particularly non-food), Accommodation (Hospitality) and Arts & Entertainment, which are all labour intensive sectors.

- 2.4 Of note in the UUEPC third paper in relation to labour market 'recovery actions' the following have been identified and are likely to be crucial:

Keeping young people in education for longer

Typically, 25,000 young people leave the education system each year to enter the labour market. In a recession, the demand for labour falls and therefore the opportunities for those leaving education are much lower. Therefore, it is important that young people stay in education for longer. Some specific programmes have already been put in place to increase skills in areas where opportunities still exist (such as digital skills), but it is important that greater provision for other programmes is made to absorb the additional numbers of young people who would have otherwise moved into work.

Re-skilling during and after furlough

Significant sums of public money are being spent to protect household incomes via the JRS and SEISS (est. £62 billion across the UK in 2020-21). There has already been a recognition of the need to re-skill workers with some actions already taken through online course provision (free places on short courses delivered by the FE colleges and universities) and the publication of a "Skills Strategy". The challenge of re-skilling those who have been in the labour market for many years should not be underestimated.

Emerging growth sectors

On a positive note, over the 2012-2019 period across the private sector Manufacturing, Administration Services and Professional & Scientific Services were the top three job creating sectors. Furthermore, these sectors are under less immediate pressure from social distancing and in the case of Administration and Professional Services, there is an increased ability to work from home. In addition, to support the Construction sector the Government could fast-track current investment plans (and particularly smaller ones which can have greatest local impact) to establish an investment pipeline. The crisis has highlighted infrastructure weaknesses such as lack of digital connectivity in rural areas which could be prioritised as an action, while there are also projects around energy efficiency in public buildings and homes which are critical for longer term sustainability.

- 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, to review how activity is being delivered and to provide input into the re-focusing of 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 As outlined in the July committee paper, officers have been liaising with DfE, DfC, INI, ESF, NWRC & community sector 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. The following interventions have been progressed in what is an extremely fluid climate:

3.2 Re-employment support for those newly unemployed

- 3.3 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. Every year council and DfC host an annual Jobs Fair – last year it was a North West Jobs Fair held in the City Hotel. This year the plan is to 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.

Two events are planned for Guildhall Square using the market stalls:

18th September – Information, Advice and Benefits Fair

9th October – Cross Border Jobs Fair

In addition, council is working with the Strabane JBO in organising similar events on a smaller scale and possibly to include a roadshow which would ensure the targeting of those who live in the rural areas. A budget of £5,000 has been set aside.

- 3.4 Council has been working closely with NWRC to promote re-skilling and re-training opportunities. The NWRC has received funding to offer level 1 - 3 training to those affected by COVID-19 either through furlough or recent redundancy. Council officers have assisted the NWRC by consulting with those providers who work with those individuals to identify who could avail of the training and to also ascertain the type of courses in demand and at what level. A budget of £20,000 has been allocated to undertake further work to identify any gaps in provision that cannot be delivered under the NWRC funding.
- 3.5 In addition, Council and NWRC have submitted a proposal to DfE to fund a Software Fundamental Skills Academy at level 4 for up to 20 participants at a cost of £39,000. Successful delivery of the course in the past has occurred on four separate occasions with the most recent student cohort graduating in June 2019. Across the four courses, 60 students have progressed into either full-time employment or further/higher education. 53 of those employed were with local IT companies in the North West. The DfE has welcomed the proposal and work is ongoing on confirming current COVID-19 related dispensation on Benefit Conditionality for trainees who are unemployed to support their participation on the course. It is anticipated the course will start in January 2021. This course will be funded by DfE.
- 3.6 Given our past success in delivering employment/skills academies for the unemployed, we are currently exploring new emerging areas of work which will provide 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. These include:

- The setting up of a construction employment academy in partnership with SIB, contractors and clients who have projects in the north west area, the community sector and local training providers.
- The Childcare sector appears to have a glut of people at level 2 and 3. Most positions in demand are now for L4 and L5. Further work is being undertaken with stakeholders regarding opportunities to upskill in this sector.
- In many ways the health & social care sector has had a different COVID-19 experience from most businesses, with an increase in vacancies but now requiring a higher level of training and preparation to work in the sector. Opportunities to retrain in these sectors are being explored.
- It is also crucial to explore other new economic growth areas as the world starts to recover from the impacts of the pandemic, and a rapid economic recovery is vital. Many are calling for a more sustainable and resilient recovery: 'Build Back Better'. It has been suggested that adopting a more circular economy could help the UK recover from the economic impact of the COVID-19 pandemic. Further work is being undertaken in relation to the Council's strategy on the Circular Economy/Zero Waste in terms of job creation.

A budget of £100,000 has been allocated to developing/delivering skills academies.

- 3.7 Locally, our Fintech sector has managed to sustain itself and in some cases create jobs during the pandemic. Under the auspices of our Digital, Creative and Financial Technologies sub group, a number of initiatives are being progressed for this sector. Fintech is an extremely important sector for the NW region and one which has the potential to drive the post COVID-19 recovery. Working with Allstate, Council is committing £5,000 to an NI-wide piece of work which will include a detailed analysis of the NW region in terms of current FinTech activity which will help to understand where the areas of current and potential future competitive advantage lie. It will provide recommendations as to how the NW can collectively look to develop and capitalise upon these areas of competitive advantage, and it will engage with the key stakeholders in the region to ensure as complete a picture as possible can be established.
- 3.8 The sub group has also recently completed a mapping exercise of the creative, digital and financial technologies companies in the council area. This will be launched in September by the mayor. This piece of work is intended to demonstrate the cluster of companies we have across these sectors to be used as a careers tool in schools and as an aid for marketing the sector to potential investors. The map can be found at <https://prezi.com/view/92Id8FpZnvJvFYciL6yN>.

3.9 Long-Term Unemployed and Economically Inactive

- 3.10 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. Integral to the design of the new employment programmes is the work and health conversation. For many individuals, in particular those with long-term conditions such as mental health problems, musculoskeletal (MSK) conditions and disabilities, health issues can be a barrier to gaining and retaining employment. There is clear evidence that work improves health and wellbeing across people's lives and protects against social exclusion. Conversely, unemployment can be detrimental for health and wellbeing, as it is associated with an increased risk of mortality and morbidity.
- 3.11 To engage those presenting with multiple barriers preventing them from taking up employment, Council has embarked on putting together an online wellbeing hub providing free online and confidential information and help to people seeking organisations and services to support health, recreational activities, education, housing, employment etc. Council is working with a cross section of stakeholders in the council area involved in projects with a health focus 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 a potentially earlier stage. A budget of £30,000 has been allocated.

3.12 An integrated and coherent offer for young people

- 3.13 With a delayed entry into the labour market likely, young people will require more help than ever in finding the right opportunity. This 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. Council has been working with the post primary sector for a number of years in terms of supporting careers information and guidance. Last year Council, in conjunction with Foyle Learning Community & Derg & Mourne Learning Community, organised two career fairs attended by almost 2,000 young people. This year, in discussion with the schools, we are exploring the option of virtual career fairs using #DigiLounge which is a virtual space for up to 800 young people sitting cabaret-style in tables of 6 with a main stage. Each table is hosted by a facilitator to assist participation and uses video, audio and chat to enable the young people to interact naturally in real-time. In addition, we are commissioning 10 new career videos to enhance careers information on opportunities in local growth sectors and to attract young people to engage and remain in FE /HE with clear pathways identified. A budget of £30,000 has been allocated.

3.14 Previously, members were informed of a developing project, in partnership with CISI (Chartered Institute for Securities & Investment) in London, for the rollout of a pilot Level 2 Qualification in the Fundamentals of Financial Services to 3 post-primary schools in Strabane. This project emanates from the forging of close links between the Business Directorate and the Mayor of the City of London to identify joint initiatives with London. The CISI Educational Trust has given the go-ahead to establish the first Regional Educational hub in NI and has confirmed, free of charge, the teaching of a cohort of up to 40 students online in the next academic year. The cost to Council will be the examination fees. A budget of £10,000 has been set aside to deliver the first pilot.

3.15 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 pandemic has had a significant effect on apprenticeships. The momentum we have created around apprenticeships is at risk, therefore we have been advocating for additional support for apprenticeships as an essential component of any long term economic recovery and sustainability plan. In a recent announcement from the Executive on the reallocation of £123m from COVID-19 funding, apprenticeships have been allocated £17m, which the Finance Minister said would "ensure young people are provided with the opportunity to gain skills and employment". The detail in relation to the funding is subject to business case approval, but we are hopeful that a wage subsidy will be part of the package.

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

4.1 The budget of £200,000 associated with the planned labour market interventions, as detailed above, will be drawn from member approved budgets. Many of these activities are aimed at reducing inequalities.

5 Recommendation

5.1 Members approve the interventions and associated allocation of budgets.

5.2 Regular reports will be brought back to members updating progress on each initiative.

Background Papers

BC95/20