

Title of paper:	Youth Unemployment and the role of Futures Nottingham and Nottinghamshire	
Report to:	Children's Partnership Board	
Date:	26.09.12	
Relevant Director:		Wards affected:
Contact Officer(s) and contact details:	Jean Pardoe 0115 960 1566	
Other officers who have provided input:		

Relevant Children and Young People's Plan (CYPP) objectives(s):

Stronger safeguarding – With a key focus on ensuring that there are high standards of safeguarding across all agencies and that the Partnership takes a pro-active approach to the elimination of domestic violence.	
Healthy living – With a key focus on increasing the proportion of children and young people who have a healthy weight.	
Reducing substance misuse – Partnership work to lessen the impact on children of parental drug and alcohol misuse and to reduce drug and alcohol misuse amongst children and young people.	
Raising attainment – Raising the attainment levels and increasing engagement in employment, education and training.	✓
Improving attendance – Improving rates of attendance at both Primary and Secondary as a key foundation of improving outcomes.	

Summary of issues (including benefits to customers/service users):

Tackling Youth Unemployment in Nottingham

The exact scale of current youth unemployment, particularly in relation to previous recessions, is the subject of some debate. Regardless of who should or should not be counted, there is near unanimous agreement that it is a serious issue which needs to be addressed. Whilst the number of young people unemployed and not in education, employment or training (NEET) has risen nationally in the recession, youth unemployment was high and began rising in 2005, well before the recession. Evidence suggests that structural changes in the labour market for young people exacerbate the problem and will result in a continuing rise, which if unchecked is estimated will cost the exchequer £28 billion by 2022 - in addition to all the social and human costs.

There are already a range of government initiatives to tackle this issue flowing through the public, private and voluntary sectors. However, young people and employers are often confused by the routes they must follow to get assistance and critical of the lack of cohesion between the various initiatives.

In Nottingham we have had considerable success in limiting the impact and remain "best in class" at reducing the number of 16-18 year olds NEET, however, the picture is less rosy for 18-24 year olds and there are growing concerns that their situation may worsen as a result of legislative changes which transfer the responsibilities to schools to provide careers guidance and work related activities as they see fit but no extra funding to do so. Early indications are that there will be little consistency in what is offered to young people and that there will be a dramatic decline in the overall resource available.

What can be done locally

There is a growing consensus that a locally driven strategy to tackle youth unemployment is urgently needed and needs to be embraced by all parties, public and private sector.

Furthermore there is a belief that its potential to succeed will be significantly higher if it is seen to be led by employers but supported by strong public sector alignment.

Put simply, there are three things we need to focus on:

1. **Create better opportunities for young people and employers – making it easy and affordable to employ young people.**
2. **Better prepare young people for work through increasing their employability, enterprise and vocational skills.**
3. **Improving the pathways into work for young people.**

Nottingham City and Nottinghamshire County Councils (N2) have continued to invest in Nottingham and Nottinghamshire Futures, a company specifically designed to specialise in careers guidance, preparation for work and training. In the City the overwhelming priority is to keep 16-18 NEET levels low but increasingly it is anticipated that 18-24 year olds will face the greatest challenges in making a successful transition into work.

It is proposed that Futures should co-ordinate the N2 plan for reducing youth unemployment.

Recommendations:

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| 1 | The partnership notes the issues raised and growing concerns regarding youth unemployment and endorses the outlined approach. |
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1. BACKGROUND AND PROPOSALS

A recent report by the UK Commission on Employment and Skills outlined some significant challenges for young people entering the workforce.

Youth Unemployment is a major economic and social issue. Young people have suffered disproportionately in the current labour market downturn (as they always tend to do). The large number of young people unemployed and not in education, employment or training (NEET) is predominantly down to the recession, however youth unemployment was high and began rising in 2005, well before the recession. This suggests that there are structural causes that go beyond the current shortfall in demand for workers.

The way in which recruitment works in the UK is a significant part of the story for young people. Finding work through informal methods, such as recommendations from contacts, is still a major way for people to find work. These informal connections tend to be built up over time and through experience of work, so young people are far less likely to have them.

Recruiters place significant emphasis on experience when recruiting, with 29% citing it as 'critical', but despite the importance of experience of work young people are leaving education increasingly less experienced. The share of learners who combine work with their studies has been declining for around 15 years or so. The emphasis on experience results in the 'Catch-22' situation for young people: they can't get work because they haven't got experience and they can't gain experience because they can't get work.

Young people's work readiness is a persistent theme when discussing youth employment but there is a risk that it is overstated. The UK Commission's comprehensive evidence shows that only a minority of employers have recruited from education in the last two to three years. Overall this minority tends to find their young recruits well or very well prepared and where they do not they put this down to lack of experience.

Added to this the labour market for young people is changing in several important respects. The first is what's happening to the types of jobs that young people do. Young people tend to be employed in two particular occupations: sales and elementary occupations.

These occupations have been in decline over the last ten years or so and hit hard by the recession. Furthermore, there is forecast to be little or no growth in these occupations up to 2020. By contrast the growth occupations are managers, professionals and associate professionals. These are the most highly skilled and highly paid occupations and are less likely to be filled by young people. Where they are, this is overwhelmingly by graduates.

The second trend is the rise of small business. Over 1998 to 2010 the share of private sector employment in the largest businesses (250+employees) fell from 50% to 40%. For the smallest (one to four employees) it increased from 11% to 22%. Small companies are more likely to emphasise the importance of experience when recruiting as well as use informal recruitment methods.

The Nottingham Growth Plan outlines plans for enabling the local economy to grow and enable new jobs to be created. Creating that demand and job creation will be key. Our approach to tackling youth unemployment is a simple one:

1. **Create better opportunities for young people and employers – making it easy and affordable to employ young people.** That is why Nottingham City Council initiated the Nottingham Jobs Fund and has recently doubled the investment into this fund to £3m. Enabling employers to access a wage subsidy to employ 18-24 year olds, it will provide 400 young people from Nottingham with invaluable experience and opportunities.
2. **Better prepare young people for work through increasing their employability, enterprise and vocational skills.** This is an issue particularly relevant to the Children's Partnership in its drive to raise attainment and progression.
3. **Improving the pathways into work for young people.** Some good practice already exists, for example; Nottingham City Council has developed an Employer Hub – a bespoke recruitment service to match local unemployed people with vacancies and the Futures Apprenticeship Agency offers small businesses an easy and low cost route to taking on apprentices.

The Working for Youth charity initiated by Sir John Peace (Lord Lieutenant of Nottinghamshire) has engaged over 50 of the FTSE top 100 companies is currently developing a single portal through Facebook to collate all entry-level jobs. It further aims to raise funds to subsidise the employment of apprentices and provide employer-mentors on line.

Fundamental to our thinking is the assumption that employers must be at the forefront of any planned initiative and Working for Youth offers us that possibility.

It is proposed that Futures, acting on behalf of the City and County, should co-ordinate activity to reduce youth unemployment.

Notes

- a) Futures is an established not-for-profit company owned by Nottingham City Council and Nottinghamshire County Council which has successfully delivered services related to youth employment for almost 20 years. Previously Connexions Nottinghamshire, it has recently expanded its portfolio and now delivers:
 - The National Careers Service in the East Midlands (on behalf of DBIS), which is aimed at adults aged 18+
 - Careers guidance services in prisons across the East Midlands
 - Futures Apprentice Training Agency which is used by both public and private sector employers
 - Education/Business activity and Careers Guidance in schools who wish to purchase those services
 - Support for young people aged 16-18 aimed at reducing the numbers Not in Employment, Education or Training (NEET), commissioned by Nottingham City Council and Nottinghamshire County Council
 - Commissioning and managing activities for young people including elements of the National Citizenship Service and the City Council positive activities programme

b) % NEET aged 16-18, Core Cities

Nottingham	5.5%
Birmingham	6.0%
Leeds	6.2%
Bristol	7.6%
Sheffield	8.1%
Manchester	9.2%
Liverpool	9.8%
Newcastle	10.9%

c) Nottingham is one of the youngest cities in the UK and creating employment for young people will be key to unleashing the city's growth potential (Nottingham Growth Plan, 2012, p.11). The latest JSA Claimant Count statistics released for Nottingham and Nottinghamshire show a mixed picture. Whilst the number of people claiming JSA in Nottingham has decreased, the claimant count for Nottinghamshire has risen by 153 people and now stands at 16, 873. Overall, both areas still have a higher claimant rate than at this point last year, with an increase of 1,227 individuals on JSA (A rise of 806 in Nottinghamshire and 421 in Nottingham)

2. RISKS

None

3. FINANCIAL IMPLICATIONS

It is anticipated that any additional financial demands will be met through charitable sources and funding from central government

4. LEGAL IMPLICATIONS

None

5. CLIENT GROUP

Young people 13-24

6. IMPACT ON EQUALITIES ISSUES

A brief description on how many minority groups are being engaged in the proposal and how their needs are being met: This section includes traveller and refugee families. The themes of the Shadow Boards – children and young people; parents and carers; equalities issues and the voluntary and community sector should be considered here.

7. OUTCOMES AND PRIORITIES AFFECTED

This activity centres on raising achievement and aspiration and progression in learning and successful entry into work

8. CONTACT DETAILS

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