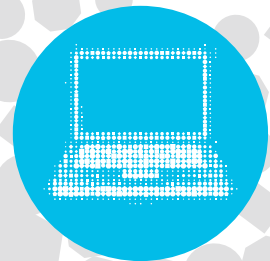
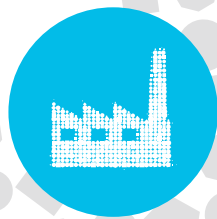
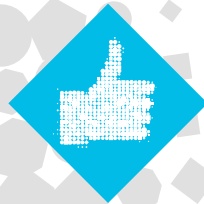


Act now to get the **North East** working again



730,000

the number of UK workers on payroll that fell between March and July 2020.

3.4 million

people could be unemployed by the end of 2020. Up from a record low of 1.3 million

1 million

are expected to be young people aged between 18 and 24. The rest are over the age of 25.

National Challenge

According to the Office for National Statistics (ONS) the number of UK workers on payrolls fell by 730,000 between March and July¹. The Institute for Public Policy Research (IPPR) stated that as many as 3.4 million people would be unemployed by the end of 2020² – up from record lows of 1.3 million at the beginning of the year. Of the unemployed, 1 million are expected to be young people aged between 18 and 24 with the rest of the 2.4 million workers over the age of 25.

Even pre-Covid-19 the Government had a challenging, and much needed, plan to update the UK's infrastructure from rail to roads and energy to housing. Since the pandemic struck, the long awaited National Infrastructure Plan will become more relevant to the UK economy than ever as it presents the opportunity to create thousands of high skilled jobs across the country and could act as a major boost for our economy.

All of this coupled with a no deal Brexit on the horizon, more stringent immigration policies in place and continual advances in the use of workplace automation means that we need to act now in order to grow the workforce that is needed to make these ambitious plans a reality.

¹ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/august2020>

² <https://www.ippr.org/research/publications/guaranteeing-the-right-start>

North East of England

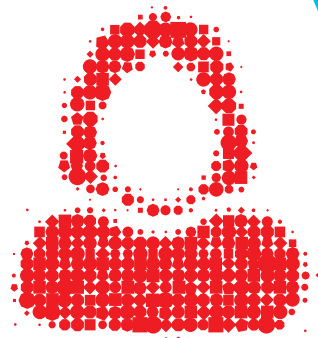
The North East of England has a total population of 2.7 million people and contains three cities, Newcastle, Sunderland and Durham. The working age population is 1.7 million.

In early 2019 the North East had the highest unemployment rate of any UK region at 6.6% and this had increased to 10% in September 2020³.

High levels of unemployment can be attributed in part to a marked decline in traditional industries in the North East – including ship building and coal mining – which occurred during the later part of the 20th century and has had an ongoing impact on the region's labour market.

Entrenched unemployment has continued with generations of families being unemployed leading to low levels of aspiration and attainment and a lack of confidence amongst some of the regional population.

The levels of educational attainment in the North East are also significantly below the rest of the UK with 32% of the population having achieved an NVQ Level 4 or above vs 40% nationally. And those not having achieved any qualifications at all numbering 9.4% of the population vs 7.9% nationally.



In early 2019 the North East had the highest unemployment rate of any UK region at 6.6%. This had increased to 10% by September 2020

³ <https://www.nomisweb.co.uk/reports/lmp/gor/2013265921/report.aspx>

The LEP's perspective

The North East COVID-19 Economic Response Group⁴ provides a platform for regional leaders to work together to ensure there is a shared understanding and response to the economic impact of COVID-19 on the North East economy.

The Group has reviewed different scenarios and estimates that without intervention the North East will experience very high youth unemployment in Autumn 2020 and throughout 2021, along with high adult worklessness owing to:

- Large scale closures of small and medium sized companies and some significant corporate failures.
- City and town centres struggling to re-establish retail and service activities and needing to adapt their space and their infrastructure to make that happen.
- Disruption to rural and coastal communities due to challenges in sectors like tourism, culture and farming.

This will see the agenda for economic recovery and strategic economic development set out in an updated plan for the region, including:

- A new business support and finance offer to create a strengthened private sector delivering more and higher quality jobs.
- A 'Good Work' commitment from employers to achieve our vision of more, better quality employment.
- A range of labour market and skills programmes, supporting people to adapt to changes in the labour market.
- Completion of our regional Transport Plan and a new Digital Infrastructure Investment Plan, setting down our infrastructure priorities of the future.
- An Education Challenge programme which improves our education system and delivers skills for the future.

⁴ <https://www.northeastlep.co.uk/north-east-lep-covid-19-response-group>

Current labour market outlook in the North East

Unemployment is up

The number of people claiming benefits rose 63% between March and July including high numbers of Job Seekers Allowance claims with people who used to work as Sales Assistants and Retail Cashiers and from those in Elementary Construction Occupations making the highest number of new claims.

Job posting activity is slowly returning

Unique job postings were down by 25% between February and May in the region but are bouncing back with postings up by 18% between May and August⁵.

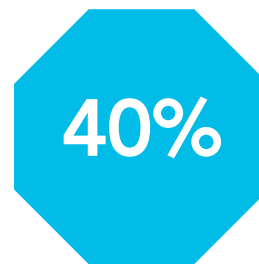
Automation will displace more people

30% of the North East workforce are in occupations with 50% or more of their tasks categorised as 'highly automatable'⁶ with roles including Cleaners and Domestic, Kitchen and Catering Assistants and Bar Staff having over 80% of tasks considered at risk.

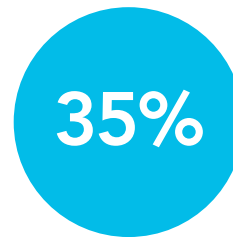
The regional picture shows that unemployment is mostly impacting low skill, high volume employment and that automation is likely to compound the short-term disruption of the low skilled

Poll.

What do you think is the biggest challenge facing the local labour market?



immediate unemployment from Covid



longer term recession



lack of readiness/ impact of AI



lack of opportunity for displaced to retrain



Brexit

⁵ Emsi 2020

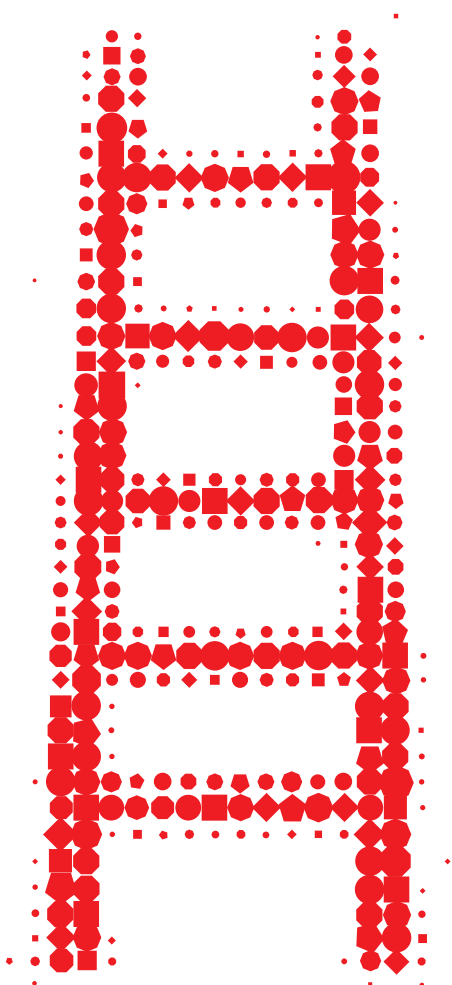
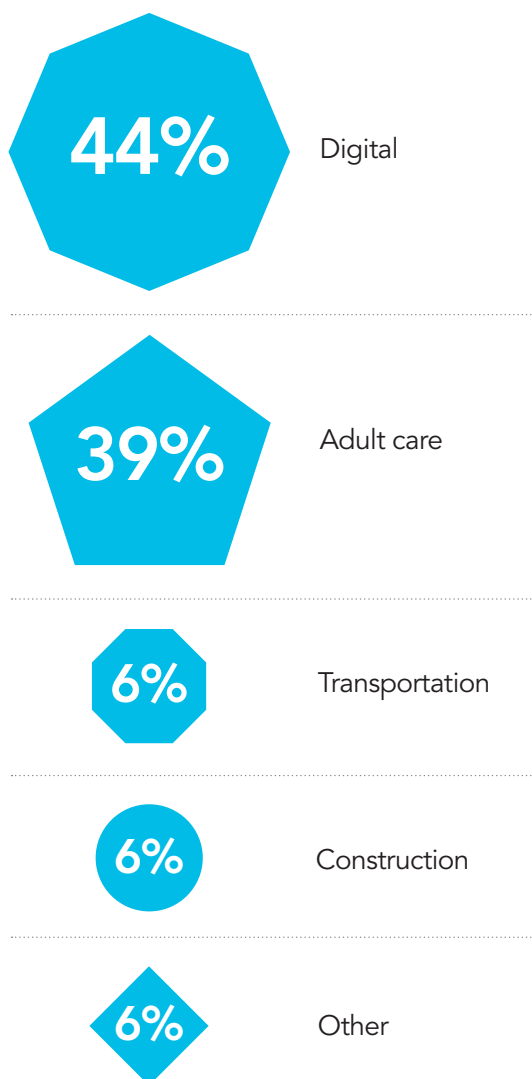
⁶ Emsi 2020

Skills Bridges

Created by City & Guilds as a solution for turning the tide on unemployment, Skills Bridges will identify the overall potential of an individual and determine whether their skills and motivation could be transferred seamlessly into other industries and occupations. It will offer candidates the tools and knowledge of the sector they need to gain direct entry into a new occupation and industry and give them an advantage in the recruitment process.

Poll.

Which industry sector would Skills Bridges be most helpful for in addressing the unemployment challenge in the North East?



What needs to happen in the North East to address unemployment and job displacement now and in the future?

Below are the key recommendations from the discussions we had with our attendees during the event.

Common themes

We need a greater focus on older workers

Very few interventions to support older workers – It was noted that any training and funding interventions already in place are for those 24 and under despite the fact that it is predicted that numbers of newly unemployed older workers are likely to be over 2 million nationally by December 2020.

Raise aspirations of older workers – It was noted that in the North East there is a need to raise older people's aspirations and enable their routes out of low value, easily automated jobs into roles that will cease to exist – upskilling groups where possible to work with and alongside AI and ongoing automation in the workplace.

Better utilise the skills and experience of older workers – There is a sense of missed opportunities for those nearing retirement age who have a wide range of skills and experiences that irrevocably disappear when they retire. Apprentices could be working more closely with older workers to learn these valuable and transferable skills before they are lost.

Segment the over 50s – they are not a homogenous group – Over 50s who are unemployed are twice as likely to be out of work for 12 months or longer⁷ so more needs to be done around segmenting this market further. It is likely that there will be a larger number of those aged 60+ unable to retire due to the rising state pension age. This group is likely to need short, sharp training interventions to ensure they have the relevant skills needed for their time remaining in employment.

Careers advice / job readiness training for young people needs to start much earlier

Better careers advice – The region needs to work with young people from primary school age to engage and inspire them by showcasing all of the viable career opportunities that the North East has to offer. This will help to address entrenched inequality and poor social mobility in the area.

Help young people develop the transferable skills and aptitudes they need – It's essential that young people develop a fundamental understanding of the importance of attitude and workplace training. We need to develop a practical way of harnessing and demonstrating soft skills in order to allow young people to gain employment and progress in their careers.

Levelling up

Tyneside has approximately 36 people applying for every vacancy in the area, so the competition for jobs is fierce.

Skills Bridges could be used in the area to upskill individuals to work in other sectors. They should focus on core skills for all, alongside a more flexible or modular secondary focus on specific sector and industry requirements to allow them entry to that sector but also arming them with skills that could be used in other areas in the future. Providing people with skills around applying for jobs and preparing for interviews would also be a useful addition to add to this portfolio.

Low income people struggle to pay for training – Paying for training is a barrier in the region especially when difficult decisions need to be made such as paying for training or feeding families. Accessibility for all is critical to ensure that low income individuals don't miss out on opportunities.

⁷ <https://www.ageing-better.org.uk/sites/default/files/2020-08/Tackling-worklessness-among-over-50s-after-covid-report.pdf>

Greater local autonomy and flexibility needed

There needs to be more autonomy at a regional level in order to provide solutions and support to address specific local challenges.

The Central Government 'one size fits all' approach doesn't always work. If funding was provided to Mayoral Combined Authorities and Local Authorities, solutions to local issues could be more flexible, timely and able to adapt quickly in response to sector needs.

Make the apprenticeship levy more flexible – Many businesses in the region feel that they are only able to recruit apprentices when there is a job for them following their training. The Apprenticeship Levy needs more flexibility so that training can be undertaken more widely in the sector rather than limited to a specific organisation.

Challenges for SMEs

Skills Bridges – A large number of businesses in the North East are SMEs, so developing a Skills Bridge model that can be adapted for smaller businesses like these is essential.

Government skills policy often doesn't work for them – Smaller employers are not always aware of the Government schemes that exist or how to access them. There is often confusion about the differing funding and training options on offer. Solutions need to be simple and communicated effectively.

SMEs are some of the main employers in the region but many are small, employing 5 or less individuals. SMEs often have no additional time to do anything except their core functions so considering how to market and advertise opportunities i.e. through existing networks or local mailings will be key to raising awareness successfully.

Government backed schemes like apprenticeships and the Kickstart scheme are often incredibly difficult for SMEs to commit to what is being asked of them in terms of time and funding. In addition, they do not have the HR systems necessary to navigate the red tape.

Skills passports

It was suggested that we should create skills passports to showcase individuals' skills and experience in an online portal. This would allow people to demonstrate their transferable skills to employers throughout their careers.

Technology continues to be an area which needs focused training within the region, especially in today's current climate with more and more tasks needing to be done digitally.

More targeted communication techniques to be used

In addition to modern digital methods and newspapers, it was suggested that a more local/traditional communications approach might be needed to reach hard-to-reach groups using direct mail drops, peer networks and word of mouth communication. Language used needs to be simple and clear and speaking directly to those looking for work.

