

## **DURHAM COUNTY COUNCIL**

### **ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE**

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 1A - County Hall, Durham** on **Thursday 8 September 2011 at 10.00 am**

#### **Present:**

**Councillor J Moran (Chair)**

#### **Members of the Committee:**

Councillors A Naylor, B Arthur, A Barker, B Graham, P Jopling, R Liddle, J Rowlandson, P Stradling, M Williams and A Willis

#### **Co-opted Members:**

Mr T Batson, Mrs A Harrison, Mr A Kitching, Mr D Lavin and Mr JB Walker

#### **Apologies:**

Apologies for absence were received from Councillor(s) C Carr, J Cordon, J Hunter, Andy Turner, M Wilkes and Mrs O Brown

#### **Also Present:**

Councillor(s)

#### **A1 Declarations of Interest, if any**

There were no Declarations of Interest.

#### **A2 Young People and Unemployment**

The Overview and Scrutiny Officer, Diane Close referred Members to the report as set out in the agenda papers setting out the background to the proposed review of Young People and Unemployment including:

- The National Policy Context;
- Local Policy Priorities within County Durham;
- Resources currently available;
- Partner Organisations and services delivering projects/support to unemployed young people.

Members noted that in addition to the report, the Economic Regeneration Manager, Graham Wood was in attendance to give the Committee the most up to date information relating to the issue.

The Economic Regeneration Manager thanked Members for the opportunity to address the Committee and explained that the most recent figure nationally relating to JobSeekers' Allowance (JSA) claimed by 18-24 year olds was 2.49 Million, a rise of approximately 22% over the last 4 months.

The Committee heard that for County Durham the number of those claiming JSA had risen across all ages by 13,670, equating to 4.7% of the working age population, comparing favourably with the regional percentage of 5%, however performing poorer than the national average of 3.8%. Members learned that however for young people aged 18-24 claiming JSA, the figures were 4,825 for County Durham, and increase of 465 from June 2011, giving a percentage of 9.6%, higher than the national average of 7.6%, though again lower than the regional figure of 10.2%.

The Economic Regeneration Manager referred Members to a graph showing the number of those claiming JSA from January 2006 to July 2011. Councillors noted that there was a significant spike in the figures in late 2008, early 2009 when the global recession hit which affected High Street jobs, together with construction and engineering sectors. Members were made aware that the graph also had the figures for those aged 18-24 claiming JSA and that that age range had experienced a lesser spike, perhaps due to the fact that the main industries affected would often require more experience than usual for those aged 18-24.

The Committee noted several maps of the County showing the density distribution of the Unemployment Rate, the total and for those aged 18-24. The Economic Regeneration Manager explained that for the total rate, the map showed the highest densities to lowest densities running from areas of East Durham, Derwentside, Wear Valley, Chester-le-Street and then Durham, albeit with a relatively lower density in the Peterlee area. Members noted that areas with problems identified over the last 2-3 years included: Crook/Spennymoor; Gilesgate; the north of Chester-le-Street; and Stanley/Consett.

In relation to youth unemployment, Members learned that there were differences in comparison to the total unemployment rate and that there were some areas that stood out, an example being the Easington/Horden area which had an overall lower rate, with a high rate of those aged 18-24.

In relation to those Not in Employment, Education or Training aged 16-18 (NEETs), Councillors were informed of the current figures and were asked to note that figures would need to be refined over the next 2-3 months as many of those having recently received exam results would now be at the point of choosing a destination.

The Economic Regeneration Manager added that the previous Government's "Young Persons' Guarantee" included a suite of programmes for Claimants aged 18-24, sectoral routeways, work focused training and the "Community Task Force". Councillors were reminded of the Future Jobs Fund (FJF) which had provided funding that was targeted at 18-24 years olds and unemployment hotspots had now ended.

Members noted that FJF had been a bid together with the Tyne and Wear City Region and the initial target for County Durham had been 1,010 jobs by March 2011.

The Economic Regeneration Manager explained that as the funding was coming to an end, the target was revised down to 872 jobs and this was achieved with the total amount of fund drawn down by Durham County Council (DCC) being £5.76 Million. The Committee learned that a national evaluation of FJF had shown a retention rate of 43% and that 10% of job starts were within the private sector, a high percentage given the criteria within FJF that stipulates "community benefit". Members noted that 33 private companies had been engaged with via the FJF programme together with Community and Voluntary Sector (CVS) partners, such as the Citizens' Advice Bureau. Councillors heard that the average cost per FJF job start was £6,500 and there was an ongoing evaluation as regards those jobs that have been sustainable, with many success stories for DCC, as reported in the Council's "Durham County News" (DCN) publication. Councillors were reminded that the 6 months provided by FJF has led in several instances to jobs or extended training, for example with Derwentside Homes.

The Economic Regeneration Manager explained that the current approach to apprenticeships was based upon a national budget of £1.4 Billion for 2011-12, with a target of having 400,000 Apprentices in the 2014-15 period, an increase of 100,000 on current numbers. The Committee noted that DCC aimed for 10,000 places in "higher level" apprenticeships within its bid for funding. Councillors were reminded that in the 1980s-1990s the trend was for "modern apprenticeships" which mostly focused on administrative roles, where as the "new" apprenticeships are now being designed for industry in conjunction with the Sector Skills Councils, with levels of skill development in place to help produce individuals with the relevant skills employers need.

Members noted that "medium" level equated roughly to GCSE/NVQ2, the "higher" level to A-Level/NVQ3 and the highest being equivalent to NVQ4/pre-degree with over 200 different framework options across a variety of industries and vocations. The Economic Regeneration Manager explained that nationally over 85,000 employers had been engaged and there had been a clarification made on the County Durham Economic Partnership (CDEP) website as regards the role of the National Apprenticeship Service and what apprenticeships entailed for both the employer and apprentice. Members were referred to figures that showed that for Durham the number of apprentices that had started training for 2010/11 was 4,720 with 1,520 completing their training. The Economic Regeneration Manager explained that over recent years, DCC had undertaken the role of "apprenticeship brokering" working with schools and employers to make it clear for young people what the world of work entailed and would be expected of them as employees.

The Committee noted that as an employer, DCC had recruited 6 new apprentices in 2011, 11 in 2010 and 40 in the period 2008-10. As a provider, DCC had the Skills Funding Agency contract with £300,000 of funding and has approved frameworks within customer service, business administration and IT.

Members noted that in conjunction with CDEP, DCC has looked at what areas may need to have frameworks established such as retail, team leading and first line management, by analysis of the County Durham Economic Assessment (CDEA) data and looking at the numbers and types of planning applications the Authority receives.

The Economic Regeneration Manager explained that there were many challenges and opportunities for the Council, and that the main challenges included:

- Employer engagement – via National Apprenticeship Service (NAS)
- Raising the profile of apprenticeships
- Demonstration of the return on investments by employers – using data from CDEA to show how long it takes before the benefits are given back to businesses, around 2 years for engineering, 6 months for retail
- Embedding as a real alternative to academic studies – in light of the increase in University tuition fees, showing the progression routes through the various levels of apprentice qualifications
- How to support providers and simplify for Small and Medium Sized Enterprises (SMEs)

The Committee noted that opportunities that were presenting themselves included:

- Higher Level Apprenticeships
- Green and Low carbon Industries – such as offshore wind and the battery plant for Nissan
- Hitachi and supply chain – around 500 direct jobs and between 5,000-8,000 in the associated chain
- Capital Investments – opportunities presented by such works as new schools and Town Centre regeneration
- Targeted Recruitment and Training – approved by Cabinet in July 2011, via s106 monies in order to achieve longer term apprenticeships or shorter term “school experience time”, with 35 schemes ongoing – Sir Robert McAlpine with school building, Balfour Beatty with DurhamGate for example
- Procurement – commitments within contract to invest in apprentices not just internally at DCC, with contractors in addition

The Economic Regeneration Manager concluded by noting the impact FJF has had on improving the opportunities for young people in County Durham and now with the funding having ended; DCC would need to move towards a “supported apprenticeship scheme”, as well as embracing new opportunities such as a scheme from the Coalfield Regeneration Trust.

The Chair thanked the Economic Regeneration Manager for his presentation and asked Members if they had any questions that would help to steer the direction for a Scrutiny Working Group looking at these issues.

Mr T Batson thanked the Officer and noted the success of the Council in helping young people into employment and agreed that it should be attempted to factor in training and apprenticeship opportunities wherever possible through planning conditions. Mr T Batson added that also young people needed opportunities to relax and socialise and that recent cuts to funding appeared to have reduced those types of opportunities.

Mr JB Walker noted that the figures relating to the “not knowns” were worrying and that the end of Education Maintenance Allowance (EMA) and the lack of free bus passes may further limit the opportunities for young people. The Economic Regeneration Manager explained that at this time of year, post-exams and before colleges and sixth-forms started their terms, there would be a large number of young people that have left school and had still not yet determined what their next step would be. Members noted that also many young people choose not to re-engage with the Connexions service and therefore they become more difficult to track. In relation to the loss of EMA, the Economic Regeneration Manager agreed this may limit some opportunities, however, it was noted that several colleges were providing buses that were picking up students in the local area and across the County.

Councillor P Jopling noted that there was a need for more engineering jobs and that it was perhaps prudent to work with schools to encourage mathematics and sciences in order to help provide the necessary interest in taking those skills further at college or through apprenticeships in order to provide the type of young people that employers in those sectors need.

Mr A Kitching noted that the graph showing the total monthly JSA count had double from 2008-11 and that this seemed to have been less for those aged 18-24 and asked if there was a specific reason for this and the stability of the figures after late 2008. The Economic Regeneration Manager explained that post-recession many schemes such as FJF had helped to balance and flatten figures. Members learned that with the help of the CDEP it would be possible to see how to best train young people in order to help provide sustainable jobs in emerging industries, high technology, research and development and the green economies as well as more established industries such as glass works and the food and drink sectors.

Councillor P Stradling encourage Members to think of how DCC would be able to put in place measures to ensure the benefit of the FJF programme was not lost now the funding has ceased and to look to areas such as Housing where the Council could help by working both in-house and with partners to deliver meaningful and sustainable apprenticeships. The Economic Regeneration Manager noted the Registered Social Landlords (RSLs) had played into FJF programmes and that DCC, through Targeted Recruitment and Training, could continue to offer opportunities through its Capital Programme.

Mr D Lavin noted that the subject to be addressed was a large one and that perhaps the Working Group that would be set up should be focused in order to deliver some positive directions for the Council. The Economic Regeneration Manager explained that since the formation of the Coalition Government many of the old schemes and programmes had been abolished, however, the Council’s “Altogether Wealthier” theme tied into the Government’s “Growth Agenda” and that there needed to be a focus on the needs of the labour market whilst ensuring those further from the labour market, notably families with generational worklessness where the Council had worked to mentor and progress them towards work, were not marginalised in the process.

Mr D Lavin asked what the process was as regards training in the retail sector and how that would lead to progression within that industry. The Economic Regeneration Manager explained that prior to the current Government there were many vocational diplomas within

the retail sector. Members were reminded of pushes in areas such as health and social care in the recent past and added that rather a balance across several sectors would be more sustainable, with the food retail sector being a prime example, where large developments have enabled a large number of jobs to be created and where the companies have had their own in-house training in areas as diverse as customer service through to logistics and haulage.

The External Relations Manager, JobCentre Plus (JCP), Annette Harrison, a Co-opted Member of the Committee noted that the retail sector was a good example of where apprenticeships can lead through from “the shop floor” into management and that those people are retained locally within that business sector.

Councillor B Arthur asked if there was any avenue through which Area Action Partnerships (AAPs) impact upon the figures could be assessed. The Economic Regeneration Manager noted that he, together with colleagues from the Regeneration and Economic Development Directorate, worked with AAPs on employability projects and that around 9-10 of the 14 AAPs had employment opportunities for young people as a main priority.

Councillor A Willis asked whether there were figures relating to the numbers of apprenticeships made possible by Housing Associations. The Economic Regeneration Manager noted he could look to find these figures and report back to Members.

Councillor B Graham noted that that the Spennymoor AAP had worked with Carillion in relation to DurhamGate in conjunction with Bishop Auckland College in order to develop apprenticeships.

Councillor B Graham noted that in many cases, there was a need to have in place an infrastructure that would enable people to get to places of employment easily. The External Relations Manager (JCP) explained that JCP would offer “flexible support funding” and that by working with partners it may be possible to identify any gaps in provision for example in transport.

Councillor A Barker asked whether DCC was ensuring that the courses being provided by colleges and training providers were meeting the needs of the County in terms of types of jobs actually available and those we wished to create, in contrast to previous regimes where “hundreds of hairdressers were being trained without the jobs existing”. The External Relations Manager (JCP) noted that JCP was working with colleges to ensure that courses were developed that met the needs of employers, noting forklift truck licenses being another area abused by training providers in the recent past. The Economic Regeneration Manager reiterated that the consistent message from the Skills Funding Agency was that training for training sake was not acceptable and that training should be in response to local economic need. It was added though that in the current market, all schools, colleges, universities and training providers were fighting to attract young people and were operating “cross boundary” in order to secure young people on their courses.

**Resolved:**

- (i) That the report and presentation be noted.

- (ii) That following the meeting, draft Terms of Reference and Project Plan be developed for a Scrutiny Working Group focusing on “Increasing the Employment Opportunities of Young People (18-24)”, including an examination of how Durham County Council and its Partners can further develop support for and engagement with employers in County Durham.
- (iii) That the draft Terms of Reference and the Project Plan are considered by Members at the meeting of the Economy and Enterprise Overview and Scrutiny Committee on the 6 October 2011.