

## **DURHAM COUNTY COUNCIL**

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

At a Special Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2, County Hall, Durham** on **Friday 5 December 2014** at **9.30 am**

#### **Present:**

**Councillor A Batey (Vice-Chairman in the Chair)**

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

Councillors J Armstrong, A Batey, J Clare, H Nicholson and P Stradling

#### **1 Apologies for Absence**

Apologies for absence were received from Councillors E Adam, J Cordon, R Crute, A Patterson, A Willis, S Zair and Mr I McLaren.

#### **2 Substitute Members**

No notification of Substitute Members had been received.

#### **3 Declarations of Interest**

There were no Declarations of Interest.

#### **4 Items from Co-opted Members or Interested Parties**

There were no items from Co-opted Members or Interested Parties.

#### **5 Youth Unemployment Within County Durham**

The Vice-Chairman in the Chair, Councillor A Batey thanked the Council's Officers who were in attendance: Performance and Improvement Team Leader, Graham Tebbutt; Performance Monitoring Officer, Alex Mayberry; Economic Development Manager, Graham Wood; and Youth Employment Advisor, Laura Barron who were in attendance to speak to Members regarding progress in relation to Youth Unemployment within County Durham (for copy see file of minutes). Members also thanked representatives from JobCentre Plus (JCP): Jonathan Fay, Darlington Jobseeker Opportunity Manager and Cath Robson, Area External Relations and Partnership Manager, together with the Head of Client Services, Bishop Auckland College (BAC) Stephanie Natrass.

It was noted that the meeting was inquorate, however, as there were no decisions to be made, those Members in attendance would receive the report and presentation for information.

The Performance and Improvement Team Leader explained that the presentation for Members at this Committee followed a number of queries at previous meetings from Members regarding performance indicators relating to those in receipt of Job Seekers Allowance (JSA), with a focus on young people particularly in relation to the destination of off-flows. Members were also reminded of a recent presentation to the Committee from the Policy, Planning and Partnerships Officer, Children and Adults Services, Stephen Crass that had looked at the Youth Employment Initiative (YEI) for 16-24 year olds, however, the JSA statistics looked at those in receipt of JSA aged 18-24 and those in receipt of JSA for 1 year or more. Councillors noted that the figures of those in receipt of JSA were not the same as those not in employment and that further information was required at a future meeting of the committee. Members noted that the data as regards JSA claimants was similar to that of those Not in Employment, Education or Training (NEETs), being effected in October to December with a number of seasonal employment opportunities in the run up to Christmas.

The Committee learned that in June 2014, there were approximately 48,800 young people aged 18-24 in County Durham, with 56.4% of those being in employment. It was noted that since 2004, the employment rate figure had varied in the range 46% to 68%, and that there had also been an increase in part-time employment. Councillors learned that there had been a rise both regionally and nationally in the employment rate, though the County Durham prediction for 2037 was only a 2% increase, in contrast to a prediction of a 16% increase nationally for the same period. It was added that the current level of those 18-24 in education or employment had remained relatively static since, albeit the split having changed since 2004 with an increase in the percentage in education (26.0%) and a decrease in the percentage being in employment (56.4%). It was explained that since 2006 in the 16-19 age range, there had been a fall in those being in employment, with numbers in the 20-24 age range having remained fairly static. Councillors learned that the sectors which employed the most young people aged 16-19 were Distribution/Hotel/Restaurant; Public Sector, Health and Education; Manufacturing; and Construction. It was noted that for those aged 20-24 the main sectors of employment were: Distribution; Public Sector; Construction; and Manufacturing.

Members were referred to a table setting out the JSA Claimant "off-flows" showing where, if known, claimants had moved to after ceasing to claim benefits. It was noted that since 2010, the percentage leaving JSA and entering into work had varied from 34% to 52%. Councillors were informed that of those aged 18-24 claiming JSA, only two-thirds claimed for 6 months or more, and around half of the total JSA off-flows moved into employment. The Committee noted that the percentage of those leaving JSA and moving on to Further Education (FE) had fallen from 12.7% in 2010 to 1.8% in 2014. It was explained that the "not knowns" and those that had "failed to sign" represented approximately 40% of those JSA off-flows, noting that some may have moved into employment, some may have move to FE, however there was not a record on their destination. It was added that increased levels of sanctions could have an effect upon those off-flow figures. Councillors noted that the "hotspots" for JSA claimants and youth unemployment remained those areas previous reported to Committee, namely: East Durham; areas of South West Durham, Shildon; and areas of North Durham, Stanley.

The Performance and Improvement Team Leader explained that in relation to education and training enrolment there had been an increase in the overall numbers of 18-24 year olds in full-time education, with more men enrolling in “education and training” settings than women. It was noted that possible reasons could be the move to increasing the mandatory education age to 18; more incentives to attend FE colleges/courses; and less jobs being available in general may force young people to consider fulltime education. It was added however that more women were taking up apprenticeship posts than men, though more men took up “workplace training” than women. Councillors noted that 53% of apprentices were aged 25 or older, and it was noted that DCC also had a number of “older” apprentices.

The Committee noted that in respect of benefit entitlement, the number of those aged 18-24 claiming JSA had fallen, however the number claiming Employment and Support Allowance (ESA) had doubled since 2010, currently around 2,000. Members were informed that the proportion of young people claiming benefits as a proportion of the total number of claimants was decreasing. Councillors noted that 60% of those young people aged 18-24 claiming ESA suffered from mental health or behavioural issues, and this had increased since 2010. Members also noted an increase in the number of young people claiming ESA suffering with conditions of the nervous system.

Councillors were reminded of the “Jobseeker’s Agreement” and that if a person in receipt of JSA was not making reasonable steps to adhere to the terms of their agreement, they could then face sanctions. It was explained that there were lower and high level sanctions, with low-level issues including: failing to meet with a Work Coach; failing to update their CV; not attending a meeting with a potential employer. Members noted higher-level issues included: leaving a job; not applying for jobs; and not attending mandatory work schemes. Members noted that at the low-level, the sanctions escalated from: losing benefits for 4 weeks for the first instance; a further 4 weeks for a second instance; with up to 13 weeks for a third instance. The Committee noted that at the higher-level the sanctions were: a 13 week suspension of benefits for a first instance; a further 13 weeks for a second instance; 26 weeks for a third instance. Members noted, however, the maximum sanction was for a period of up to 3 years.

The Darlington Jobseeker Opportunity Manager, noted that the primary role of JCP was to support people into employment, not issue sanctions against those in receipt of benefits. It was added that 18-24 year olds would undertake a number of activities including: meeting weekly with their Work Coach; attending group sessions with other JSA claimants; working on job applications; attending graduate sessions, if appropriate; taking up work experience opportunities; and attending sector-based Work Academies. It was noted that there were a number of activities that were “ring-fenced” for 18-24 year olds and that sanctions were used as a last resort. The Darlington Jobseeker Opportunity Manager explained that Welfare Reform had placed greater conditionality on the individual “actively seeking work” and accordingly, with JCP identifying basic needs and skill issues and put in place the relevant training. It was explained that sanctions were issued as a last resort against those repeatedly failing to seek work, attend interviews and so on.

Councillor J Armstrong noted that some rural areas do not have access to the internet and this can hinder some trying to access job opportunities and cited an example from his Division where an individual could not apply for a job via the internet and had their benefits stopped for 4 weeks.

Area External Relations and Partnership Manager explained that it was not the Work Coach who issued the sanction, rather they would report incidents where individuals were not adhering to their Job Agreement, and an independent decision maker would then look at the incident and decide if sanctions should be applied. Councillor J Armstrong highlighted that such discussions were about young people and their lives and that this needs to be paramount when making decisions on the use of sanctions.

The Darlington Jobseeker Opportunity Manager reiterated that Job Seekers entered into their agreement on the basis of taking “reasonable steps” and that this would be based upon the resources and skills of an individual and there was a degree of latitude in dealing with vulnerable people. Councillor J Clare noted that the experiences shared with him by people in his area did not reflect the process as described. Councillor P Stradling asked if there was an appeals process regarding sanctions and Councillor J Clare asked whether benefits were stopped during the appeal process, and how long the process would take. The Darlington Jobseeker Opportunity Manager explained there was an appeal process, benefits were sanctioned during the process and the process took several weeks. The Performance and Improvement Team Leader noted that between 2010 and 2014 the number of sanction cases for 18-24 year olds increased by 49% with 10% challenged, 1.5% being appealed.

The Committee learned that there were points to consider from the view of the young people: What experience do people have of the “World of Work”?; What expectations do young people have of work?; What are an individual’s personal needs, e.g. health?; and How competitive is the job market?

Members were reminded that an issue raised by young people was that they felt that a lack of work experience counted against them when competing for job opportunities. Councillors noted that attitudes to work and “work-life balance” were different than in the past, with older generations having looked to find a job or career and stayed in that field for many years however currently young people are prepared to leave a job if it did not meet their expectations. The Darlington Jobseeker Opportunity Manager added that the labour market had fundamentally changed, with an increase in the number of part-time positions, the emergence of “zero-hour” contracts and cyclic recruitment and redundancy at companies where production contracts are awarded and then completed. It was added that while the aspirations of young people should be supported, there was a need to work within the reality of being able to match skills to the jobs that are actually available in the area and for Job Seekers to take ownership of the process.

The Economic Development Manager explained that the age of household formation was rising with young people often remaining with parents for longer, this can cushion the effects of a variable income. It was added that not all apprentices are paid the minimum wage, with this being at the discretion of the employer. The Darlington Jobseeker Opportunity Manager added that traditionally the benefit off-flows looked at those that moved on and off benefits, however, in the move to Universal Credit, the emphasis would be looking at unemployment and economic activity.

The Economic Development Manager reminded Members of previous information received by the Committee on the previous Regional Employability Framework (REF), and noted that most of the discretionary programmes that DCC had commissioned included elements of support for the individuals involved.

It was added that the Youth Employment Programme included elements such as mentoring and brokering between employers and young people, and this also sat alongside the payment by results associated with the Work Programme. Members noted that there were a number of skills development initiatives funded nationally, to increase sustainability in employment and help people to be mobile within the job market.

The Performance and Improvement Team Leader referred Members to 3 case studies set out within the presentation, and highlighted the number of agencies involved and the amount of work that was done to help young people into employment, not often apparent when looking at statistics.

The Vice-Chairman in the Chair thanked Officers for their presentation and information and asked the Committee for any further questions.

Members asked questions relating to: engaging with employers to make sure young people have the opportunity to learn the skills that employers want; Areas Action Partnerships (AAPs) providing help; noted the excellent work of local colleges and training centres, noting previous Member visits to Bishop Auckland College (BAC), South West Durham Training (SWDT) and Derwentside College; utilising opportunities, such as Hitachi, to provide high-skilled workers for high-skilled jobs; and how apprentice positions were promoted.

The Darlington Jobseeker Opportunity Manager explained that there were sector based teams within JCP and they would work with local employers to match skills to positions. The Economic Development Manager noted that the Council had recently appointed a Youth Employment Advisor, Laura Barron to help young people address any barriers they may have in accessing employment and the first referral had been made in the Spennymoor area. Councillor H Nicholson noted the work of the Bishop Auckland and Shildon AAP in acting as a bridge between employers and working to create high quality opportunities for young people.

Members learned that Hitachi was working with a number of agencies as regards recruitment and training, with a Group having been established involving Business Durham; JCP; the Skills Funding Agency; and the local office of the Department of Business, Innovation and Skills (BIS). It was added that Hitachi would ultimately decide on what they wanted, however, there would be opportunities at many levels, not just the skilled manufacturing level. It was noted that there would be a multi-layered approach looking at graduates, apprentices and lower-level positions. It was explained that the recruitment was in phases with the senior engineers currently being recruited, moving on to the mid-range and non-technical jobs in due course. Councillor P Stradling noted the impressive training facilities near to the Hitachi site, namely BAC and SWDT, and asked how other areas within the County linked into these opportunities. The Economic Development Manager explained that transport was still a barrier affecting young people trying to access training and employment opportunities, with a number of colleges/providers having offered transport themselves in previous years, however transport difficulties remain for many young people from rural areas who secure employment.

The Darlington Jobseeker Opportunity Manager explained that a number of the larger national employers often have their own recruitment methods, usually via their own websites. It was added that the Government's National Apprenticeship Service (NAS) would be the main source of information for apprenticeship vacancies.

Councillors asked questions in relation to: tracking of the "not knowns"; matching of skills and opportunities; and the decline in the JSA off-flows to FE.

Members were reminded that there was no requirement for JCP to track destination information, and that Local Authorities had a requirement to track those aged 16-19 years of age. It was added that most 16-19 year olds could be tracked through the education system, and there was information on the 16-19 NEETs, however, there was a gap in the information relating to the destinations of those older than 19 years of age.

The Economic Development Manager noted that the NAS worked on schemes such as "Traineeships" which looked to enhance the English and Mathematics skills for those that struggled to secure apprenticeship vacancies. It was added that those individuals that were supported via the Work Programme were those most distant from the labour market, long-term unemployed, with many of the customers struggling to achieve Level 1 qualifications. It was noted that apprenticeships were more appropriate for those in the "short-term churn", with the degree of upskilling generally being too great for those on the Work Programme. It was added that those on the Work Programme would look to build their skills up over a longer period to widen the scope of opportunities to be made available to them. The Economic Development Manager added that Government were looking to raise the quality and visibility of apprenticeships and that new brokerage models at local levels would need to look to identify what the local labour market has and to match vacancies to opportunities.

The Head of Client Services, BAC, Stephanie Natrass explained that in her experience, and that of colleagues from other FE colleges, that the numbers of 16-19 year olds entering college was declining. It was added that it was hoped that this was a consequence of young people either entering employment or taking up apprenticeships, though it was noted that there were many other training providers other than FE colleges and it may be necessary to drill down into statistics to get a better picture. It was noted that any reductions in the uptake of FE course post-19 could be as a result of the impact of Government spending reductions, affecting funding streams.