

# Youth Unemployment in Darlington

Scoping paper – November 2020

## Background

In addition to affecting residents' health, Covid-19 has also had dramatic social and economic impacts. One primary emerging issue is unemployment; there are currently estimated to be 12 people out of work for every vacancy in the borough and the local unemployment rate is forecast to reach 13% by the end of the year, up from 5% before the pandemic.

Young people have been particularly hard hit, with under 25s twice as likely to work in shutdown sectors – and, consequently, more likely to have been furloughed (nearly half of furloughed employees nationally are aged 16-24), had their hours cut and/or been made redundant. According to the Resolution Foundation, one-third of 18-24-year-old employees (excluding students) have lost jobs or been furloughed, compared to one-in-six prime-age adults.

Locally, claimant count data shows that whilst the overall rate for Darlington in October was 7.1%, the figure for 18-24-year olds was 12.5% (920) and for 18-21-year olds was 13.8% (545) – both significantly higher than the regional and national averages.

It is anticipated that the number of young people out of work will increase further following the end of the furlough scheme, likely in excess of 20%, and that they will find it harder to find employment due to their comparatively low levels of experience. This is particularly concerning given the impacts of unemployment on young people tend to be more severe than for older age groups, with long-term scarring effects on career prospects and pay.

## Current Landscape

### Pre-COVID

Prior to the pandemic, the major employment concern in Darlington was 'underemployment' where residents, and young families in particular, were in work but were struggling to get by due to relatively poor pay and/or hours. Unemployment, as elsewhere, was historically low and largely made up of short-term jobseekers moving between roles.

### Post-COVID

COVID-19 has already vastly changed the youth unemployment landscape: we now have a much larger group of young people newly out of work and much fewer employment opportunities available to them. Whilst this group will vary significantly in terms of skills and experience, one certain common denominator is that the longer they remain unemployed the more difficult it will be for them to find their way back into work, particularly good quality work, as the relevance of their skills and experience diminishes and their self-confidence ebbs. Previous recessions have demonstrated repeatedly that the scarring effects, in terms of both employment opportunities and pay, are much deeper and longer for young people.

Whilst overall the volume of jobs in Darlington will have contracted significantly, particularly in sectors most traditionally filled by younger people, this does not mean there are no vacancies or opportunities. For example:

- some businesses, including telecommunications companies and those providing online services, are expanding and creating jobs
- emerging new industries, such as those relating to the Government's climate action plan
- existing Darlington employers will have:
  - ageing skilled workforces who will need to be replaced over the medium-term
  - longstanding skills needs not met by the local workforce
- many emerging or potential local businesses will have skills needs not currently met by the local workforce

## Current Provision

Existing local youth employment schemes such as the Youth Employment Initiative were designed in the pre-COVID context outlined above, when absolute numbers of out-of-work young people were relatively low and jobseekers were typically either temporarily unemployed and between roles or facing significant barriers to employment other than supply of opportunities.

We cannot therefore rely on existing provision to effectively address the increase in out of work 18-24-year olds resulting from the pandemic, as both the cohort and local jobs landscape have dramatically shifted.

To meaningfully tackle the challenge, a new, multifaceted approach is required which addresses **all** the key drivers of youth unemployment, including:

- Employability
- Availability of good quality opportunities
- Skills mismatch

## Proposal

### Aims

1. A significant improvement in employment rates for local 18-24-year olds
2. 18-24-year olds are better able to both find and remain in quality work
3. More 18-24-year olds have the skills needed by local employers to enable them to progress once they are in work

### Key Elements

- Engagement with wide range of partners, including local employers, skills providers, schools, young people, JCP
- A range of supports to improve skills and address barriers, including dedicated counsellors where required providing assessment action planning
- Quality local employment and/or training opportunities, including placements with local employers tailored to local needs and developed with skills providers

### Operational principles

- Rationalise funding arrangements as far as possible;
- Ensure targets associated with these funding streams are realistic and measure quality of outcomes; and
- Foster greater inter-agency co-operation, understanding of, and influence over, each other's objectives and spending decisions.

## Next Steps

1. Consult with key agencies
2. Explore funding streams including TVCA and map provision
3. Develop a draft framework / model
4. Hold a symposium early in 2021, agree the model and secure the involvement of delivery agents