

## The Economy, unemployment and its impact on young people

The UK is now slowly moving out of recession. Figures published in January 2010 show that the economy grew by just 0.1% in the previous quarter; weaker than expected but any adjustment to this figure is awaited. This is the first sign of growth since September 2008, the longest unbroken stretch without growth since records began in 1955. More positively there has been a slowdown in the increase of unemployment both nationally and in Nottinghamshire. The latest available figures indicate that the total number of claimants is 29,913, an increase of 6,430 on the previous year (see the Employment Bulletin January 2010). In December 2009 there was an increase of 829 claimants on the previous month and it is likely that this upward trend will continue due to seasonal jobs coming to an end in January 2010.

The more local view from the Derbyshire and Nottinghamshire Chamber of Commerce is that the regional economy is still not quite out of recession. The findings from their latest Quarterly Economic Survey indicate that the region is on the brink of leaving the recession behind. This echoes work undertaken by Experian which predicts that another 2,000 people will become unemployed in the County (including City) in 2010. The claimant count is likely to increase to 31,000 before falling back in 2011 and the Nottinghamshire economy is expected to make a gradual recovery during 2010/11.

Debate is intensifying now as to the overall impact of the recession. It was thought that because the economic crisis began in the financial sector this downturn would be a 'middle class' recession. Research from the Local Government Information Unit suggests this has not been the case. Those formerly occupying low skilled 'elementary' occupations appear to have suffered the most, followed by those formerly in skilled trades and sales occupations. By contrast, managers, senior officials, and professional workers have experienced only small increases in unemployment. This appears to be reflected in the impact the recession has had on Nottinghamshire.

Nottinghamshire's economy overall has performed broadly in line with that of the UK but there are significant local variations. Labour market data from Experian indicates that Bassetlaw, Ashfield and the city of Nottingham have been worst affected whilst Rushcliffe and Newark and Sherwood have shown more resilience. This reflects the trend from previous recessions with the most disadvantaged areas being hardest hit. Across the county, including the city, over 12,000 jobs have been lost, concentrated in distribution, hotel and catering, manufacturing, financial and business services and construction.

Thematically, some interesting issues are emerging but this issue focuses upon the impact on young people.

- Nationally, young people have been hit hard by this recession and again this is reflected in Nottinghamshire. In December 2009 there were 5,465 young people aged 18-24 claiming jobseekers allowance. This represents 33% of all JSA claimants in Nottinghamshire. The proportion of 18-24 claimants varies by district from 36.1% in Mansfield to 28.2% in Rushcliffe. With the exception of Rushcliffe and Broxtowe all the districts have higher rates of 18-24 claimants than regionally (31.6%) or nationally (29.4%).
- There has been a lot of reference by politicians and the media to a 'lost generation of young people'. '*Britain's Lost Talent*', a study by the **Prince's Trust** published in January, concludes what it calls an 'unemployed and dejected lost generation of young people' will find it increasingly hard to secure jobs and attain happiness in the future and warns that almost a million people currently under 25 and out of work will be the main 'victims' of this recession. The study includes graduates but also those with fewer and no qualifications.
- The report indicates that in this recession, workforces and employers have proved more flexible in adapting working practices in an effort to save against redundancies – including of course halting any form of recruitment. As a result, younger people moving from schools and colleges into the job market appear to have been hit hard. The full report is available at [www.princes-trust.org.uk](http://www.princes-trust.org.uk)
- Related to this, it was reported in January 2010 that **applications to university and HE institutions** have increased by almost 20% compared to the same time last year with 570,000 applications received, being an increase of more than 100,000. Last year, about 76% of applications were successful in actually gaining a place at university and alongside an increase in applications, 6,000 fewer places will be available this year. Commentators suggest that part of reasons for the increase in applications may be due to the recession, with people seeking qualifications to prepare them for the job market when the economy picks up and / or "delaying" their entry into a difficult labour market by entering further / higher education.
- The Government's '**Young Persons Guarantee**' aims to prevent young adults being permanently damaged by the recession. The guarantee has three elements for 18 to 24 year olds claiming Jobseekers Allowance (JSA) :
  - an offer of a job, either through the Future Jobs Fund or an existing job in a key employment sector;
  - work focused training;
  - a place on a community taskforce.
- After 6 months claiming JSA, young adults will be guaranteed a job, work placement or work related skills training; after 10 months they will be expected to access a place on a community task force. A similar Graduate Guarantee promises that graduates still unemployed after six months will be offered a graduate internship or other support.
- The **Future Jobs Fund** (FJF) is now operating in Nottinghamshire and is delivered by Enable on behalf of the Nottinghamshire Partnership. Over 1,000 jobs have

been committed with 145 firm vacancies placed in the first month of operation. Nottinghamshire Partnership organisations are considering what they can do to support the sustainability of the jobs once FJF jobs come to an end by ring-fencing entry level opportunities for FJF graduates. In addition to the Department for Work and Pensions core FJF funding, additional monies have been sought from other sources to enhance the basic offer and to fund training for some of the participants. In addition, Enable is working with the Safer Nottinghamshire Board to link ex-offenders completing community payback schemes with FJF opportunities.

- Last month, the Communities Secretary John Denham MP claimed that 3,000 more **apprenticeships** could be created through local councils. The Government has committed to increasing public sector apprenticeships by 21,000 with 15,000 of these within local authorities. The Government wants one in five young people to be an apprentice by 2020. The Government White Paper "*Getting Britain Back to Work*" announced that the first 5,000 companies agreeing to employ and train a 16-17 year old apprentice between January and April 2010 would be offered a £2,500 "golden hello" to encourage apprenticeship recruitment.
- **Business in the Community** (BiTC) has launched the "Work Inspiration" campaign to support companies to offer young people relevant, meaningful and inspiring work experience. The campaign will create an additional 100,000 work experience places by September. BiTC is urging employers to re-think and improve their offer. An interactive Work Inspiration Toolkit is available to help employers to offer a more inspirational experience to young people, and the staff supporting them, on work experience. The toolkit can be found at [www.workinspiration.com](http://www.workinspiration.com)