

BRIEFING NOTE | JULY 2020

District Recovery: Investment in Skills and Job Support

The District Councils' Network (DCN) is a cross-party member led network of 187 district councils. We provide a single voice for all district councils within the Local Government Association.

Overview

The crisis has had a rapid and significant impact on the labour market, and is different from recent economic shocks in many ways. The Government has rightly brought forward an unprecedented level of support for businesses and their employees. Taken together, the number of people on the furlough scheme and unemployed account for around half of the total workforce.

There is now a huge challenge ahead of us as we emerge from lockdown and wind down the furlough scheme. Many businesses will struggle, and there will almost certainly be dramatic increases in unemployment. The impacts will not be uniform; sectors are hit differently, people will be hit differently, and the implications for places will be different. Indicators suggest that the most affected sectors are in hospitality, leisure, retail, and tourism, that the people most affected are on lower incomes and younger, and that the places most affected are most reliant on these sectors.

Much of the response requires national leadership and intervention, and much of it requires local response and delivery. Ultimately, labour markets, housing markets, and markets for goods and services are local, playing out across our towns, cities and communities.

As proven again by the response to the Covid-19 crisis, districts know and understand their businesses, colleges, and residents and therefore play a key role in recovery with the use of local knowledge. In this short paper we have set out some offers and asks that help ensure investment in skills and employment support is best able to project and create jobs.

This is an opportunity as well as a challenge and districts are in a key position to aid in the recovery and deliver of the Government's strategy. If done properly, this recovery and investment in jobs and skills can tackle stagnated social mobility, reduce productivity gaps as well as arm communities with the resources to combat long-term concerns like climate change.

Context

Covid-19 has had a colossal impact globally, but certainly across the UK. It is estimated that the minimum jobs lost at this point is 110,437 across the UK, without including

small businesses and unannounced job loss. Since March 2020, the Office of National Statistics has highlighted an increased Claimant Count of 125.9%, which is expected to rise once the furlough scheme ends.

The challenge for the Government is to prevent the Claimant Count reaching 4 million by the time the wage subsidies come to an end in October, something a lot of councils are nervous about. There have been huge job cuts to companies that cover large regions, including Upper Crust, Debenhams and Royal Mail. The pressure is exacerbated in areas which typically rely on tourism. For instance, districts such as Thanet District Council (DCN member) where, as of May 2020, the Claimant Count of the working-age population is 10.8%, second highest after Blackpool.

The Summer Statement – the District Role

Following on from the Chancellor's Summer Statement, it is clear that districts are in a unique position to deliver on the key strategies to protect and create jobs. The Kickstart Scheme was a vital part of the announcement and the use of local knowledge and connections will be essential in successfully delivering the scheme.

Local authorities can deliver this Kickstart Scheme through experience of wage subsidy programmes and through coordinated and coherent local networks that link up local knowledge, employer engagement and the direct access to eligible participants.

Districts already have duties to support young adults and therefore have infrastructure in place to accelerate the delivery of this scheme.

The Chancellor also announced the focus on Green Recovery, providing vouchers to make homes more energy efficient as well as investing in green infrastructure. As housing authorities, districts are in a unique position to align supply and demand of jobs, and to ensure housing improvements are carried out across the private and public supply of housing through local networks. Districts can connect and coordinate the Green Recovery by using existing data and local infrastructure.

Adding local value – the District Council offer

Much of a national strategy needs local delivery. District councils stand ready to help stabilise and grow businesses, skills and jobs across our towns, cities and coastal and rural communities. Essentially District Councils have three core offers:

- Deep understanding and connection into the local economy: as billing authorities – and as proven through the distribution of business grants – councils understand local businesses of all sizes, and how they work together in economies. This means they can move quickly to target help that prevents job losses, helping those business most crucial and with most potential, getting best returns on investment. Councils are increasingly using local data to drive approaches.
- Local and strategic, joining up interventions to make sense and maximise impact: councils are well placed to bring together the plethora of support and opportunities into coherent local packages, for e.g. this might mean matching investments in job creation with courses provided by colleges, or working through welfare teams to solve problems that might prevent people from thriving in training or taking new jobs.
- Local leadership, mobilising quality partnerships and collaborative approaches: District councils are outward looking, innovative and

collaborative and perfectly place to hold the ring on partnerships – like employment and skills partnerships - that include employers, colleges, housing and transport providers etc, to recast the local state into protecting and growing jobs.

To enable District Councils to play their full role we have set out below a range of interventions around which national and local government needs to work together in the critical weeks and months ahead.

National intervention to prevent unemployment

There is an immediate need to stabilise the economy and prevent huge increases in unemployment.

- Consider extending the furlough scheme in some form for those sectors where business will take a little longer to fully recover, particularly hospitality and leisure, and explore how this can be linked to incentives for reducing redundancies beyond support.
- Alternatively, or in addition, also consider other national interventions for supporting the sectors hit especially hard to avoid redundancies, for instance in reducing National Insurance Contributions or wage subsidies.
- Sharing data with councils on the scale of support for different businesses so that they can provide additional support locally – for instance through business rates, licensing, support.
- Consider implementing a Job Protection Scheme, subsidising part of the wages in the hardest hit sectors to reduce redundancies and labour costs.
- Allow local councils to retain unspent business grant funds to reinvest in local employment initiatives.

Investments to create jobs

- Work with councils to step up investment in create jobs, especially in sectors able to take on people made redundant elsewhere, and that achieve other goals, for instance in green infrastructure, in building social homes, and in retrofitting homes.
- Bring forward important investments from the UK Shared Prosperity Fund, Housing Infrastructure Fund, Towns Fund and more, ideally allocate to councils single pots they can use flexibly to drive through local projects and link to local job creation, matching and advice efforts.
- Continue to support councils to use public procurement to create local jobs and develop local supply chains.
- Supporting people to move quickly into new jobs.
- Local 'job-matching' support, helping people made unemployed by the crisis move into jobs for the recovery either temporarily or permanently.
- Support councils and partners to undertake local skills audit, based on labour market intelligence and local employer engagement, used to influence local commissioning.
- Retrain and develop skills for adults for in-demand local jobs with adjustment courses, flexible, part time learning by increasing / devolving Adult Education Budget.

- Working to prevent local disruption by establishing 'training agency' type models to keep the economy moving and residents employed and learning.
- Create a national online skills development scheme that is accessible and covered by central government. Resources including broadband support and laptops should be provided where needed.

Revitalise 'learning on the job' through innovation in apprenticeships

- Enhance the Apprenticeship Grant for Employers, so the financial burden is not on the employer, particularly in key sectors.
- Pause the Levy funds expiry policy to avoid funds already committed activity which have been delayed due to the crisis period from expiring.
- Step up the council involvement in apprenticeships so they can locally target working with the businesses with potential to grow.

Help for young people in the labour market or transitioning into it

- Base the 'Opportunity Guarantee' for young people on the successful Future Jobs Fund model, locally delivered within national programme which brings together employers, colleges and providers within towns, cities and communities.
- Improve local leverage over the Further Education and skills system to ensure course provision relevant to opportunities in local areas and invest in careers advice.
- Retraining and upskilling students with degrees not being used, support the higher education sector to adapt provision to support quick retraining.

Help for furthest from the labour market, and at risk of being further marginalised

- Target support for groups that are at risk due to socioeconomic restrictions or vulnerable age-group. Ensure mental health provision runs in parallel with training and placements.
- Work with councils to bring together welfare, hardship and homeless support alongside help towards the labour market. Ensuring that MCHLG, DWP, DHSC, DfE, MoJ, can be brought together locally by councils to bring together the health, welfare, justice and skills support to prevent people falling further away from the labour market.

Contact: DCN@local.gov.uk

