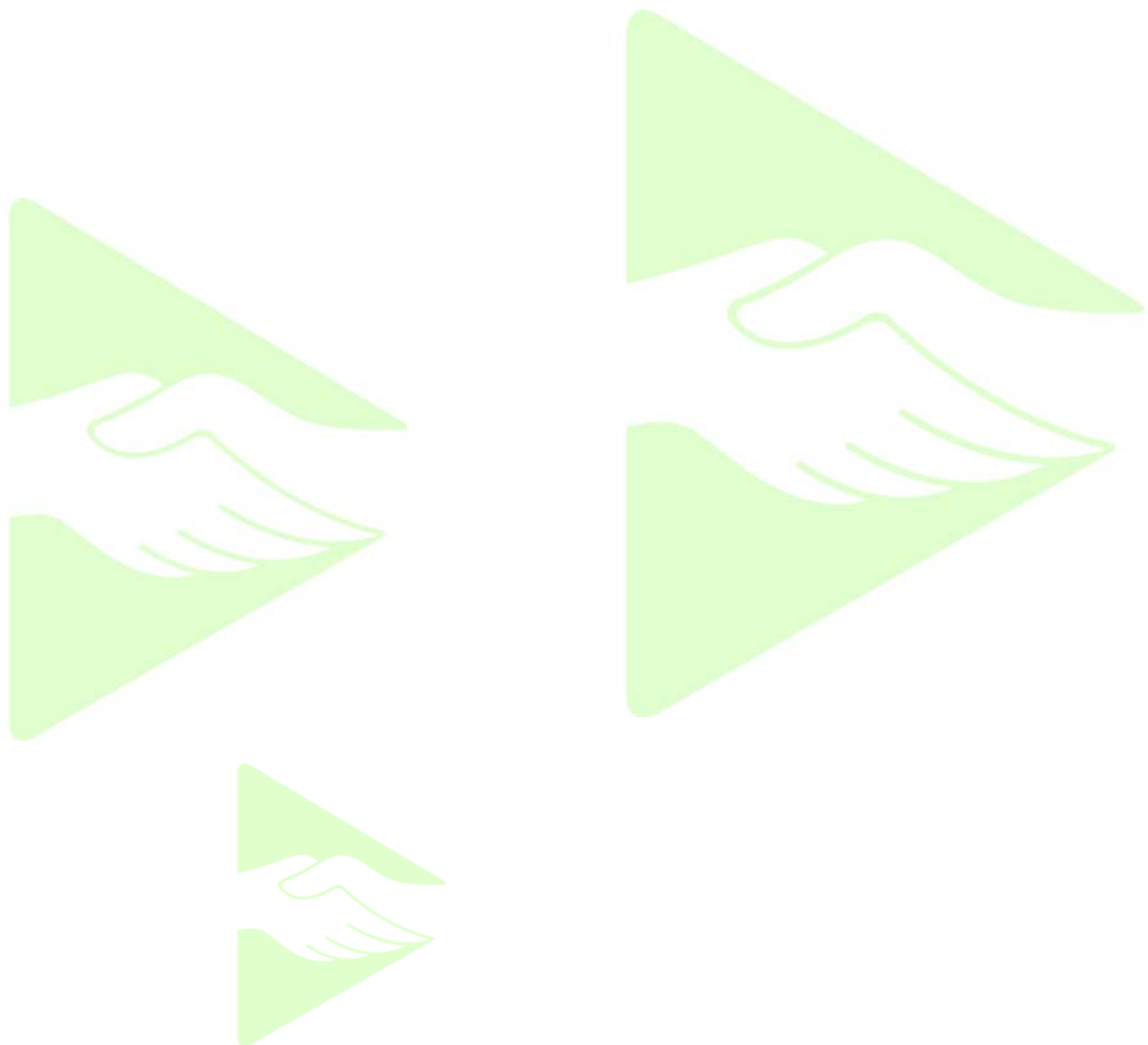


The impact of the recession on the employment of young people in Enfield

A report commissioned by the Enfield Education Business Partnership



January 2010

Background

The Board of the Enfield Education Business Partnership, at its meeting in Autumn 2009, decided to commission Paul Convery to produce this report as part of the follow-up work arising from the EBP's 'Economic Well-being & Education' Conference that took place in July 2009.

This conference built upon the outcomes of the EBP's 'Enfield Skills and Employment Strategy – what does the future hold for young people?' Conference that had taken place 12 months earlier and which was aimed at raising awareness in the local education community of the issues that had been identified in the development of the Enfield Skills & Employment Strategy*. This strategy, with its associated 3-year Action Plan, was adopted in 2008 by the Enfield Strategic Partnership, which includes Enfield Council and all the key strategic agencies in the area.

**The Enfield Skills and Employment Strategy describes the economic challenges facing Enfield and some of the new policies which are required to ensure that the Borough's residents can prosper during a period of uncertainty and change. The main points of the Strategy are:*

- *Enfield has gone through a period of considerable **demographic change** and will face an equally challenging future, as the population is becoming younger and more diverse*
- *the **economic health** of the Borough has **worsened***
- *most **new jobs**, both in Enfield and across the capital, will require **high level skills** and very few will be unskilled*
- *actions to help **raise skill levels**, reduce worklessness and equip residents for the types of jobs in the future have been identified*
- ***changes** already happening in **Enfield's education system** that should raise achievement levels and help equip the Borough's young people with the employability / vocational skills and aptitude that will be in demand from employers in the near future.*

The associated Action Plan sets out the developments that will be implemented in the period up to 2011 to address the priorities identified in the strategy.

Introduction

The recession that started in early 2008 has resulted in a very acute deterioration in the employment situation for all Enfield's residents.

But, for young people, the position may be looking increasingly bleak. Worklessness amongst young adults has risen rapidly over the past year and the prospects for this year's school and college leavers looks uncertain. Although participation rates and attainment levels have improved, they have done so at a slower pace than the rest of London.

The Borough has already identified that the south and eastern wards contain under-performing neighbourhoods across all the domains of neighbourhood renewal. This also follows for the position of young people: the highest levels of JSA unemployment amongst 18-24 year olds are in these wards and these are the neighbourhoods which are the catchment area for the poorer performing secondary schools.

Overall, achievement levels at age 11 and 16 are a little below the London average. Overall achievement of 5 GCSE passes at grades A*-C improved quite rapidly between 2008 and 2009 so that the Borough now only lags the London average by about 1 percentage point.

Participation levels are high and school performance rates are improving whilst our 14-19 offer will increasingly equip future school leavers with the skills that can secure employment. However, the current economic uncertainty risks making the transition from education into the labour market especially risky for many of Enfield's young people.

The labour market that will emerge from the current recession will be even more competitive than before. It will be necessary to continue and broaden the curriculum changes that will better equip Enfield's education leavers with the skills and knowledge required by employers.

Particular efforts may be needed to safeguard the future of school and college leavers so they do not become another "lost generation" like the youngsters of the 1980s and early 1990s.

Young people in Enfield – summary

So far, the most obvious signs of recessionary impact on the Borough's young people can be seen in the sharp increase in worklessness amongst young adults (aged 18-24):

- The number claiming Jobseeker's Allowance has risen to 2,600 – increased by around 80% since early 2008
- Over 2,000 more young adults claim one of the other out-of-work benefits
- Nearly 5,000 workless claimants in total – amounts to a fifth of the age cohort
- Almost 60% of young JSA claimants are seeking work in the lowest skilled occupations
- Nearly a thousand under 25s signed-on in August; but in the same month almost 800 also *left* the register, mainly for work.

It is unclear whether there has been any further increase in the levels of educational participation – in college and 6th Form enrolments – which might reflect the worsening job situation for young people.

Enfield already had a very high level of participation by 17 year olds – with 91% of this age group was in education (including those combining learning with work).

Although participation and achievement levels are high, the transition to work seems to be less certain in Enfield. The employment position of young adults in Enfield seemed to have worsened even before the recession started:

- Barely 1 in 3 young adults (16-24) were in employment in 2006; this improved between 2006 and 2008 so that around a half are in work now
- Amongst prime-age young adults (20-24), the employment rate is only 66%.

Educational achievement at Keystages 2 and 4 has now almost converged with the London averages:

- 69% of children achieve 5 GCSE passes at grades A*-C compared with 70% for London;
- 52% achieve this level (including Maths and English) compared with 53% elsewhere in London
- Only 71% of 19 year olds reach level 2 – Enfield is ranked 24th out of 32 Boroughs on this measure
- Only 47% of 19 year olds are qualified to level 3

However, educational participation is rising at an encouragingly fast rate in the Borough:

- Participation rose from 74% in 2001 to 85% by 2006 and then rose again to 91% in 2007 (most recent year available)
- The proportion of NEET young people has declined from around 8 percent in 2005 to around 6½ percent at the end

of 2008 - with another 6 percent whose status was unknown

A small minority of pupils in the Borough are disengaged from education and from employment or learning post-16:

- Around 5% of school pupils in the Borough are persistently absent – and this proportion has remained fairly static in the last 3 years
- Elsewhere in London the average has improved by around 2 percentage points over the same period

The impact of poor educational achievement and high levels of worklessness in pupils' home environment has contributed to a worsening of child poverty in the Borough:

- The proportion of children living in poor households worsened from just below 30% in 2004 to 31% in 2007
- This represents a divergence from the London trend where the proportion declined from just below 30% to just below 28% over the same period.

Policy responses

Many analysts and commentators have predicted a sharp rise in “youth unemployment” and this is generally considered to mean those aged 18 to 24. Recent attention has been given to the increase in the size of this population because, nationally, this had risen to 935,000 by early 2009. This represents almost a fifth of all young people of this age.

The Government and the opposition political parties have all outlined positions to address the perceived worsening of unemployment amongst young people. There have also been some initiatives proposed at the London level to address the growing scale of unemployment amongst 18 to 24 years olds.

There are two broad areas of policy interest in Enfield: what can be done to improve the position of young people prior to reaching the threshold of age 19; and those young adults who have effectively left the education system and find themselves out-of-work.

Young people still “within” the learning system

There is a consensus in Enfield that the Borough’s schools are (in most cases) maintaining high standards of achievement across the academic curriculum – with good results at GCSE and A level. There is broad agreement that a significant minority of young people are less motivated to study a traditional curriculum and, for some, disengagement is a serious risk.

The Borough’s 14-19 Strategy has therefore been developed to provide opportunities to stay in learning and to achieve for young people less inclined to follow academic routes. The Strategy is now

delivering the “Enfield Entitlement” offering a new vocational pathway; progression to work based learning; specialist provision for at-risk groups; alternative services to meet the needs of lower attaining, vulnerable and disaffected pupils. This is backed-up by guidance and support to matches the needs, aspirations and potential of all learners.

Two lines of learning towards the national Diploma have begun (in ICT and construction) although the initial demand has been relatively modest. These are specialised lines of vocational learning that will provide occupationally relevant skills plus a firm grounding in maths, English and ICT knowledge.

Two other learning pathways are underway: Foundation Learning which offers personalised learning predominantly at entry level or level 1; and delivery of the national Apprenticeships.

There are four critical factors that will contribute towards or hinder the Strategy’s success:

- Securing sufficient supply of Apprenticeships with employers and work experience placements
- Overcoming some continuing institutional hesitancy to embrace the vocational pathway
- Attracting enough young people to enrol on the growing range of Diplomas
- Ensuring that there are clear progression routes to pursue qualifications beyond level 2 and ways to encourage aspiration towards level 4

Most importantly, the Borough’s institutions need to develop better and longer term relationships with employers in the Borough. This is

partly in order to ensure a supply of apprenticeships, placements and permanent vacancies. But it is also essential for businesses to understand schools and colleges better and to help strengthen a culture in which the world of work and enterprise is more fully understood within teaching institutions.

Apprenticeships are probably the most effective route for young people in Enfield who do not want to pursue academic learning. They also represent a very significant Government policy investment – with a target to achieve over 100,000 places nationally and a budget exceeding £1 billion in 2010-11.

However, in Enfield, there are marked risks associated with any ambition to expand apprenticeships – the predominance of small employers and a relatively weak response by the public sector (excluding the local authority). A further weakness is the limited range of providers – Enfield college lost its contract; Enfield Training Services only supplies hairdressing and business; North London Garages, mainly servicing the motor retail trade; and very little provision at Southgate College.

One promising development is the emergence of a “managing agent” or “group training” model to provide apprentices to very small employers. With the establishment of the new further education institution, CHENEL, the Borough is now served by an apprenticeship company established by the college for this purpose. This model is also being trialled on London-wide basis through the LDA funded London Apprenticeship Company. The most established sector that has historically supported group training arrangements is now backed by the Sector Skills Council for Science, Engineering and Manufacturing (“SEMTA”). There may be a good case for strengthening this type of approach to small firms in Enfield – and

investing in apprenticeships that can specialise in the Borough’s growth sectors.

To underline the importance of these local services for 16 and 17 year olds, the 2009 Pre Budget Report announced there would be another “September Guarantee” so that a training or education place for every 16 and 17-year-old will be available for school-leavers in 2010. The December 2009 DWP White Paper “Building Britain's Recovery: Achieving full employment” says this will include

- Extra support for 16–17 year olds from Jobcentre Plus, working closely with local Connexions services
- A new subsidy for employers taking on 16–17-year-old apprentices;
- A “January guarantee” for 16–17 year olds who are not in education, employment or training (NEET) of an offer of an Entry to Employment place, and an Education Maintenance Allowance to go with it

Young adults aged 18 to 24

There is a wide range of comprehensive services now on offer to those aged 18+ who find themselves out of work.

Firstly, there is the suite of conventional services delivered through Jobcentre Plus and DWP’s contractors – mainly the New Deal for 18-24 year olds unemployed for 6 months or longer which is being replaced by Flexible New Deal for those out of work 12 months+ (delivered in Enfield from October 2010).

Secondly, the Government has promised to create a “Young Person’s Guarantee” (YPG) for all 18-24 year olds unemployed for over 6 months. In the 2009 Pre-Budget Review, the Chancellor

announced further measures to tackle youth unemployment to "avoid creating another lost generation" and this has been further outlined in the Dec 2009 White Paper "Building Britain's Recovery"

Beginning from January 2010, all 18-24s will be guaranteed a job, work placement, work-related skills training or an internship if they are still unemployed after six months on JSA (and will be *required* to take up this place after 10 months on benefits). The YPG has three main elements:

- ▶ Intensive help to place young adults into conventional vacancies including those notified to Jobcentre Plus by employers participating in the Local Employer Partnership – firms which are committed to recruiting local jobless people in North London.
- ▶ A dedicated personal adviser from day one of a benefit claim and more time with an adviser throughout their claim
- ▶ Future Jobs Fund – which is a subsidised job programme with jobs paid at or above the minimum wage lasting 6 months – and the Borough Council has successfully bid to provide 142 jobs directly and with local voluntary organisations (announced in October 2009)
- ▶ Community Task Force – a work experience and training scheme with placements of at least 25 hours per week and lasting 6 months which are of "community benefit". This is due to start in Enfield at the end of July 2010.
- ▶ A "Graduate Guarantee" that graduates still unemployed after six months will be offered an internship with an employer

Arguably, the Government's approach remains focussed on a relatively small number of JSA claimants who are at risk of long term unemployment. The high outflow of young people from the JSA register back into work suggests that this is probably the right approach and taking a "cut-off" point at 6 months is a sensible approach and there is less need to create special programmes for these relatively job-ready jobseekers.

Put simply, it seems more effective to encourage the majority of young people to rapidly enter or re-enter work and to help them make rapid moves into better paid and more secure positions coupled with good training and education offers. This might involve greater use of learning through Train to Gain and would require a more comprehensive and personalised advice and guidance service – and an active relationship with employers.

There is some uncertainty about the Adult Funding Agency which will take over the rest of the LSC's roles (after the post 16 transfer to local authorities and to the National Apprenticeship service). Much of the resources will be structured as demand-led funding although initially based on some historically established allocation patterns.

Regionally there are some policy opportunities emerging too. London-wide, the Mayor has said that one of his top priorities is to improve the life chances of young people in the Capital and that rising youth unemployment presents a challenge to achieving this. At the October 2009 board meeting of the LSEB he emphasised the importance of getting young people into work to prevent "the long-term damage of prolonged unemployment". He has appealed to London's employers to take on more young people and has set out three challenges:

- ▶ How to maintain the volume and quality of job, apprenticeship and work experience opportunities in London;
- ▶ How to keep the most disadvantaged young people in touch with the labour market;
- ▶ How to ensure young people get the advice and guidance they need to make the right choices.

What needs to be done now?

The recession has added a further twist of urgency to the problems identified in Enfield's Skills & Employment Strategy adopted in October 2008. This had spotted some deep underlying problems: firstly that "few young adults appear to be in work" and that it was mainly young adults who had grown-up in Enfield who have not successfully made a transition into steady employment. A high proportion of young adults appear to be economically inactive and most of this group is young women. This situation appears to have remained broadly unchanged in the last year.

Secondly, the Strategy identified that the longer-term solution for Enfield lies in improving the skills base of the younger population. In particular it argued that the Borough's young people should acquire the vocational skills and aptitude that will be in-demand from employers in the near future. One area of emphasis should be improving the level of functional skills so that all young people have the solid foundation in the English, maths and ICT competence that employers expect.

Thirdly, the Strategy promised to continue the focus on those young people who are at risk of becoming economically inactive and disengaged from the learning system.

The evidence that has emerged in the past year suggests that these broad policy goals should be reinforced as the Borough prepares for economic recovery. The current recession has added an extra urgency to the Skills & Employment Strategy because it poses two significant threats for young people: there is a higher risk of young people experiencing the "scarring" effects of unemployment periods; secondly, that when recovery comes, the labour market will have changed – with firms and sectors undergoing restructuring and employers expecting higher levels of competence from their entry level recruits.

A further difficulty emerges because the multiple policy responses to the recession may have added further complexity to an already cluttered environment. There are a large number of national and regional initiatives underway and it is not entirely clear where there are gaps and whether the current suite of initiatives is addressing the current levels of unemployment amongst young people. There is probably a renewed case for further simplification to reduce the confusion amongst funding and delivery agencies, individuals and employers.

If economic recovery turns out to be weak or if the labour market recovers sluggishly, there may be a good case for new measures to safeguard the Borough's young people. The Local Government Association has recently argued that young people are particularly vulnerable and that local authorities are well placed to offer solutions. Responses might include informal learning, volunteering and community work experience on a larger scale than is envisaged

under the Government's Youth Guarantee. Enfield has a good track record at securing large volumes of adult volunteers but translating this success to a younger age group may prove to be more challenging.

Conclusion

On the face of it, the recession has not yet resulted in Enfield experiencing quite the catastrophic rise in youth unemployment as had been predicted by (a) reference to previous recessions and (b) the apparent scale and severity of the current recession. In part this is because London seems to have experienced a less disruptive downturn compared to other parts of the country and the Capital may have already returned to economic growth – far earlier than other UK regions.

However, it is still possible that lagged effects may result in young people experiencing recession “after shocks” as employers opt to recruit more experienced adults – not least because London's out-of-work adults may be competing for vacancies more actively than many younger people.

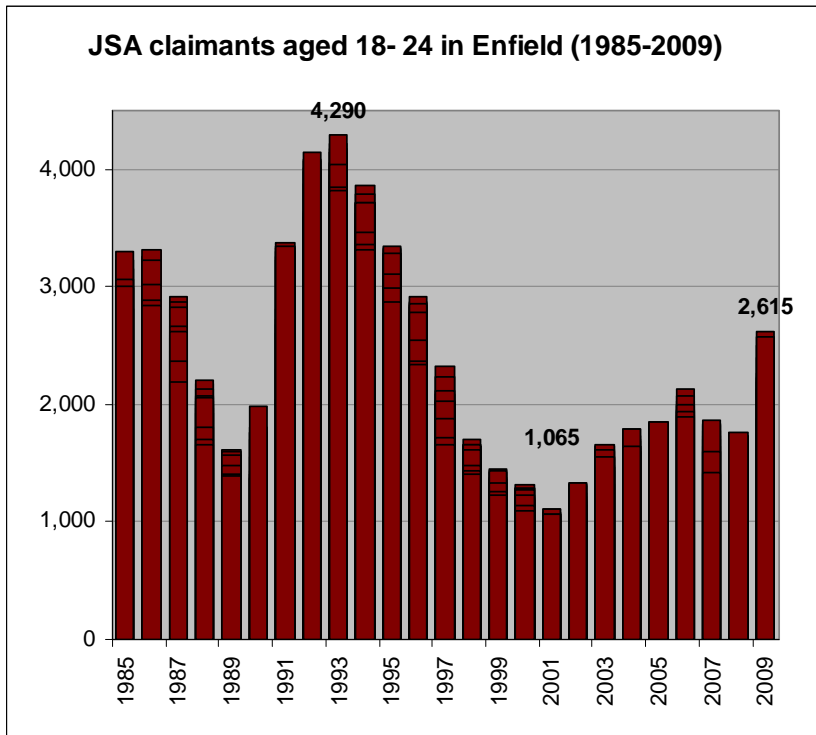
There are very encouraging signs that Enfield's education system is continuing to deliver good results and that participation rates have risen to very high levels. A small minority of young people may still be excluded from these rapid improvements. And it is possible that many young people will leave the education system with skills and qualifications that are not right for the new types of jobs that will emerge as London returns to economic growth. Of particular concern is the risk that many young people will successfully qualify at level 2 but fail to progress to acquire level 3 and level 4 qualifications which

will overwhelmingly be expected by employers, particularly in central London.

Appendix: what the evidence shows

During the past year, the number of young adults claiming an unemployment related benefit has risen sharply – from 1,400 in early 2008 to 2,575 in Oct 2009 – an increase of about 85%.

Chart 1

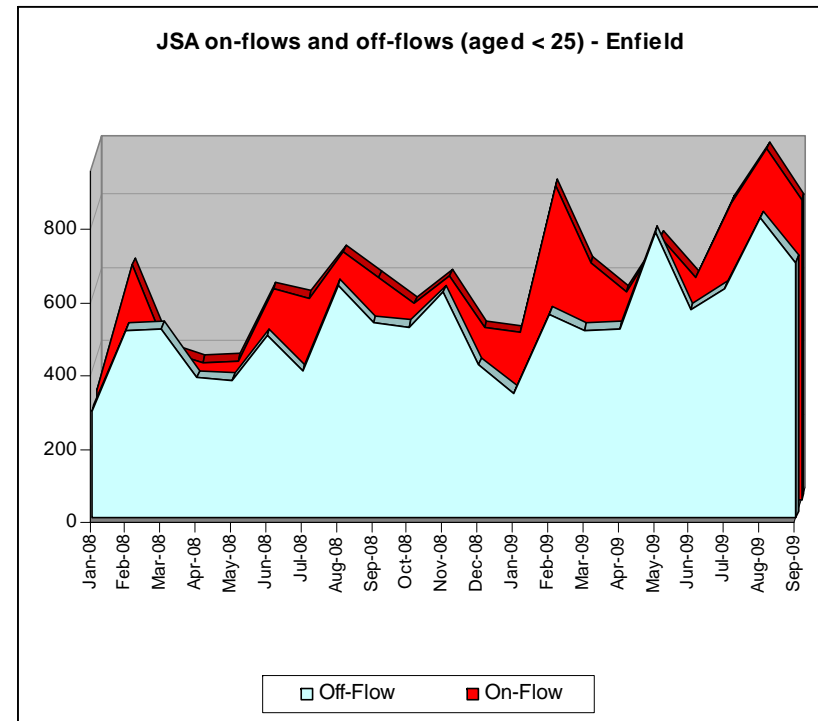


By historic standards, the totals are rather lower than during the worst point of the last recessions in the mid 1980s and early 1990s – as the graph above shows. However, the number of young adults

relying on Jobseeker's Allowance had begun an upwards trend in the earlier part of this decade – although during 2007-2008 there was a period when the numbers fell. The total is now at its highest in 12 years.

The on-flow of new JSA claims by under 25 year olds has been increasing progressively each month since early 2008. These peaked in August when almost 1,000 young people signed-on.

Chart 2



However, the off-flows have also been accelerating, so that, in August just over 800 young people left the JSA register.

Encouragingly, the 2009 school leavers have resulted in a relatively modest spike in JSA unemployment. Data released on 14th October showed that, of the 290 total increase in JSA claimants between August and September, 110 of this was due to growth in the stock of 18-24 year olds – about 30% of the Borough’s overall rise.

The on-flow for under-24s *and even for under-19s* was actually lower in September than in August (Summer school leavers cannot sign-on until September of the year in which they left full-time education).

Young people claiming JSA are mainly either quite low skilled or who have set their employment search horizons relatively low. Well over a half (58%) of all JSA claimants aged 18-24 are seeking work in the “lower” three occupational groups.

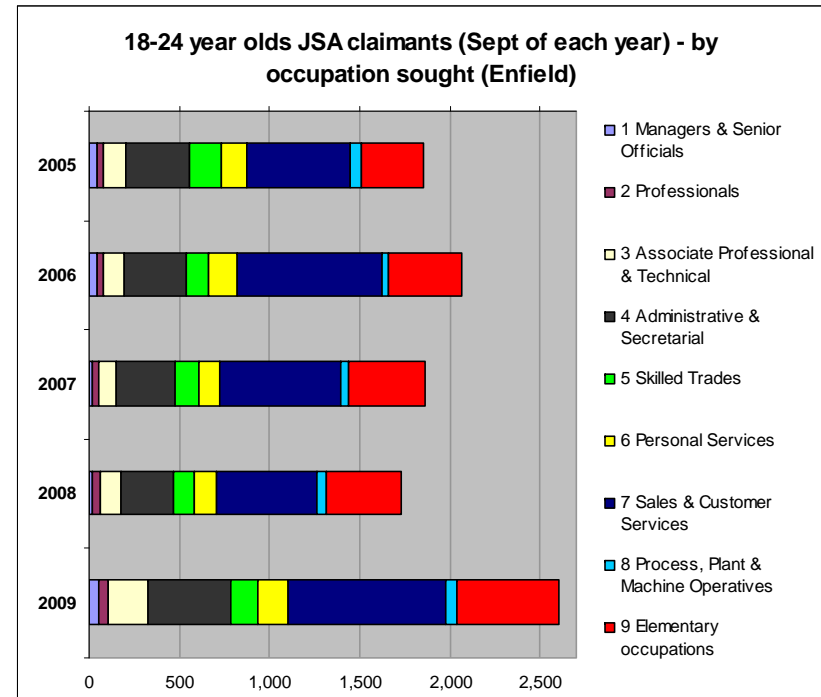
As chart 3 shows, nearly 900 of the 2,615 young people on JSA (33%) are seeking work in sales & customer services whilst another 630 (25%) are looking for work in an elementary occupation or as a plant and machine operator.

Although many young people may well be prepared to accept jobs at a skill level below their actual qualifications, it is likely that their “work sought” declaration on first registering will be a reasonably close fit to their actual qualification levels.

However, as chart 2 indicates, the rate of entry and re-entry into work is very high – even for this population group. On average each month the under-25s off-flow is about 90% of the on-flow. This is exactly the same rate as the rest of the JSA population group.

However, there remains a risk that part of the population does not leave the register and may end-up in long term unemployment. Typically 55% of claimants leave the register within 6 months of signing on.

Chart 3

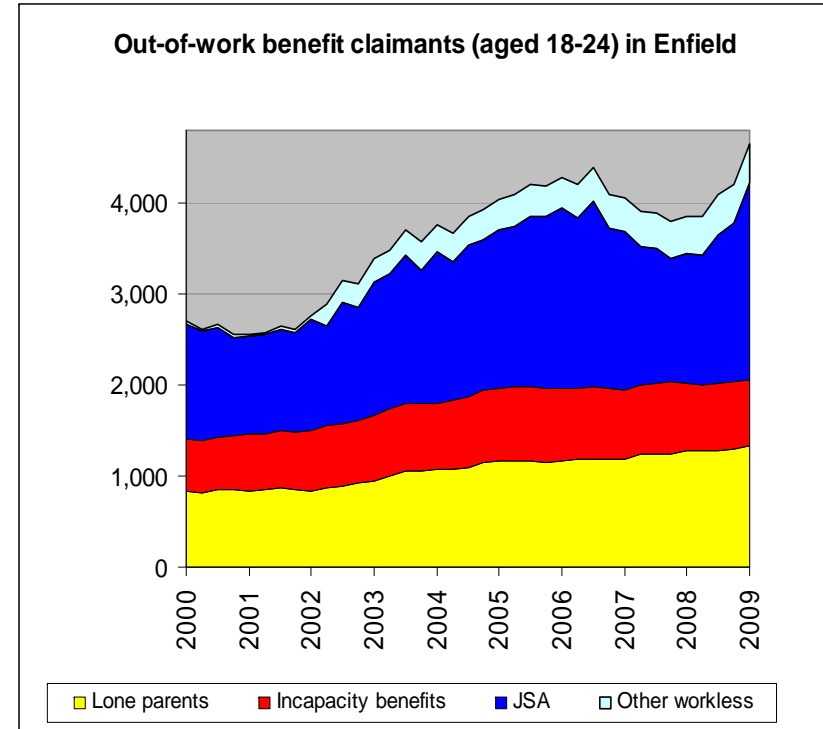


The majority of Enfield’s young JSA claimants live on the east side of the Borough. The geographical distribution shows that the highest numbers of young claimants are in the Edmonton wards, in Ponders End, Enfield Lock and Highway. This closely matches the spatial pattern for claimants of all ages.

Chart 4



Chart 5



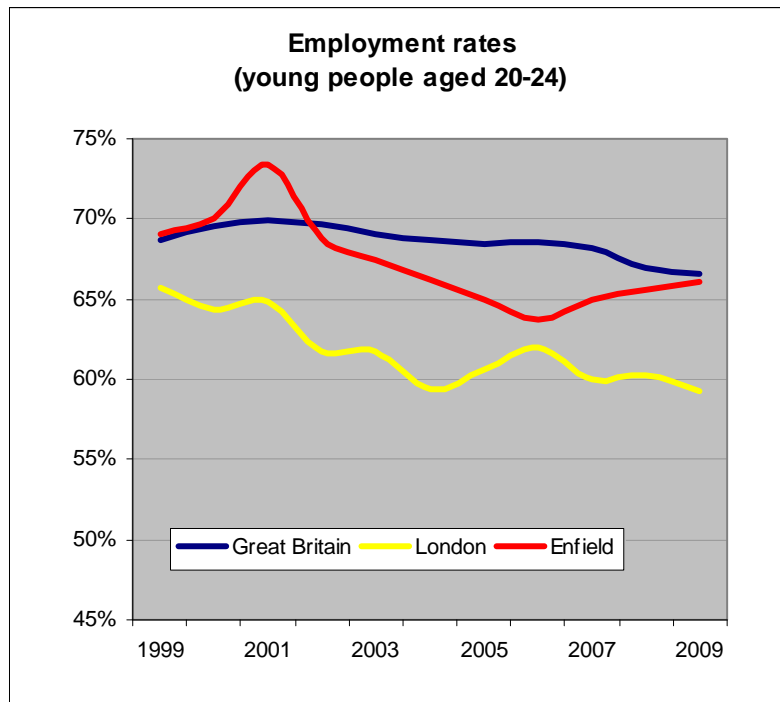
JSA claimants are only a part of the “workless” story in Enfield. Even before the recession started, reliance on benefits had been growing consistently amongst young adults in Enfield.

In particular, the number of lone parents steadily rose over the last decade as did the numbers claiming an incapacity benefit. Very nearly 5,000 young adults now receive one or other of the DWP’s out-of-work benefits and this represents about 20% of the whole 18 to 24 age group. In 1999 the equivalent figure was just 13%.

The number of young adults who are *employed* is also slightly worse than at the start of this decade. Almost three quarters of all

young adults (20-24) were in employment in the year 2001 and this was broadly similar to the percentage for London as a whole.

Chart 6



By 2006 however, this percentage had dropped to about 64% – and this coincided with a peak in the number of benefit claimants during that year (see above).

Since 2006 there has been a recovery in the employment rate. However, the data only shows what happened to early 2009 and, if the more timely data for benefit claimants is a reliable guide, it is likely that the employment rate will have turned downwards –

reflecting the benefit numbers which have shifted upwards significantly since March 2009.

One influence on employment rates for young adults is the increasing pace of those staying-on in full-time education. These are classed as economically inactive and are not measured as being in employment. However, the 20-24 employment rate reflects those who are of an age that either places them in the final year (or so) of higher education or means they have completed full-time education.

On educational participation, the Borough has a very good record. It is plainly the case that educational participation has been improving quite consistently in the Borough throughout the current decade. Data is only available up to 2007 and this shows that the Borough has exceeded the London trend – so that just over 9 out of 10 of Enfield's 17 year olds remain in education or training.

Chart 7

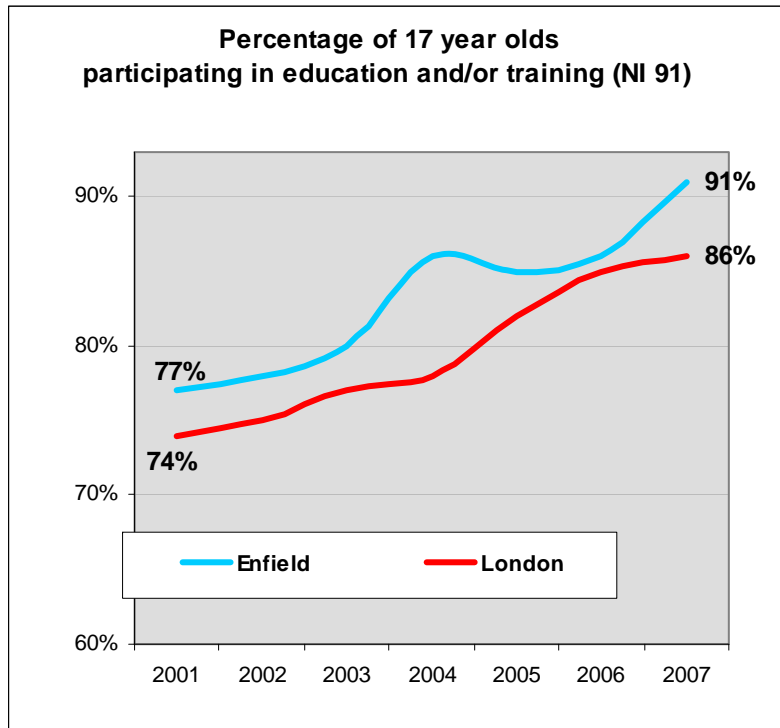
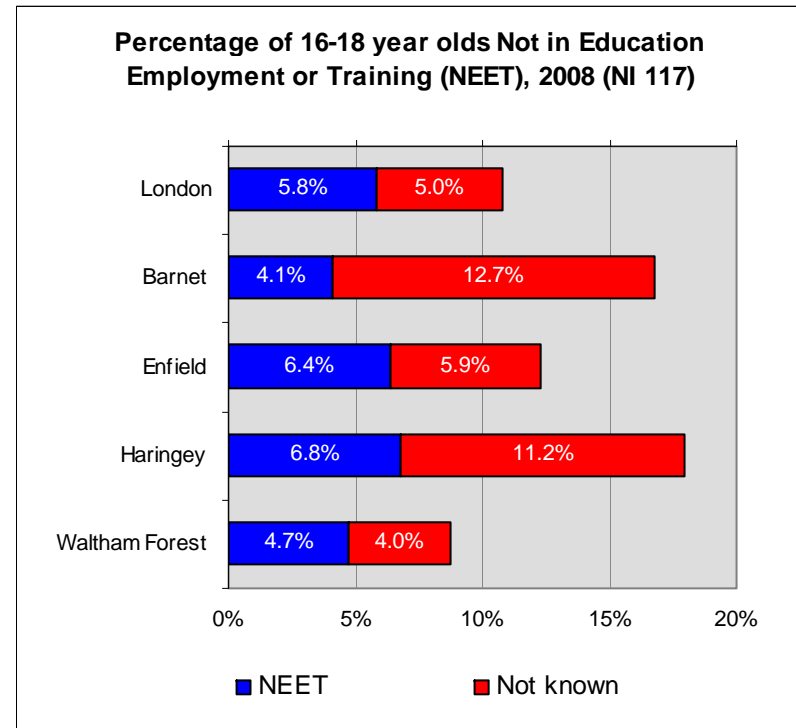


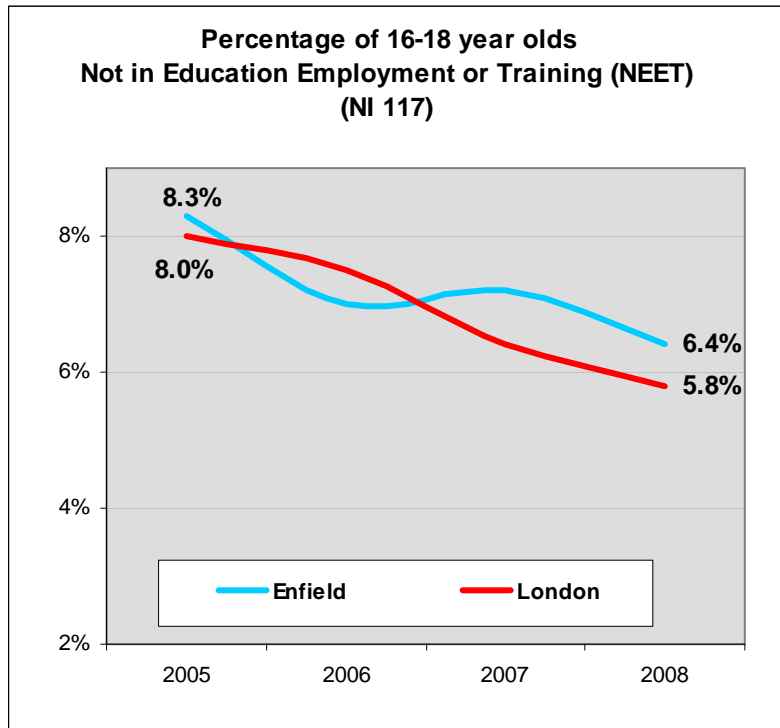
Chart 8



However, a minority of the Borough's young people are not in education or training between the ages of 16 and 18. The number of young people in the "NEET" category (not in education, employment or training) has declined slowly over the past 4 years and shows an improvement trend which is slightly better than for London overall.

Enfield's annual percentage (taken at November each year) is rather higher than adjoining Boroughs – although Haringey is a little higher. The percentage has remained broadly unchanged throughout 2009 although the actual number of NEET young people has declined from 530 in November 2008 to 400 in August 2009 (the age cohort has fallen too, so the percentage remains almost unchanged)

Chart 9

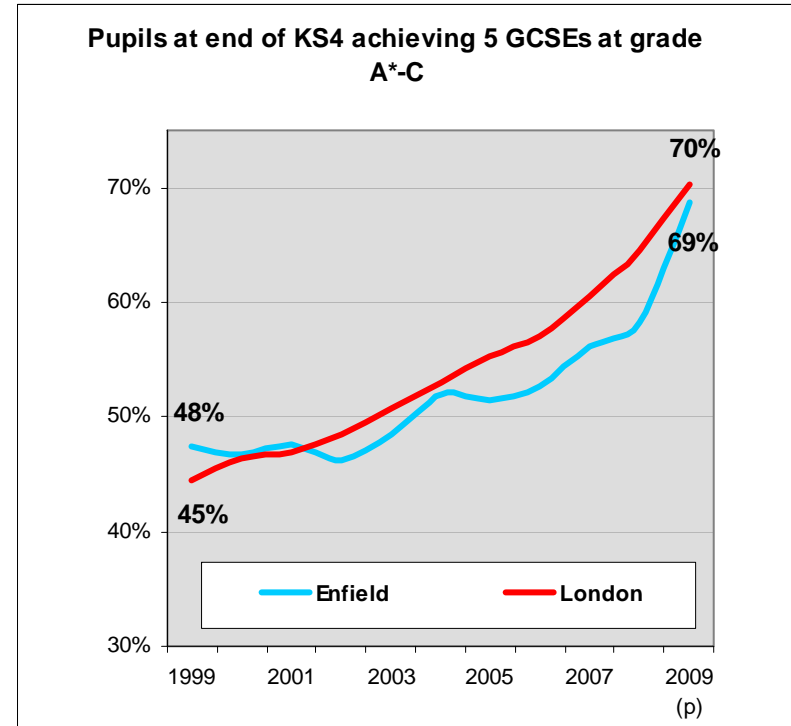


GCSE achievement by pupils in Enfield schools has continued to improve quite rapidly over recent years. The 2009 results show that pupils in the Borough's schools are achieving slightly fewer GCSE passes than the London average.

Over the course of the last decade, the Borough has improved markedly – but in line with the impressive pace of achievement throughout London. Ten years ago, 48% of children were achieving

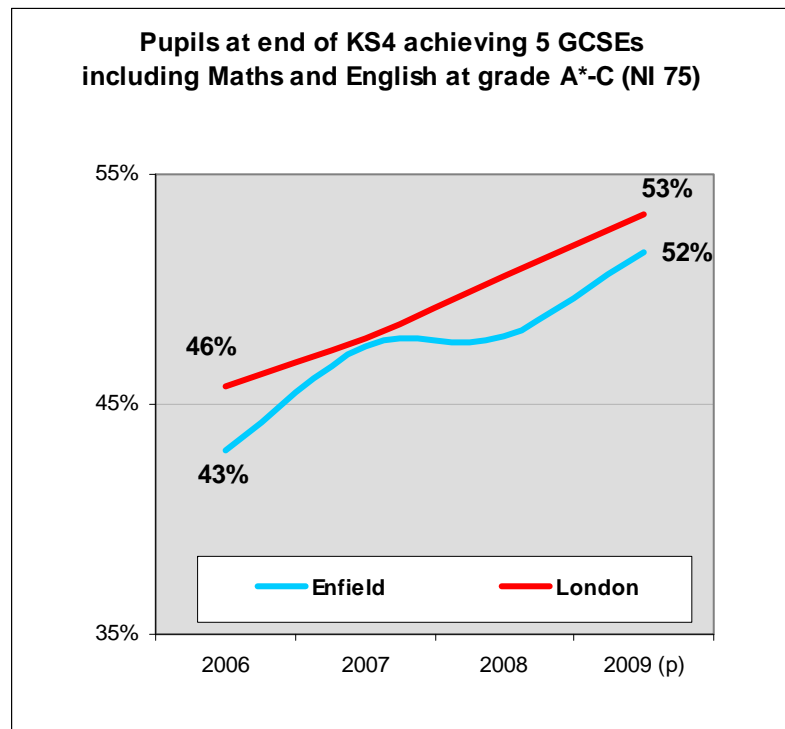
5 GCSE passes at grades A* to C and in 2009 this had risen to 69%.

Chart 10



This ranks Enfield as 19th out of all 32 London Boroughs for the overall percentage of pupils achieving 5 passes at grades A*-C. There is a similar picture revealed when applying the “tougher test” of pupils achieving 5 good passes including Maths and English (NI 75).

Chart 10

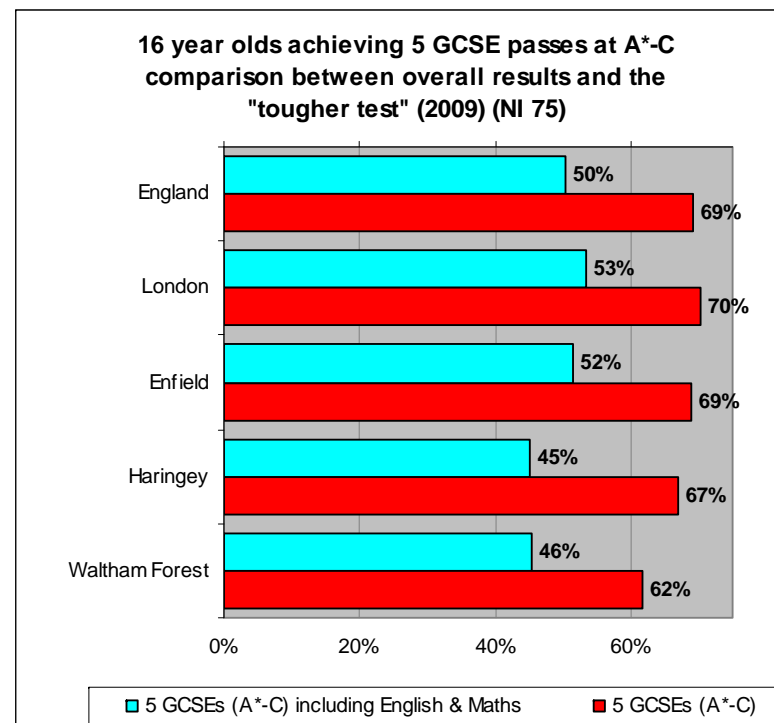


At 52%, the Borough was just 1 percentage point below the London average but matched the England average and is ranked as 17th out of 32 London Boroughs.

The gap between the two sets of GCSE results for the Borough is 17 percentage points and this compares favourably with the England and London averages and is rather better than adjoining Boroughs.

A closer examination of the school-by-school figures reveals why the Borough average has tended to be little better than the London averages. Several of the schools in the Borough (e.g. Latymer, Enfield County, Southgate School and Enfield Grammar) have consistently excellent results with around three quarters or more of pupils achieving 5 GCSEs at grades A*-C at Key Stage 4.

Chart 11

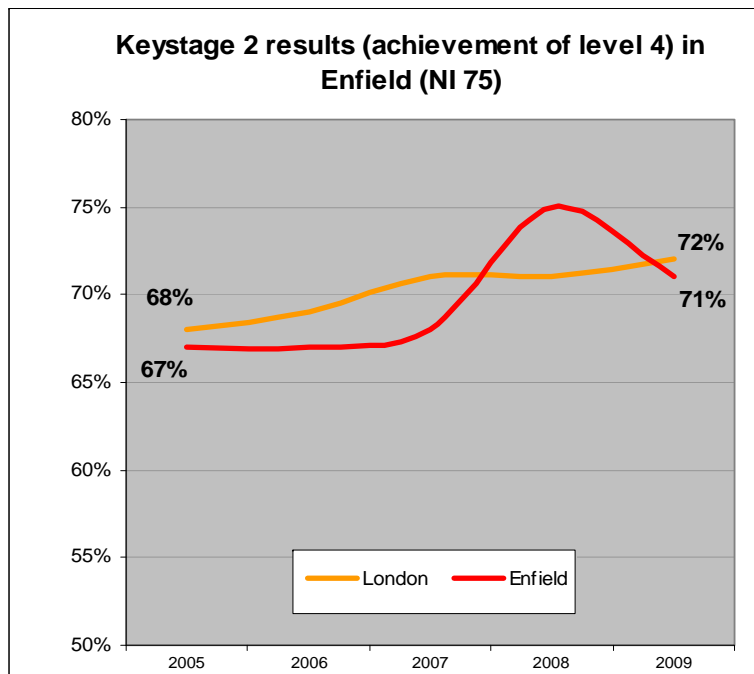


However three schools are consistently producing very low levels of performance – Albany School on Bell Lane in Brimsdown; Gladys

Aylward School on Windmill Road, Edmonton; and Turin Grove School in Ponders End.

Pupil achievement on transition to secondary schools also suggests some fluctuation and under-performance at a Borough level. The 2009 results show that only about 70% of children at Key Stage 2 (aged 11) achieve the benchmark Level 4 result.

Chart 12

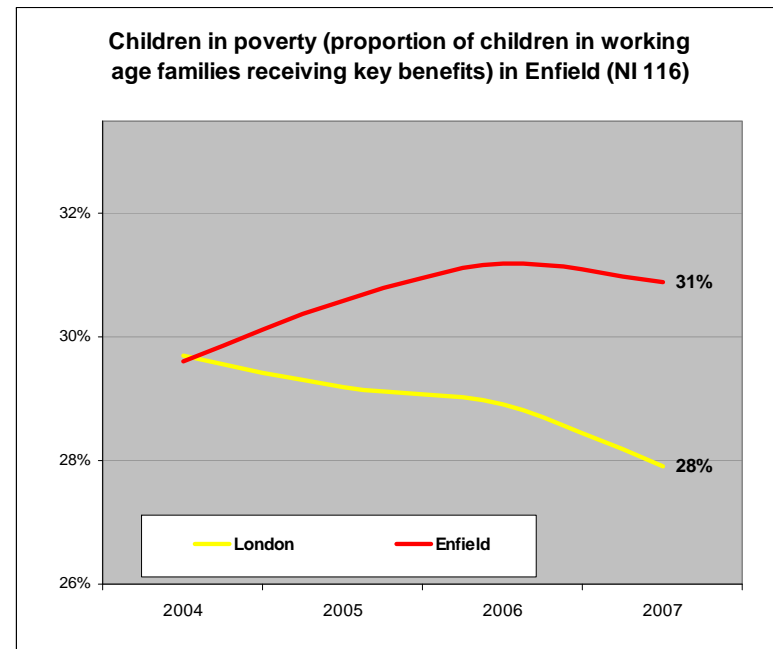


Although this is only slightly below the London average, it compares less well with adjoining Barnet but is better than Haringey or Waltham Forest. After a very good result in 2008, the proportion of children achieving a good KS2 result seems to have dropped back

quite sharply to the level seen in previous years. Arguably this is a predictor for future achievement at KS4 and a challenge to the Borough's secondary schools to overcome this under-performance.

Against this background of under-performance at KS and KS4, it is noticeable that the economic circumstances of some of the Borough's children has been worsening. The most recent data showing children living in poor households indicates that child poverty worsened in Enfield in the last 4 years – whilst in London as a whole, there was a modest but significant improvement.

Chart 13



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