

Education without jobs? Youth unemployment in Birmingham

One in five young people age 16-24 and not in full-time education is unemployed. That's almost one million young people who can't get a job. The high level of youth unemployment was certainly one of the underlying causes of the August riots. The *Guardian's* analysis of the rioters was that they were in the main young, poor and unemployed.¹

This pamphlet is focused on youth unemployment in Birmingham, setting it in the national context. It provides a dossier of facts and figures, it explains changes in the labour market, and it examines the policies on unemployment of the Coalition government, its Labour predecessor, and Birmingham City Council, with a particular focus on apprenticeships. It ends with some proposals for a set of policy demands. Of course, youth unemployment can only be seriously reduced by radical policies at the national level, but in the meantime there are also some steps which can be taken locally.

The pamphlet draws heavily on two Birmingham City Council reports: *Supporting the Recovery*, a report published in June 2011 by the Transport, Environment and Regeneration Overview and Scrutiny Committee. Available on the BCC website (Google the title). BCC, *Local Economic Assessment for Birmingham*, August 2011. Available at

<http://www.birminghameconomy.org.uk/dl-show.asp?displayfile=../download/economy/leaaug11.pdf>

I've also made use of:

Dalia Ben-Galim and Glenn Gottfried, *Exploring the relationship between riot areas and deprivation – an IPPR analysis*. 16 August 2011. Available at <http://www.ippr.org/articles/56/7857/exploring-the-relationship-between-riot-areas-and-deprivation--an-ippr-analysis>.

The best political analysis (though still with some points to debate) is by Patrick Ainley and Martin Allen in their book *Lost Generation?* and in other publications, most recently:

Martin Allen and Patrick Ainley, *Why young people can't get the jobs they want*, 2nd edition, July 2011. Available at www.radicaled.wordpress.com

¹ Matthew Taylor, Simon Rogers and Paul Lewis, 'Young, poor and unemployed: the true face of England's rioters', *The Guardian* 19 August 2011, pp4-5.

This pamphlet is work in progress, partly because I'm still in the process of trying to get to grips with the issues, and partly because we need more information about the outcomes in Birmingham of recent and current policies, and the implementation of new ones, by government agencies and the city council. So all further information and comments would be welcome.

Unemployment: the national picture

The current national figure is 2.51 million unemployed. Office of National Statistics figures show that there were 297,000 households (not counting student residences) where every adult has 'never had paid work' – the highest figure in a decade. 1.84m children are in workless households.²

There are important ethnic differences in unemployment rates. 75% of white people of working age have a job, about 60% of African-Caribbean descent, and less than 50% of Pakistani or Bangladeshi origin.

There are two reasons for the rise in unemployment. One is more recent: the recession. But underlying it are long-term structural changes in the economy. The biggest change is the decline of manufacturing, which provided jobs for large numbers of young people, and apprenticeships for many young men. The years between 1981 and 2001 saw a loss of 2 million manufacturing jobs. A further 1 million disappeared in the 2008/10 recession, leaving a total today of 2.3 million jobs in manufacturing, representing only 11.4% of the country's total employment (a much lower percentage than the EU average of 17.3%).

The new industries of the globalised economy have not created nearly enough jobs to compensate for those lost. The internet industry, for example, now contributes 7.2% of the UK's GDP, making it the fifth largest industry, just behind the financial sector and more significant than transport and construction together.³ But internet companies only employ 250,000 people, far below the 2.3 million currently employed in manufacturing. Fewer, in fact, than the number of people employed by Tesco - Britain's largest private sector employer.

The sector of the economy which has grown in terms of employment is the service sector – increasing from 60% to over 75% of the working population between the end of the 1970s and today. Almost 3 million jobs were created in the financial and business sectors of the economy

² 'Workless households rise 5% to 370,000', Randeep Ramesh, guardian.co.uk, 1 September 2011.

³ *Guardian* 28 October 2010.

between 1981 and 2001. Employment in education, health and public administration also grew by almost 1.4 million during this period. Today 12.2% of the working population are employed in health and social care and 10% in education, compared with 4.4% in finance and insurance and 4.1% in information and communication. There has been a large increase in low paid and unskilled work in areas like retailing, catering and the 'care' industries. The fastest growing occupations in absolute terms are educational assistants - a 91% increase (up from 252,358 to 483,979 between 2001 and 2009) and care assistants - a 28% increase (up from 563,112 to 719,453 in the same period).

Over and above these structural changes jobs are now being lost because of the recession. The Office for National Statistics reports that much of the recent increase in redundancies has been among women.⁴ The unemployment rate among men remains higher, but cuts in the public sector, where females make up almost two-thirds of the workforce, have hit women particularly hard. A GMB survey of the proposed cuts in 193 councils showed three times as many women as men were likely to lose their jobs. Nationally, the number of jobless women has reached 1.05 million, the highest level since 1988.

Youth unemployment: the national picture

The number of young people claiming seasonally adjusted Job Seekers Allowance in the UK now stands at 11.4%. Not counting those in full-time education, 18.2% of 16-24 year olds and 17% of 18-24 year olds don't work.

Unemployment hits young people whatever their educational background. Having a degree doesn't guarantee a job. Of those graduating in 2009, 8.9% were out of work in January 2010, the highest level since 1993.⁵ Many can only find low-skilled jobs, resulting in increased competition for those with lower-level qualifications. 40 percent of the university graduates in 2010 were still in low skilled jobs six months after graduation. Nearly a quarter of UK engineering graduates are working in non-graduate jobs or unskilled work such as waiting and shop work.⁶

⁴ 'Women bear the brunt as Birmingham hits hard times again', [Rupert Neate](#) and [Heather Stewart](#), [The Observer](#), 21 August 2011.

⁵ BBC News website 1 November 2010.

⁶ Engineering graduates 'taking unskilled jobs', Katherine Sellgren, BBC News 8 September 2011.

Why can't young people find jobs?

There are three reasons: discrimination by employers, the recession, and structural changes in the labour market.

A survey of 1500 young people by Teesside University found that 57% said that employers were discriminating against them because of their youth. Only 49% believed they would have a secure job in five years' time. In 2010, of the 218,000 new jobs created, 104,000 went to the over 65s: 'Talk to Sainsbury's or any other major retailer and they say they like older workers. They are more reliable, their absenteeism is lower, and customers trust them'. In April 2011, with unemployment for 18-24 years olds reaching almost 18%, the rate of unemployment among 50-64 year olds was unchanged at 4.8%, while the rate for those over 65 fell to 1.9% from 2.5%.

Youth unemployment has increased significantly during the recession. Young people are often the first to be made redundant, particularly if employers follow the 'last in, first out' principle which many trade unions support.

But the main reason for the high level of youth unemployment is wider structural changes in the economy – changes which have been accelerated by the economic downturn but not caused by it. There is no longer the need for youth labour in the economy that there was decades ago. The biggest change is the decline of manufacturing, which provided jobs for large numbers of young people, and apprenticeships for many young men. There has also been an important change in the nature of office work. Offices provided large numbers of semi-skilled clerical jobs for working-class girls and were an attractive alternative to factory employment. The transformation of clerical work by information technology has resulted in the disappearance of many of these jobs.

There is evidence of the psychological consequences of rising unemployment for young people. The Prince's Trust conducted three surveys of young people in 2009 and 2010. In comparison with other young people the young unemployed were found to be significantly more likely to feel ashamed, rejected, lost, anxious, insecure, down and depressed, isolated and unloved. They were also significantly less happy with their health, friendships and family life than those in work or studying, much less confident of the future and more likely to say that they had turned to

drugs, that they had nothing to look forward to and that their life had no direction. And many reported having suicidal thoughts.

Poverty in Birmingham

According to the *Guardian's* report, the majority of people who have appeared in court nationally as a result of the riots live in poor neighbourhoods, 41% of them live in the worst 10% of deprived neighbourhoods in the country. 66% of the neighbourhoods where the accused live got poorer between 2007 and 2010.⁷

The major cause of poverty is unemployment (though employment in low-paid jobs can also leave people below the poverty threshold). How does this picture of poverty, especially among young people, apply in Birmingham? Birmingham is one of the poorest cities in the country. It is the ninth most socially deprived local authority out of the 354 authorities in England and the third most deprived of the eight English core cities, after Liverpool and Manchester. It is the most deprived local authority in the West Midlands. 40% of Birmingham's population living in Super Output Areas (SOAs - small postcode areas) which are amongst the 10% most deprived in the country. Out of the 32,482 SOAs in England, Birmingham has 3 SOAs in the 100 most deprived in England - including an SOA in Sparkbrook that is the 25th most deprived in the country. The 10 most deprived wards in the city, ranked in order, are Washwood Heath, Sparkbrook, Nechells, Aston, Lozells & East Handsworth, Bordesley Green, Shard End, Kingstanding, Soho, and Ladywood.

Unemployment in Birmingham

The overall seasonally adjusted unemployment rate in Birmingham increased to 11.9% in June 2011 - up from 11.5% a year ago. Birmingham's unemployment rate remains significantly above the national and core cities average. Of the eight core cities, Birmingham's rate is the second highest, behind Liverpool.

Unemployment is very unevenly spread around the city. Of the Birmingham wards, the highest unemployment rates are in Aston (29.4%) and Washwood Heath (28.1%), while the lowest rates are in Sutton Four Oaks (2.8%) and Sutton New Hall (2.9%).

⁷ Matthew Taylor, Simon Rogers and Paul Lewis, 'Young, poor and unemployed: the true face of England's rioters', *The Guardian* 19 August 2011, pp4-5.

There are also important differences among various ethnic groups in the city. Unemployment among the White resident working age population of Birmingham is 24.9%, compared to 39.2% for BME groups. Within the BME community the proportion of the working age population who are unemployed is highest in the Pakistani/Bangladeshi community (47.2%) and lowest in the Indian community (30.4%).

Most Birmingham constituencies have seen a more than 20% year-on-year increase in female unemployment. In the Ladywood constituency 2,642 women, or 7.1% of the female population, do not have a job. The number of women registered on the claimant count in Ladywood in July 2011 was 24% higher than it was a year ago.

Youth unemployment in Birmingham

Birmingham has a relatively young population. Nearly 46% of residents are younger than 30, compared with the England average of 38%. In contrast, only 34% of the city's residents are older than 44; the national average is approximately 41%.

The percentage of young people claiming seasonally adjusted JSA (Job Seekers Allowance) in Birmingham is currently 20.9%. The unadjusted youth unemployment rate - 21.1% - is the highest amongst the core cities, significantly above the core city average of 16.2%. Youth unemployment is concentrated in the poorer areas of the city. For example, the September 2011 figures for NEETs - young people 16-24 Not In Education or Employment - is highest in South Yardley and Weoley wards, with 100 registered in each, and lowest in Sutton Vesey ward, with just 8.

In Birmingham there is a clear link between social deprivation, levels of qualifications and skills, and unemployment. Those areas of the city that do poorly in relation to one of the factors also do poorly in relation to the others, with the inner city and some outer city estates consistently being the areas that perform less well. The relationship between poverty and the local economy is complex. Social deprivation is both a cause and effect of underperformance in the local economy.

The Birmingham economy

Over the last decade total employment in the private sector in Birmingham has declined, while public sector employment has grown considerably, especially in business services and hotels and restaurants.

Only 14 of the city's 39 wards have seen private sector employment grow between 1998 and 2008. However the total number of private sector jobs generated in these 14 local areas is relatively small with only 8,323 private sector jobs being created. The service sector now accounts for 80% of the jobs in the city, driven by the expansion of the financial & professional services, based on higher skilled occupations, and the visitor economy. 35 of the 39 wards have seen a growth in public sector employment between 1998 and 2008, totalling 52,134 jobs.

The decline in private sector employment is largely due to heavy reductions in the manufacturing sector and sluggish growth in the Business Professional and Financial Services sector. Between 1998 and 2008 Birmingham's manufacturing employment declined from nearly 99,000 to only 49,000. Longbridge, Northfield and Washwood Heath have seen some of the largest decreases in private sector employment in the city over this period as a result of the closure of several large employers in these areas such as MG Rover, Alstom and LDV. Other areas in the inner city such as Sparkbrook, Sparkhill and Soho have also seen significant loss of private sector employment due to a decline in smaller scale manufacturing businesses and retail. Other localities within the city that have significant concentrations of employment are Nechells, which also covers part of the city centre, and Edgbaston, which includes a large commercial district around Five Ways and along the Hagley Road. Both these areas have seen a decline in private sector employment over the past decade. Private sector employment growth has been negligible even in Ladywood, the ward that contains the city centre and central business district, which would be expected to be driving private sector employment growth in a decade of relative economic prosperity and one where significant development investment has taken place in the city centre.

The decline of manufacturing in Birmingham, and of large-scale companies, is shown by the following figures. Only 26 private sector employers in Birmingham employ 1000 or more workers. 10 of them are in retail, including 4 supermarkets, 5 are in manufacturing (including Kraft Cadbury), and 4 in banking. The largest is the bus company West Midlands Travel (owned by the National Express Group) with 4800 employees. The second largest is Sainsbury's with 3470. The largest manufacturers are Cadbury (Kraft) with 2500 and Jaguar with 2000.

Nationally, a small number of high growth companies are responsible for much of the growth in private sector employment. Birmingham has a

proportionately small number of these high growth companies, which is contributing to Birmingham's lack of private sector employment growth. As well as fewer growing firms, the city has a larger proportion of shrinking firms and lower business survival rates than the national average.

Birmingham has relatively low levels of self employment. Only 10.2% of Birmingham's working age population are self employed, below the national average (13.0%) and many of the core cities. The proportion of 18-24 year olds who are engaged in early-stage entrepreneurial activity in Birmingham is three times smaller than in London. Birmingham also has a particularly poor level of female self employment. Only 5.0% of Birmingham's working age female population are self employed, compared to nearly 11% in London. Female self employment rates in the city are the third lowest of all the core cities.

The impact of the recession

Birmingham and the wider West Midlands region were heavily affected by the recession of 2008-2009. Birmingham lost 21,900 private sector jobs between 1998-2008. The number of Birmingham residents in employment fell sharply from 406,500 in March 2008 prior to the start of the recession to 387,500 in December 2009 as the UK moved out of recession.

Over this time the number of Birmingham residents employed in manufacturing fell from approximately 50,000 to 35,000 – accounting for three quarters of the fall in employed residents in Birmingham during the recession. Banking, financial and professional services has seen the largest fall in absolute numbers, with employment falling by 13,000. Manufacturing employment in the city saw the next largest decline with 8,000 jobs lost. This was also the largest proportional fall, resulting in a 16% decline in manufacturing employment in the city.

Future employment prospects in Birmingham

This section draws on *Supporting the Recovery*, a report published in June 2011 by the Transport, Environment and Regeneration Overview and Scrutiny Committee, based on the views of representatives of businesses located in Birmingham on creating the conditions for private sector growth. The recommendations were agreed by Birmingham City Council at its June 2011 meeting.

‘An additional 124,100 jobs would be needed in the Birmingham Primary Urban Area for the employment rate to equal the national average.’ (*Supporting the Recovery* p29).

‘Forecasts for the next decade suggest employment in Birmingham will contract. Factors include vulnerability to public sector cuts and private sector job losses as result of deficit reduction. At the same time, the numbers of people seeking employment is likely to increase due to:

- An increase in the working age population stemming from the young age profile of the city – estimates suggest that there will be a 34,200 or 5.3% increase in Birmingham’s working age population, from 649,300 (2010) to 683,500 (2020);
- Changes to benefits resulting in claimants being moved to Job Seekers Allowance (JSA) (including Work Capability Assessments being carried out on Incapacity Benefit (IB) / Employment Support Allowance (ESA) claimants and lone parents being moved to JSA earlier).

This will add to a situation of structural, long term unemployment and worklessness in some areas.’ (*Supporting the Recovery* pp29-30)

The occupations that are forecast to decline most from now to 2020 are manual jobs - both skilled and unskilled, lower skilled occupations such as plant and machinery operatives, and clerical and secretarial roles. Public Administration is the sector which is forecast to have the largest absolute job loss between 2010 and 2020.

There will still be job opportunities, due to replacement demand (e.g. retirement), but the highest level of demand will be for those with degrees or equivalent. Expansion is expected in higher-skill higher-qualification occupations such as corporate managers and professional and technical occupations. There will be a combined demand for 49,100 new workers qualified to first and higher degree level. This accounts for over one in four jobs (26.7%) generated through replacement demand between 2010 and 2020.

A major job increase is predicted in service occupations, although many of these positions will be part-time and low paid. Although there will be demand for those with GCSE grades below ‘C’, of the total demand for

186,400 new workers only 14,000 - 7.5% - will be for those with no qualifications. Detailed forecasts for sectoral employment change in Birmingham between 2008 and 2020 show substantial employment growth in Health & Social Work, likely to be due to extra demand for carers as the population ages.

Education and skills

Birmingham has a high proportion of its working age population with no qualifications - 20.7% compared to 12.3% nationally and a core city average of 18.0%. Birmingham also has a lower proportion of working age residents with higher qualifications - 23.5% compared to 28.7% nationally and a core city average of 26.9%. Within the city, the inner city and some deprived outer city estates have the highest levels of residents with no qualifications. So for example the proportion of the working age population qualified to NVQ level 4+ is 5.8% in Shard End compared to 40.6% in Moseley & Kings Heath.

There are also different qualification levels between different ethnic groups in the city. Over 50% of working age people of Pakistani and Bangladeshi heritage have no qualifications compared to 31% of the White population.

GSCE results have improved greatly in recent years, and the proportion of 16 year olds gaining 5 or more GSCEs at A*-C grade is now above the national rate. However, it will take some time for this to significantly influence the overall working age qualification rates. But the proportion of 20-24 year olds qualified to NVQ Level 4+ in the city has increased since 2004. Birmingham is now mid-ranking amongst the core cities in the proportion of highly qualified young people in the labour market although it is still slightly below the national average.

‘The importance of ensuring young people leave school with the necessary skills to progress into further / higher education / employment was addressed in the Children and Education O&S Committee’s Scrutiny Overview of Functional Literacy and Numeracy. This was undertaken in response to the perception that some young people were leaving school without the necessary skills in English and Maths to engage successfully as citizens, progress in further learning, or secure good jobs within the city.

The Functional Literacy and Numeracy Scrutiny Overview concluded that the problem was “not that the vast of majority of

young people cannot read or add up but they are unable to apply the concepts they have learned in a practical context such as the world of work; and they had not developed sufficient employment skills, such as team working, problem solving and flexibility”.

Two ongoing actions resulting from this are for the Cabinet Member for Children, Young People and Families to:

- Encourage schools to explore new ways to develop and strengthen their links with businesses, voluntary and community organisation and the City Council and its partner organisations to improve communication skills via work based opportunities; and
- Work with schools to identify where current year 10 pupils have held their work experience in 2010 to form a baseline and register of businesses for future placements, monitoring and improvement.’
(*Supporting the Recovery* p39)

I have carried out research recently into work-experience in Birmingham schools which found that work placements tend to be class-biased, i.e. middle-class pupils tend to get ‘professional’ placements and working-class pupils tend to get working-class placements, thus reinforcing patterns of class inequality.⁸ What is being done to challenge this?

The Labour Government and youth unemployment in Birmingham

The Labour government’s Future Jobs Fund (FJF) was based on the premise that if jobs were not available they would need to be created. Under the £1 billion scheme, local authorities and voluntary and private sector employers could be subsidised by up to £6,500 to take on a jobless young person. The 150,000 new jobs were to be ‘socially useful’ and 10,000 had to be ‘green’. FJF represented a small step in the right direction, but it was not without its weaknesses. Jobs were only guaranteed for six months and were relatively low skilled and at the minimum wage. Nevertheless, FJF was described by the TUC Touchstone website as ‘the most progressive employment programme for a generation’ and it did at least stabilise youth unemployment. It was one of the first things abolished by the Coalition government.

In Birmingham the following actions were taken:

⁸ Richard Hatcher and Tricia Le Gallais (2008) *The work experience placements of secondary school students: widening horizons or reproducing social inequality?* Birmingham: Birmingham City University Faculty of Education.

'A Work and Skills Plan position statement for the city was produced in April 2010 (as part of the former requirement for each Local Authority to prepare and publish a Local Economic Assessment). This set out:

- Existing work and skills priorities and principles;
- Current business needs;
- Future skills needs;
- Tackling worklessness and economic exclusion;
- Informal adult learning priorities.

At a more local level, seven Neighbourhood Employment & Skills Plans (NESPs) and ten Constituency Employment and Skills Plans (CESPs) were developed to identify local Interventions to address worklessness. These focused on areas in the city with high concentrations of worklessness. They were used to determine the commissioning of projects, paid for by the Working Neighbourhoods Fund (which ended in March 2011).’ (*Supporting the Recovery* p38)⁹

What is the balance-sheet of the WNF in terms of the number of new jobs created, how many of them were new jobs for young people, and how many new apprenticeships were offered?

The Coalition and youth unemployment

The Coalition government denounced the Future Jobs Fund as expensive, bureaucratic and ineffective and replaced it by its 'Work Programme', launched in July 2011. Private contractors find employment opportunities and are paid by results - for example they receive £4050 for finding a job for an 18-24 old who has been on Job Seekers Allowance.

The Coalition policy is as follows:

'The Government's strategy for Skills, Skills for Sustainable Growth, and its parallel publication, Investing in Skills for Sustainable Growth published in November 2010 sets out the government's vision for reform of the further education and skills system. This includes:

⁹ Reports of Birmingham case studies are available at <http://bebirmingham.org.uk/page.php?id=149&mid=39>

- Ensuring that funding for adult education is refocused on those who need it most i.e. by supporting adults who lack the basic skills they need to access employment and support the unemployed who are actively seeking work;
- Improving the quality of information available about skills and make it easier to access through the new all-age career service;
- Offering every individual adult undertaking learning a Lifelong Learning Account;
- Employers working alongside Government and a re-modelled UK Commission for Employment and Skills to identify and increase investment in the skills they need;
- Introducing from 2013/14 new Further Education loans to assist people access the funds they need to gain intermediate and higher level skills;
- Increasing competition between training providers to encourage greater diversity of provision, including for instance FE colleges offering more Higher Education courses;
- Freeing providers from excessively bureaucratic control and centrally determined targets and radically simplifying the formulae which determine funding for adult education.

The paper also sets out the shared responsibility of Government, employers and individuals. The focus is to prioritise public funding support for learners with very low levels of skills or the disadvantaged, and there will be an expectation that learners and employers will co-invest alongside Government in meeting the costs of intermediate and higher level training courses from which they will derive private benefits – learners and employers will “take greater roles in the system.” (*Supporting the Recovery* pp24-5)

The Skills Funding Agency (SFA)

‘The Department for Business, Innovation and Skills (BIS) issues an annual budget and a set of targets through the Skills Investment Strategy, which is administered by the SFA.

The SFA is responsible for funding and regulating adult further education and skills training in England. They invest £4bn a year in colleges and training organisations, who are allocated funding based on their track record and against priorities. The colleges and training organisations then have discretion over expenditure to meet the needs of local businesses and communities.

The SFA work with the Department for Work and Pensions (DWP) and Jobcentre Plus (JCP) to develop and deliver an employment and skills service to individuals and employers, increasing people's chances of gaining and sustaining employment through continued skills development both before and after recruitment; and with the Department for Education, via the Young People's Learning Agency (YPLA).

Importantly, the SFA is not a planning body as the Learning and Skills Council (LSC) was, so it does not fund training provision based on strategic planning numbers. Rather it funds training provision by contracting through competitive processes to a wide range of training organisations based on employer and learner demand.' (*Supporting the Recovery* p35)

In other words there is no agency actually responsible for strategic planning for job and training creation. Instead, it is market-led by individual demand and supply.

The Regional Growth Fund (RGF)

'The successful bids were announced on the 12th April 2011. In the West Midlands five projects received conditional allocations, with the aim of creating 6,193 direct and 34,669 indirect jobs:

- Alstom Grid UK;
- Birmingham Chamber of Commerce;
- Bosch Thermotechnology Ltd;
- Jaguar Land Rover;
- Prince's Regeneration Trust. (*Supporting the Recovery* p23)

How many of these jobs are in Birmingham? Of them, how many for young people, and how many apprenticeships? The Jaguar Land Rover allocation is £70 million to invest in a research and investment facility and to provide apprenticeships, but no numbers are given.

The RGF second round of bidding opened on the 12th April 2011 and closed in July 2011, but the results don't seem to be available yet.

A recent press report illustrated the delay between registering as unemployed and getting training under the Work Programme, and the low rate of success in getting a job afterwards.

'Helen Page, who runs the Eos Employment Centre in Aston, says most of the "clients that start their journey" at Eos's vast warehouse in an industrial estate are 18-to-24-year-olds who have been through the New Deal scheme but still don't have a job. "If they didn't get a job through that, they go back to the jobcentre and then end up here," says Page. She concedes that she expects just 35%-40% of the people that come through the door to have a permanent job at the end of the Work Programme, which can last up to two years. She says her centre, which has a fully equipped kitchen to train people for the restaurant trade, has noticed a rise in female clients, but points out it will take up to a year for women joining the claimant count now to be referred to Work Programme centres.'¹⁰

Birmingham City Council and the Work Programme

'The City Council does not directly provide skills training, however it has had a role in directly commissioning skills training (through WNF) and will continue to have a significant role in influencing delivery of skills training, through the Work Programme, co-design of services and other local policies.'

'In September 2010, the Council's Growth and Regeneration Corporate Management Team considered a series of options for the Council's involvement in the Work Programme. The team endorsed an approach whereby the Council would not itself bid to deliver the programme as a prime contractor, but would:

- Work with partners and consortia to negotiate with the potential DWP providers around possible sub-contractual/delivery arrangements for specific elements of the programme;

¹⁰ 'Women bear the brunt as Birmingham hits hard times again', [Rupert Neate](#) and [Heather Stewart](#), [The Observer](#), 21 August 2011.

- Develop influence around the commissioning and subsequent management and monitoring of the Work Programme locally, through strategic links with JCP district office and DWP.

Meetings have been held with 14 potential prime contractors, which it is hoped could develop into three distinct types of working relationship:

- Direct delivery relationships between some potential prime contractors and the Council's Disability Employment Solutions function;
- Joint Working Protocol: to be agreed with the prime contractors in respect of other Council services that will run in parallel to Work Programme;
- Brokerage of sub-contracts between prime contractors and key external partner agencies: the Council is currently working actively to facilitate joint working/sub-contracting between the Prime Contractors and other partner agencies, specifically BEST Network (third sector consortium), Birmingham Social Housing Partnership members, Centro/WorkWise) and Birmingham Voluntary Services Council (around volunteering options).

Subsequently, in April 2011, DWP announced the preferred bidders for the Work Programme. For Birmingham, Solihull and the Black Country these were: FourStaR Employment and Skills Ltd; Newcastle College Group and Pertemps People Development Group.

City Council Officers are continuing to meet with the preferred bidders to continue to develop the three distinct types of working relationship outlined above.

A direct relationship with JCP is being developed, as Birmingham City Council is one of five Local Authorities piloting the co-design of service delivery, including the co-design of services with Job Centre Plus, developing new solutions to specific aspects of worklessness. Development of the approach is currently underway as part of a pilot initiative centred on the Lozells/Handsworth area of Birmingham.' (*Supporting the Recovery* pp44-5)

We need information about all this, including the Lozells/Handsworth pilot initiative.

Apprenticeships: Coalition policy

The announcement by the Coalition in its 2011 budget of 50,000 new apprenticeships will bring the total to 250,000 by 2015. According to the government, apprenticeships combine employment with training in technical knowledge and understanding, and generally last between one and four years. Apprenticeships include a competence-based element (most commonly a National Vocational Qualification (NVQ)), a knowledge element (often referred to as a Technical Certificate), transferable skills (known as Key Skills, or Functional Skills from March 2011), and employee rights and responsibilities. They are available as Intermediate Level Apprenticeships, Advanced Level Apprenticeships, or Higher Apprenticeships.

Apprentices are paid a wage. The minimum wage for apprentices is £2.60 per hour for those under 19, or those aged 19 and over but in the first year of their Apprenticeship. This new rate falls in line with the wider [National Minimum Wage](#) requirements, but the average wage is higher, around £170 per week.

According to the 2011 Wolf Report on vocational education, apprenticeships provide a much higher return to young people compared with school and college based full-time vocational education courses. This is because they provide practical experience in the workplace. But the demand for apprenticeships greatly exceeds supply. There are good apprentice schemes like BT and Rolls Royce, 'offering good salaries and quick promotion', which are heavily oversubscribed. Last year BT had more than 100 applicants for each place, and Network Rail had 8000 for 200 places. At PricewaterhouseCoopers, where they run an A-level entry scheme, there have been 1,600 applications for 100 jobs so far this year, almost four times as many as three years ago. Marks & Spencer has had 1,600 competing for 40 school-leaver places, up from 1,100 last year. But these companies are the exception.

'Only one in 10 firms offers apprenticeships at all, and those that exist are of hugely variable quality. Some are nothing other than opportunities for firms to take on cheap labour without offering any training at all. I know a hairdressing trainee who has spent a year doing nothing more than sweeping floors and washing hair: when she asked to learn more last month, her boss told her that if she

wasn't happy she could get out; he had 10 teenagers after every job. That variability in quality is one reason why the apprenticeship retention rate is only 65%.¹¹

The coalition exceeded its target of creating 203,200 apprenticeships for people over 19 in the 2010-11 financial year, creating 257,000 new apprentices, according to figures released in June. Research by the House of Commons library, commissioned by the Labour Party, shows that the increase is due to a "striking rise" in apprentices over 25, rather than young people.

The analysis reveals a 10% increase in teenage apprentices this year, compared with the academic year which started in September 2009. Teenage apprentices rose from 93,700 to 102,900. There was a 21% rise in apprentices aged 19-24, from 85,100 to 102,800. But the number of apprentices aged over 25 nearly quadrupled, from 36,300 to 121,100.

The research shows that the biggest increases in apprenticeships are in health and social care and retail. One of the most dramatic increases was in the "cleaning and support service industry", where 1,930 apprentices were created in the academic year 2010-11, compared with 360 in the previous academic year.

The statistics show a big rise in short-term apprenticeships, but only a small increase in longer-term apprenticeships which create opportunities to specialise and acquire academic qualifications. Over the first three-quarters of 2010-11, apprenticeships lasting longer than a year rose by under 2% while those lasting less than a year increased by over 30% on 2009-10. Overall, the proportion of apprenticeships lasting longer than a year dropped from 47% to 41%.¹² Many of these so-called apprenticeships last as little as 12 weeks. They are not real apprenticeships, they are low level cheap labour work placements, with no guarantee of a job on completion.

Apprenticeships in Birmingham

The following quotes are taken from the *Supporting the Recovery* report (pp47-49).

¹¹ 'A-level results not good enough for uni? Getting an apprenticeship is harder', [Jenni Russell, guardian.co.uk](http://guardian.co.uk), 18 August 2011

¹² 'Big increase in apprenticeships due to 'striking rise' in trainees over 25', [Jeevan Vasagar and Jessica Shepherd, guardian.co.uk](http://guardian.co.uk), 14 August 2011.

‘Figures from the Regional Observatory, presented to the Review Group, indicate that there has been a total of 5,318 new apprenticeships in Birmingham in the 2009/10 academic year. In spite of this Birmingham still lags behind most West Midlands local authority areas in terms of the proportion of apprentices who successfully complete their apprenticeships, and also has significantly fewer applicants for each vacancy advertised through the National Apprenticeship Service.’

How many of these new apprenticeships represent an increase in the usual number? Why are there fewer applicants?

‘The Birmingham Apprenticeship Scheme was designed to encourage the take-up of apprentices by SMEs. The programme is led and delivered by Planning and Regeneration Team within the City Council and has placed 170 apprentices into employment, with a total of 93 businesses supported.

The programme aims to increase both the range of sectors and the range of employers, primarily SMEs, who are engaged with the apprenticeship programme, and to increase and sustain the number of young people (16–24 year olds) in Birmingham accessing apprenticeships by contracting with employers to employ the apprentice for a minimum of 2 years. It has provided, with the support from the National Apprenticeship Service providers, NVQ training appropriate to the individual and the employer, as well as access to key skills training.’

170 is a small number. Has this programme now terminated as a result of the scrapping of Labour’s WNF?

The *Supporting the Recovery report* highlights two examples.

‘Amey plc has launched its Amey Apprenticeship Academy, which will bring together young recruits from all of its contracts including the City Councils highway maintenance and management Private Finance Initiative (PFI). As part of the initiative Amey is creating 100 new apprenticeships with 40 in the region. Amey’s apprentices will complete a structured programme involving studying towards National Vocational Qualifications (NVQs), completing work placements, on-the-job training and working to achieve the Gold Duke of Edinburgh’s Award.’

But it doesn't say how many of these new apprenticeships are in Birmingham.

'Wesleyan Pilots New Apprenticeship Scheme: The Wesleyan Assurance Society has partnered with the National Skills Academy for Financial Services (NSAFS) and its lead training provider partner in the Midlands, Birmingham Metropolitan College as part of a groundbreaking apprenticeship scheme. Five new apprentices (three positions were created within customer services division and two positions within general insurance) joined the Birmingham-based organisation on a year-long vocational training programme designed to provide an alternative route for young people to kick-start a career in financial services. The scheme gives the apprentices a thorough understanding of how the financial services industry works and equips them with the necessary skills. The apprentices spend four days working at the Wesleyan's headquarters in Birmingham, with the other day spent working towards a NVQ Level 2 in Business Administration or Retail Financial Services at Birmingham Metropolitan College.'

This is the second example. But the numbers are tiny numbers – only 5 new apprenticeships.

Apprenticeships within the City Council

'The City Council has a role in supporting apprenticeships not only by championing them with businesses but in its own workforce.

Apprenticeship programmes have been developed and delivered across a number of Directorates within the Council. Aimed broadly, but not exclusively, at young people aged 16-24, programmes have primarily targeted those who fall into the NEETs (not in education, employment or training) category, 30% of whom live in the areas of the highest unemployment in the city.

The majority of the City Council apprentices were managed via the People Resourcing Team. The City Council has financially supported the development and implementation of apprenticeships via provision of apprentice salary incentives to Directorates and individual mentors for all apprentices based in the Human Resources team.'

‘From 2010 the People Resourcing Team developed the Internal Apprenticeship model, which took the opportunity to up-skill staff who were already employees of the City Council. 140 City Council employees are currently signed up to the Internal Apprenticeship Scheme and appropriate apprenticeship frameworks to develop their skills and knowledge, to complete a qualification and to consolidate their work experience.’

‘In addition the People Resourcing Team has provided support, resource and expertise to a preapprenticeship training programme within the Housing and Constituencies Directorate, where 96 young people worked towards an NVQ 1 qualification. A number of these also progressed to complete NVQ level 2 frameworks.’
(pp47-9)

Apprenticeships: Birmingham City Council policy

‘One of the priority actions in the City Council’s Corporate Employment and Skills Action Plan is to ensure that there are closer linkages between the Children Young People and Families (CYPF) Commissioning Plan for 14-19 provision to real job and training opportunities, and to influence the volume and nature of the National Apprenticeship Service (NAS) based on the needs of the local economy and business skills requirements.’ (*Supporting the Recovery* p39)

‘The 14-19 Team within the Children, Young People and Families Directorate and its partners will be responsible for ensuring that young people in Birmingham participate by ensuring appropriate provision is available through either the traditional “A Level” route, Apprenticeships or other forms of Work Related Learning.’
(*Supporting the Recovery* p40)

‘In addition the 14-19 Team will continue to work with all post-16 providers:

- To increase participation of 16 and 17 year olds to 98% during 2011/12;
- Continue to identify the destination of the 5% of young people aged 16 and 17 who are ‘unknown’ to Connexions;
- Promote Apprenticeships and Foundation Learning programmes for those young people in employment without training;
- Work with providers and Connexions to develop a strategy for reducing drop-out at 17 through improved information, advice and

guidance, identifying issues at institution level and facilitating better collaboration.’ (*Supporting the Recovery* p41)

More information is needed, including the impact on these policies of the cuts in Connexions.

‘The **Employment Access Team** (EAT) provide bespoke recruitment and retention services to new and existing employers, usually in relation to specific new developments such as a new supermarket. The team makes the connection between live jobs and the targeting of those opportunities through the employment support service provider agencies (public, private and third sector). This ensures job opportunities are available to local workless people, and supports employers in recruiting staff and maintaining a skilled workforce. The team is currently working closely on major developments such as Birmingham Gateway New Street Station project (with Network Rail), for the Highways Private Finance Initiative (PFI) Contract (with Amey plc), and the Birmingham Library.

Contract-compliance can lever jobs and apprenticeships - but will the City Council implement it?

There is one very positive proposal in the *Supporting the Recovery* report. To make commitments to provide jobs and apprenticeships a condition of contracts with private companies to supply goods and services, and to make it a condition of the approval of planning applications. The City Council, even in the context of cuts, has a lot of power to force external organisations to create jobs and apprenticeships through procurement contract compliance. This is what the report says:

The **Jobs and Skills Development using Public Procurement** (JASDUPP) project has provided additional resource to develop and embed the Birmingham City Council Procurement Policy Framework for Jobs and Skills and associated toolkit. By using targeted recruitment and training clauses and training charters, obligations are to be placed on developers, contractors and commissioned service providers to provide jobs, apprenticeships and training opportunities to priority groups.

To support this work, the Planning and Regeneration team’s aim is to include within the Core Strategy, a policy statement on jobs and skills. This will provide the policy context for capturing jobs and

skills, through the planning and development control process – i.e. maximising the council's leverage as a planning authority to achieve outcomes on jobs and skills. Separate guidance will be produced to support implementation.' (*Supporting the Recovery* p38)

And again:

“Increasing the number of apprenticeships by working with public, private and third sector organisations and linking these to priority groups of residents” has been agreed as a high priority in the City Council's Employment and Skills Action Plan. The immediate action is to establish a cross-directorate City Council Apprenticeship Strategy Group to provide a co-ordinated response to maximise the number of available apprenticeships and to better inform National Apprenticeship Service activity. The main issue is to increase the number of apprenticeships per se not just those within the City Council, through the Procurement Policy for Jobs and Skills, better targeted Corporate Social Responsibility (CSR) etc, drawing on the Council's responsibility for NAS provision amongst other things.' (p49)

If this policy was implemented forcefully it could significantly increase jobs and apprenticeships. But will it be? The policy was included, by implication, in the 'Recovery Short Report' to Council on 14 June, which stated that 'The Cabinet Member for Transport, Environment and Regeneration [Timothy Huxtable] should ensure that the Core Strategy contains proposals to facilitate the creation of enough jobs to meet the demands of the growing working age population.' At the following Council meeting, on 5 July, the Annual Report of the Cabinet Member for Transport, Environment and Regeneration stated that:

In 2011/2012 we will:-

- Through the Greater Birmingham & Solihull Local Enterprise Partnership develop plans for the continuation and significant expansion of the Council's Enhanced Apprenticeship programme. Options include the submission of a Regional Growth Fund Round 2 application which if successful would draw down an additional £7 million pounds to the area creating up to 500 additional apprenticeship jobs for young people, and underpin workforce skills development for local employers, particularly small and medium sized enterprises (SMEs).

- Continue to co-ordinate a corporate commitment to addressing worklessness through influencing the practical implementation of the Council's procurement policy to capture local employment opportunities. (p7)

The report gives the examples of the proposed High Speed 2 (HS2) scheme and the redevelopment of New Street Station.

But the Council meeting on 14 June which received the *Supporting the Recovery* report only approved its Recommendations, and these did not include any commitment to using contract compliance to create jobs and apprenticeships. On the contrary, the thrust of the Recommendations was on providers improving skills to meet employers' demands, not on employers creating apprenticeships to develop skills.

So the question is: will contract compliance be implemented, and if so how forcefully?

A programme to tackle youth unemployment nationally and in Birmingham

We have examined national and City council policies. We turn now to the policies that should be implemented.

It is obvious that the problem of high youth unemployment can only be solved by a radical programme of measures at the national level.

The first line of defence is to oppose all job losses resulting from the cuts in public spending, the privatisation of public services, and the recession's impact on the private sector. But saving existing jobs will not necessarily do much to reduce youth unemployment, for two reasons: most existing jobs are not occupied by young people, and most youth unemployment is caused by the long-term collapse in the demand for youth labour. The structural changes in the labour market mean that a future upturn in the economy (even if it is only limited and in some sectors) will not necessarily mean an increase in jobs for young people.

That means we need a programme of demands to tackle unemployment, based on a reduction in the working week and the creation of new jobs - a programme which a Labour government should implement.

The starting point is:

- ***The right to a decent job for all, with a living wage of at least £8 an hour***

If there aren't enough jobs to go round, then share available jobs:

- ***Reduction of the working week without loss of pay***

For a radical programme of job creation, focused on meeting social need, including

- ***Creation of one million climate jobs – in renewable energy, refitting buildings, public transport, industry and education***

A crash programme to construct a sustainable publicly owned energy infrastructure, based on wind, wave, and solar power, would create new jobs in manufacturing, construction and engineering. (See the Campaign Against Climate Change pamphlet *One Million Climate Jobs*). A crash programme of house building and conversion. The renovation and insulation of housing to conserve energy would also create hundreds of thousands of new jobs and avoid a new housing bubble. And the creation of a free, sustainable and integrated public transport infrastructure.

That means making funding available for investment from the banks and government:

- ***For a massive programme of government-funded 'public works', including housing and schools***
- ***Force the banks to release funds for investment in jobs***

Jobs and apprenticeships for young people

In the context of a national programme to tackle unemployment we also need a set of immediate demands specifically addressing youth unemployment - demands on the present government and on a future Labour government.

As well as providing jobs for young people a key demand is for apprenticeships, because they can be the bridge from school and FE to skilled jobs. That means rejecting the dumbed-down fake apprenticeships being sold by the Coalition and a huge expansion of authentic apprenticeships on the Rolls Royce and BT models. The previous Labour government's Future Jobs Fund (FJF) was, as we have said, a step in the right direction and we should campaign for its resurrection and expansion.

- ***For proper apprenticeships developing high-level skills***
- ***All apprenticeships to pay at least the minimum wage***

But creating more apprenticeships only postpones unemployment unless they lead on to a worthwhile job that uses the skills that have been developed.

- ***A guaranteed and appropriate job on completion of apprenticeship***

What Birmingham City Council can do today to tackle youth unemployment

We don't have to wait for the government to act. There are measures that Birmingham city council can take today, and that a Labour council should take tomorrow, using the powers they have (including making full use of the opportunities in the Localism Bill, such as the general power of competence and the retention of the business rate). They should:

- ***publish an audit and evaluation of existing strategies to reduce youth unemployment***
- ***focus policies to tackle youth unemployment particularly on socially deprived areas, and address inequalities of gender and ethnicity***
- ***include substantial quotas for the employment of young people (16-24), including proper apprenticeships, as conditions of contracts, purchasing agreements, planning permission and grants, in line with Council policy as in the Supporting the Recovery report.***

We don't know how many apprenticeships of what sort are being offered by companies in Birmingham. We should demand that the Council (or the Chamber of Commerce) publishes the figures as a basis for a labour movement campaign:

- ***Open the books – carry out an audit and publish the figures on apprenticeships in Birmingham***

So for example how many apprenticeships, and of what sort, does the National Express-owned WM Travel, Birmingham's largest private employer, offer? Another case in point is the new Enterprise Zone in Birmingham, which covers the city centre and has a sector focus on business and financial services, digital media, ICT and the creative

industries. How many jobs including apprenticeships, and of what sort, will be created for young people?

Finally,

- ***The Birmingham Labour Party manifesto for the elections next May should contain a programme of policies to tackle youth unemployment in the city.*** This should include setting up (a) a forum-type Youth Employment body bringing together relevant stakeholders, including representatives of young people, to play an effective role in participating in policy-making, and (b) a powerful Youth Employment Taskforce with executive capacity to implement policy.
- ***Birmingham Trades Council should set up or facilitate the formation of a Joint Union Youth Employment Working Group to audit current provision and develop policies***