

## The Impact of the recession on the job market for young people

### Overview of changes to the 16 - 18 NEET and in learning rates

Since the late summer of 2008 NEET rates for 16 – 18 year olds in Cornwall and the Isles of Scilly, Devon, Plymouth and Torbay have been consistently higher than for the equivalent month one year earlier, although by a relatively small amount. By July 2009 the overall NEET rate across the peninsula was 7.0% compared with 6.6% in July 2008. By August 2009 the rate had risen further to 7.4%. Table 1 shows NEET rates for the months of June, July and August 2009 by local authority (with the equivalent figures for the previous year shown in brackets).

Table 1 – NEET percentage rates by local authority (unadjusted) 16 – 18 year olds

	June 09 (08)	July 09 (08)	August 09 (08)
Cornwall	5.7 (5.4)	6.0 (5.7)	6.1 (6.1)
Devon	5.9 (5.7)	6.4 (6.3)	7.2 (7.0)
Plymouth	9.0 (7.5)	9.5 (8.9)	9.9 (9.7)
Torbay	6.3 (5.6)	8.1 (6.4)	8.5 (7.7)

Source: Careers SW CCIS

Compared with adult unemployment however, the rise in NEET status amongst 16 – 18 year olds has been relatively well contained. Adult unemployment more than doubled between June 2008 and June 2009 and the claimant count has risen for 17 consecutive months. Young adults (aged 18 – 24) are massively over-represented in the claimant count and made up 32.2% of all claimants across Cornwall and Devon in August 2009, whilst accounting for around only 15.5% of the working age population.

Segmenting 16 – 18 year olds by individual year of age shows that the NEET rate for 16 year olds has actually fallen during the recession whilst the rate for 18 year olds has risen significantly. The rate for 17 year olds remained relatively stable. Table 2 shows NEET rates by individual year of age for June 2009 and June 2008 together with the percentage change in rates. Bold figures indicate a rise in the NEET rate.

Table 2 – NEET rates by age June 2008 and June 2009 with percentage change

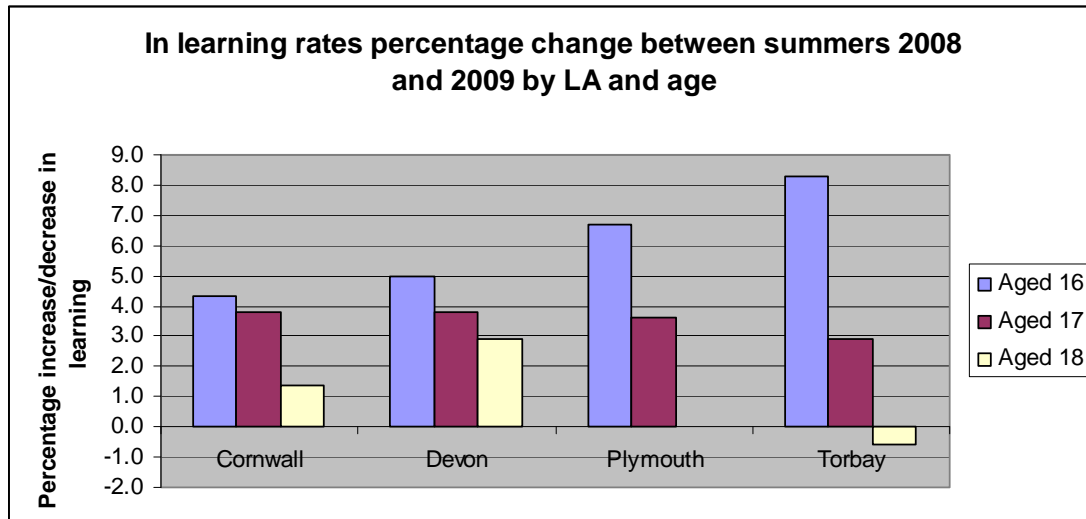
	Age 16			Age 17			Age 18		
	Jun 09	Jun 08	% change in year	Jun 09	Jun 08	% change in year	Jun 09	Jun 08	% change in year
England	6.6%	6.8%	-3%	7.4%	7.4%	0%	7.8%	7.1%	<b>10%</b>
South West	5.1%	5.6%	-9%	6.1%	5.6%	<b>9%</b>	6.7%	5.4%	<b>25%</b>
Cornwall/IoS	4.2%	5.4%	-23%	5.8%	6.3%	-7%	6.7%	5.6%	<b>20%</b>
Devon	5.8%	6.6%	-13%	6.3%	6.2%	<b>1%</b>	6.2%	5.9%	<b>6%</b>
Plymouth	5.1%	7.0%	-26%	7.9%	7.9%	0%	11.0%	7.6%	<b>44%</b>
Torbay	3.6%	8.0%	-55%	7.1%	6.0%	<b>18%</b>	6.6%	5.3%	<b>25%</b>

Source: NCCIS

The percentage of young people remaining in learning has risen during the recession, despite the overall rise in the 16 – 18 NEET rate. There are two conclusions that it seems reasonable to draw from this. The first is that young people are choosing to remain in education for longer as a response to the perceived lack of labour market opportunities. The second is that the increased overall level of NEET young people is almost certainly a result of those young people who are very reluctant to join traditional learning options and who might, in better economic circumstances, be in jobs without formal training.

The rise in the percentage of young people remaining in learning has been most evident amongst 16 year olds and least evident amongst 18 year olds. In learning rates for 16 and 17 year olds rose between the summers of 2008 and 2009 in all local authority areas. The rate for 18 year olds rose in Cornwall and Devon, remained the same in Plymouth but fell slightly in Torbay. Chart 1 shows the changes in learning participation rates.

**Chart 1: In learning rates – change between summer\* 2008 and summer\* 2009**



Source: NCCIS

Chart based on average increases/decreases in learning participation rates for May, June and July of each year.

NEET rates have risen overall then, but as a result of the increase in unemployed 18 year olds rather than 16 and 17 year olds. Plymouth has been most affected by this phenomenon followed by Torbay. At the same time participation in learning has also increased except amongst 18 year olds in Plymouth and Torbay. A tighter job market with increased competition from newly qualified graduates and experienced older workers who have been made redundant is likely to increase the difficulties for young people wishing to enter the labour market, especially those with few qualifications or little experience. The proportion of 18 – 24 year olds in the claimant count demonstrates that even for many of those who completed compulsory education some years ago the situation is challenging, and is likely to remain so for some time despite recent initiatives such as the Future Jobs Fund and the Backing Young Britain initiative.

The next section of this report will briefly examine the downturn in the supply of labour market opportunities locally.

## Labour market changes

Jobcentre Plus data confirm that redundancy rates continue to be higher than pre-recession. Between June and August 2009 5,621 redundancies were notified across the south west – up 12% compared with the equivalent period in 2008. Manufacturing accounted for 30% of job losses over the quarter and 41% of notified redundancies for the south west region were in Cornwall and Devon.

Connexions and Jobcentre Plus data also confirm a downturn in the supply of vacancies. At the end of August 2009 Careers South West had 286 live vacancies for young people registered across the peninsula compared with 352 one year earlier. With increased demand on the stock of vacancies during September however, the closing balance of live vacancies had fallen to 181 by the end of that month compared with 343 at the end of September 2008. Table 3 gives a breakdown of Careers South West live vacancies at the end of September 2009. Opportunities in almost every occupational area have declined since September 2008 although retail and construction appear to be showing something of a slight revival.

**Table 3: Live vacancies by occupation and local authority – September 2009**

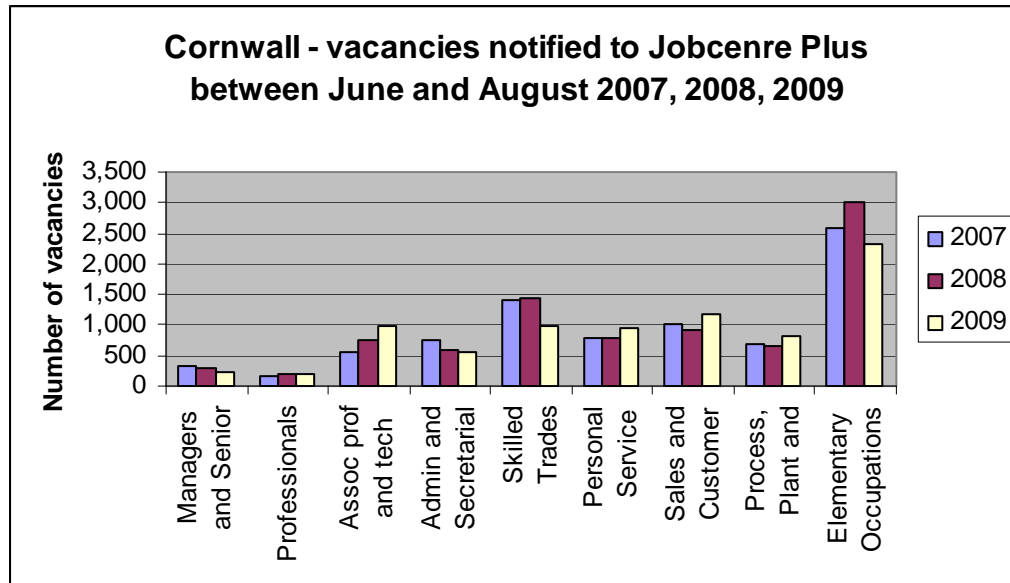
September 2009	Number of live vacancies			
	Cornwall and IoS	Devon	Plymouth	Torbay
Accounts	0	0	1	0
Agriculture	2	1	0	0
Animal	0	2	0	0
Building and Construction Trades	7	4	0	2
Care and Nursing	1	0	2	6
Childcare	0	4	2	0
Construction Technician	0	0	0	0
Electrician	2	1	0	0
Food Preparation - chef, baker, butcher etc	4	7	1	7
Graphic Design	1	0	0	0
Hairdressing & Beauty	2	6	1	11
Horticulture	0	1	0	5
Hospitality - reception and Food/Drink Service	2	1	4	0
IT technician	1	2	1	0
Leisure asst/sports and related	0	1	0	0
Maintenance Engineering Trades	0	0	0	0
Manufacturing and Factory - Other Materials	0	2	0	0
Miscellaneous	1	0	0	7
Motor Parts	0	0	1	0
Motor Trades	5	5	1	0
Office-Clerical/Secretarial inc Travel/Estate Agency	6	10	7	5
Personal services-housekeeper/pest control etc	0	1	0	0
Printing	0	2	0	0
Retail	4	10	1	4
Science and Laboratory	0	1	0	0
Skilled Engineering Trades	1	2	0	2
Warehouse and Distribution	3	2	3	0
<b>Total</b>	<b>42</b>	<b>65</b>	<b>25</b>	<b>49</b>

Source: Careers SW CCIS

Jobcentre Plus vacancy notifications have shown a similar decline in numbers. Across the south west Jobcentre Plus vacancy notifications declined by 20.9% between the June to August quarters of 2008 and 2009 whilst claimant numbers more than doubled from 47,000 in August 2008 to 96,300 in August 2009.

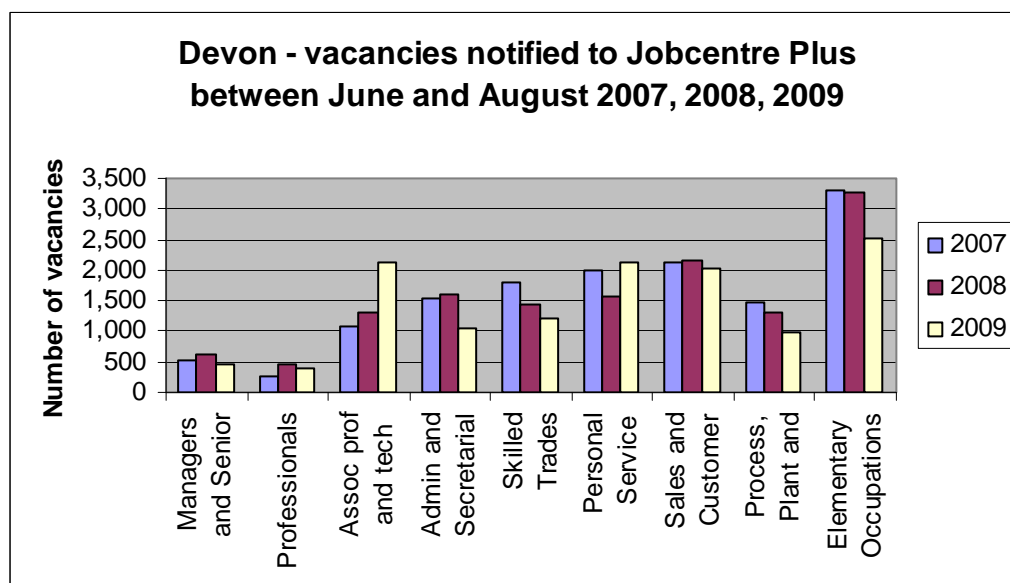
Charts 2 to 5 show, for each local authority area, the number and types of vacancies notified to Jobcentre Plus over the three months from June to August in 2007, 2008 and 2009 respectively.

Chart 2: Cornwall – vacancies notified to Jobcentre plus during June, July and August 2007, 2008 and 2009



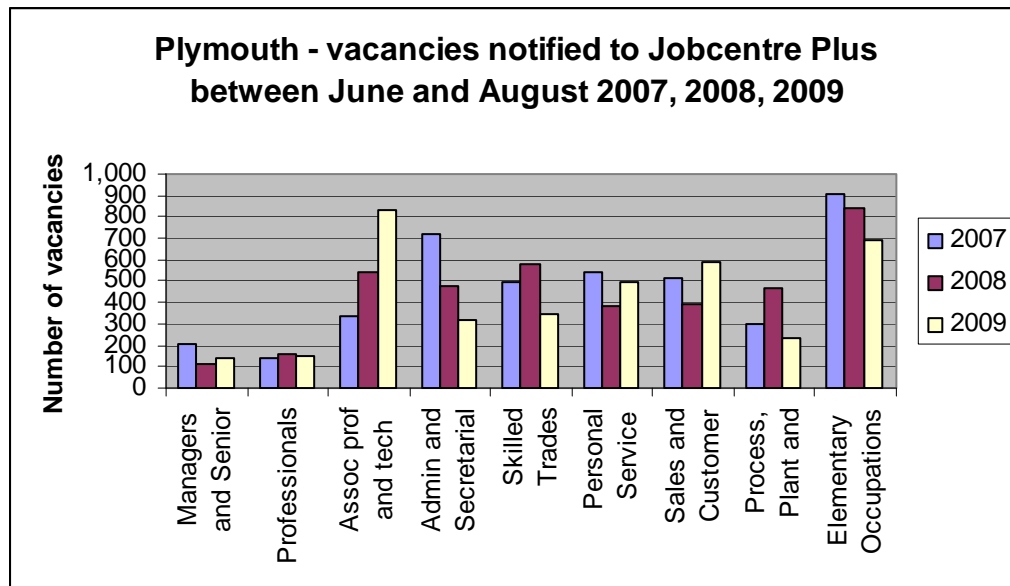
Source: Nomis

Chart 3: Devon – vacancies notified to Jobcentre plus during June, July and August 2007, 2008 and 2009



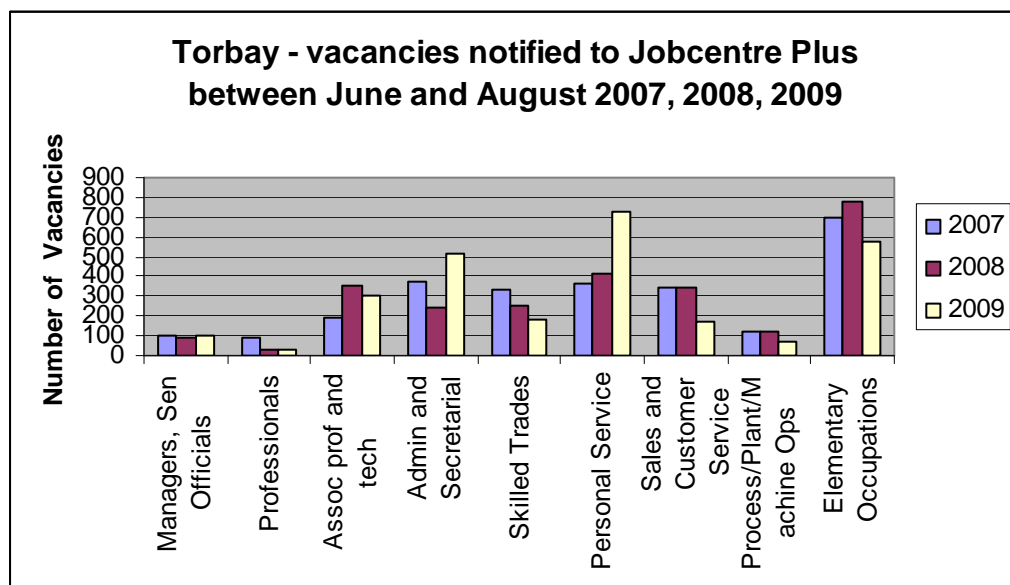
Source: Nomis

Chart 4: Plymouth – vacancies notified to Jobcentre plus during June, July and August 2007, 2008 and 2009



Source: Nomis

Chart 5: Torbay – vacancies notified to Jobcentre plus during June, July and August 2007, 2008 and 2009



Source: Nomis

The charts show that whilst there has been an overall reduction in the supply of new vacancies not every occupational area has suffered. The supply of personal service vacancies increased in each of the local authority areas between the summers of 2008 and 2009. Associate professional and technician vacancies increased in three out of four local authorities and sales and customer service vacancies increased in two areas. However, neither associate professional nor the majority of personal service jobs (of which the huge majority were for care assistants) would be likely to attract many 16 and 17 year olds school leavers. The personal service category

though, also includes hairdressing and related occupations and these have shown a recent improvement in vacancy notifications. In 2008 10.1% of year 11 leavers who entered the labour market went into hairdressing or a related occupation. The upturn in sales and customer service vacancies is also an encouraging sign for school leavers wishing to enter the labour market and 11.9% of year 11 leavers entering the labour market chose this type of work last year.

Other sectors that have traditionally attracted those looking for early entry to the labour market, however, have shown a significant decline in the number of opportunities available. In particular skilled trades (which include building, engineering and motor vehicle trades) have shown a sharp decline in every location, as have elementary (unskilled) occupations. Administrative and secretarial vacancies have also declined significantly in most areas although Torbay appears to have bucked this trend in the three months June to August 2009. Process, plant and machine operative jobs have also declined significantly in most areas although here Cornwall is the exception.

A gender breakdown of past year 11 destinations information shows that males wishing to enter the labour market may be more affected by the recession than females. In 2008 24.5% of male labour market entrants went into skilled construction with a further 8.9% into vehicle trades and 8.3% into other types of engineering. Virtually no females went into any of these occupational areas. On the other hand 28.0% of female labour market entrants went into hairdressing and related areas last year and a further 19.5% went into sales (compared with equivalent figures for males of 0.7% and 7.9% respectively). Both hairdressing and sales are areas that appear to have been relatively buoyant in the last quarter with a greater number of vacancies than for the equivalent period last year. For Skilled trades where entry has been predominantly male, on the other hand, the reverse is true. Male year 11 leavers entering the labour market outnumbered females last year by nearly two to one, with 65.7% of labour market entrants being male and only 34.3% being female.

## **Conclusions**

The recession has led to more young people delaying entry to the labour market. The NEET rate for 16 year olds has declined but this is more than offset by the increase in NEET 18 year olds. In learning rates, particularly amongst 16 year olds have increased significantly but those choosing to enter the full time labour market at 18 are clearly finding conditions tough. The rise in the claimant count and the wider ILO measure of unemployment has been dramatic and 18 – 24 year olds are massively over-represented amongst Jobcentre Plus customers.

There are some occupational areas, however, where recent vacancy information would indicate some cause for optimism – particularly in the areas of personal services including lower level social care jobs, hairdressing and the retail sector. Vacancies for associate professionals and technicians also appear relatively buoyant although these jobs will require higher levels of qualifications, skills and/or experience than many others.

The downturn in the labour market for young people makes it vital that attractive alternatives are available, including for those with less interest in more formal learning approaches. Males are most affected both because more of them traditionally leave school at 16 for the labour market and because more of them choose to enter occupational areas that have been most affected by the recession.

Support for extended transitions is vital as greater numbers of young people choose or are forced to remain in learning for longer. These young people will need help choosing the appropriate post 16 option and with subsequent learning and labour market transitions. 18 – 24 year olds are increasingly becoming a key focus of government policy and the Conservative Party favours a 16 – 24 definition of NEET young people rather than the current 16 – 18/19 definitions.

As transition periods become prolonged for young people it will become increasingly important to extend the support they can access and to ensure more vertically integrated working across agencies with specific age boundaries in addition to horizontally across service boundaries. Increasingly, 18 is becoming the new 16.

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