

# Act now to get **Liverpool** working again

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**3.4 million**

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**1 million**

are expected to be young people aged between 18 and 24. The rest are over the age of 25.

# National Challenge

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According to the Office for National Statistics (ONS) the number of UK workers on payrolls fell by 730,000 between March and July<sup>1</sup>. The Institute for Public Policy Research (IPPR) stated that as many as 3.4 million people would be unemployed by the end of 2020<sup>2</sup> – up from record lows of 1.3 million at the beginning of the year. Of the unemployed, 1 million are expected to be young people aged between 18 and 24 with the rest of the 2.4 million workers over the age of 25.

Even pre-Covid-19 the Government had a challenging, and much needed, plan to update the UK's infrastructure from rail to roads and energy to housing. Since the pandemic struck, the long awaited National Infrastructure Plan will become more relevant to the UK economy than ever as it presents the opportunity to create thousands of high skilled jobs across the country and could act as a major boost for our economy.

All of this coupled with a no deal Brexit on the horizon, more stringent immigration policies in place and continual advances in the use of workplace automation means that we need to act now in order to grow the workforce that is needed to make these ambitious plans a reality.

<sup>1</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/august2020>

<sup>2</sup> <https://www.ippr.org/research/publications/guaranteeing-the-right-start>

# Liverpool

Liverpool City Region<sup>3</sup> has a population of approximately 1.5 million<sup>4</sup> and between 1998 and 2016 its economy grew at the fourth fastest rate in Britain – behind London, Edinburgh and Cardiff<sup>5</sup> – demonstrating strong economic progress.

According to the ONS, Liverpool City Region's unemployed figures between April 2019 and March 2020<sup>6</sup> were 3.6%, below the national average of 3.9%. The Liverpool City Region area, like many of the other areas in the North of England, has been badly affected by Covid-19 and levels of unemployment have since doubled to 7.9%<sup>7</sup> by August 2020.

Liverpool City Region's unemployment numbers have grown so significantly because the economy relies heavily on badly impacted sectors such as travel and tourism and catering and hospitality. In addition, the city's retail sector has been badly impacted: the Centre for Cities Highstreet recovery index ranks Liverpool at 5th worst in the country in terms of footfall recovery since the pandemic.

Liverpool was very badly impacted in the recession during the 1980s and this has left indelible scars on the area. A recent report by the Centre for Cities found that when you factored in the economically inactive (23.7%), the City of Liverpool actually had very high levels of 'hidden unemployment' even before the pandemic began.

From March to August 2020 levels of unemployment have doubled from 3.6% to 7.9%



3 Liverpool City Region includes Liverpool, Knowsley, Sefton, St Helens, The Wirral and St Halton

4 According to the Office for National Statistics

5 <https://www.citymetric.com/business/why-liverpool-s-economy-grown-faster-manchester-birmingham-leeds-3906>

6 <https://www.nomisweb.co.uk/reports/lmp/lep/1925185554/report.aspx>

7 <https://www.nomisweb.co.uk/reports/lmp/lep/1925185554/report.aspx>

# The Mayor's perspective

## – Mayor Joe Anderson

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Mayor Anderson stated that the Mayoral team anticipates that there will be over 10% unemployment in the Liverpool City region as a result of Covid-19 and that a key focus for them was stopping families from falling into long-term poverty as a result.

The response from the Mayoral team will be a joined up approach continuing to work across the region with colleges, training providers, universities and employers working together to:

- **Increase productivity**
- **Get more people back into work**
- **Stop unemployment from rising further.**

Local policy makers in the areas have called for more clarity from Central Government about how funding will work in the region to help them to rebuild Liverpool's economy. What is feared most is inertia from Government leading to the sort of entrenched unemployment seen in the 1980s recession, from which the region has never properly recovered.

A key recommendation was that there must be more collaboration between central Government and the regions when coming up with solutions. There was a criticism of policy pieces such as Kickstart where there was little consultation with the local regions to see if it was going to work. In addition, the very bureaucratic and complex skills funding mechanisms were mentioned as being critical to be addressed.

The best and most flexible way to improve productivity is thought to be to provide greater autonomy by devolving more funding and power to the regions to allow them to tailor solutions and provide help on the ground where it's most needed.



# Current labour market outlook in Liverpool City Region

## Unemployment is up

The number of people claiming Job Seekers Allowance and those claiming Universal Credit out of work benefits rose by 84% between March and July<sup>8</sup> including high numbers of Job Seekers Allowance claims from hard hit occupations such as Sales Assistants and Retail Cashiers and from those in Elementary Construction Occupations.

## Job posting activity is slowly returning

Unique job postings were down by 26% between February and May in the region but positively are bouncing back with postings up by 23% between May and August<sup>9</sup>. The rebound in job posting activity is driven by a mix of occupations including some lower skilled roles (such as retail and hospitality) but plenty of mid-level to high skill roles too.

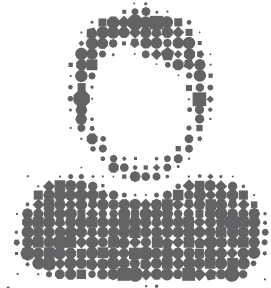
## Low levels of productivity

Liverpool's productivity is 8% lower than the national average and 40% lower than that of the outlier that is London. The region's underrepresentation of 'tradeable' economy and overrepresentation of low skilled occupations is the main variable holding back regional productivity.

## Automation will displace more people

25% of the Liverpool workforce are in occupations with 50% or more of their tasks categorised as 'highly automatable'<sup>10</sup> with roles including Cleaners and Domestic, Kitchen and Catering Assistants, Bar Staff and Packers, Bottlers, Canners and Fillers having over 75% of tasks considered at risk.

The regional picture shows that unemployment is mostly impacting low skill, high volume employment and that automation is likely to increase the short-term disruption of this low skilled labour market.

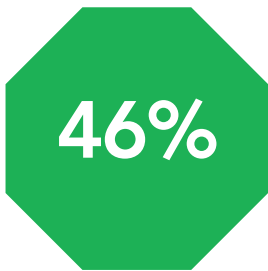


8 ONS Crown Copyright reserved (from Nomis on 3 September 2020)

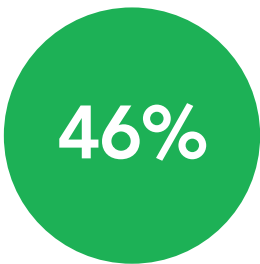
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**Poll.**  
What do you think is the biggest challenge facing the local labour market?



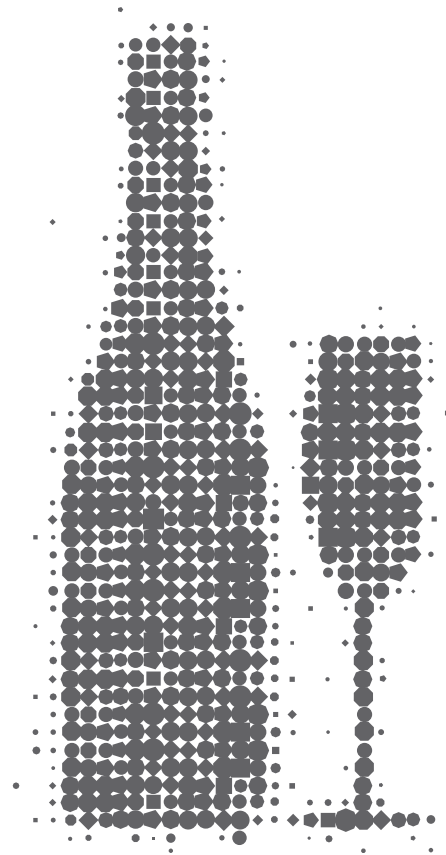
Long term recession



Lack of opportunities for displaced people to retrain



Brexit



## How do we create a future focussed skills system that responds to lagging progression and productivity and deals with the challenges the modern workforce faces i.e. impact of AI, and the aging workforce?

Below are the key recommendations from the discussions we had with our attendees during the event.

### Common themes

#### We need to change the focus of training

**Ensure adult education is meeting local market need** – If we are going to upskill the workforce in the region, we need to ensure that the adult education sector (colleges, training providers and universities) are able to provide the type and level of skills demanded for the future. As the labour market changes, the provider base needs to keep pace in order to meet evolving workforce needs.

Training provision needs to be able to adapt to changes in the labour market quickly and employers need to work closely with educational providers ensuring that learners are being equipped with the right skills to rebuild the region's economy.

**Help young people to get the skills they need** – There needs to be more focus on ensuring people attain basic English, maths and digital skills from an early age. Too many people leave education without the necessary levels of competency and may not have right level of skills for the workplace.

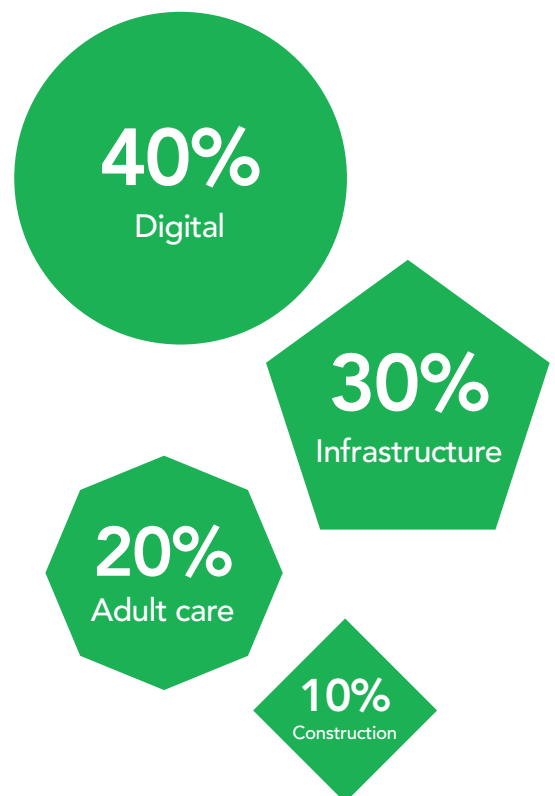
**Make it easier for smaller employers** – Large employers often have succession planning in place and in-house support from HR and L&D departments. Smaller businesses often have less support and there are not always as many opportunities to progress people. Smaller employers can therefore be less clear about articulating their skill needs which is imperative in order to find solutions that work effectively for all organisations.

**Skills Bridges across all sectors** – Skills Bridges have huge potential as long as they can work flexibly across the most important and affected sectors to start to rebuild the economy. Making these work within infrastructure and construction are as important as developing accessible digital skills.

The delivery of Skills Bridges can happen anywhere in country as they can be undertaken virtually but the impact and outcomes must happen locally in each region.

#### Poll.

**Which industry sector would skills would be most useful to address the immediate employment challenge in your area?**





## Make training accessible

**Accessibility for all** – A lot of people in Liverpool are living below the poverty line and need assistance to acquire skills. This includes a high number of people who have worked in traditional declining industries such as manufacturing and maritime and we need to consider how best to reskill and upskill this changing and diverse workforce.

**Low income people struggle to pay for training** – Paying for training is a barrier in the region. Accessibility for all is critical to ensure that low income individuals don't miss out on opportunities to better their situations.

**Understanding barriers** – Uncertainty due to Covid-19 looks set to continue into the long term and not everyone has the access to the support they need to balance work with childcare and other responsibilities. More flexibility is needed to preserve the family infrastructure, particularly for mothers.

**Build confidence** – Helping people recognise their own skills and how marketable and transferable they are is crucial in order to gain buy-in to training solutions. Teaching understanding of different strengths and skills is important from a young age in order to develop confidence. A lack of confidence can act as a huge barrier to take up and access.

This is also the case for older people who may have become institutionalised in current sectors and need help identifying transferable skills. Having skills mentors and support structures in place will be crucial here in taking people through the reskilling and bridging process.

## Clearer career advice and guidance

### Education and advice for careers advisors

– Careers advice and guidance needs to be reviewed to ensure that the people providing the advice understand all of the options on the table. There is no one-size-fits-all approach and advisors and teachers need better support to understand the progression routes in place and what skill sets are transferrable to other roles. All of the opportunities then need to be communicated in a simple and clear way.

**Wider communication of a rapidly changing jobs market** – There is a need to help the local population understand how the jobs market is evolving. Supply and demand needs to be explained clearly and regularly so that individuals are encouraged to reskill and upskill into areas of the highest demand and leave any training they undertake with opportunities to get into good work.

## Devolve more power to the region

It was noted that productivity in the region is 8% behind the national average and that this could best be addressed if measures to drive up productivity were funded and managed at a regional level.

There is a need to invest in diversifying sectors and help drive up management skills, processes and ways of working; ultimately investing in the people in the region to provide them with the skills relevant to Liverpool's economy now and in the future.

