Interim COVID-19 Economic Impact Assessment for Leicester and Leicestershire: people, employment and skills

18 June 2020

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Introduction

This assessment forms part of the wider Economic Recovery Strategy planning for Leicester and Leicestershire, and the purpose is to identify key issues arising which will impact on future planning.

The impact of COVID-19 on the economy has been immediate and will be far reaching. The situation is still evolving and therefore it will be some time before conclusive data is available. This report is therefore interim and largely predicated on forecasted outcomes drawn from desktop research. As further data becomes available and more sectors of the economy return to work the report will be updated on an ongoing basis.

Summary Findings

Predictions from economists suggest that the UK could be facing the deepest recession in the post-war era with a consequent impact on employment and skills.

The impact on sectors is wide-ranging: hospitality, leisure, and creative industries have been severely affected by lockdown. Other sectors, such as logistics, have experienced growth, particularly in this geographical area. Whilst we don't yet know what the overall impact will be, we can anticipate that there will be a need to provide timely labour market information and careers advice to both young people and adults.

Young workers (aged up to 25) are likely to be disproportionately disadvantaged by any downturn in the economy. Significant support will need to be put into place to mitigate against rising numbers of NEET[1] and a future where earning potential is scarred for years ahead by the effects of recession. They are likely to be the hardest hit for a number of reasons including missing education, reduction in apprenticeship opportunities, a more competitive labour market and lack of workplace digital skills.

As more people are working from home by default, workers under 25 and over 55 are the most limited in what they can do from home. Two of the LLEP area's large employment sectors, manufacturing and logistics, are among those sectors where the workforce is least likely to be able to work from home.

Unemployment figures have risen significantly during the initial lockdown period, the eventual position will not be clear until all sectors have returned to work and the Coronavirus Job Retention Scheme has would down in the autumn.

The requirement for digital skills both in the workplace and to operate effectively in society has been thrown into sharp focus by the impact of lockdown and working from home. More needs to be done to ensure that those least likely to have these skills, such as part-time workers, women and those with a background in retail, construction and manufacturing are able to acquire them.

[1] NEET – Not in education, employment or training

Baseline Data and Future Analysis

In March 2020, coinciding with the onset of the pandemic, the LLEP published its Skills Evidence Base Summary for Leicester and Leicestershire. Clearly, as is the case with the evidence base for the Local Industrial Strategy (LIS), this data is now not sufficient to enable the development of a Skills Strategy in the context of the impact of COVID-19. However, it is a rich source of baseline data against which the impact of COVID-19 can be measured, as data becomes available.

Where data exists, we have tried to include it within this document, however, the impact of Coronavirus continues to shift and is subject to data lag. For example, it will be some time before we see unemployment statistics settle as the winding down of furlough arrangements is expected to result in an increase in both redundancies and business closures. At the time of writing, much of the data available is at a national level, rather than specific to Leicester and Leicestershire.

The government is currently considering a Future Skills Fund in the wake of COVID-19 but has not yet released details on what form this will take. A discussion paper was circulated following the most recent meeting of the LEP Skills Network which gives some indication of the direction of travel (Appendix A) but should not be interpreted as confirmed government policy.

Economic Context

All indicators suggest that this is likely to be the deepest recession of the post war era and that it will result in an unprecedented fall in UK GDP. The quarterly figures for UK GDP released on 12 June showed that the UK economy had fallen by a record 20.4%[2].

[2] It should be noted that the monthly growth rate for GDP is volatile. It should therefore be used with caution and alongside other measures, including the three-month growth rate, when looking for an indicator of the longer-term trend of the economy.

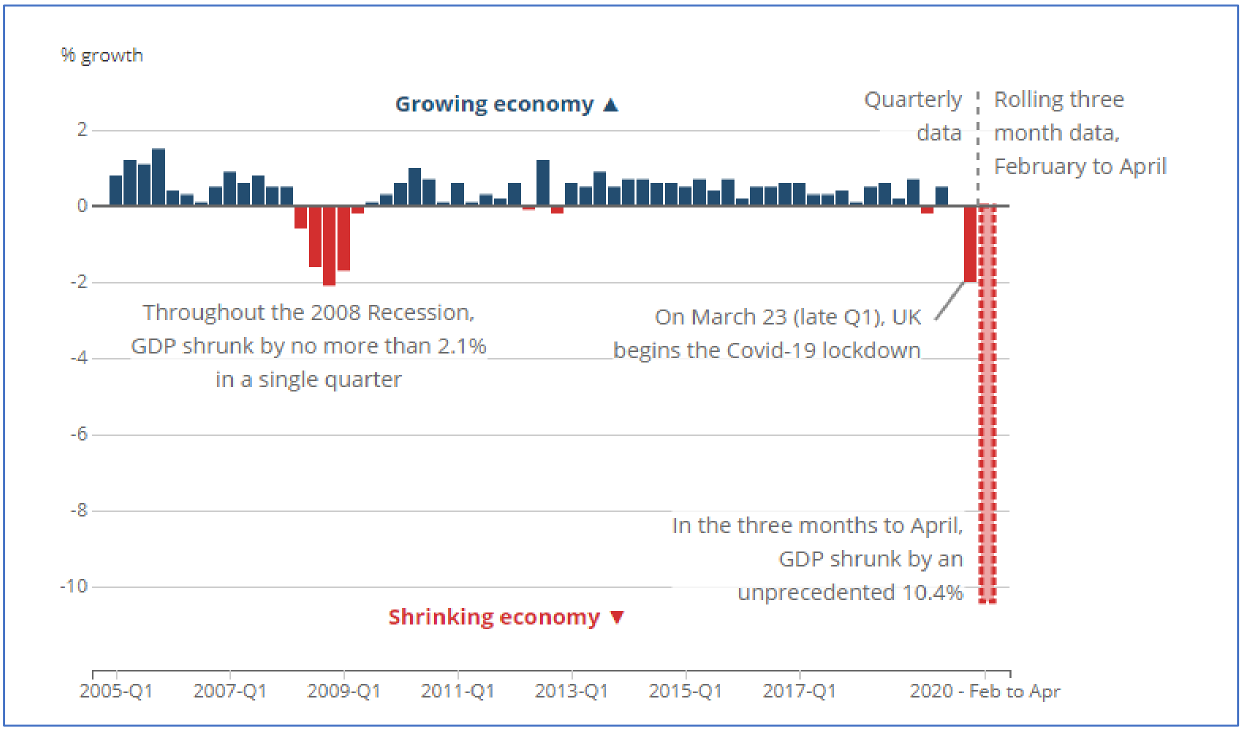

Figure 1 Gross Domestic Product May 2020
Source: ONS

The World Economic Forum has identified a number of risks associated with the pandemic at a global level[3] however they are also reflective of potential risks to the economy of Leicester and Leicestershire and impact on employment, skills and opportunities.

- Prolonged recession of the global economy
- A surge in bankruptcies (large firms and SMEs) and a wave of industry consolidation
- Failure of certain industries to properly recover
- Protracted disruption of supply chains
- High levels of structural unemployment[4]
- Another outbreak of the disease
- Tighter restrictions on cross border movement and goods
- Cyber-attacks and data fraud due to a sustained shift in working patterns

To aid economic recovery, on 8 June, the Business Secretary, Alok Sharma, announced five 'recovery roundtables' bringing together businesses, business representative groups and leading academics. They will consider measures to support economic recovery *and ensure the right skills and opportunities are in place for our workforce over the next 18 months*.

Focused on five key themes, each group will explore how business can work with government to deliver economic growth and jobs:

[3] World Economic Forum, *COVID-19 Risks Outlook: A Preliminary Mapping and Its Implications,* May 2020

[4] unemployment resulting from industrial reorganisation, typically due to technological change, rather than fluctuations in supply or demand.

- **The future of industry**: How to accelerate business innovation and leverage private sector investment in research and development

- **Green recovery**: How to capture economic growth opportunities from the shift to net zero carbon emissions

- **Backing new businesses**: How to make the UK the best place in the world to start and scale a business

- **Increasing opportunity:** How to level up economic performance across the UK, **including through skills and apprenticeships**

- **The UK open for business**: How to win and retain more high value investment for the UK

Sectoral Impact

The pandemic (and measures taken to limit its effect) have affected different sectors to a greater or lesser extent. Some sectors have experienced little or no contraction, others, e.g. aviation, hospitality and the arts have been so adversely affected that recovery to pre-COVID levels is likely to be prolonged. The COVID-19 Economic Impact Assessment for Business will contain more detail on how sectors have been affected. As an initial means of identifying which sectors have been most immediately affected or are most vulnerable, we can use numbers furloughed. The percentage of employed furloughed within each secorcan be calculated nationally but not by local authority. However, we can use the national percentages to estimate the numbers in each sector furloughed locally. It should be noted that using this methodology results in an error in the calculation of the total number furloughed. The total number of workers furloughed in Leicester and Leicestershire to 31 May 2020 was **129,700**, however, applying national percentages results in a total of 133,785, an **overestimate** of 4,085. The figures should therefore be interpreted with caution as a guide only to the numbers likely to have been furloughed in each sector.

Sector	% of Sector Furloughed (National)	LLEP Area Employment	Estimated Numbers Furloughed (LLEP Area)
Wholesale, Retail, Motor Vehicle Repair	39.1%	78,000	30,484
Manufacturing	39.4%	59,500	23,450
Accommodation and food services	70.0%	29,500	20,648
Construction	53.1%	22,000	11,685
Business Administration and support services	26.6%	42,000	11,154
Professional, scientific and technical activities	20.4%	39,000	7,969
Arts entertainment recreation & other services	29.4%	24,000	7,046
Transport and storage	23.3%	27,500	6,409
Health	9.9%	53,500	5,304
Education	9.2%	47,000	4,327
Information and communication	14.4%	13,000	1,872
Property	24.8%	6,500	1,614
Financial and insurance services	6.9%	11,000	758
Agriculture, forestry and fishing	9.0%	6,025	541
Mining, quarrying and utilities	4.1%	10,750	436
Public administration and defence	0.4%	20,500	88
Other		0	0
Total		**489,775**	**133,785**

Figure 2 Estimated number of employees furloughed in LLEP Area to 31 May 2020
Source: HMRC, Coronavirus Job Retention Scheme Statistics, June 2020 / LLEP Annual Economic Profile 2020

There are local circumstances which need to be considered in making any judgement regarding sectors at risk, e.g. whilst aviation in general is a high-risk category, East Midlands Airport continues to be one of the ten busiest airports in Europe during the COVID-19 crisis and has continued to operate 60% of its scheduled flights due to its large freight operation.

A recent analysis of the ONS labour force survey by TUC[5] found that nationally

- Of 4,352,000 UK workers aged 25 and under, 890,000 work in either accommodation and food, or arts, entertainment and recreation.

- It means that 20% of workers aged 25 and under work in these two sectors, compared to 6% for workers older than 25.

- Workers aged 25 and under are therefore three times more likely to work in one of the two sectors where jobs are at greatest risk.

Figure 3 shows that women workers aged 25 and under face the greatest risk of all. They are six times more likely than male workers over 25 to work in the highest risk sector, accommodation and food.

The LLEP area has a slightly higher proportion of economically active women compared to both the East Midlands region and England. In the LLEP area 73.3% of working aged women were in employment compared to 71.7% nationwide. Although the difference is not great, it suggests that any economic impacts that disproportionately affect women will be felt in the LLEP area.

% of workers employed in at-risk industries by age and gender (UK)			
	Accommodation and food	Arts, entertainment and recreation	At risk industries
All in employment	**5**	**3**	**8**
All over 25	**4**	**2**	**6**
All 25 and under	**15**	**5**	**20**
Men over 25	**3**	**2**	**6**
Men 25 and under	**12**	**5**	**17**
Women over 25	**5**	**2**	**7**
Women 25 and under	**18**	**5**	**23**

Figure 3 Percentage of workers employed in at risk industry by age and gender (national figures)
Source: TUC Analysis of ONS Labour Force Survey (Jan-March)

However, we can see from Figure 2 that there are sectors in which the impact will be felt less heavily. Leicestershire's position in the centre of the logistics golden triangle taken together with the increased demand in online shopping and home deliveries has meant the logistics sector has seen unanticipated growth over the last 3 months. Health, and pharmaceutical supply sectors and essential retail have also seen increased demand and there is a

[5] TUC, Research Note: Young Workers and At-Risk *Industries*, 12 June 2020

heightened interest in the Low Carbon sector. A more detailed analysis of the impact on sectors will be undertaken as part of the Economic Impact Analysis for Business.

Occupations

Drawing on ONS Data, Learning and Work Institute have identified the categories of occupation in Figure 4 as those most likely to be at risk.

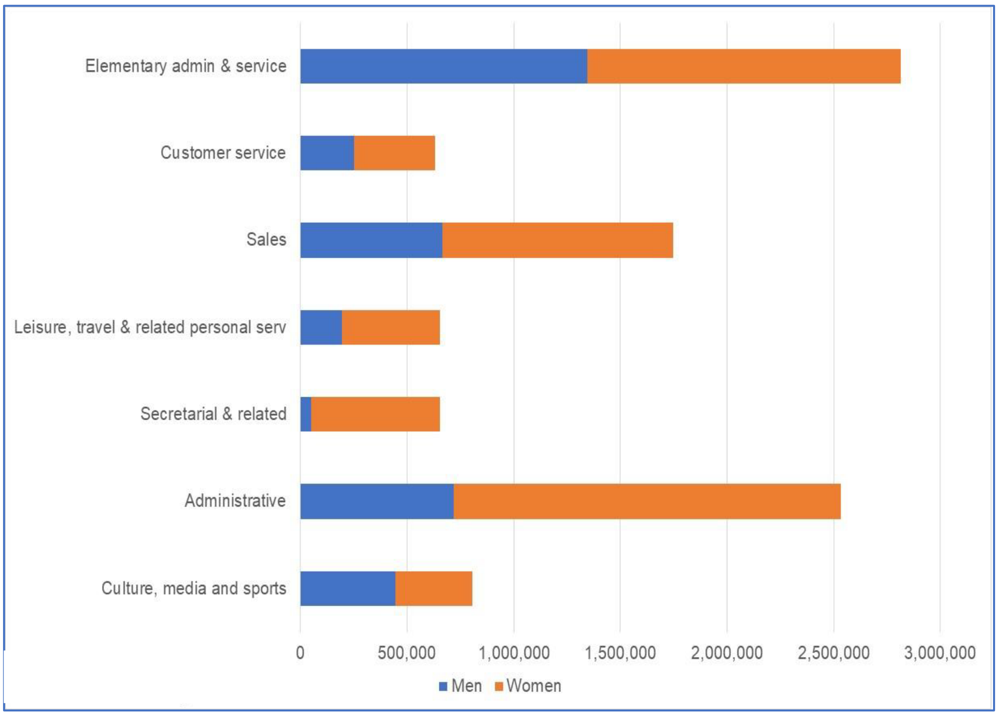

Figure 4 Employment in occupations most at risk (national)
Source: ONS / Learning and Work Institute

Figure 5 shows that almost a third of the total LLEP area workforce are employed in these categories.

LLEP Area employment in occupations most at risk		
	Numbers employed	% of workforce
Elementary, admin & service	47,700	9.0
Customer Service	15,600	3.0
Sales	20,600	3.9
Leisure, travel and related personal service	8,600	1.6
Secretarial and related	8,300	1.6
Administrative	38,700	7.3
Culture, media and sports	10,500	2.0
Total	**150,000**	**28.3**

Figure 5 - Percentage of LLEP workforce engaged in 'at risk' occupations
Source: ONS Annual Population Survey 2019

Those who can do their work from home are most likely to be able to weather this crisis without severe impacts on their health, job security and earnings. A survey from the

Resolution Foundation[6] found that those aged 25-39 are most likely to be working from home during the crisis, and most likely to expect to do more of this in the future. Conversely, the youngest employees and those aged 55 and older are the most limited in what they can do from home.

Two of the LLEP Area's key sectors, manufacturing and logistics, are among those sectors where the workforce is least likely to be able to work from home.

Unemployment

It is expected that there will be a shift from a pre-COVID position of near full employment to post-COVID era of high unemployment. The Learning and Work Institute paints a bleak picture of the likely fallout.[7]

> *We face the risk of a perfect storm in the late summer – with elevated unemployment, a slow recovery in vacancies, winding up the CJRS (Coronavirus Job Retention Scheme) leading to increased exits from work, a collapse in apprenticeship numbers related to overall labour market changes, and up to 800,000 young people leaving education and entering the labour market.*[8]

To date in Leicester and Leicestershire there have been relatively few notified redundancies, with the exception of Ibstock Brick and Triumph, although the impact of redundancies at Rolls Royce will be felt in Leicestershire. However, it is widely expected that redundancies will increase over the autumn as support schemes, in particular the Jobs Retention Scheme, wind down. Past recessions show the impact of joblessness is uneven, but this will be particularly hard reaching in areas reliant on vulnerable sectors. In previous recessions, the wide spread of industries making up the Leicester and Leicestershire economy have cushioned the area from large scale redundancies associated with reliance on a single sector large employer.

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[6] M Gustafsson, *Young workers in the coronavirus crisis: Findings from the Resolution Foundation's coronavirus survey*, Resolution Foundation, 19 May 2020

[7] Learning and Work Institute, *Getting Britain Back to Work*, May 2020

[8] K Henehan, *Class of 2020: Education leavers in the current crisis,* Resolution Foundation, May 2020

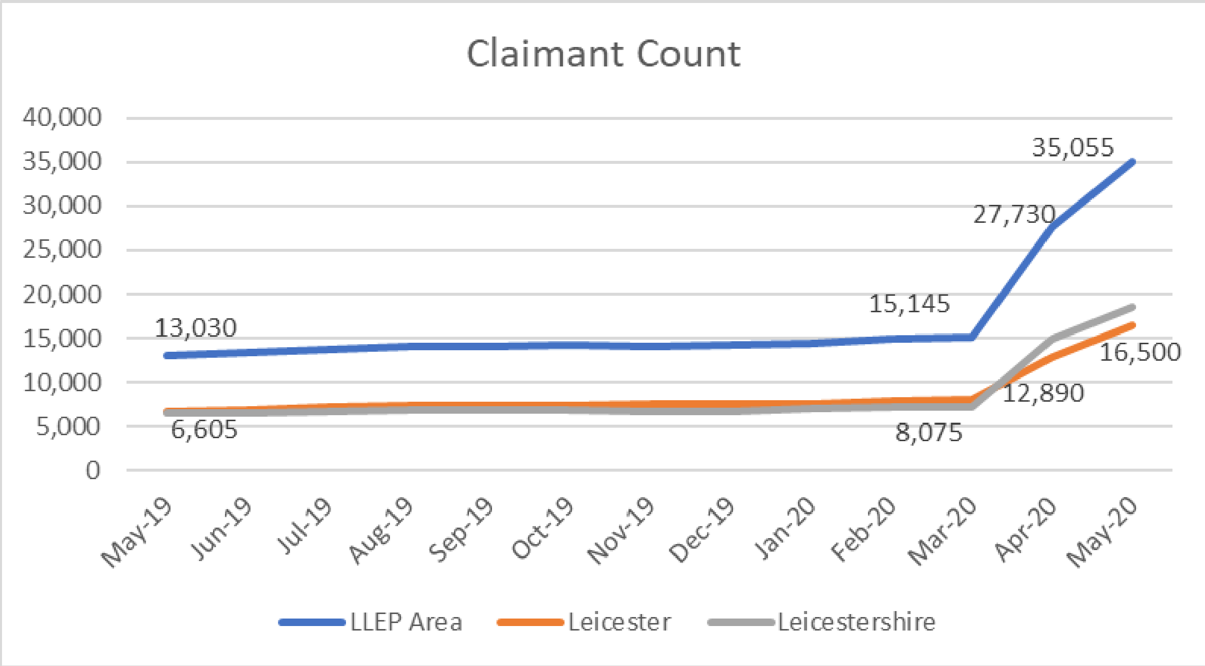

Figure 6 LLEP Area Claimant Count May 2020
Source: ONS

April 2020 saw the largest monthly rise in claimants on record. From March to April the number of claimants rose from 15,145 to 27,730. This is a claimant rate of 4.2% (from 2.3% in March).

The number of claimants rose from 27,730 in April to 35,055 in May. This is a rise of 7,325 claimants (or 26.4%). The rise in claimants over a 2-month period is 19,910 which translates to a percentage rise of 131.5%.

In the short term we can see that those who are 25 to 49 are more likely to have become claimants. There are now 20,150 claimants within this age bracket. In March there were 8,585. This is a rise of 11,565 claimants or 134.7%.

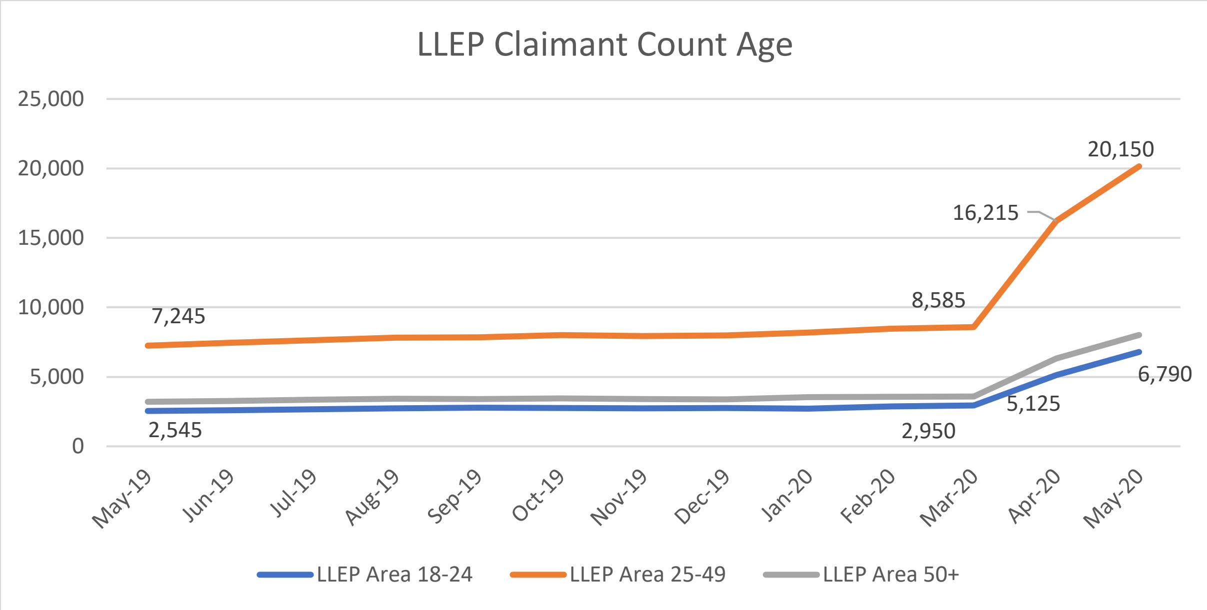

Figure 7 LLEP Claimant Count Age
Source: ONS

What is uncertain is how these figures will change over the following months, will they start to flatten as the economy starts to open and people start to return to work or will there be continued growth in claimants? The closure of the CJRS is widely predicted to result in an increase in notified redundancies.

Young People

The population of **Leicester** is significantly younger than average:

> **17.1%** of the population are aged **16-24** compared to the England average of **10.7%**

For **Leicester and Leicestershire** combined, **13.1 %** are aged 16-24[9]

All of the emerging reports conclude that young people are likely to be the hardest hit by the fallout of the pandemic, and that there are a number of factors which contribute to this as follows:

- It is anticipated that a large cohort of young people will need support to catch up on learning.[10] There are also concerns about those from disadvantaged background and a predicted widening of the attainment gap due to lost schooling during the crisis. Disadvantaged pupils in both City and County performed lower than England

[9] LLEP Annual Economic Profiles
[10] https://www.tes.com/news/Covid-19-sunaks-emergency-budget-what-it-needs-offer-fe

averages in 2019 at GCSE level (aged 16). The gap between disadvantaged and non-disadvantaged students is wider in the county but this is due to both lower performance of non-disadvantaged and better performance for disadvantaged. Any adverse impact on disadvantaged students is likely to impact pupils in Leicestershire.

- Young people are most likely to work in vulnerable sectors[11] and least likely to be able to work from home.[12]

- They are the group most likely to use public transport[13] and therefore have difficulty in getting to work if far from home in the immediate recovery period.

- NEET levels likely to rise again, the reductions seen in over the last decade may be wiped out by the effect of COVID-19 (although may be mitigated by more staying in education as measures of the NEET cohort in Leicester and Leicestershire includes 16-17-year olds only).

- Fewer apprenticeship places will be available for those wishing to follow that route, shutting off a route to employment for many young people (see section on Apprenticeships below).

- A rise in experienced workers with transferable skills joining the labour market will increase competition for jobs and disadvantage young people.

- Employers want young people to have experience of the world of work, but this will be difficult under social distancing conditions, further affecting their employment chances and likelihood of becoming NEET. Continued employer encounters will be critical in preventing a rise in NEET.

- Young people will find it harder to access the labour market as they are likely to become the last choice of employers in what is predicted to become an overcrowded labour market. Leicester City has a higher than average 16-24 population and could therefore suffer more in terms of the effect on young people.

- The IFS reports that entering the labour market during a recession can have a negative effect on earnings for years afterwards. Experience from previous recessions tells us that graduates will be less likely to find work and will start off in lower-paying occupations than they might have expected. Young people looking to enter the labour market for the first time this year are likely to be even worse affected.[14] Those

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[11] TUC, *Research Note: Young Workers and At-Risk Industries*, 12 June 2020
[12] M Gustafsson, *Young workers in the coronavirus crisis: Findings from the Resolution Foundation's coronavirus survey*, Resolution Foundation, 19 May 2020
[13] A Davenport and P Levell, *Changes down the line: flattening the curve of public transport use,* Institute for Fiscal Studies, May 2020
[14] Johnson, P, *A bad time to graduate*, Institute for Fiscal Studies, 17 April 2020

graduating this year will find it harder to find employment and, especially, harder to find well-paid employment than did their immediate predecessors. This will impact on their earnings for a considerable period of time. Pre-COVID, around 33% of the LLEP area workforce was underemployed and given the increased difficulties in securing employment it seems that this is likely to increase during any recession.

- Under normal circumstances, we would have expected just under half of 18-year-old secondary school leavers, and a minority of 18-24-year-old higher and further full-time education leavers, to stay on in full-time study[15]. These figures are likely to increase as young people find it difficult to find employment, with a consequent strain on the Adult Education Budget.

Apprenticeships

Whilst there are no official statistics available at a local level, national data published by ESFA[16] shows a steep decline in Apprenticeship starts in April compared to the same period last year with just 7,000 starts compared to 24,800 in April 2019. (This comparison is however, heavily caveated as last year's figure was taken from a later data return and ESFA would not normally include data for the very latest month and is only doing so as a result of COVID-19. For example, at this point in 2018/19, data reported to date for April starts was only 67.5 per cent of the final figure based on end of year data. Reporting of data by providers at this time may be further affected by the pandemic. Therefore, extra care should be taken in comparing and interpreting the data.)

The ESFA data release also includes figures from 23 March, when lockdown started, to the end of April.

	2018/19 (at this point last year)		2019/20 (reported to date)	
AGE	**Apprenticeship Starts**	**Proportion of total**	**Apprenticeship Starts**	**Proportion of total**
Under 19	4,020	15.3%	1,040	8.0%
19-24	7,610	28.9%	3,390	26.1%
25+	14,700	55.8%	8,590	66.0%
TOTAL STARTS	**26,330**		**13,020**	

Figure 8 Apprenticeship starts from 23 March to 30 April 2020, reported to date
Source: ESFA

Albeit that these figures are subject to the same caveats as above, only 50% of the number of starts registered by this time last year have been recorded.

Opportunities for young people were hit the hardest with a 74% decline in under 19 starts.

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[15] K Henehan, *Class of 2020: Education leavers in the current crisis,* Resolution Foundation,

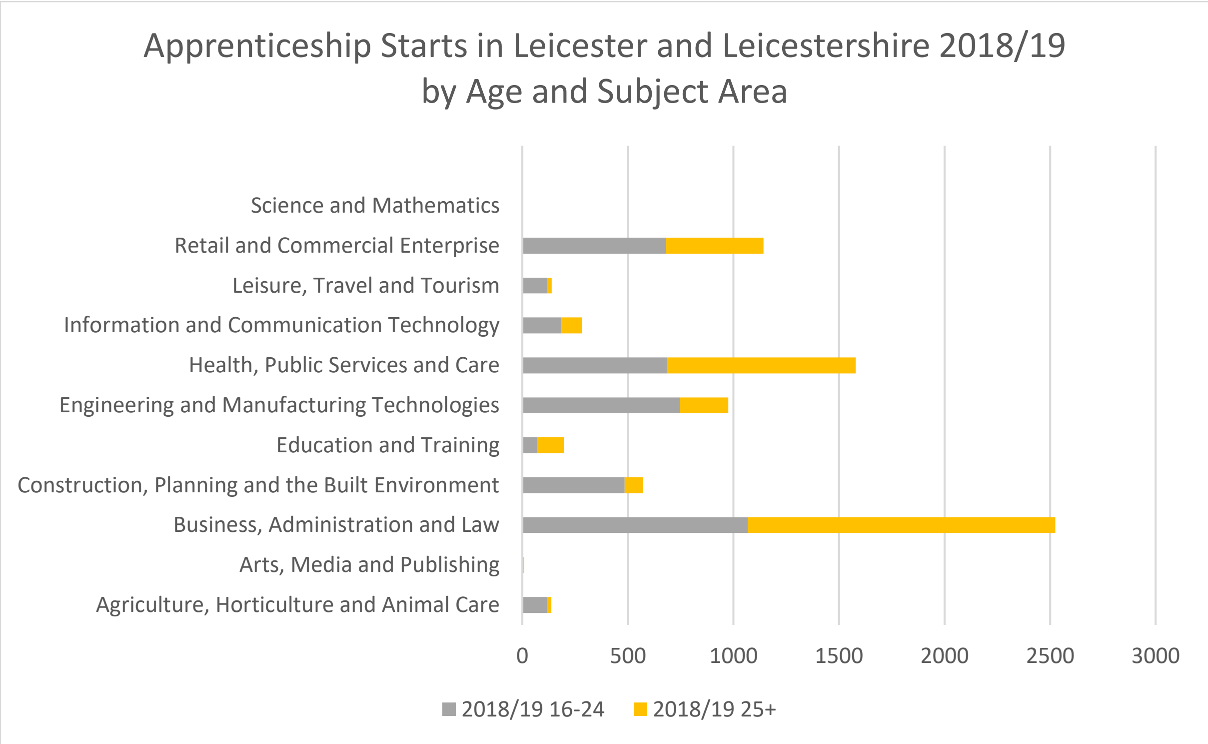
[16] https://www.gov.uk/government/statistics/apprenticeships-and-traineeships-may-2020

It is reasonable therefore to assume that apprenticeship starts in Leicester and Leicestershire have been similarly impacted since the start of the lockdown. The nature of the qualification means that there are difficulties in transitioning to online delivery, apprentices have been furloughed and pipelines have ground to a halt due to frozen recruitment and reductions in staff on site due to social distancing regulations.

Intelligence from employers gathered by Leicester College, the largest apprenticeship provider in the area, suggests that they will not be recruiting the same number of apprentices in 2020-21 as they did in 2019-20 with an anticipated reduction of 43% across all sectors with business, engineering and construction likely to be most affected. Whilst Leicester College does not deliver apprenticeships in hospitality and food, the continued closure of bars, restaurants and cafes is expected to impact on the numbers of apprentices taken on by employers.

The Federation for Industry Sector Skills and Standards (FISSS) has identified that the apprenticeship sector is more exposed to disruption than the general economy as the youngest workers and those with the least qualifications are least likely to work from home.[17] In Leicester and Leicestershire, 16-24 year olds, account for 54.5% of Apprenticeship starts.

If we take the ability to work at home as a proxy for resilience to the impact of COVID-19, FISSS has undertaken research showing that younger workers are likely to be disproportionately affected by virtue of their relatively low qualifications and the requirement for on the job training and supervision. FISSS found that 8.3% of Apprentices occasionally work from home compared to 25.3% of non-apprentice workers.[18]



[17] FISSS, Briefing Note: The Apprenticeship Sector's Resilience to Covid-19, April 2020
[18] Ibid

Figure 9 Apprenticeship Starts in Leicester and Leicestershire 2018/19 by Age and Subject Area
Source: ESFA Localities Data Cube

The Skills Summary for Leicester and Leicestershire published earlier this year shows that Apprenticeship starts in Leicester City were already lagging behind the national average – COVID-19 will further impact on this meaning that there is a lot of work to do to play 'catch up'.

Adults

Those with no qualifications and in entry level jobs will be most affected by the fallout from COVID-19. It is clear that hospitality is the single most affected sector in terms of numbers furloughed.

We have already noted that those with no qualifications are among the groups most vulnerable to unemployment as a result of COVID-19. In the LLEP area **9.9%** of residents have no qualifications[19] and this is more pronounced in the city, where **19%** of residents or almost 1in 5 of the working age population have no qualifications – 11.2% above the national average. This puts them at a significant disadvantage in a crowded job market where there will be a lower demand for entry level jobs.

Pre-COVID the LLEP area was experiencing an above-average demand for entry level labour rather than skills in LLEP area[20]. This concentration on unskilled, entry level roles may be disadvantageous in a post-COVID world where the more highly skilled may be less affected as they are more likely to have digital skills and be able to work from home.

It is anticipated therefore, that there will be significant numbers of adults who will need training to help them move from declining sectors to those which are less affected or have the potential to expand or recover more quickly.

Going forwards, we can anticipate that there will be a shift in ways of working, including more homeworking, and digital skills will be critical to this.

Adults furthest from the labour market could find themselves competing with more skilled and experienced job seekers. This could entrench inequality for workers with additional workplace needs, travel barriers or other issues that require investment of time or resources from employers.

School Closures and Social Mobility

School closures are likely to reverse progress made to narrow the gap in the last decade, and research conducted by EEF suggests that the attainment gap between disadvantaged children and their peers, will start to widen again.[21] Effective remote learning can mitigate

[19] ONS, Annual Population Survey, 2018
[20] LLEP Skills Evidence Base Summary
[21] Education Endowment Foundation (2020) *Impact of school closures on the attainment gap: Rapid Evidence Assessment,* London: Education Endowment Foundation

the extent to which the gap widens, however, schools report difficulties in disadvantaged pupils accessing the internet. They are less likely to have sustained access to a laptop, and schools in the LLEP area report instances where a household's only access to the internet is via a mobile phone with limited data allowance as there is no land line. Government support with technology support through the allocation of laptops for looked after and disadvantaged children has been slow to be implemented and sustained support will be needed to help disadvantaged pupils catch up.

A survey by the Sutton Trust[22] found that during lockdown, private schools are almost twice as likely to be still teaching A level content as state schools (57% vs 30% receiving regular work and feedback from teachers).

Sutton Trust also found that those university applicants from working class backgrounds were twice as likely to have insufficient access to internet access, devices for learning, or a suitable place to study, compared to those from middle class homes.

Further Education

Following the merger of Stephenson and Brooksby Colleges, there are now four strong Further Education Colleges within the LLEP area, all rated good, and all in a position to lead on delivering the skills required to enable economic recovery given sufficient funding.

AoC forecast that in the longer term there will be a rise in FE numbers due to more young people aged between 16-25 applying for places due to higher unemployment and being crowded out of jobs.

Apprenticeship numbers are likely to fall, and there may be difficulties in securing work placements for T-Levels whilst staffing is reduced, and social distancing is being maintained.

Many of the at-risk groups identified as potential recipients of a Future Skills Fund will look to Further Education to meet their needs going forwards (Appendix A).

Higher Education

There is likely to be a short-term reduction in demand for university places with as many as 17% of those expected to start university in September 2020 considering deferral of their studies until the 2021/22 academic year[23]. Whilst universities have continued to deliver learning online throughout the lockdown period and are intending to deliver a blended

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[22] R Montacute and E Holt-White, *COVID-19 and Social Mobility Impact Brief #2: University Access & Student Finance*, The Sutton Trust, May 2020

[23] London Economics, *Impact of the Covid 19 pandemic on university deferral rates and student switching*, London Economics, 20 May 2020

learning offer in the new term there are concerns that this will not meet the expectations of prospective students.

On average UK universities are expecting a 15% reduction in domestic students and 50% in international students. Figure 11 shows the numbers enrolled in the three LLEP area universities in 2018-19.

HE Enrolments 2018-19 by domicile			
Domicile	DMU	Leicester	Loughborough
UK	79.3%	76.4%	77.0%
EU	4.6%	3.8%	27.1%
Non-EU	15.9%	19.8%	18.1%
Total Non-UK	20.5%	23.6%	23.0%
Not Known	0.2%	0.0%	0.0%

Figure 10 HE Enrolments 2018/19 by domicile (all years, programmes and modes of study)
Source: HESA

The HE sector has also recognised the importance of being embedded locally [24] in order to attract students who live closer to home and to deliver learning which will support the regeneration of the local economy. This will also be important in continuing to engage with local businesses to secure placements and job opportunities. A summary of the current key issues affecting universities is attached at Appendix B.

Careers Information Education and Guidance

Pre-COVID we knew from research by Education and Employers[25] that young people's aspirations are increasingly disconnected from the areas of job growth – five times as many young people wanted to work in arts, culture, entertainment and sport as there were projected demand in the economy. The disparity between young people's aspirations and the jobs available in the local economy is likely to be further exacerbated by the impact of COVID-19. The post Covid landscape is likely to be significantly different to 'before' and young people will need help and guidance to navigate this.

The government has tasked schools with providing each young person in secondary education a minimum of seven encounters with employers and at least two opportunities for experiences of the workplace. Colleges are expected to provide learners aged 16-18 with at least two encounters with employers and an experience of the workplace during their programme of study.[26] Research tells us that a young person who has four or more meaningful encounters with an employer is 86% less likely to be unemployed or NEET[27] Pre-COVID Progress on increasing the encounters young people has been made on a local and national level towards this through the Careers and Enterprise Company (CEC) Enterprise

[24] Universities UK, *Achieving stability in the higher education sector following COVID-19*
[25] M Rogers, N Chambers and C Percy, *Disconnected: Career aspirations and jobs in the UK, Education and Employers*, January 2020
[26] Department for Education: Careers strategy: making the most of everyone's skills and talents, December 2017
[27] Gatsby Institute

Adviser Network (EAN) and Careers Hubs. This is, however, still a long way off the numbers needed and redoubled efforts will be needed to secure the numbers of encounters required for each year group.

Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Overall shortfall
4,000 (33%)	3,000 (25%)	2,500 (21%)	600 (5%)	1,500 (14%)	600 (6%)	1,100 (11%)	13,200 (17%)

Figure 11 Additional employer encounters needed in Leicester and Leicestershire area and year groups (schools and colleges combined)[28]

A recent survey by the University of Warwick highlighted the importance on the role of parents and carers with regards to be an influencer or in an advisory capacity. However, there is a recognition that parents and carers are not always confident about the advice and support they provide, including career options and labour market options, because of their own lack of understanding[29].

Timeliness of LMI reflecting the changes in the local labour market will make it more difficult for young people and adults to make appropriate choices in a changed labour market. There may be a rise in demand for transferable skills / less demand for sector specific skills.

Digital Skills

Digital skills will be of key importance in a post COVID era where working practices may be subject to change and where those without digital skills will be disadvantaged in terms of employment prospects. However, the level of digital skills across the population and the workforce is still below where it needs to be.

The recent Lloyds Bank Consumer Digital Survey[30] found that:

- The UK workforce is still digitally underpowered –an estimated 52% of the workforce lack digital skills in the workplace. This is particularly prevalent in manufacturing, retail and construction sectors. Those in entry level jobs are therefore most likely to be affected by the impact of COVID-19 as are also likely to have the lowest digital skills, limiting their ability to move in the job market.

- Equally as concerning, given the impact that we know Covid-19 is predicted to have on young people, the survey also found that working 15-24-year-olds are significantly less likely to have the digital skills required in the workplace than their older counterparts who are 25-54.

[28] Percy, C. and Tanner, E. (2020). Closing the Gap: Employer Engagement in England's Schools and Colleges in 2019. London: The Careers & Enterprise Company.
[29] Barnes, S-A., Bimrose, J., Brown, A., Gough, J. & Wright, S. (2020). The role of parents and carers in providing careers guidance and how they can be better supported: Practice report. Coventry: University of Warwick, March 2020
[30] Lloyds Bank UK Consumer Digital Index 2020

- Part-time workers are digitally disadvantaged. They're also less likely to have access to the Internet at work, meaning that they have less opportunity to improve.

Upskilling and increasing levels of digital skills across the region is therefore critical to the response to and recovery from Covid-19. Supporting the regeneration of the economy, particularly if entry level roles decrease and the jobs available demand a higher levels of digital skills. Increased provision of digital content and services in society as a whole will also drive this requirement

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Appendix A - Discussion paper: Boosting skills to support economic recovery from the COVID-19 crisis; 5 June 2020

The information set out in this note is intended to enable discussion and does not reflect government policy.

It is likely that the UK is entering its deepest recession in the post-war era, and we do not know how quickly the economy will recover. For the economy to emerge stronger and more productive than before, both individuals and businesses will need support to navigate the crisis.

We are already seeing significant growth in the number of people entering unemployment. The OBR projects that it will increase from 1.3m to 3.4m, with 2.5m still unemployed at the end of 2020. The labour market which emerges from this crisis will likely be the toughest for generations, with the current hibernation of thousands of businesses possibly followed by a longer period where they are reluctant to return to their pre-crisis recruitment and training behaviour. And the unemployed cohort may well look different to how it did pre-crisis, with a much higher number who have medium- and high-skills and a track record of employment in sectors which may have shrunk significantly.

Any new support will need to deliver what the economy needs and be targeted at those who will be hardest hit. It should give those without work the ability to maintain their work readiness and gain new skills to get a better job and help to deliver a workforce for the future high-skilled economy.

At-risk groups who will likely require skills/training support during the recession include:

- **Education leavers.** They have less work experience and will enter a jobs market with high unemployment and few vacancies. Leaving education during a recession can have a large and long-lasting effect on employment and earnings. Low attainers are worst affected, but graduates suffer too.

- **Young people in the jobs market.** Even in normal times, youth unemployment has long-term effects on earnings / wellbeing. And young people experience greater, more persistent increases in unemployment from recessions.

- **Lower-skilled adults**. They become less employable during recessions and employers are less willing to hold onto them, resulting in increased unemployment.

- **Those made unemployed since March or who are at work/furloughed within 'at risk' sectors.** Some sectors may be more likely to see job losses, with the crisis accelerating trends creating shifting skills needs in the economy.

- **Those in the worst affected places.** Some local areas may feel the economic impact of the crisis more acutely than others. It is the local economies already performing poorly – those needing to 'level up' - that will likely struggle the most to recover.

There are a number of options for steps that government could take to meet this challenge:

1) **A package to support unemployed people closest to the labour market.** There has been a sharp increase in new claims to UC since the start of the pandemic. We will need to deliver immediate support to help the newly unemployed back into work as the recovery kicks in.
2) **Targeted measures to improve access to apprenticeships.** Past recessions point to the likelihood that we will see reduced employer investment in training, and so government will need to take steps to stimulate employer demand to fill vacancies and invest in the future.
3) **Measures to support adults to retrain for advanced and higher technical skilled jobs.** Adults of all ages will need support to retrain/upskill to get high-skill / -productivity jobs in line with the sectors and occupations most likely to thrive into the future. This is particularly true of those slightly further from the labour market, who are least likely to find work straightaway even if the recovery is swift.
4) **Measures to prevent a generation of school/college leavers becoming NEET.** Around 900,000 people aged 16-24 leave the education system each year, including around 400,000 pupils who leave school without going back into classroom education. Skills support will be needed to help them 'wait out' the worst of the labour market crisis and so avoid the scarring effects of being NEET.
5) **Improving access to digital skills training.** The Skills Toolkit – a newly created online platform to direct people to a set of high-quality and -priority courses - could be enhanced with paid-for qualifications co-funded by Government, reflecting the skills employers need

Appendix B – COVID-19 Higher Education Sector Update 12 June 2020

1. The impact of Covid-19 risks creating great volatility in the Higher Education sector for 2020-21.

2. In addition to Higher Education providers themselves, the three main bodies leading Higher Education planning for 2020-21 are:

   Universities UK - represents the Higher Education sector and Vice Chancellors; makes recommendations to government

   - **Office for Students** - the universities' regulator with a focus on quality and value for money from Higher Education
   - **UCAS** - the portal for applications and admissions to UK universities

   The current Universities' Minister is Michelle Donelan.

3. Across the Higher Educator sector planning is taking place based on a broad forecast of a 15% reduction in UK/EU domestic student applicants and 50% reduction in international students starting at university in 2020-21. For international applicants some universities are looking at starting more students in January 2021 rather than this October to help mitigate this impact; however, the picture is currently unclear.

4. There are varying forecasts around the proportion of existing students who may choose to defer their studies in 2020-21 and only return in 2021-22. Universities have different policies around allowing deferral, and again, unfortunately it isn't possible to give any precise figures on this at the current time.

5. Most domestic students wishing to start university in 2020-21 are required to reply to their university offers with their firm choice by 18 June. This will give a first indication of applicants' intentions for coming to university this autumn.

6. BTEC results will be issued on 12 August and A level results day will happen on 13 August as scheduled. Results are being awarded by schools and colleges based on cumulative evidence of a student's performance, rather than end of year exams which have been cancelled in their totality. Students can appeal their grades and the current intention, in these cases, is to allow these students to take an exam for the subject in autumn 2020. This would obviously prevent any student in this position entering university for the 2020-21 academic cycle.

7. The government and Office for Students have issued a number of statements and implemented some new temporary regulations in the Higher Education market during this period:

- In March universities were instructed not to engage in offer-making behaviour that could negatively impact student choice. This focused particularly on scrutiny of Higher Education practice around making unconditional offers (where students are offered a confirmed university place irrespective of their eventual grades).

- It has been emphasized universities must maintain their focus and commitments around widening participation access.

- All providers have been set an individual cap on their UK student intake to assist fair distribution of new student recruitment across the sector and support applicants to make a choice that is right for them. The cap is set at 5% above institutional forecasts.

- The government will award 10,000 discretionary extra places with a focus on 5,000 ring-fenced places for nursing, midwifery and allied health sciences.

8. University clearing gives applicants the opportunity to:

- Apply for a university place if they hadn't already done so before 30 June
- Try to secure an alternative place if they haven't got the grades they needed for their chosen universities
- Try to go to the university they originally wanted, but didn't get an offer
- Decline an accepted firm place and go to another university instead, if they are accepted

The university clearing period for UK/domestic applicants is open from 6 July - 20 October. For most universities the intensive period of clearing will take place immediately as A level results are released on 13 August. After clearing there will be greater clarity around expected new student numbers (UK students) in Leicestershire in 2020-21.

9. International applicants have until 31 August 2020 to meet the academic conditions for entry in autumn 2020-21. This includes meeting English language requirements. English language testing was paused at centres in many countries due to Covid-19, with a potential impact on the international student recruitment market; however some of this testing is now being made available more readily online.

10. The Office for Students has issued a statement to universities (10 June) requiring institutions to provide clear and timely information on how their courses will be taught in 2020-21. This includes the extent to which courses will be taught online, providing enough information for applicants to make an informed decision about choosing and starting their course. Universities are required to give clear information about the balance students can expect between physical and virtual delivery and balance between lectures, seminars and self-learning.

11. The three Leicestershire universities have issued preliminary statements about their plans for delivering teaching in 2020-21. Although messaging varies, the broad pattern for the universities is that campuses will be open, but large-scale lectures will, or may, be delivered wholly online due to social distancing restrictions.

Planning for smaller seminars, studio, workshop and lab-based teaching is being organised to enable the best possible environment for learning while maintaining safety of students and staff and social distancing rules. This is a rapidly changing picture, reflecting the changing national situation more widely, and universities are working at high pace to provide updated information to applicants and students on the amount of face to face teaching they will receive.

Estates departments have been preparing campuses for the partial return of staff and students over time, putting in place building plans, reception screens and other adjustments to ensure social distancing can be adhered to.

12. The universities are running digital open days as follows:

- Loughborough University - 24-27 June
- University of Leicester - 3 July
- De Montfort University - 4 July

One upside of the rapid development of digital open days will be the possibility to engage a larger and more international audience than would currently attend a physical open day.

13. Although, as in many other industries, there is an urgent wish to restore normal face to face operations, the necessity of delivering university teaching and services online has led to innovations in digital engagement and significant digital upskilling of staff.

These have the potential to enrich the overall university experience beyond Covid by adding value to the core face to face experience.

14. Universities UK has recently proposed a package of measures to government to achieve stability in the sector following Covid-19, which is appended below or can be read at: https://www.universitiesuk.ac.uk/news/Documents/uuk_achieving-stability-higher-education-april-2020.pdf

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