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SUBMISSION TO LABOUR'S WORK AND BUSINESS COMMISSION

Introduction

As the MP for Birmingham Northfield I welcome the opportunity to make a submission to Labour's Work and Business Commission. This submission comments on the options set out in the Agenda 2015 Policy Paper – "Vocational education, apprenticeships and the role of job guarantees in tackling youth unemployment" – and calls for a localised approach to tackling youth unemployment. In Summary:

- *Worklessness is increasingly localised and concentrated in specific areas, with cities such as Birmingham maintaining an unemployment rate double the national average.*
- *Labour should not choose between job guarantees and scaled up investment in skills development in our policy review – both are essential to build a sustainable jobs market that delivers for all.*
- *Labour's Work and Business Commission should develop the proposals within the Policy Review "No Place Left Behind" paper, which called for decentralised back-to-work programmes.*
- *Labour's approach to tackling unemployment must be responsive to the needs of local economies, and bring together local businesses, educational establishments and the community to provide long term job opportunities for local people.*
- *Important lessons can be learnt from projects on the ground, such as the Climb Project that I have recently launched in my constituency, to advance a local approach to Labour's work and business policy after 2015.*

Background

Unemployment and low quality work is an issue of critical importance for the Northfield constituency. Out of 650 constituencies in the UK, Northfield has the 48th highest rate of unemployment. Almost 9% of adults in Northfield are unemployed, and the wider region has been particularly hard hit by the Tory-led government's failed economic policy. Birmingham has a 10.6% unemployment rate that is over double the UK average.

The situation in Northfield mirrors the national jobs crisis since the 2008 recession – the number of people in work declining, more people out of work long term, and diminishing opportunities and prospects for young people. **But the problem of long term youth unemployment is acute in the Northfield constituency.** The number of 18-24 year olds out of work for over a year is now 300, over 200 more than in 2011. The overall number of long term unemployed people has trebled since 2008.¹

The lack of opportunity for young people in Northfield is not only the result of the national economic crisis, but has emerged from the more specific local context of the decline and eventual collapse of MG Rover at Longbridge in 2005. A skills shortage in the workforce, educational underachievement and long term youth unemployment concentrated in specific estates and areas are the legacy of

industrial decline in the community. Northfield currently has the smallest workplace employment rate in the city, 85% of which is in the service sector.²

Labour's Policy Response

The Labour Party is committed to full employment. We have pledged a 'Compulsory Jobs Guarantee', to ensure people who have been out of work for over two years (and young people over one year) are provided with a job they must accept, or face losing benefits. I do not therefore see an either/or in the options proposed in the policy paper to (a) ensure that young people are not allowed to remain on Jobseeker's Allowance beyond a certain point and to (b) give all young people out of work the opportunity for good quality work experience placements which offer proper training, mentoring and help with a job search.

Both job guarantees and investing in vocational education and skills development are essential and not contradictory. The first is fundamental for alleviating the severe social and economic impact of long term unemployment for all, and the second is crucial for providing all young people with the skills, resources and confidence to obtain good quality, well-paid and long term jobs for the future.

Local Approach

In May 2013, Labour's Policy Review highlighted the problem that UK unemployment is severely locally concentrated. Areas with high rates of long term unemployed are typically in the post-industrial regions of the country such as Northfield, where the legacy of the Conservative governments of the 1980s and 90s is still painfully evident in economic inactivity, a severe skills shortage and long term worklessness.

Citing examples from back-to-work programmes in Canada and Germany, the "No Place Left Behind" paper made a strong case for devolving action on unemployment.³ The paper rightly underscored that local labour markets differ enormously within the UK – and therefore local authorities need to be given the power and resources to tackle joblessness according to their needs.

It is simply not credible that back-to work programmes in rural Devon and the suburbs of Birmingham can be run from a central model. A decentralised approach is critical for ensuring that different regions are not lost to economic decline and entrenched social problems. I urge Labour's Work and Business Commission to integrate their work with the proposals set out in this paper, and develop them further as part of Labour's Policy Review.

The case of Birmingham Northfield

It's vital that efforts to tackle unemployment are built on the needs of the community, and the perspectives of local businesses, community groups, and individuals. For example, in the past the MG Rover Plant at Longbridge supported thousands of engineering jobs directly and through a wealth of small and medium sized enterprises. Despite the plant's demise there are significant opportunities to leverage the area's manufacturing heritage, develop a new automotive supply chain, and innovate in emerging areas such as advanced manufacturing. Local SME's tell me that they are frustrated a severe lack of local facilities – common in other European countries – to train and develop the skills of the employees they need.

A devolved approach to tackling unemployment would be responsive to the needs of local economies – and work in collaboration with colleges, universities, training establishments and community groups – to guarantee real job opportunities for local people. I have recently launched a new initiative, the Climb Project, to take forward this approach. It is centered on a new local cross-

sectoral local partnership that will develop a clear and compelling future vision for the local economy, and provide practical assistance for jobs and growth for local people. It is primarily business-focused, but includes community groups and elected representatives, and aims to realise the huge potential for growth that exists in the area.⁴

The initial public meeting of the project demonstrated high level of energy and enthusiasm from local businesses and the wider community for tackling unemployment and building aspiration in the area. Working across sectors at a local level to attract inward investment, develop a coherent economic vision for the area, and connect employees with employers, will all be crucial parts of supporting a sustainable local economy in Northfield.

Without recognising and acting on the differing needs of local economies it will be impossible to achieve a One Nation solution to unemployment. This submission calls for a strong commitment to localism and community to be at the heart of Labour's work and business policy after 2015.

¹ RP 13/46, Unemployment by Constituency July 2013 - Commons Library Research Paper, 17 July 2013

² Birmingham City Council, Northfield Constituency Economic and Employment Profiles - March 2012

³ Labour's Policy Review, One Nation Social Security – No Place Left Behind, May 2013

⁴ Richard Burden, 'The Climb Project', 2 July 2013 <http://richardburden.com/2013/07/climb-project-a-new-pathway-for-jobs-and-growth/>