Employability initiatives and Rural Resonances: 4 issues

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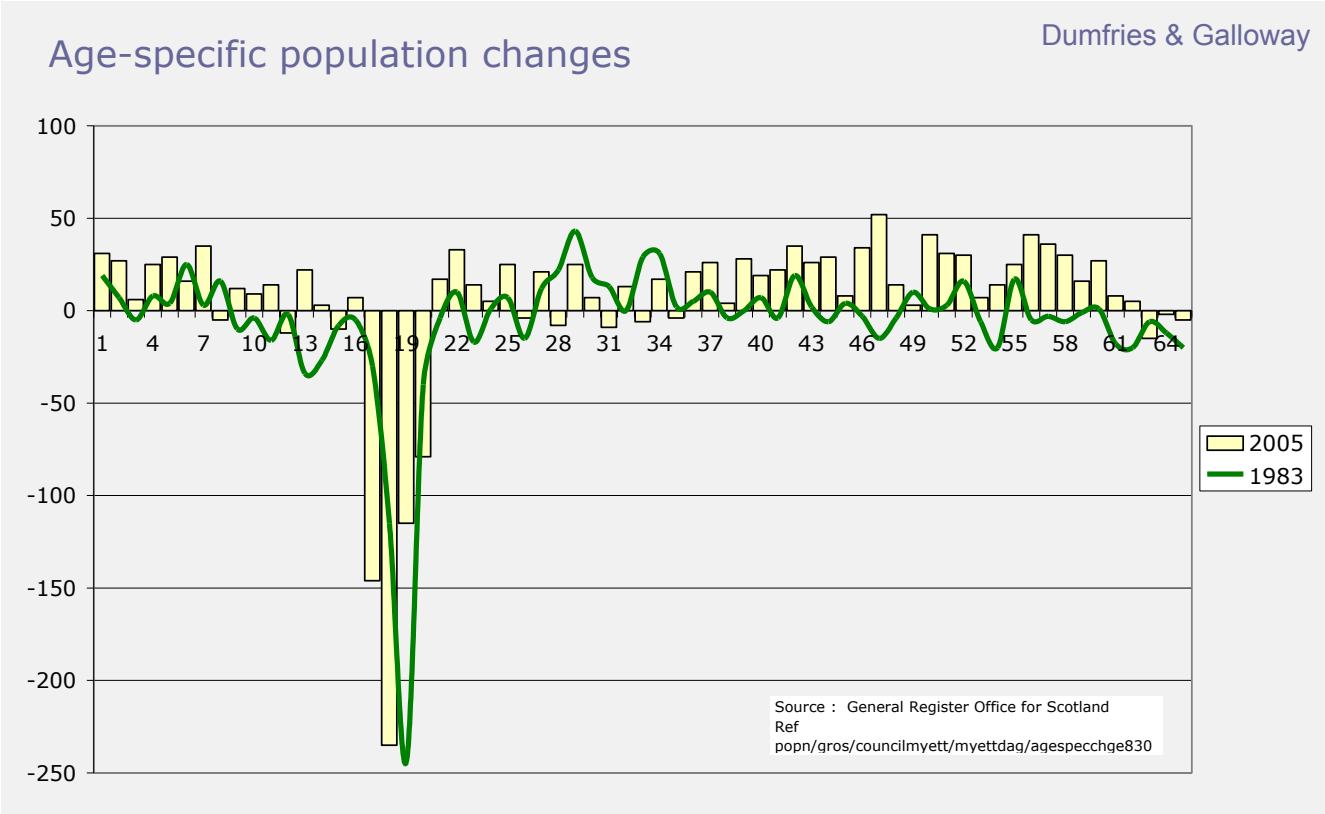
Director

Outline: 4 issues

1. The significance of migration…and the importance of skills
2. Where are the jobs in rural areas and what does this mean for action?
3. Should we focus on job growth or employability – or both?
4. Growing opportunities for communities to create local jobs

Issue 1: Migration and skills

Migration is what destroys growth in rural areas



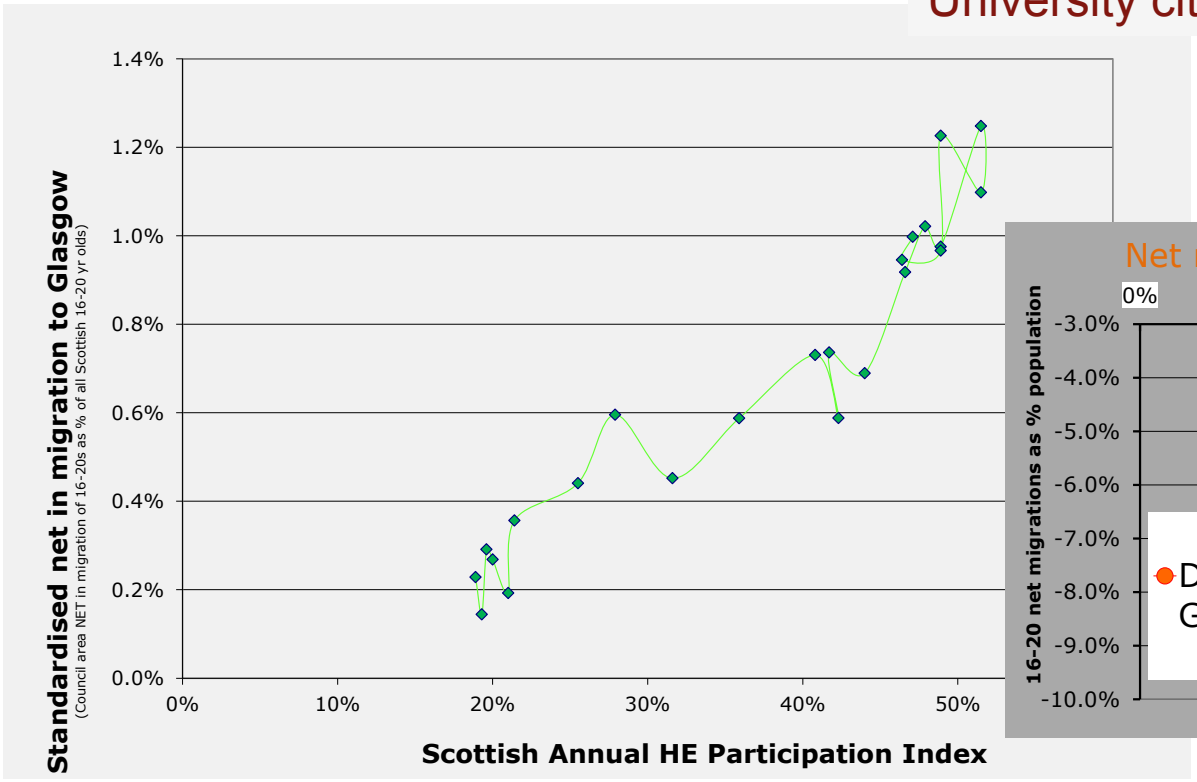
[Source: Professor Hervey Gibson, cogentsi]

..devastating impact on population

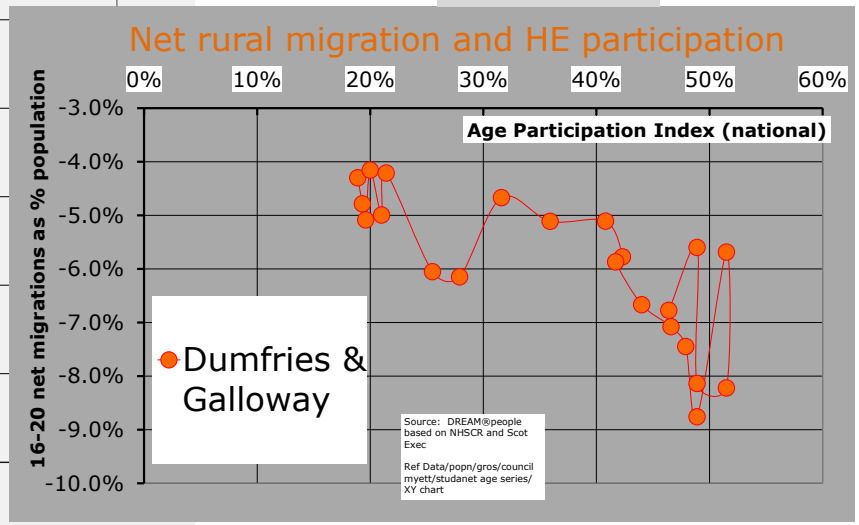
[Source: Professor Hervey Gibson, cogentsi]

Urban in-migration driven by Higher Education

University city



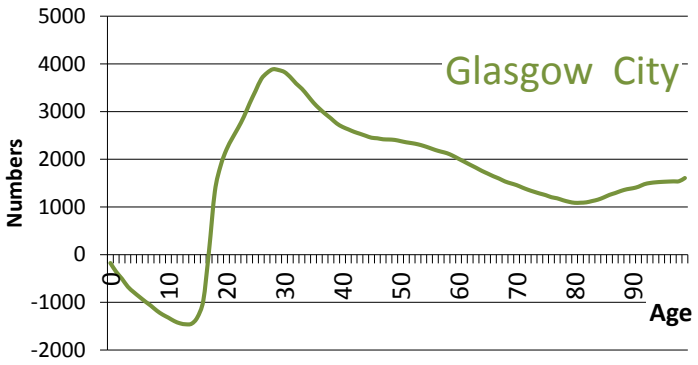
Rural



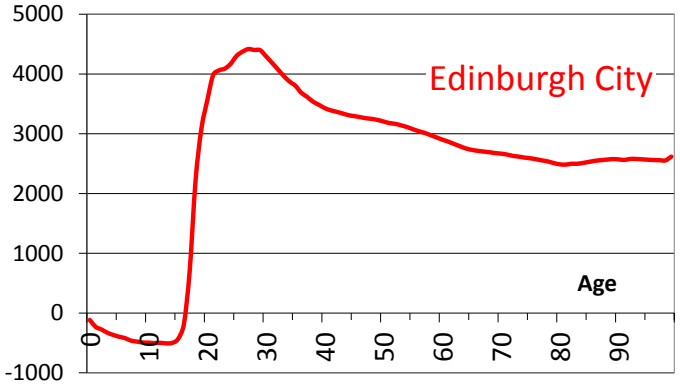
[Source: Professor Hervey Gibson, cogentsi]

So…. the patterns of migration in rural and urban areas are mirror images

Migration cumulated by age (average 2001-2006)



Migration cumulated by age- average 2001-2006



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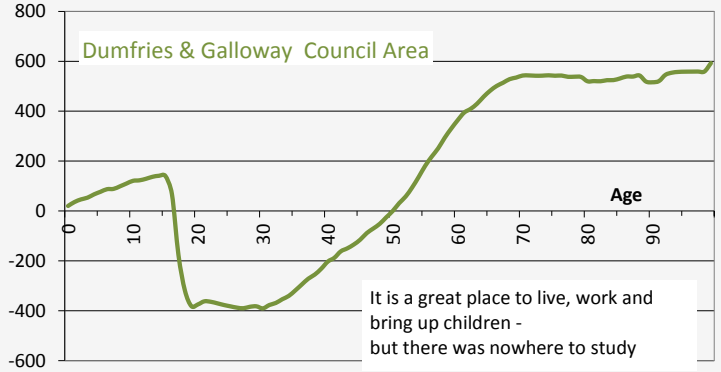

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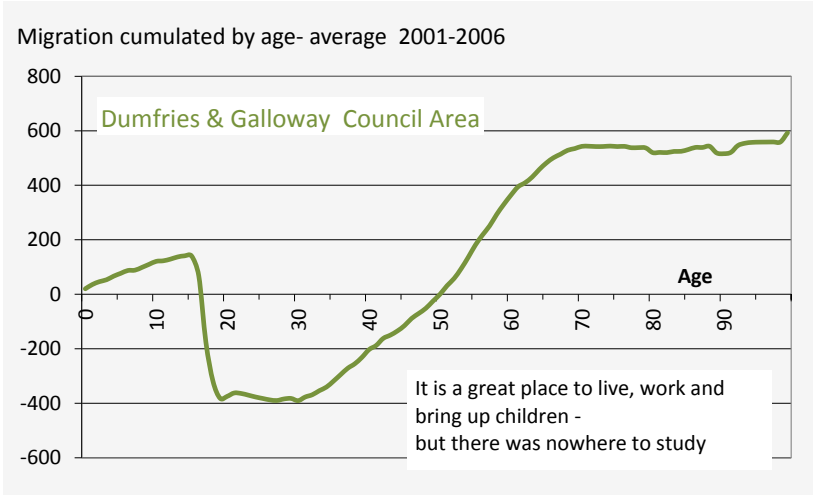

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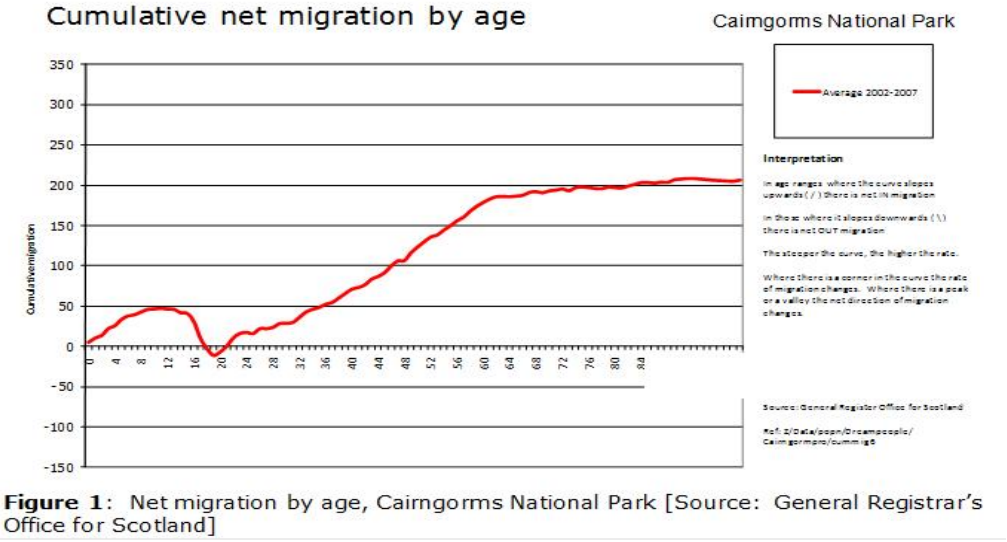

Figure 1: Net migration by age, Cairngorms National Park [Source: General Registrar's Office for Scotland]

Cairngorms National Park displays a different pattern as a very appealing place for active young people to live and work

What does this mean?

- Biggest impact on rural economies is achieved by the local provision of FE/HE…
- As new kinds of pathways from school to work develop, local provision can take all sorts of forms (eg school/work/training)
- … but need to ensure that the jobs, facilities, houses are there to keep young people and pull back leavers

Issue 2: Where are the jobs?

- In rural areas two forms of employment match the dispersed distribution of population:
  - Public sector jobs: care, health, education, administration
  - Micro-businesses (ie employing 9 people or fewer)
- Opportunities around both these to increase local jobs or access to jobs

Issue 2: Where are the jobs?

- Public sector jobs (including third sector funded through public sector)
  - Between 25 and 40% of all jobs
  - Despite cuts, public sector likely to remain one of the most important sources of opportunities for young people in rural areas
  - Scope for collaborative workforce planning and creation of pathways from school to future opportunities

Issue 2: Where are the jobs?

- Micro businesses make up 90% of all registered businesses – and most unregistered businesses

	Scotland (2014)	Highland (2014)
	SG Data - All Businesses	ONS Data - Micro businesses
Registered	166,525	9,015
Unregistered	168,490	9,121
Total	335,015	18,136

[Source: Rocket Science analysis of Scottish Government and ONS date]

Issue 2: Where are the jobs?

- …and most of them are **very** small

	Number of employees						
	0-4	5-9	10-19	20-49	50-99	100-249	250+
Highland	75%	14%	10%	3%	1%	<0.5%	<0.25%

[Source: ONS ASL October 2014}

Issue 2: Where are the jobs?

- What does this mean?
  - Micro-businesses can only grow through recruitment…
  - …but they are very risk averse…
  - …and significantly over-estimate the risks of employing people (eg risk of a microbusiness being taken to an Employment Tribunal risk is actually 0.0006%)
  - This perception of risk can be transformed by specialist HR advice and guidance…
  - …and when done well, this support can lead to significant job creation in rural areas

Issue 2: Where are the jobs?

- Started with ‘Sole Trader Initiative’ in NW Wales: 800 sole traders supported, of which 400 recruited 500 people over 3 years
- ‘Create and Employ’ in Highland: 550 micro businesses supported, of which 180 recruited 300 people over 2.5 years
  - Reduces perception of risk, as well as the reality of risk (eg more robust contracts, better recruitment and induction etc)
  - Helps people set up simple and appropriate HR systems
  - Overall, makes it much easier and more appealing to recruit
  - Some approaches (like Sole Trader) strongly linked to recruiting unemployed people – others focus on helping businesses recruit a great match for their needs – though may be linked to recruitment incentives (eg for young unemployed)

Issue 2: Where are the jobs?

- Allowed people who were committed to their community to find a job (when linked to JCP as in NW Wales many of recruits were long term unemployed who were able to work but couldn't in absence of local jobs)
- Can give the business leader a bit of space for marketing and business development
- Can help with business succession (eventually)

Issue 3: Getting the balance right?

- National programmes are ‘one size fits all’ and rarely right for rural areas
- Most areas display a wide range of issues in terms of employability:
  - In some areas the issue is that there are jobs but it is hard to find appropriate recruits – so need is for a high quality employability focus and close engagement with employers to understand requirements
  - In some areas there is a shortage of jobs so the need is to enhance job growth
  - In some areas need to do both
- Understanding this balance and getting the mix of intervention right is key to local success

Issue 4: Local opportunities

- The best people to help local communities with job creation are…local communities
- Growing range of examples: shops, pubs, energy, broadband, tourism, arts, business space etc
- Depends on local leadership and a lot of early stage support (eg options development, feasibility studies, business plans, community shares issues, grant applications)
- Evidence showing that, after first success, communities move on to more ambitious efforts
- These need to be actively linked back to schools (and housing) to encourage young people to stay – or return

Some reflections

- In terms of employability, ***rural areas are distinctive*** and require distinctive approaches
- ***Local provision of Further and Higher Education*** a powerful transformer
- The ***public sector is a vital component*** of an effective approach:
  - As an employer
  - As a source of intelligence and insight on individual clients and on employer's situation and needs
- There is scope to ***transform micro-business recruitment***
- Usually need a ***combination of employability action and business support*** – working closely together

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Thank you!

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ROCKET SCIENCE

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