

Young People's Education and Skills Board

Response to youth unemployment

Item no: 7

Report by: Mary Vine-Morris **Job title:** YPES Director
Date: 16 October 2012
Contact: Neeraj Sharma
Telephone: 020 7934 9524 **Email:** neeraj.sharma@londoncouncils.gov.uk

Summary This paper informs the YPES Board of the growing number of national and regional initiatives to address the persistently high levels of youth unemployment.

It describes the opportunities available and outlines delivery challenges that may militate against the success of programmes in London and reduce the impact on youth unemployment.

Recommendations Board members are asked to:

1. note the report; and
2. determine the recommendations (set out at paragraph 4) the Board wishes to take forward.

1 Background

- 1.1 Youth unemployment (16 – 24) has been adversely and disproportionately affected by the economic downturn since 2008. It has been the subject of much public debate and the focus of numerous reports in recent years.
- 1.2 During an economic downturn, employers tend to keep hold of experienced staff and scale back on entry level recruitment. It can also be easier and cheaper to make younger workers redundant ('last in, first out'). All of this adversely affects young people, who have tended to suffer disproportionately during recessions.
- 1.3 The Centre for Economic and Social Inclusion illustrated that ILO youth unemployment¹ not only rose by nearly twice as much as it did for older people during the recession (as a share of the population) but it has accounted for nearly all of the increase since 2009. There have been calls for more action to tackle the problem from a range of organisations including educational institutions, businesses and voluntary organisations.
- 1.4 In the first quarter of 2012, 117,800 young Londoners aged 16-24 were unemployed. This is an increase of 17,600 since 2008. London's rate of youth unemployment exceeds both the EU and national average with nearly one in four young Londoners (16 - 24 year olds) unemployed.

¹ International Labour Organization: the percentage of economically active people who are either out of work but are actively looking for a job or out of work and are waiting to start a new job in the next two weeks.

2 Addressing youth unemployment

2.1 Successfully addressing youth unemployment will not only require a significant upturn in the economy but also targeted support for young people. There has been a steady increase of initiatives both national and regional focussing on improving the employability of young people by developing their skills and experience. These include:

Youth contract

2.2 The Government announced up to £1 billion, over three years from 2012-13, for a Youth Contract programme aimed at unemployed young people aged 16-24. The broad objective of the Youth Contract is to make young people more appealing to employers looking to recruit. It sets out a range of measures and initiatives to achieve this:

- 2.2.1 **160,000 wage incentive payments** to employers, worth up to £2,275 each, for those who recruit an unemployed 18-24 year-old from the Government's Work Programme;
- 2.2.2 **An extra 250,000 work experience or Sector-based Work Academy places**, taking the total to at least 100,000 a year;
- 2.2.3 Funding for at least **20,000 extra Apprenticeship Grants to Employers**. These are incentive payments worth £1,500 each for small and medium sized employers for every apprentice, up to 10 in total, aged 16-24 that they take on provided they have not recruited any apprentices in the last 12 months.
- 2.2.4 **More flexible adviser support delivered through Jobcentre Plus** for all 18-24 year-olds including the **offer of a National Careers Service guidance session** within the first three months of any 18-24 year-old registering for JSA; and
- 2.2.5 **A payment-by-results initiative focusing on 16-17 year-old NEETs** with no GCSEs at grades A*-C. Approximately £13 million is available for this element of the Youth Contract in London over the next three years. Local authorities have a significant role in referring eligible young people and there is the need for strong co-ordination between partners.

Work Programme

- 2.3 The Work Programme became operational in June 2011. It focuses on getting people who have been out of work for nine months to a year into jobs, and keeping them in employment.
- 2.4 It is delivered by 'prime providers' - large, usually private sector organisations. There are six in London, three operating in West London and three in East London (Ingeus Deloitte, Maximus, Reed in Partnership, A4E, CDG, Seetec).
- 2.5 A key cohort of the programme is young people aged 18 to 24 that are unemployed. They are mandated onto the work programme if they are:
 - 2.5.1 Aged 18 and have been NEET in the previous six months,
 - 2.5.2 Returning to Job Seeker Allowance (JSA) and have previously received benefit for 22 out of the last 24 months.
 - 2.5.3 A JSA claimant for 9 months.
- 2.6 The Work Programme pays on outcomes i.e. contractors receive the bulk of their payments for sustained employment (six months) outcomes. Research by the London Skills and Employment Observatory² shows that the performance levels required to

² http://lseo.org.uk/sites/default/files/downloads/Work_Programme_report.pdf

deliver the Work Programme profitably in London will be demanding. Performance in the capital will therefore have to be at a higher level than that previously achieved through past back-to-work programmes, such as New Deal for Young People, New Deal 25+ and Pathways to Work.

Talent Match

- 2.7 Talent Match is a programme resourced by the Big Lottery Fund which will make up to £10m of targeted investment available for London.
- 2.8 The target group is young people aged 18-24 who have been out of work, education or training for over 12 months regardless of how whether or how long they have been claiming Jobseekers Allowance (or other benefits). The programme is designed to help young people secure employment, take-up training/further education or create their own employment/enterprise.
- 2.9 It is focused on geographic unemployment hotspots and communities most in need. These have been identified by Big Lottery Fund as: Barking and Dagenham, Croydon, Enfield, Greenwich, Hackney, Haringey, Merton, Newham, Southwark, Tower Hamlets and Waltham Forest. Local authority contacts have been invited to indicate which neighbourhoods or communities should be specifically targeted within their borough to ensure maximum impact and synergy with other council programmes.
- 2.10 The programme is to be delivered by Voluntary and Community Sector partners and designed and developed with young people in a key leadership role.

Day one support for young people in London (trailblazer)

- 2.11 Trailblazer, a joint pilot between the Mayor and the DWP, has been set up to provide 6,000 unemployed young Londoners with little or no work history help to improve their job prospects. It is targeted at 18 to 24 year olds who claim income-based Jobseeker's Allowance and have less than six months' work history. Eligible young people will receive a package of support that includes:
 - 30 hours of work placement a week for a 13-week period.
 - 10 hours a week where providers work with claimants on job search activities.
- 2.12 Work experience will be carried out in a range of sectors including charities, social enterprises and voluntary organisations and will deliver clear benefits to the communities in which people taking part in the trailblazer live.
- 2.13 It covers 16 London Boroughs: *Croydon*, Westminster, Barnet, *Haringey*, *Enfield*, Islington, *Greenwich*, Lewisham, Kensington & Chelsea, Bexley, Bromley, Sutton, *Merton*, *Southwark*, Lambeth and Camden (*italicised* boroughs are also targeted for Talent Match).

European Social Fund (ESF) London

- 2.14 The Greater London Authority (GLA) will shortly be announcing its providers for their three new programmes of support targeted at young people who are disproportionately represented within the NEET cohort:
 - 2.14.1 Young People with Learning Difficulties and/or Disabilities;
 - 2.14.2 Resettlement of young offenders aged 14-17, leaving custody;
 - 2.14.3 Re-engagement of young people, 14-16, excluded from school.
- 2.15 These projects, worth £10million, have been developed with support from local authorities, expert practitioners and involvement of YPES officers.

- 2.16 In addition £35million has been allocated to fund projects aimed at supporting young people under the following programme headings:
- 2.16.1 ESF preventative NEET Programme; the programme started in July 2011 and is now performing well in nearly all areas. There have been 5,082 starts up to the end of July and overall the programme is ahead of profile on both starts and progression at 13 and 26 weeks.
 - 2.16.2 ESF NEET Programme, including opportunities for vulnerable young people and volunteering; the programme started in November 2011 and is demonstrating more varied performance. In particular the pan-London programme for vulnerable young people is significantly under-performing on both starts and progression.
 - 2.16.3 ESF Apprenticeship Support; the Pre-Apprenticeship programme is demonstrating some strong performance on starts and progression however; the programme which supports young people from under-represented groups into apprentices is struggling to deliver its targets.
- 2.17 The Skills Funding Agency is working with providers to identify the barriers to performance and through the ESF Steering Group partners are committed to assisting in delivery.

Get young people working: the youth offer

- 2.18 The City of London is proposing to develop a new programme 'Get Young People Working: the Youth Offer'. This would be a grant programme, managed by the City Bridge Trust to which London boroughs would bid for up to £100,000 each, available over two years. The expected outcome for the whole programme is 1,000 young people across London accessing employment or apprenticeships. London Councils is working with the City of London to develop a programme which enables London boroughs to develop proposals that could fill specific gaps in provision drawing on their local knowledge and experience. Working collaboratively, there is an opportunity to identify locally sensitive and flexible approaches which build on and complement existing borough strategies and priorities.

Greater flexibilities for 16 – 19 education providers

- 2.19 The Education Funding Agency (EFA) will implement funding changes from 2013/14 to support full participation for 16 and 17 year olds and reforms that offer greater flexibility for 16 – 19 educational providers to design study programmes that join up the needs of local young people and the demand for skills in the labour market.
- 2.20 All full time students will be funded at the same basic funding rate per student, per year regardless of which type of institution they attend and what they study. Success rates will no longer be a determinant of provider funding (often cited as a cause for 'dumbing down' student qualifications); this will however, be replaced with a retention factor. Certain programmes will continue to attract higher funding (e.g. engineering) and London based providers will continue to attract an area cost adjustment.
- 2.21 As funding will no longer be entirely reliant on qualifications, study programmes can include significant periods of work experience or internships as well as personal development opportunities. English and maths for young people who have not achieved a minimum grade C GCSE in these subjects is a pre-requisite of study programmes.
- 2.22 The contribution of the further education sector in London is considerable both in financial investment and student volume terms. Allocations made to post-16 providers based in London for the academic year 2011/12 totalled more than £950million for over 180,000 students.

3 Challenges

- 3.1 Local partnerships welcome the investment in programmes of support that are targeted at young people. Evidence has shown this cohort has been significantly impacted by the downturn in the economy. However, the proliferation of provision has created challenges for local authorities:
 - 3.1.1 Low educational attainment is an important indicator of the risk of becoming NEET and is an important component of Youth Contract 16-17 programme eligibility. However, as the best performing region in England at GCSE level, many local authorities do not have sizeable groups of 16-17 year olds that meet the eligibility criteria. The DWP Select Committee report on Youth Contract recognised this concern. The lack of critical mass in London appears to be the reason for two Youth Contract providers withdrawing their offer (new providers are now in place).
 - 3.1.2 There is a danger that without the co-ordination of support and, appropriate referral pathways, providers will inevitably target the same young people and exclude others. There is an emphasis on local authorities establishing communication and relationships with all providers with little or no consideration for the administrative burden this places upon them.
 - 3.1.3 Recent initiatives have tended to be large scale national and pan-London programmes that do not take full account of local characteristics and existing local provision in their design and implementation, which has led to gaps in provision locally.
 - 3.1.4 The 'market place' is now flooded and, although this delivers increased choice for young people who are disengaged, with each new initiative, is becoming more un-coordinated and young people are finding it harder to navigate.

4 Recommendations

- 4.1 Board members are asked to determine the recommendations they wish to take forward:
 - 4.1.1 To lobby the EFA for a change to the 16-17 Youth Contract programme eligibility to include all young people that are NEET within the appropriate age range.
 - 4.1.2 Work with strategic partners, at a regional level, to ensure that all young Londoners have access to impartial information, advice and guidance which increases positive destinations.
 - 4.1.3 To campaign for flexibility within new initiatives to take into account specific local needs where gaps in provision have been identified.
 - 4.1.4 To continue to press for the alignment of investments and to lobby, on behalf of the sector and in line with LGA proposals, to reduce bureaucracy and duplication of unemployment schemes to enable the effective targeting of resources.