Hidden talents II: re-engaging young people, the local offer
Reducing youth disengagement is a priority for local government, one that unites the sector, and that transcends local party politics. It is a priority too for government, for businesses, for the third sector, and for communities. In this report we make an offer to reduce the growing number of most disengaged young people, those furthest from employment.

Long-term youth unemployment is too high. Overall, the number of 16 – 24 year olds not engaged in work or learning remains well over a million. Beneath these headlines, around 260,000 young people have been out of work for over a year, doubling since 2008, and 100,000 for two years.

This is a critical and complex issue for individuals and society, which successive administrations have not been able to resolve. While there are many great initiatives, the overall public service offer is not sufficiently coherent or targeted around individuals, which is least effective for young people at risk of long-term disengagement.

Councils have a responsibility to look after the welfare of all young people in their area; they have a leading role in raising of the participation age to 18 years old by 2015, and are the champions of their interests, wanting them to benefit from local efforts to drive growth.

Local approaches work, particularly for young people under 16 where local authorities have had the levers, funding and partnerships to join-up and target early intervention provision to help prevent and tackle disengagement.

But councils can be frustrated by the lack of levers to fulfil these responsibilities for young people over 16, who enter a confusing array of national services and programmes. This is not a rational or cost-effective way to design and run services to young people, particularly as no one is able to join-up and target provision around their individual needs.

The truth is, the system relies on the good will of partners and providers to collaborate on the ground, but then dis-incentivises it with national funding, performance and procurement systems. As a result, meaningful collaboration can be patchy. It is happening in some places and in some parts of the system, but it is not happening in nearly enough.

The Autumn Statement signals a movement towards the greater devolution of growth and skills to Local Enterprise Partnerships. We welcome this direction, and in the lead up to government’s response to the Heseltine Review and Budget, want to set out what local authorities and all partners in local areas can achieve with the right devolved levers.
So, in this, our second ‘Hidden talents’ paper, we make an offer; incentivising a new era of collaboration between local and national services based on a rational distribution of responsibilities. We recommend local partners lead all provision for re-engaging the most vulnerable young people up to 24, and that national skills and employment provision is co-designed by local and national partners, shaped around the needs of employers in local labour markets.

We agree with the principles underpinning recent contributions to this debate - the Heseltine Review and the Youth Employment Commission chaired by the Rt Hon David Miliband MP both set out approaches that, ultimately, seek to join-up and sequence services by devolving spending.

There is a lot to be positive about. Councils, colleges, employers and national agencies are developing new models that have real impact on young people – the evidence of what can be achieved is demonstrated throughout this paper, particularly for early intervention services to young people under 16.

We are proud of this work, but want to incentivise these approaches across the country; galvanising local private, public and third sector partners around the joint objectives, and enabling a consistency of support from the same agencies and personalities working with young people both pre and post 16 up to 24 years old.

The institutional framework already exists. Local Enterprise Partnerships, Employment and Skills Partnerships, 14-19 Partnerships and other public service partnerships offer vehicles to build effective collaborations with providers, employers, national services, the third sector and other partners – councils are ready to make this happen.

So, learning lessons from successful approaches, and taking forward the learning from Whole Place, City Deals, the Raising the Participation Age trials and Special Educational Needs pathfinders, we set out a model enabling local partnerships to unlock value in current national and local provision for this group.

To deliver this we propose local authorities and their partners:

• become the default commissioners of all programmes seeking to reengage the most disengaged young people up to 24 years old
• lead in setting local and sub-regional priorities for 16-24 skills provision, driven by employer demand in local labour markets, and linked to pre-16 provision
• co-design, with Jobcentre Plus and Work Programme providers, joint packages and employment programmes for hardest to reach young people, effectively docking local and national programmes
• commission wage subsidies announced as part of the Youth Contract, engaging SMEs and targeting young people with most to gain from public subsidies.
We believe in this approach. Based on the evidence of what some local partnerships are achieving, a devolved model across all areas has the potential to reduce youth unemployment by 20 per cent, and halve youth disengagement in three years. This would deliver savings of £1.25 billion every year to the exchequer, and contribute an additional £15 billion to the economy over ten years.

Similarly, aggregated analysis of community budgets for work and skills suggest annual savings of up to £1.7 billion.

Now, as always, we will continue to emphasise the strengths of locally joined-up, targeted services – we stand by this and the evidence that they work.

Councillor David Simmonds, Chairman of LGA Children and Young People’s Board

Councillor Peter Box CBE, Chairman of LGA Economy and Transport Board
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Executive summary

In this paper we set out a new approach for tackling long-term youth disengagement, based on a new collaborative approach that enables local services to unlock value in national provision to this group.

Long term youth disengagement is too high and continues to grow, around 260,000 young people have been out of work over a year, doubling since 2008, and 100,000 out of work for over two years.

We know joined up, targeted local services work best for this group, but successive national administrations have scattered provision across places, relying on the good will of partners to join it up around young people.

This is not enough. While there are many strong initiatives, there is no single strategy and no clarity on who is responsible for delivering it on the ground - especially for those most disengaged young people in most need of consistency.

Councils have been seeking to address this, trying to convene and enable partnerships – like Local Enterprise Partnerships (LEPs), City Regions, Employment and Skills Partnerships, 14-19 and RPA Partnerships – that have real impact.

But they rely on the willingness of partners and providers to engage, and this is not happening enough, with national funding, procurement and performance arrangements dis-incentivising it in the majority of places.

Local approaches work, particularly for pre-16, where councils have more of the levers, funding, and partnerships to bring together and target provision to prevent and tackle disengagement.

So we ask government to empower local authorities to join the dots between services within places, helping continue successful and targeted support to young people post 16 and up to 24 years old, based on a new collaborative relationship with national programmes and services.

In the Autumn Statement, the Chancellor signalled a move towards the greater devolution of growth and skills funding and levers to LEPs. In advance of the Budget and government’s response to the Heseltine Review, we make a range of recommendations that ensure all young people can benefit from these opportunities.

Our proposals, summarised in diagram 1, look to empower local authorities and their partners as lead commissioners for all reengagement programmes, maximising participation in mainstream services, and to co-design those mainstream skills and employment services with government in a way that responds to individual needs and meets employer demand in local labour markets.
In essence, we make four recommendations, summarised in table 1.

- Local authorities and their partners become the default commissioners of all programmes seeking to reengage the most disengaged young people, using European Social Fund (ESF), Bursary Fund and Foundation Learning to develop bespoke, targeted and consistent reengagement programmes.

- Local partnerships should lead in setting local and sub-regional funding priorities for 16-24 education and apprenticeship provision, driven by employer demand in local labour markets, and locally holding providers to account for meeting them.

- Piloting models incentivising local authorities, Jobcentre Plus, and Work Programme providers to co-design joint packages and local employment services and programmes for young people with more complex barriers to work.

- Devolve to local partnerships a lead role in commissioning the Youth Contract Wage Subsidy programmes, targeted at SMEs and sectors with most to gain from public subsidies, and at young people in most need of support in the labour market.

In return, local authorities are exploring new models of delivery that have impact. They all focus on delivering services that are:

- intelligence-led, both identifying and tracking those young people at risk of, or who are already, disengaged and targeting provision to local labour market need

- personalised and consistent for young people, supporting difficult transition points and providing a single route into services for the most disengaged

- targeted in youth disengagement and unemployment ‘hotspots’

- docked with mainstream services and programmes, helping schools, colleges and training providers, Job Centre Plus and the Work Programme reach their full potential

- underpinned by coordinated and locally relevant careers information, advice and guidance

- simplifying and strengthening the role of employers and young people in leading provision.

Based on the evidence throughout this paper, local partnerships could strive to halve youth disengagement and reduce youth unemployment by 20 per cent in three years. Achieving this will deliver savings to the exchequer in the range of £1.25 billion every year, and contribute an additional £15 billion into the economy over ten years.

Similarly, aggregated analysis of work and skills element of Whole Place pilots suggest national savings of up to £1.7 billion every year.
### Table 1 Integrated offer for disengaged young people, proposed role of local partnerships

<table>
<thead>
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<th>Fund / Service</th>
<th>Type of service</th>
<th>Current council role</th>
<th>Proposed role for local partnerships</th>
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<td><strong>Re-engaging Young People – Default Commissioner</strong></td>
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<td>European Social Fund</td>
<td>Priority for engaging disengaged young people</td>
<td>Some</td>
<td>Lead commissioning from 2014 - 2020</td>
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<td>Bursary Fund</td>
<td>Learning grant</td>
<td>Patchy</td>
<td>Co-commissioning with Education Funding Agency and providers</td>
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<td>Foundation Learning Learning</td>
<td>Learning and skills at entry level or level 1</td>
<td>Patchy</td>
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<td><strong>Transition from education to employment – Strategic Co-Commissioner</strong></td>
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<td>16-19 further education</td>
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<td>Post – 19 Further Education</td>
<td>Skills and training</td>
<td>Some</td>
<td>Co-commissioning funding priorities with Skills Funding Agency</td>
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<td>Apprenticeships</td>
<td>Work-based training</td>
<td>Some</td>
<td>Setting spending priorities with National Apprenticeship Service</td>
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<td>Work Programme</td>
<td>Employment and skills programme</td>
<td>None</td>
<td>Joint packages and local employment programmes for ‘hard to reach’</td>
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<tr>
<td>Employer Wage subsidies</td>
<td>Work placement</td>
<td>None</td>
<td>Commissioning local programmes in line with local labour market</td>
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<td>Jobcentre Plus</td>
<td>Employment support and benefit</td>
<td>Patchy</td>
<td>Co-designing service and spending priorities with JCP</td>
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Diagram 1 Integrated offer for disengaged young people, proposed role of local authorities and their partners

- Locally commissioned
- Local / National coordination and design
- National spine of provision

Reengagement programmes for most disengaged

- Support for disengaged young people in and around school
- Sub-regional course and funding priorities for 16-24 vocational skills
- Co-designed programmes for most disengaged and devolved wage subsidies
- Pre-16 education
- 16-24 skills and apprenticeships
- 18-24 Jobcentre Plus and Work Programme
Long term youth disengagement

There is a critical need to reduce the growth in long-term youth disengagement. Beneath the headline statistics there is a group of over 260,000 young people out of work for over a year and 100,000 unemployed for over two years – these numbers have been rising for some time, growing rapidly since 2008.

The speed and severity of the growth in structural long-term unemployment suggests successive national approaches have not identified and supported this group early enough.

Around 1.36 million young people aged between 16 and 24 years are not engaging in any form of education, employment or training. Despite a small fall in 2012, this still represents a quarter of all young people in the job market in England.

Young people continue to struggle more than other age groups. 18.5 per cent of economically active 18-24 year olds were unemployed in October 2012, whereas 6.3 per cent of 25-49 year olds are unemployed.

But every young person is an individual and the recession has impact on each in different ways; some are always able to prosper, some find it difficult but are well placed to benefit from opportunities as they emerge, and some are poorly placed and increasingly marginalised.

In our last Hidden talents report we drew particular attention to long-term disengaged young people, or ‘core’ NEETs. Based on the analysis of long term disengagement, we are concerned by:

• significant increases in the number of young people becoming long-term disengaged – long-term unemployment among 16-24 year olds has doubled from 110,000 in 2008 to around 260,000 in 2012 (Figure 1).

• risk that young people will continue to fall into periods of long-term unemployment – 360,000 of economically active young people have been unemployed for over six months, up from 200,000 in 2008

• emergence of a growing number of critically disengaged young people unemployed for more than two years, which has risen by 168 per cent, from 38,500 to 100,000 since 2008 (Figure 1).
Most worryingly, this group of young people is much less likely to benefit from growth. Although JSA claimants represent only a proportion of the total number of young people unemployed, Figure x indicates the number of young people claiming Job Seekers Allowance for over a year has increased dramatically since 2008, despite a recent fall in those claiming for up to a year.
The truth is that every young person is unique. Any number of different experiences and circumstances can lead to prolonged periods of disengagement – the reduction of long-term youth unemployment relies on the capacity of services to respond to these circumstances.

The initial indications that a young person is at risk could come from anywhere; from a council working with a troubled family, from a school from where a young person has first disengaged, or from community groups working with people addicted to drugs or alcohol.

There are some commonalities, however, for instance young people disengaged for over six months are statistically more likely to:

- come from less well off, less educated families – although young people from workless households represent a small minority of most disengaged young people
- have a disability or learning difficulty
- be in care or young offenders.\(^1\)

Whatever the initial route, it is local services that are most likely to first identify a young person at risk of disengaging. Services must, collectively, respond to this – putting individuals at the centre of efforts to help them participate in positive and productive activity.

However successive national strategies, driven by broad assumptions of what it is to be Not in Education Employment or Training (NEET), have developed schemes addressing spikes in youth unemployment, without targeting the most disengaged and creating a complex, fragmented system unable to join-up services around individual need.

The area in which young people live, learn and work has a fundamental impact on their participation levels - the lack of opportunities and stronger labour market competition in weaker economies has the greatest impact on young people with more complex barriers to employment.

This is reflected in the stark variations in the number of young people disengaged in work and learning between sub-regional economies – for instance the number of young people not in employment, education or training is less than 10 per cent in York, but over 25 per cent in Barnsley.

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\(^{1}\) Youth unemployment: the crisis we cannot afford, ACEVO Commission on Youth Unemployment, 2012
Figure 3 Map showing the proportion of 16-18 year olds not in education, employment or training by local authority area (2011)

Proportion of 16-18 year olds NEET, 2011

- 0 to 3.2 (31)
- 3.2 to 5.1 (33)
- 5.1 to 6.1 (27)
- 6.1 to 7.4 (30)
- 7.4 to 11.8 (32)
Based on an analysis of the challenge, our last ‘Hidden talents’ report emphasised the importance that public services:

- understand the personal circumstances behind disengagement, identifying young people at risk of falling into periods of long-term disengagement
- enable new levels of collaboration between services and providers to target and join-up support around disengaged young people, including joint commissioning
- establish clear progression routes to work for all young people, with a school, skills and apprenticeship system incentivised to match local employer demand
- underpin all provision with timely careers information, advice and guidance.

In the last report, we proposed a community budgeting approach to help this group. The concept has gained traction, and we have been asked to explore how it might work and what it will achieve.

We set out this case in the next section.
All the evidence throughout this report points to the impact of strong partnership working in driving outcomes for young people – for it to work, local authorities, providers, employers, third sector, national agencies and programmes, and young people must all buy-in to it.

This is happening in some places but not in enough, relying on the good will of partners and providers to meaningfully collaborate. So we want to incentivise effective joint working across the country, enabling local partnerships to galvanise services and providers around a single strategy in each area, which employers and young people can lead.

Despite good intentions, successive national funding, procurement and performance systems prevent this, incentivising services like schools, colleges, third sector providers and the Work Programme to deliver in isolation of each other. While there are many great initiatives, there is no single vision and no clarity on who is responsible for delivering it on the ground.

Within the Autumn Statement, government signalled the devolution of growth and skills levers to Local Enterprise Partnerships. In this paper we propose a range of measures that will ensure young people benefit from this opportunity, revitalising national and local relationships around joint objectives for young people; and exploring how councils can help rally public, private and third sector partners around them, and co-designing services in ways that unlock value in both local and national provision.

There are a range of partners and partnerships fundamental for helping develop successful approaches – Local Enterprise Partnerships, Employment and Skills Partnerships, 14-19 Partnerships, City Deals are all operating at the level of functional economic geographies – they offer vehicles to build fruitful collaborations with the full range of providers, and local authorities are ready to make it happen.

So we propose local authorities and partners would ‘own the problem’, and become the public-service interface between young people and employers on the ground. They will give:

- Young people direct representation on the partnership, playing a critical role in shaping and overseeing provision of all national and local services in their area, from public transport to Jobcentre Plus. Every local authority in England already has a youth council or young mayor overseeing local authority services.

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2 Involving Young People in Local Government Decision Making, British Youth Council, 2012
• Businesses a single strategic role in shaping services around employer demand. CBI has called for a streamlined approach, identifying 47 initiatives that incentivise firms to hire and train young people, a level of complexity that creates a genuine barrier³.

The proposals set out in this paper offer a whole-system approach based on a new level of collaboration between local and national services and a more fitting distribution of responsibilities.

The model, summarised in diagram 2 and table 2, ultimately seeks to:

• integrate and sequence reengagement services for the most disengaged young people up to 24, by making local partnerships default commissioners of reengagement support

• reconnect provision to employer demand in local labour markets, by flexing skills and employment services around occupational and sector funding priorities jointly set by local partners with government

• dock local services for hardest-to-reach young people with national welfare to work services and programmes, unlocking value by co-designing support packages for this group.

We now take each of these in turn.

³ CBI commenting on the Work and Pensions Select Committee report on the Youth Contract, 2012
Diagram 2: Integrated offer for disengaged young people, proposed role of local authorities and their partners

Locally commissioned

Local / National co-ordination and design

National spine of provision

Re-engagement programmes for most disengaged

Support for disengaged young people in and around school

Pre-16 education

Sub-regional course and funding priorities for 16-24 vocational skills

16-24 skills and apprenticeships

Co-designed programmes for most disengaged and devolved wage subsidies

18-24 Jobcentre Plus and Work Programme
<table>
<thead>
<tr>
<th>Fund / Service Type</th>
<th>Current Budget (annual)</th>
<th>Proposed role for Local Partnerships</th>
<th>Current role council</th>
<th>Flexible Support and spending</th>
<th>Support</th>
<th>Type of service</th>
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<tr>
<td>Learning and skills at entry level or level 1</td>
<td>£3,980 million (16-18) 315 million (19-24) per group</td>
<td>Some Co-commissioning funding priorities with Education Funding Agency and providers</td>
<td></td>
<td></td>
<td>Education &amp; Skills</td>
<td>Apprenticeships</td>
</tr>
<tr>
<td>Education and Skills for Entry into Employment</td>
<td>£1,600 million for all age groups</td>
<td>Some Co-commissioning funding priorities with Skills Funding Agency</td>
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<td></td>
<td>Education and Skills</td>
<td>Apprenticeships</td>
</tr>
<tr>
<td>Work-based training</td>
<td>£745 million (16-18) 315 million (19-24)</td>
<td>Some Setting local funding priorities with National Apprenticeship Service</td>
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<td>Education and Skills</td>
<td>Apprenticeships</td>
</tr>
<tr>
<td>Employer Wage subsidies</td>
<td>£160,000 subsidies over 4 years, up to £2,275 per participant</td>
<td>None Commissioning local programmes in line with local labour market</td>
<td></td>
<td></td>
<td>Employer Wage</td>
<td>Apprenticeships</td>
</tr>
<tr>
<td>Benefits and Job Seekers</td>
<td>Estimated around £147 million</td>
<td>Help claimants spend to help discretionary spend to help claimants Jobcentre Plus and Local Labour Market.</td>
<td></td>
<td></td>
<td>Jobcentre Plus and Local Labour Market.</td>
<td>Apprenticeships</td>
</tr>
</tbody>
</table>

Table 2: Integrated offer for disengaged young people, proposed role of local partnerships.
Re-engaging the hardest to reach young people

Services are most successful in helping young people disengaged, or at risk of becoming disengaged, when they are consistent, personalised, and comprehensive.

We call for local partnerships, convened by councils, to be the default local commissioners of all programmes re-engaging the most disengaged young people up to 24, particularly the European Social Fund, and docking services with national provision for this hard-to-reach group.

Local authorities are responsible for the welfare of all young people in their area. Whatever situation a young person might find themselves in – whatever family difficulty, whatever persecution, whatever trouble, and however lonely and disenchanted they might feel – their local authority will always be there to help and support them, this is their responsibility.

While local authorities have a legislative duty to help achieve full participation for 16 and 17 year olds by 2015, and to support vulnerable young people into work and learning - such as young offenders, young people from care and young mothers – they do not have sufficient levers to fulfil duties effectively.

Local approaches work, particularly for young people under 16, for which local authorities have had the levers, funding and partnerships to join-up and target provision to help prevent and tackle disengagement. Local partners need sufficient influence over provision to continue engagement support for 16-24 years old, offering the consistency by removing the ‘cliff edge’ in provision.

Currently, young people turning 16 enter a complex, duplicative and insufficiently targeted array of national services and programmes established and facilitated by a national default approach of establishing new centralised schemes. For instance, the centralised commissioning of the European Social Fund, Youth Contract funding for 16 and 17 year olds, and Innovation Fund programmes create a confusing picture on the ground.

Commissioning services in this way, through different supply chains and in isolation from local services, reduces the overall effectiveness of services to individuals and increases duplication and competition. This increases the chances that vulnerable young people fall through the gaps in provision, particularly at transition points, where they are most vulnerable.

A number of key contributions have made a similar point, and many call for radical structural reform to address it. For instance the ACEVO Commission on youth unemployment calls for joined-up targeted approaches in youth unemployment ‘hotspots’, and the Heseltine Review argues all funds seeking to reengage young people be rolled together and devolved to partnerships.
We agree, and argue this be achieved by making local authorities and their partners the default commissioners of all reengagement programmes and services to young people up to 24, joining-up with effective local provision for young people under 16 years old.

Proposal: Make local authorities and their partners the default lead commissioners for all programmes and services seeking to reengage harder to reach individuals, developing bespoke and consistent reengagement programmes helping young people up to 24 into work and learning.

Diagram 3 Integrating local services with local engagement programmes helping identify young people up to 24 years old into mainstream services
Through single commissioning models local authorities will develop coherent targeted programmes that combine and sequence local provision around each individual identified as disengaged, or at risk of becoming so.

We believe all future programmes seeking to reengage young people should be commissioned or co-designed by local partnerships – current programmes that would be commissioned in this way include European Social Fund, Youth Contract for 16/17 year olds, and the DWP Innovation Fund.

Looking ahead, we would focus on unlocking local added value in:

- **European Social Fund (ESF) 2014 – 2020** provision seeking to reengage young people in employment, education or training. Throughout this paper there is strong evidence of councils using ESF effectively, docking provision with local services.

  For instance Barnsley Council, a youth unemployment ‘hotspot’ and an area with high structural worklessness, ran a targeted ESF programme that has enabled the authority to reduce the number of disengaged young people from 13.1 per cent in 2006 to 5.6 per cent in April 2012

  Meanwhile, a regionally commissioned ESF employment programme, which did not effectively involve the local authority, was not sufficiently targeted at those in greatest need. As a result, very few people in Barnsley on the scheme actually needed the help; only 10 per cent of participants were unemployed at the point of starting the programme.

- **Foundation Learning (FL) programmes** which help more vulnerable learners gain basic pre-training and pre-employment skills. There is a lot of good working, for instance East Riding of Yorkshire Council’s work-based learning arm delivers some Foundation Learning provision, where 71 per cent progress onto a positive outcome, and one in five into work.

  In most places, however, provision is commissioned nationally, and partners rely on the good will of providers to collaborate. In some places this works, Birmingham used ESF funding to support FL providers to target provision through local venues in places where disengagement was linked to a reluctance to travel to learning, increasing participation in these areas by two thirds.

  But in other places providers fail to offer even the most basic level of collaboration. Warwickshire County Council, which has significantly reduced youth disengagement, attributes high proportions of their ‘unknowns’ to young people finishing FL courses without providers sharing basic destination data.

- **Bursary Fund** awarding financial assistance helping young people overcome barriers to learning. Current provider engagement is patchy, but is happening in some places.

  For instance, Nottingham City Council has worked with schools and colleges to develop a citywide Bursary Fund framework. Colleges report the number of guaranteed bursaries allocated to learners, and where this has used up most of the allocation from government, the council awards additional funding to support other young people.
Emerging local models

Local authorities are developing innovative new models seeking to join-up provision around young people, intervening earlier to help increase life chances. They have impact, particularly for pre-16, local commissioning for 16 – 24 year olds will enable local authorities to continue successful provision for young people as they enter further education and the labour market.

The Whole Place Community Budgeting Pilots, City Deals, RPA trial areas and local authorities using European Social Fund, have all sought to develop new joined up approaches to reengage young people.

The Tri-borough Whole Place Community Budgeting pilot has proposed an Employability Programme that runs from the first year of secondary education through to sixth form or Further Education college – and into work for those at high risk. The programme would not replace academic learning, but complement it for 4,700 disengaged young people.

Tri-borough is to pilot the model across six schools with a view to rolling out across the area. The proposed model has a number of components, including: the identification of individuals at risk of becoming disengaged, providing support shown to reduce that risk, such as:

- mentoring or early access to vocational opportunities
- employability and learning experience, including a range of formal and informal activities
- an employability passport holding evidence of experiences and skills which is easily recognised by employers
- aiding transition by removing the ‘cliff edge’ by continuing support after leaving education or training, with fast tracking into the Work Programme for most disengaged.

Tri-borough calculate a £320,000 two year programme would generate net savings to public services between £1.5-2.5 million each year from the six schools, at a cost of £50 per pupil. Rolled out across the borough, the scheme will achieve annual savings of £6-10 million.
**Leeds City Council** has set out a structured geographical approach around an iterative 'list' of young people identified as disengaged or at risk of becoming so. It is using devolved Youth Contract to establish a network of the most capable personal advisers to work with those hardest to engage, integrating and adding value to existing provision.

Services are delivered through multi-agency partnerships in community settings across 25 clusters including children’s centres, schools, colleges, voluntary sector groups, police and other partners.

Leeds seeks to assure all additional or new provision in the city flows through this model, with the aim of integrating preventative and reengagement services around individuals – for instance the Troubled Families provision and new IAG service is routed through the 25 clusters.

As part of its city deal, the City Region has committed to reducing the number of young people not in education, employment or training to zero.

**Reading Borough Council** is working with O2 to develop a new innovative smart phone application (or app) to enable young people to find out about all the services and opportunities available to them in area.

Reading’s Local Strategic Partnership will bring together providers with services to run through the app, while O2 are providing the technical and customer service expertise to design the system that’ll be user friendly and attractive to young people.

Reading identified 193 organisations seeking to engage young people, generating a complex web of provision failing to meet the needs of individuals. In the longer term, data on young people choices, recorded through the app, will shape provision around their aspirations need.
The local offer, the local evidence

We know joined-up local approaches will work, reducing disengagement among target groups. The approaches vary, responding to local need, they all rely on the good will of providers and partners to collaborate.

Where local authorities and their partners have the levers, funding, and partnerships – primarily for pre-16 – they have been able to significantly reduce youth disengagement through targeted, holistic preventative and reengagement support.

As default commissioners of all provision up to 24 years old, local partnerships would provide targeted and joined-up service consistency for young people throughout their journey, docking those services with national mainstream provision for this group. This will be achieved by:

**Identifying and tracking young people at risk of disengaging early**

Local authorities have a responsibility to identify young people at risk of disengaging as part of the raising of the participation age, and to track their progress beyond 16 years old.

This has for a long time been the starting point for informing preventative and engagement provision in local areas, helping young people avoid falling into periods of long-term disengagement.

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**Wakefield – early identification and targeted joint working**

Wakefield Council is taking a holistic view to transitioning young people through primary school, secondary schools and into post-16 education.

In one year the number of school leavers becoming disengaged has dropped from 6 per cent to 5.5 per cent. Over the same period applications for post-16 learning via the Wakefield online prospectus increased by 22 per cent, up to 86 per cent by March 2012.

The authority has developed detailed data analysis to understand the current cohort and map provision, identifying young people at risk and tracking them through school, and developing information-sharing tools to inform pre and post-16 provision – a smart phone application has been developed to inform young people of the opportunities ahead.

A Targeted Youth Service works with Connexions and the local third sector to provide bespoke programmes for most at risk groups – it includes the Back on Track project giving young people hands on employment experience to complement formal learning. It has impact, for instance, since 2010 the number of young offenders re-engaging following a court order has increased from 58 per cent to 80 per cent in 2012.
**Salford – early identification and effective data sharing**

Six per cent of 16-18 year olds in Salford are disengaged, with three per cent unknown to the council, well below the North West average.

Salford Council has brought together Connexions, schools and providers to pool and collectively analyse data, providing intelligence to identify vulnerabilities pre-16, and a platform for collaborative reengagement services.

Through Spotlighhting Activities the council piloted the impact of early provision of advice to primary school children who were identified at risk of not engaging, and tracked through secondary schools.

Salford is taking this learning forward, developing a Risk of NEET Indicator that uses a range of evidence and partner input to weight vulnerabilities according to the greatest risk to not participating. This has been extended across the city.

The system will rate individuals red, amber or green, and will identify learner groups where there are potentially gaps in support but where need is highest, and engage statutory and voluntary services to fill that gap and offer wrap around support.

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**Derbyshire – reducing unknowns**

To support the raising of the participation age, Derbyshire has, like other councils, developed a Risk of NEET Indicator system to identify and track young people.

The council is also working with Jobcentre Plus, which has traditionally been reluctant to share claimant information, to build a data-sharing relationship to identify unknown 18 and 19 year olds. A pilot provided the names of 150 young people, which has been cross-referenced with council data, from this group 57 have been confirmed disengaged, 36 as reengaged in work and learning, reducing the number of unknowns in this cohort by 66 per cent - this has now been rolled out across the county.

The identified young people are supported to engage in other local services such as the Raising Aspirations project in Bolsover District, which provides dedicated project workers to support disengaged groups, and commissions a programme of engagement activity from local organisations. The project, funded by Working Neighbourhoods Fund, engaged 433 young people in a range of positive activities, moving 58 per cent (250 young people) into some kind of work or learning, including 38 with drug and alcohol issues, 21 teen parents and 32 care leavers.
Support in and around schools, with emphasis on early intervention and transition

Schools are at the heart of communities, and the centre of young people’s journey into adulthood. Greater school autonomy is welcome, but there is a danger that this could make it more difficult for councils to identify and support vulnerable young people.

It is important all schools, including academies, work constructively with each other and with councils to make sure the most vulnerable children and young people get the support they need – building families of schools within functional economic areas.

Councils and partners are well placed to facilitate this, supporting education into a wider community and local offer for those at most risk of disengaging, and commissioning wrap around support to help those at risk of disengaging benefit from school.

Nottingham City Council – supporting schools to reengage young people

The number of 16-19 year olds disengaged from work and learning is low at around 5 per cent, but strong performance is not matched by our rates of youth employment for 18-24 years old.

In response, the council is implementing a participation plan to drive achievement in the new education landscape, convening partners around a strategy for improving transition into the labour market.

The plan supports schools to focus on raising attainment and closing the gap between the most successful students and those that struggle. It resources schools to provide out of hours one-to-one tuition to pupils; it funds school-to-school learning and collaboration, for all types of school; and it has introduced an agreement with schools, colleges and training providers on effective transition at 16 years old.

This service for schools is combined with Nottingham and Nottinghamshire Futures, a comprehensive employment support and advice service, to help vulnerable learners on their transition through education, training, and work.
Worcestershire – combining programmes with local services

Worcestershire County Council secured £500,000 ESF to run the SMART programme to help underachieving 14 and 15 year old learners at risk of disengaging from school.

The local commissioning model involved local authorities, schools, colleges and training providers, which targeted communities and individuals through independent intermediaries that were able to draw on a range of services for those with complex needs.

The programme exceeded its objectives. 287 young people completed the programme, 284 progressed into further education or training, 60 per cent of schools rated programme management as excellent.

As a result of SMART’s success Worcestershire now commissions Foundation Learning programme for 16-19 year olds on the behalf of the Education Funding Agency – helping prepare disengaged young people for apprenticeships, employment or further learning.

Wolverhampton – multi-agency working around school

Against a background of high levels of social deprivation the council has worked with schools to maintain a zero rejection approach with children who have behaviour problems at school. As a result there has been year on year reductions in fixed exclusions, and the level of persistent absence has reduced from 8 to 6 per cent.

This has been supported by an integrated service model through eight Multi-Agency Support Teams. Each has a base for core and associated services for young people, focusing on educational and social inclusion and early intervention as key priorities.

Young people are identified through a single referral system, with those leaving specialist services referred for packages of supportive interventions provided by a range of partners.

There is a specific focus on identifying and supporting young people at risk of not making a successful transition from primary into secondary school.

The additional support to vulnerable young people has helped improve the educational attainment for all, the City’s GCSE outcomes have risen to near the national average, much better than deprivation levels might suggest could be expected.
A consistent offer through personal advisers or single caseworkers
Evidence points to the importance of offering young people consistency in the services they access. Local authorities and partners have sought to achieve this, linking vulnerable young people with a single, high quality adviser that is able to draw on a multiplicity of services to help them.

**Hertfordshire – holistic approach for the hardest-to-reach**

Hertfordshire County Council has pulled together partners around a single offer that has delivered consistently low levels of disengagement. Even during recession the number of disengaged young people has dropped from 1,368 in 2010 to 1,087 in 2012, just 3.9 per cent – and an unknown rate of just 2.5 per cent.

Hertfordshire has developed a coordinated infrastructure of provision, where services are routed through single advisers that sit within One Stop Shops and Centres in every town in the county.

All provision is planned against a single five stage offer; first identifying, tracking and contacting young people, second assessing their needs, allocating a case worker and progressing onto Passport to Success programme, third agree personalised action plans building a mix of personal, educational and employability skills, fourth referring onto training or support for work, and fifth, support for sustained participation with continued support and review with case worker.

The service works with training providers and employers through the Herts Provider Network and Herts Chambers of Commerce to identify progression routes and secure experiences with relevant local employers aligned to a local apprenticeship and raising the participation age strategies.

A number of specific initiatives are being implemented, for instance the council is working with providers to offer a top-up to employers taking on apprentices from vulnerable groups, supporting young people into volunteering, and helping disabled young people access employment support.

The approach has delivered strong outcomes, within one year to June 2012 the council reduced the number of care leavers becoming disengaged from 26 per cent to 17 per cent, young offenders from 26 per cent to 22 per cent, young people with learning disabilities from 11 per cent to 9 per cent, and young people from deprived areas from 9 per cent to 7.5 per cent.
Brighton and Hove – focus on employability

In April 2011 Brighton and Hove City Council established the Youth Employability Service (YES), an innovative service re-engaging 16-18 year olds. In just over a year it has helped 463 young people participate in education, employment or training, reducing the number of disengaged young people from 10 per cent to 6.6 per cent in November 2012.

There are a range of routes into the service, including a popular Facebook page gaining national recognition, Youtube, a monthly bulletin, and a number of drop in centres across the city. YES prioritises the tracking of all young people to keep the numbers of unknowns low, and in being aware of all the opportunities available in a monthly mapping of local provision. The service is currently developing a mobile phone app with the involvement of the young people’s Youth Employability Panel (YEP).

Most disengaged young people are allocated a YES Adviser that offers tailored provision focusing on moving young people closer to mainstream provision. For instance working with providers to offer pre-apprenticeship provision to young people not ready for a full apprenticeship, and developing a Level 1 employability skills qualification.

YES has developed links with Jobcentre Plus and the National Apprenticeship Service. For instance young people signing on for JSA must agree a contract to maintain contact with their YES adviser, who attends some joint reviews with JCP at eight weeks and beyond.

Looking ahead, YES plans to increase support to more vulnerable learners with agreements to work closely with YMCA Supported Housing, housing associations, stronger families services, and Family Nurse Partnership practitioners, and to play a key role in achieving the raising of the participation age.
Integrating national programmes and local services
Where local authorities and partners are able to effectively shape European Social Fund and other programmes seeking to reengage young people, they have focused on matching provision with integrated local services already helping those most vulnerable and disengaged young people.

East Riding – combining national and local provision

East Riding Training Services (ERTS) is the work-based learning arm of East Riding of Yorkshire Council, working across the council to recruit apprentices and match to economic development initiatives. ERTS combines its contract to run apprenticeships with a number of programmes to re-engage young people, including Foundation Learning and ESF funded youth engagement provision.

ERTS has been delivering ESF funded youth re-engagement provision since 2008. Called Explore, the programme works with disengaged young people two days a week, one providing intense employment skills support and development, and the second based on inspiring young people with fun educational activity and visits. Over 80 per cent of achievements have progressed into work or further learning.

ERTS has had to win separate contracts to sustain the programme, and is developing Explore with a focus on accreditation, linking it to a new pre-apprenticeship course and a small contract to deliver Foundation Learning provision.

Combining programmes in this way has increased success rates for all services and programmes involved; for instance local Foundation Learning provision helped 76 per cent of learners achieve accreditation, with 71 per cent progressing onto a positive outcome, including one in five moving straight into work.
Lewisham – integrating local services around most disengaged

In 2011 Lewisham Council implemented a youth disengagement strategy; preventing young people disengaging, and to contribute to reduction of high unemployment amongst 19-24 year olds. The strategy has reduced 16-18 year old disengagement from 4.6 per cent in 2011 to just 3.8 per cent in 2012 – a 25 per cent reduction in one year.

Services are commissioned by a partnership group including the council’s Youth Support Service (Baseline), Voluntary Action Lewisham, Community Education, Crime Reduction and Supporting People Service, Lewisham secondary schools, Lewisham College and Jobcentre Plus.

At the centre of the strategy, Baseline delivers a drop-in service giving all young people and parents basic information, advice and guidance. Young people can also self-refer if they believe they require additional support, such as a needs assessment, or one-to-one key worker support.

For young people already long-term disengaged, or identified at risk of long-term disengagement, Baseline and the Lewisham Youth Hubs provide bespoke one-to-one support. This includes designated key workers spending a day a week with target groups, such as looked after children, young offenders and teenage pregnancy, who can refer young people onto a range of reengagement programmes ran by local partners.

Young people are identified through a range of indicators and schemes, for instance younger siblings of newly disengaged teenagers receive targeted specialist targeted preventative support.
Gateshead – innovative council and provider partnership

Gateshead has achieved considerable success in improving the participation and re-engagement of the most at risk 16 and 17 year olds, disengagement has dropped by 37 per cent since 2006. From being identified as a youth disengagement hotspot, it is now below the regional average of 9 per cent.

This has been driven by the Gateshead Education Improvement Partnership, between the council and learning providers, which has a strong track record of innovation. Through local initiatives such as the Skills Progression and Re-engagement Consortium (SPARC) the council has developed a range of bespoke ‘bridging’ programmes, providing wrap around support to complement mainstream provision. The service directly links services for disengaged groups such as Pupil Referral Units, Youth Offending Teams, Looked After Children services, and Connexions - with training, further education and employers to ensure positive destinations.

The project is amongst the highest performing ESF funded youth engagement programmes in the region, with 80 per cent of participants moving onto a successful outcome, responsible for, at least, a 2 per cent reduction in local youth disengagement.

York – supporting people with SEND towards employment

Recent reforms give local authorities the responsibility to help young people with special educational needs and disabilities (SEND) up to 25 years old, including a focus on employment.

Local authorities are preparing for the new responsibility, for example York City Council is seeking to half the numbers of disengaged young people with SEND. Although York has sustained a low rate of youth disengagement, at 5.7 per cent, young people with SEN make up over 30 per cent of the disengaged cohort.

The council will broker personalised packages of support between providers and individuals identified by schools as having SEN or other vulnerabilities. Learning packages will involve multiple partners, delivering learning programmes including accredited qualifications and other experiences.

Transition planning in secondary schools will support the identification of a likely lead partner for a package of provision – this partner will then broker engagement of others to bring the support package together.
A focus on pre-employment
Disengaged young people often fail to connect with the academic learning journey that schools are incentivised to focus on. Employability programmes are important in helping expose the relevance of learning, preparing young people for vocational routes into the labour market rather than disengaging completely.

Hartlepool – bespoke employability programmes
Hartlepool’s Going Forward Together programme is the centre piece of its strategy to engage high risk young people. Together with its predecessor, funded by European Social Fund, the programme has supported over 600 of the most disengaged 14-19 year olds, with 75 per cent progressing into education, employment and training.

Despite the recession, the local authority has reduced the number of disengaged young people from 9 per cent at the end of 2007, to 7.4 per cent in 2011, and plans to reduce to 6.7 per cent by 2012/13.

The programme is targeted at young people identified by schools or Connexions as requiring additional support, such as young offenders, care leavers, or young people from disengagement ‘hotspots’.

The local authority, Connexions, schools, and training providers collectively design bespoke engagement programmes. All provision is routed through a single referral point in the council’s Integrated Youth Support Service, which conducts eligibility checks and offers targeted careers advice and guidance, before being referred to a named mentor that can draw on a range of wrap around services from a number of providers.

As part of the personalised intervention, subcontractors from the public, private and third sector offer varied and unique pre-employability programmes focused on helping young people remain economically active post 16 - including everything from Foundation Learning to Jobcentre Plus provision.

Since February 2011, 182 young people have been registered onto the programme; with 97 per cent retention rate and 99 per cent achievement rate, with 65 per cent of participants progressing into work or learning.
Staffordshire – targeted preparation for employment

Staffordshire has relatively low levels of youth disengagement, and so the council has convened partners to focus on helping long-term disengaged young people.

The initiative is underpinned by partnership hubs in each district, bringing together personal advisers, youth workers and commissioners with providers that hold government contracts to deliver learning to this group. To aid collaboration, partners have developed a number of service tools, including: a detailed prospectus of all the training provision available in each district, through which each provider highlights its unique selling point or expertise area; a single employer engagement strategy to reduce over-contact; an employer platform to identify employer need and hard to fill vacancies; and link to pre-employment provision.

The council, as a sub-contractor of the Youth Contract, will develop a programme based on the successful Activ8 programme – a council-led initiative previously funded by ESF – where young people design their own progression plan with an adviser, which is linked to awards for targets reached, and with no minimum hours allowing progression to be built up over time.

Youth Contract provision will dock with the Families First service, which works with schools and other local organisations to ensure early intervention, to join-up provision, and to offer a series of home visits for vulnerable groups.

To help inspire young people, the council also runs a Tasks for a Tenner project, where individuals are encouraged to complete five supported tasks linked to further learning and other provision – including three mandatory ones, such as a guidance interview, researching jobs and completing a CV – in return for a £10 voucher.

Where gaps in provision are identified, the council seeks to broker providers to adjust to fill it. It has proved difficult to break providers funding arrangements and contractual agreements.
Concluding points

As the evidence demonstrates, local authorities and partners have long sought to combine local and national services in ways that achieve best outcomes for disengaged young people, moving them closer to work and learning.

But a centralised and fragmented policy landscape has made these approaches increasingly difficult, and at a time when long-term youth unemployment continues to increase.

As default commissioners of all services and programmes seeking to reengage young people, local authorities and partners can develop a more coherent, targeted offer that would build on successes.

Once engaged in learning, it is crucial that young people are equipped in skills and experience employers demand. This is the focus of the next section.

Basildon – Trade School Partnership and Young Engineers Club

Basildon Council established the Basildon Trade School Partnership in 2005 as an engagement programme to assist Year 10 and 11 young people at risk of disengaging; and in 2007 launched an engineering trade school with the local college.

Through the programmes, young people try construction tasters in carpentry, plumbing, bricklaying, electrical, and painting and decorating over 8-10 Saturday mornings. The tasters are run by trades-people from council contractors and other local companies, as well as Prospects College. Young people on the engineering programme build and race electric cars in the National Green Power Car Competition.

Partners from Basildon Council, Gardner Aerospace and SELEX Galileo ALHCO, Mitie, R&R Electric, Smith & O’Sullivan, Groundwork South Essex, Prospects College, and Adult Community Learning are all working together to ensure that the trade school remains a success.

Well over 250 young people have participated in the programmes, with a 96.7 per cent success rate in helping the young people remain in education, training, or employment.
Hidden talents II: re-engaging young people, the local offer
Transition from education to work

Getting education and skills training right is vital for young people and economic growth, creating a diverse range of quality training options linked to employer demand in local economies. This is not happening; centralised skills provision in a purely demand-led system has not sufficiently trained young people for available jobs.

Building on the direction signalled in the Autumn Statement, we propose local authorities and partners co-design vocational skills provision with government and its agencies, by setting course and funding priorities for 16-24 education and apprenticeship provision in line with employer demand in local labour markets, and locally holding providers to account for meeting them.

The raising of the compulsory participation age and new 16-19 Study Programmes offer an opportunity to resolve this; the focus on Maths and English, on work-based learning and on work experience are all positive reforms that will better prepare young people for the world of work.

In the Autumn Statement, government has indicated a more devolved approach to skills, whereby Local Enterprise Partnerships would set local skills strategies. But for reforms to reach their full potential it is critical to address three elements of vocational skills provision responsible for low job outcomes, that is:

- the inadequacies in the system’s responsiveness to local employer demand
- service fragmentation driven by three national agencies and their separate funding, performance and commissioning models, and
- insufficiently informed learner demand.

These issues manifest themselves in different ways. To pick out a few, we are concerned that they make sharing data and tracking progress more difficult, that young people will be encouraged to stay in school rather than pursuing more suitable work-based learning opportunities as part of the raised participation age, that young people will ‘churn’ in the system seeking out courses that actually lead to genuine employment progression, and that more vulnerable young people will fall through the gaps and transition points.

Our ‘Hidden talents’ research evidenced the mismatch between qualifications gained and jobs available in local economies, summarised in Table 3. This is being incentivised, we believe, by a funding process that financially rewards colleges based on the numbers of qualifications, rather than equipping them with skills most likely to lead to work.
Table 3 Further education and skills achievements by occupation/sector compared to vacancies, England (2010/11)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Further education and skills achievements</th>
<th>Vacancies</th>
<th>Vacancies per achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive industries</td>
<td>36,800</td>
<td>89,017</td>
<td>2.4</td>
</tr>
<tr>
<td>Building services (engineering, plumbing etc)</td>
<td>39,740</td>
<td>71,789</td>
<td>1.8</td>
</tr>
<tr>
<td>Construction</td>
<td>123,370</td>
<td>273,969</td>
<td>2.2</td>
</tr>
<tr>
<td>Creative and cultural industries</td>
<td>82,950</td>
<td>65,672</td>
<td>0.8</td>
</tr>
<tr>
<td>Hair and beauty</td>
<td>94,420</td>
<td>18,016</td>
<td>0.2</td>
</tr>
<tr>
<td>Hospitality, leisure, travel and tourism</td>
<td>97,910</td>
<td>43,174</td>
<td>0.4</td>
</tr>
<tr>
<td>Land-based and environmental industries</td>
<td>48,020</td>
<td>89,601</td>
<td>1.9</td>
</tr>
<tr>
<td>Support teaching and learning in schools</td>
<td>24,130</td>
<td>29,612</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Source: CESI on the behalf of the LGA

Ofsted agrees, finding that the majority of providers prioritise qualifications as a measure of success, with insufficient attention paid to how they help young people into employment – and that this incentivised by the funding system4. In Skills for Employment, Ofsted argued job outcomes were most likely from bespoke programmes set up by colleges together with Jobcentre Plus, local authorities, Work Programme providers or employers5.

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4 Learning and Skills, the report of her Majesty’s Chief Inspector of Education, Children’s Services and Skills, Ofsted, 2012
5 Skills for Employment, Ofsted, 2012
All the evidence points to the value of combining skills and work experience, but national apprenticeship provision is also under-delivering for young people. In 2011, £1 billion was spent expanding placements by 63 per cent to 450,000, this is welcome in itself, but almost 70 per cent of new apprenticeship opportunities were taken by over 25s, 84 per cent in just 10 occupations, and 19 per cent lasted less than six months⁶.

There are also instances of: large employers using apprenticeship funding to subsidise training for existing employees; issues with leading apprenticeship contractors, since the introduction of minimum contractor levels, sub-contracting provision with disproportionately high management fees; and examples of young apprentices being used as inexpensive labour during training and let go to be replaced by new apprenticeships⁷.

This has an impact on young peoples’ aspirations for what the skills system can achieve for them. In an international survey, only 40 per cent of young people from the UK believed post-secondary studies improve their employment opportunities, the lowest of all nine countries surveyed – in Germany it was 53 per cent and in Brazil 59 per cent.⁸ These same concerns were reflected at our own Youth Summit with 50 young people.

Government has, to some extent, recognised the need to match skills to local labour markets and to drive up the quality of apprenticeships on offer. Nearly all ‘wave one’ City Deals have a strong skills or apprenticeship element, as do the Whole Place Community Budgeting Pilots.

There is some great work underway in many places, with colleges, councils and employers collaborating with the objective of equipping young people to take jobs available in local economies. For instance:

**Essex County Council – Whole Place Community Budgeting Pilot**

Linked to a strategy to help drive growth, the Essex Whole Place pilot focuses on giving employers the responsibility to determine vocational skills provision in the county, linked to £1 billion of infrastructure spending.

Greater Essex has persistently high levels of youth unemployment, there are 9,925 18-24 year old JSA claimants, and almost 4,000 disengaged young people.

They propose virtually pooling 16-24 year vocational skills funding, and devolving funding decisions to an Employment and Skills Board to be informed by local evidence, and using a new locally determined payments-by-results model based on job outcomes.

Young people will be tracked on their journey, via a new indicator, through a simpler and more coherent vocational pathway from education to work.

The model scales up existing concepts, such as Government’s outcome-related payments and employer ownership pilots.

Essex project that the model will create 8,000 additional apprenticeships, and deliver savings of £150 million in the county by 2020.

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⁶ Adult Apprenticeships, NAO, 2012
⁷ Ensuring quality in apprenticeships, Ofsted, 2012
⁸ Education to Employment: designing a system that works, McKinsey Centre for Government, 2012
Bristol City Deal – People and Skills Programme

As part of their City Deal, the West of England Local Enterprise Partnership will develop a single skills plan directly linked to the LEP capital investment plan in job creation. The plan will flex and drive £114 million of funding for Further Education colleges.

The government has committed to developing a formal mechanism, through the Skills Funding Agency, to ensure accountability for spending on skills will be delivered through a consortium of the LEP. It will also implement explicit arrangements for the LEP to link non-mainstream skills funding, including ESF, into the local skills plan.

Bristol will develop a skills group developing sustainable collaboration with businesses, public services, and learning providers, and will create an apprenticeship hub delivering, on average, a 5 per cent increase in young apprentices a year by 2015.

In two years, the model estimates to create 3,000 work-ready young people, as defined locally with employers.

Sheffield City Deal – Employer-led apprenticeship model

Local authorities in Sheffield know they can play a key brokerage role, leveraging employer interest and investment into the vocational skills system and incentivising colleges and training providers to respond to needs of key sectors.

A Sheffield City Region Skills for Growth and Employment Partnership will bring together £24 million of existing government spending in the area and £6-12 million local authority investment, to attract over £37 million employer investment to deliver a three year vocational skills plan.

At its heart will be the creation of at least 4,000 additional apprenticeships, already identified across the partnership, created through an Apprenticeship Training Agency to help SMEs carry the cost and take on apprentices, using an existing, successful local provider, and sector-based Group Training Associations organised by employers and supported by colleges when no single SME can afford to employ an apprentice full time.

The council will expand its Sheffield 100 programme, which places long-term disengaged young people into apprenticeships within the private and third sectors, funding 50 per cent of the placement.

Like many other local authorities, Sheffield City Council will also create additional opportunities for young people through their procurement processes.
While approaches vary, each is underpinned by a set of principles that future models should respond to, including:

- a clear set of progression options from education towards work
- robust local intelligence on the opportunities for young people in the local labour market
- a simplified and strengthened role for employers through local partnerships
- incentivising providers to meet employer conditions, with some focus on increasing payment by job outcomes
- coordinated and targeted provision across labour markets.

However, in the majority of places collaboration rests entirely on the will of providers to engage locally.

This joint working is, however, disincentivised by a national funding and performance system that issues payments based on the participation, retention and achievement of qualifications, with no corrections to meet employer demand or deliver employment outcomes.

Despite the responsibility for supporting the raising of the participation age, the vast majority of local authorities have no levers to match skills with employer demand. So we welcome the signal in the Autumn Statement that, through LEPs, local partners will be able to shape skills spending.

To ensure it succeeds, we propose a degree of funding reform to enable better coordinated and locally responsive skills provision, summarised in diagram 4, which evidence suggests will significantly improve the outcomes for young people.

**Diagram 4 Summary model for flexing skills spending around local labour market demand**

- Education Funding agency
- Skills Funding agency
- National Apprenticeship service

Local partnerships agreeing 16-24 year old skills funding priorities

Providers
Education for 16-24 year olds

Proposal: Devolve to local authorities and their partners a responsibility for setting course and funding priorities for all 16-24 year olds further education provision in line with employer demand in local labour markets, and holding providers accountable for meeting them.

The capacity to equip young people with the skills to compete in local labour markets already exists in places. Unlocking it does not require wholesale reform, but new levers in the system to flex funding around differing local economic conditions, and to create more integrated journeys for young people.

To enable it we propose that local partnerships set course funding priorities for both 16-19 and post-19 education in their area, and hold providers to account for the quality and impact of provision. This would ensure it is driven by employer demand in local labour markets, and establishes clear progression routes from education into employment.

Building on this model, government might explore with local partners whether it is reasonable, in line with local economic performance, to adjust the scale for payments by job outcomes to providers based on local economic performance – raising it from the current 10 per cent set nationally.

A number of local partnerships, including councils, colleges, and employers are already developing new approaches to linking the training of young people to local employment opportunities.

In no places are local authorities seeking to run the further education provision as it did twenty years ago. The economic development and skills landscape has shifted dramatically since then, as has the local government role within it, which is instead seeking to convene partners and services in areas, and to enable change around a common objective for young people.
Nottingham – Employer Hub

The Employer Hub puts the employer at the centre of the recruitment and skills solution, while maximising employment and training opportunities from major developments for local people.

It provides a specialist service that gives employers a single point of contact to match their recruitment needs, including a dedicated account manager and a one-stop shop approach to providing recruitment and training - there are currently 15 projects active with over 850 jobs. Almost 200 people have already been helped into employment.

The Employer Hub works closely with employers to design bespoke training packages. For instance the council’s planning team negotiate Section 106 construction agreements with developers to identify and fill employment opportunities created by major projects, developing training packages to equip unemployed local people to take jobs. The programme has already leveraged £106,000 from Section 106 contributions into linked employment and training initiatives.

To ensure local people benefit, the council obligates employers to use the Employer Hub and notify it of all vacancies two weeks before advertising more widely. For longer term projects, the council plans, and in some cases funds, pre-employment activity in line with projected recruitment need.

Short courses funded by a mix of employers and public agencies prepare people for the recruitment process and provide a bridge into the employers’ induction process. More in depth training is provided for employers with specific skill needs.

All opportunities are advertised to active jobseekers in Nottingham through an extensive network of local agencies to ensure local people are supported and encouraged to apply.

Looking ahead, the council is developing an Apprenticeship Hub and an Apprenticeship Training Agency as part of its City Deal, helping to create even more opportunities across the city.
Greater Manchester – skills forecasting

The Greater Manchester Forecasting Model forecasts that the trend towards increased demand for higher level skills looks set to continue over the next decade: forecasts indicate that of the 921,000 jobs due to be created over the next decade, half will require skills equivalent to at least NVQ level 3, and a quarter to NVQ level 4.

The structural change in the economy experienced over the past decade is forecast to continue and will dictate the demand for skills. The financial and professional services sector is expected to continue to dominate, accounting for more than a quarter (28.8 per cent) of all employment opportunities, and more than a third (35.5 per cent) of all employment requiring higher level skills. Further growth opportunities are presented in Health and Social Care, Education, Creative and Digital Industries and Advanced Manufacturing.

Although the proportion of young people coming out of education with formal qualifications in recent years has increased markedly, employers continue to state that many are not well prepared for the world of work. There is a challenge to meet employers’ demand for the soft skills needed for work, such as planning and organisation, customer handling and team working, which is being addressed through the Skills and Employment Partnership.
Camden – a partnership for educational excellence

Camden has high levels of youth disengagement, around 280 young people are known not be in work or learning, with others unknown.

In response, Camden Council has worked with partners, including schools, to establish the Camden Partnership for Educational Excellence (CPEE) to develop a new way of supporting and raising educational outcomes in Camden. The Partnership involves a range of organisations, as does the CPEE Board which includes: parents, head teachers, school governors, further and higher education providers, businesses, and voluntary organisations.

Camden Council has allocated one-off funding of £2 million to support projects, through two or more bidding rounds, that must aim to: support transition from primary to secondary school; develop employability and higher level skills for 14-19 year olds; and open young people’s minds and horizons with enrichment activity with external partners and voluntary bodies.

CPEE has agreed funding for 13 projects in the first round. These include: Inspired Camden, a work related learning programme for 14-19 year olds that develops employability skills through work experience and employability days; Empowering Transition for Learning, a project that combines training and skills with parental engagement strategies and support for teachers, support staff and governors on successful transition; Volunteering, Mentoring and Work Experience Project, to help young people develop employability skills and experiences; and Camden LEAP, which offers additional support to borderline Level 3 students to ensure they achieve academic success and support into apprenticeships or careers.

Surrey – skills centres for disengaged young people

Surrey is establishing 11 new skills centres to support all disengaged 16-18 year olds into some form of work or learning, targeting young people not currently benefiting from skills provision in the county.

To do this, Surrey County Council will let up to 11 additional contracts to organisations that already hold 16-18 learner responsive contracts with the Education Funding Agency. The providers will deliver interventions and support to disengaged young people, helping them reengage for a minimum period of three months in order to receive payment.

Surrey is only funding the creation of the additional places in year one (1 October 2012 – 31 July 2013). In each of years two and three (1 August – 31 July) successful providers will be expected to fund the equivalent places through their funding allocations from government.
Hidden talents II: re-engaging young people, the local offer
Halton – local value to national employers

The Halton Employment Partnership (HEP) brings together expertise from various employment, learning and skills development agencies working to support inward investors and local businesses with a complete employment offer. In 2012 the partnership ran a recruitment programme for the new Tesco Logistics centre in Widnes.

In May 2011 HEP met with Tesco and Jobcentre Plus to discuss the recruitment of staff and identify the support it could offer to this recruitment drive. The partners of HEP established and managed a hotline through which applicants could apply for one of a 1,000 places to join interviews skills workshops. Attendees received a skills-for-life numeracy and literacy assessment, a session on interview skills and techniques and training on the completion of application forms. As a direct consequence, Tesco invited 100 candidates to join their workforce, and offered pre-employment training. A total of 96 completed the pre-employment training and were offered permanent employment contracts.

Travel to learning – local initiatives and support

Travel costs and difficulties present an enduring barrier for many young people, particularly for those from rural areas. Local authorities are already doing a number of things to help young people overcome this barrier, for instance:

- Rutland County Council subsidises to driving Pass Plus schemes to help reduce insurance costs for young people learning in the county, offering 100 per cent of cost for those under 21 years old
- Nottingham City Council is co-funding 2,500 transport passes for post 16 learners to attend city colleges and training providers
- Staffordshire County Council has implemented a Youth Travel Card for young people to travel across the county for a pound
- Norfolk County Council has brought together six large bus companies in the county to offer a 20 per cent reduction for young people
- Kent County Council has funded a freedom pass, giving unlimited travel for all 16-19 year olds.
Apprenticeships

Proposal: Devolve to local partnerships the levers to target apprenticeship funding through locally varied tariff and payment structures, increasing the quality and target employers and young people who have most to gain from public subsidy.

Government has rightly focused on the role of apprenticeships in helping more young people to develop skills in work settings. But there is a need to collectively improve the quality, quantity and diversity of opportunities for young people, and to put employers in the driving seat.

To deliver this, apprenticeship funding should be routed through locally determined funding priorities set by local partnerships. This would enable local partnerships to vary subsidies to target specific sectors or SMEs with the most to gain from subsidy and offering the best opportunities to young people, and to create the right mix of qualification levels to meet the demands of employers and help grow local economies.

A devolved approach provides the platform to engage smaller employers and SMEs which, despite accounting for 80 per cent of apprenticeships, are too often dissuaded by the process for securing an apprentice. This will allow local partners to develop bespoke wrap around services to young people with more complex barriers to engagement; docking pre-apprenticeship and reengagement programmes with apprenticeship opportunities.

In this model local variations would be agreed with the National Apprenticeship Service (NAS), and local partnerships would hold providers account to deliver outcomes.

Government has acknowledged the value of devolved apprenticeship models through the City Deals and employer ownership pilots. Local partnerships are already seeking to realise the benefits of local approaches, with some excellent examples of joint working between councils and the NAS.

9 Apprenticeships, BIS Select Committee, 2012

It should also enable local partnerships to vary subsidies to target specific groups or ages of young people in greatest need in each area, for instance many may want to increase subsidy payments for 18-24 year olds, young people from unemployment ‘hotspots’, or young people identified locally as at risk of long-term unemployment.
Gateshead – simplified offer to employers

The Gateshead Apprenticeship Plan commits to increasing the number of apprenticeship by 600 before 2014, and increase the number of apprenticeships for 14-16 year olds to 260. Gateshead Strategic Partnership is working with the National Apprenticeship Service, Connexions, and the Gateshead Collective, a network of eight work-based learning providers, to deliver the plan’s priorities.

The single offer coordinates information relating to apprenticeships across the borough, providing a central resource with a common message for employers, reducing the number of approaches from providers. The plan targets seven priority growth sectors for Gateshead, including science, digital and creative, and retail and tourism.

Within the model, the local authority plays a commissioning role shaping provision around local economic priorities, acting as a corporate parent for young apprentices from care. 10 partnership groups will help deliver the plan across Gateshead, with the National Apprenticeship Service acting as the delivery body.
Essex – apprenticeships in growth sectors

Recent apprenticeship growth has concentrated in only a few sectors – for instance, in 2011/12, 82 per cent of starts were in just five areas, including retail and hairdressing.

Essex County Council prioritises apprenticeship growth as fundamental to the county’s future economic prosperity and therefore, the local authority, in 2009, pledged to support 1,250 additional apprenticeship places linked to the needs of local economy. It worked with industry to provide a 50 per cent wage subsidy to incentivise employers taking on apprentices. The scheme was targeted on specific sectors, including engineering, manufacturing, marine, creative industries, construction, aviation and ports and logistics. Opportunities were also targeted in hotspots with high levels of disengagement, and vulnerable young people, including those leaving care, young offenders and the long-term disengaged.

The scheme surpassed all expectations. The target of delivering 1,250 places was exceeded by more than 10 per cent. Almost 80 per cent of those starting the programme successfully completed, compared to 64 per cent nationally; 70 per cent secured continued employment and a further 19 per cent continued onto Further Education. The cost benefit of this scheme was £15.17 per £1 of public money invested and it contributed to an 83 per cent increase in the numbers of 16-18 year olds starting an apprenticeship between 2008/9 and 2010/11, compared to a 32 per cent growth nationally. The council is now on a second phase, creating a further 1,200 new apprenticeships over two years, concentrating on engineering and energy sector, and social care. This includes joint working with Norfolk County Council and Suffolk County Council to ensure young people can benefit from anticipated growth in the energy sector, which is coupled with an engagement programme raising awareness of opportunities in schools. Essex has just celebrated their 2,000th apprentice supported, with almost 1000 employers.

To help more disadvantaged young people benefit from new opportunities the council is working with the voluntary sector to provide six month paid work experience placements for around 174 young people as a precursor to an apprenticeship, job or training. 178 to date have already been recruited.
**Salford – bringing together employers and providers**

Salford Futures is a local authority-funded initiative that provides support to local employers that encourages them to offer apprenticeships or jobs with accredited training to unemployed young people in the city.

As well as providing financial incentives to employers, Salford Futures engages with local training providers to increase the provision of relevant pre-apprenticeship and pre-employment provision.

The programme specifically targets 16-24 year olds that are not in education, employment or training whilst providing additional support to some of the city’s most vulnerable groups, including care leavers, young offenders, teenage parents and those with learning difficulties and disabilities.

The third sector and the local authority work collaboratively together with employers and training providers. For example working with the college and a specialist disability supported employment service through a programme with the local hospital, where guaranteed full-time jobs will be available at the end of the programme for learners.

The local authority itself has also committed to offer more than 100 voluntary work experience placements and 25 two-year apprenticeships.

**Newcastle – Apprenticeship Plus**

Newcastle City Council is leading the way on apprenticeships, for instance as an employer it has over 120 apprentices. Newcastle has also developed an Apprenticeship Plus service, which offers employers that want to recruit an apprentice an holistic, rounded service – including assistance with recruitment, arranging the delivering of training, and a salary subsidy programme for apprentices which complements NAS’s Apprenticeship Grant for Employers. The city is to build on this as part of its city deal, developing an apprenticeship hub.

Furthermore, young people are assisted in interview preparation and those that apply but are not successful have the option of additional support to help fill any skills gaps. As a result, more than 50 apprenticeship opportunities have been created for young people from Newcastle’s more disadvantaged areas.
York apprenticeships offer

York has focused on supporting young people in jobs without training in response to identifying that 50 per cent of 16 year olds not in education or training were in employment. The drive has delivered a range of positive outcomes, including greater work-based training.

The York Apprenticeship Offer has increased apprenticeship starts for 16-18 year olds up to 318 in 2010/11, and increasing advanced apprenticeships from 82 to 140.

York will further increase apprenticeship numbers by gaining employer buy-in through a Future Workforce Forum and a team of Apprenticeship Ambassadors; shaping provider activity through the York Training Providers’ Group, and; commissioning an information, advice and guidance package in schools and colleges to inform young people, parents and schools.
Proposal: In line with localised skills priorities, enable local authorities and their partners to coordinate careers, information, advice and guidance based on local intelligence on the employment opportunities and associated progression routes, and on young people identified as disengaged or at greatest risk of becoming so.

Alongside a focus on improving the quality of the progression options for young people leaving school, there is a critical need to better inform learner demand in a way that motivates young people to make the right choices.

In the highly centralised and fragmented service model it is difficult for any one provider to offer individuals a comprehensive overview of their employment options and the provision on offer to help young people reach their goal. This is amplified by the disjointed nature of careers advice itself, with schools, colleges, local authorities, and the National Careers Service (NCS), all playing a role.

Devolved 16-24 vocational skills provision would enable better coordinated and responsive careers information, advice and guidance. Local partnerships are perfectly placed to coordinate this offer; they would inform providers, including the NCS, with local labour market intelligence and details of all local mainstream and targeted provision, and hold providers to account for using it effectively.

Local authorities are seeking to achieve this, and are supporting all schools to take on their new duties to provide quality and impartial careers advice, such as providing traded services. The provision of targeted and personalised advice to vulnerable and disengaged groups has been central to efforts to reduce the numbers of disengaged young people.

Local authorities will continue to play a lead role to target careers advice to vulnerable and disengaged groups. As part of this, we want to explore with government how the National Careers Service can match provision through local programmes with young people over 19 receiving one-to-one support.
**Norfolk – Help You Choose**

Norfolk County Council has developed the Help You Choose website offering young people a comprehensive directory of learning opportunities across the county, including courses, apprenticeships, and jobs. This is provided alongside careers advice materials, support with choices and signposting to other activities and events – and accessible at school, home and in the community.

The system is aimed at young people across Norfolk and pockets of adjacent counties as a portal to apply to colleges, sixth forms and other learning providers, as well as a source of information and advice about all courses from Foundation level to Degree level.

It has two distinct areas; the Front end where young people search for information and apply to courses, and a Providers areas where schools track progress of young people through the applications process.

In 2011/12, 93 per cent of Year 11 students registered an online account, with over 67 per cent already applying through the common application process. All, except one, providers are accepting applications.

Help You Choose support offers a route into the county’s apprenticeship strategy, through which the council is investing £3.5 million to create 400 apprenticeship opportunities in SMEs, providing a variable wage subsidy in priority local sectors energy, engineering and agriculture, together with a comprehensive package of pre-apprenticing support.

**Lincolnshire – providing a traded advice service for schools**

The council is retaining a careers education information and guidance team to support schools to meet their new duty, including providing a traded service that schools can purchase.

More specifically Lincolnshire is focusing on providing quality, targeted support to 16-19 year old young people that are disengaged, and advice to help 17 and 18 year olds stay in education, because high numbers leave school after completing AS-Levels.

They have rolled out a programme, to all schools, of Systematic Helpful Indicators for Raising the Participation Age (SHIRPA), starting in Year 7, to identify young people at risk. It will invest £1.4 million in a service to identify track and reengage young people whose participation is unknown.
Concluding points

Local authorities have a duty to secure local provision for young people up to 19, as well as a duty to support the raising of the participation age, but none of the levers in post-16 system to achieve this.

Simultaneously, provision is becoming more centralised and fragmented, standards in colleges are slipping, and not sufficiently training young people to take jobs in the local economy - all risk increased long-term disengagement.

While there is much excellent practice, it relies on the good will of partners who are dis-incentivised by national funding and performance regimes. We want to break these incentives, enabling local partnerships to set 16-24 year old skills funding priorities in line with employer demand – minimum reform realising maximum benefits.

Failing to effectively do this reduces the life chances of young people, and puts additional pressures on welfare and employment support services. This is the focus of the next section.
Hidden talents II: re-engaging young people, the local offer
Employment services are successful in helping the majority of young people into work, but can collectively do more to help those with complex barriers to work. The Work Programme offers a real opportunity to deliver flexible support and paying providers for results – but in the first year only 3.4 per cent of 18-24 year olds on the programme found work.

Building on what works, we want to develop models that incentivise local authorities, Jobcentre Plus and Work Programme providers to co-design joint packages and bespoke employment programmes for young people with more complex barriers to work. We want to devolve Youth Contract wage subsidy schemes to local partnerships, which can engage employers in local labour markets and help young people with most to gain from a subsidised job.

Large numbers of young people are entering competitive labour markets with complex barriers to employment and without the experience, qualifications or training employers demand.

While youth disengagement for 16-18 year olds has remained relatively stable at around six per cent, and around 6 per cent of 25-50 year olds are unemployed, the number of 18-24 year olds disengaged from work and learning stands at 19.6 per cent.

This latter group are generally reliant on what Jobcentre Plus and the Work Programme can achieve for them. But even those young people in work are more likely to be disadvantaged than other age groups, 22 per cent of 16-24 year olds in work are underemployed, compared with 10 per cent of 25-50 year olds.

Most local authorities have sought to add value to provision in their areas, supporting young people in the labour market with additional local support and programmes, linking provision to local economic performance. All councils have a responsibility to help those with learning difficulties and special educational needs and disabilities up to 25 years old.

Evidence shows collaborative local approaches work. There are many excellent examples where partnerships including councils, Jobcentre Plus, providers and employers have delivered a high proportion of job outcomes in local labour markets. But joint work relies on the good will of partners to collaborate, and so it is patchy, it is not happening everywhere, and not in every part of the system.

Overall, provision to young people in the labour market remains fragmented, with individual national services and programmes failing to deliver their full potential for young
people. For instance:

- while, even during recession, Jobcentre Plus has moved 75 per cent of claimants off benefits within six months - only two thirds move into employment, one in five moved onto another benefit, and one in ten were working less than 16 hours a week10
- the Work Programme, whose performance mirrors that of the New Deal and Flexible New Deal, moved just 6,000 18-24 year olds into sustained employment lasting three to six months in its first year, from 260,000 referrals, just 3.4 per cent11
- centralised wage subsidy schemes are plagued by low take-up and high levels of deadweight, funding jobs that would have been created anyway, for instance

10 Destinations of Jobseeker’s Allowance, Income Support and Employment and Support Allowance Leavers 2011, DWP, 2012
11 Work Programme Statistics, DWP, 2012

**Manchester City Council unlocking value in the work programme**

As part of the Whole Place Community Budget Pilot, Greater Manchester is testing a range of new delivery and investment models with partners for delivering planned, sequenced and integrated services that improve progression into work. This includes developing new relationships with Work Programme prime providers (G4S, Avanta and Seetec).

Based on new delivery models delivering Troubled Families provision, which integrates targeted services around families, Manchester City Council and Work Programme prime providers have agreed to develop and test a working model for jointly supporting more long term unemployed claimants, where it is both the council and Prime’s interest to move them into sustainable work.

As a trial, the council and work programme prime contractors will each identify 50 claimants that are furthest from the labour market, with multiple, complex barriers to work. They will be referred to Manchester’s Troubled Families programme, delivering a series of interventions both directly and from the council’s partner agencies. Outcomes will be compared to a control group not accessing these additional services to evaluate performance.

Co-case management arrangements will be developed to eliminate duplication and better sequence interventions – and the council will have access to provider systems to track individuals, with the provider tracking progress into the labour market. Subject to evidence of actual performance of local authority provision in influencing outcomes, Work Programme providers have committed to developing an agreement to share rewards (eg sustainability payments) with the council.

Looking ahead, Greater Manchester is working with DWP to explore the co-design and co-commissioning of new employment support services, including Work Programme provision post-2015.
DWP’s recent Six Month Offer, which gave employers a cash incentive for taking on long-term JSA claimants, only helped around 8,000 18-24 year olds.\(^\text{12}\) Government wants to create 53,000 a year through a national model, but take up is already low.

So we want to explore how local authorities and partners can shape the overall employment support offer to young people through Jobcentre Plus, the Work Programme and the Youth Contract wage subsidies in a way that responds to local employer demand, and co-designs and sequences services for the harder to reach young people.

A number of local authorities have developed new partnership models beginning to have success in helping more disengaged young people in the labour market, and should inform future thinking for employment services to young people.

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\(^\text{12}\) Youth unemployment, a million reasons to act? CESI, 2011

### Cheshire West Whole Place

Mobilised by the Whole Place pilot, the local authority, Jobcentre Plus, Skills Funding Agency, colleges, training providers, the third sector and businesses have developed a new integrated employment and skills model.

The approach combines and co-locates advisers from a range of agencies in central, accessible locations. It also creates a single specialised pool of teams to engage target groups, particularly young people, in community or college locations. The integration is backed by shared processes and data.

In line with wider welfare reform, this new level of local and national collaboration breaks through service silos with the aim of building a consistent vehicle through which to dock services with the Work Programme.

The model relies on the good will of partners alone, funded within existing budgets in a way that achieves future savings. Currently agencies spend almost £8 million annually, including property costs, the new model will achieve public purse savings of £4.58 million per annum within three years – primarily spread across DWP, Police and the NHS.

### Cornwall Works

Established by Jobcentre Plus and Cornwall Council, Cornwall Works is a strategic approach that brings together organisations, projects, programmes and services to provide a gateway for organisations providing services and for individuals seeking work. A broad range of delivery partners include Work Programme providers, colleges and a range of voluntary and social enterprises.

The approach makes best use of all back to work resources, regardless of how they are funded, by joining up delivery to create progression routes and encouraging organisations
to think of the whole picture of need and support rather than their particular piece of the jigsaw. This helps projects to achieve their individual targets and most importantly delivers more and better outcomes for individuals.

Cornwall Works is not a delivery organisation but a model that is supported through a central resource, the Cornwall Works Hub, that brings the back to work service offer together, supports referrals and access to provision and is a source of information and expertise. The coordinated approach also identifies gaps in provision that can be fed back into the commissioning programmes of the funding organisations, in particular Jobcentre Plus. Cornwall Works makes clear where “indirect” delivery partners such as health workers, police and housing officers play a role in an individuals’ journey towards and into work.

The model has helped Cornwall and the Isles of Scilly to deliver performance that is consistently above national levels, including in areas with higher levels of long-term worklessness, where provision has remained plentiful but uncoordinated, and for specific customer groups. For example, in November 2012, youth unemployment was 6.5 per cent compared with 7.1 per cent nationally. JSA off-flows for 18-24 year-olds at 39 weeks stood at 89.4 per cent compared with 86.3 per cent nationally. Off-flow for all JSA claimants at 39 weeks was 87.2 per cent (83.4 per cent nationally), indicating that young people were returning to work in Cornwall and Scilly at a higher rate than all unemployed jobseekers.

Additional programmes have been informed by the model, with significant success. For example, the DWP European Social Fund Convergence co-financing programme from 2008-11 was informed by evidence gathered through Cornwall Works, and was the best performing programme in England with over 40 per cent of ESF participants moving into work against a target of 27 per cent. One of the three ESF programmes that was delivered included a £1.5 million investment in 5 specialised organisations to deliver support for people with learning disabilities. Over 3 years 600 people were supported, with over 100 obtaining employment.

We want to incentivise this collaboration to improve outcomes in all places. Local partnerships are very capable of supporting national services improve their job outcomes for vulnerable and more disengaged groups. In essence they are able to offer:

- understanding of vulnerable young people and the services they need
- local services with which to dock provision to make more disengaged young people job ready
- local labour market intelligence and strong relationships with employers and partners.

Moving with the grain of government thinking, we propose a series of small reforms that build on existing good practice that bring together and sequence services for the most disengaged young people, improving outcomes for all.
Jobcentre Plus

Proposal: Agree and set, with local authorities and their partners, local priorities for Jobcentre Plus services and discretionary budgets, such as the Flexible Support Fund, to help disengaged young people

Jobcentre Plus can do more to help young people into sustained work before they reach the Work Programme, and local partnerships can help enable this. Local authorities seek to work with Job Centre Plus to tailor services and programmes, and although there are many successful initiatives, in too many places service provision is disjointed.

While Jobcentre Plus is performing better compared with the 1990’s recession, still one in six claimants become long-term unemployed. Successive administrations have argued Jobcentre Plus is successful because it moves people off benefits – of the 75 per cent of claimants moving off benefits within six months, only two thirds move into employment, one in five moved onto another benefit, and one in ten were working less than 16 hours a week.

At a strategic level, government should begin to look at how local partnerships can drive improvements in Jobcentre Plus provision; equipping it with a quality understanding of the employment opportunities in local labour markets on the one hand, and docking with targeted pre-employment provisions for vulnerable and disengaged young people on the other. While this is underway in some places, collaboration relies on the good will of partners, and is not happening in enough places.

At a practical level, we propose government enable local partners to jointly set, with Jobcentre Plus, joint employment plans and priorities for Jobcentre Plus services and discretionary budgets – such as the Flexible Support Fund - pooling it with other provisions helping move vulnerable and disengaged young people towards employment.

The Flexible Support Fund (FSF), around £147 million annually, provides a discretionary support helping claimants overcome barriers to employment. While nationally little is known about how this budget is spent, it offers a good source of funding for innovative employment programmes.

Incentivising this level of collaboration, such as is the case in Cornwall, will help deliver significant benefits for young people.

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13 Long-term unemployment in 2012, CESI, November 2012
14 Destinations of Jobseeker’s Allowance, Income Support and Employment and Support Allowance Leavers 2011, DWP, 2012
Newcastle – holistic employment solutions

Newcastle City Council, Jobcentre Plus and the Chamber of Commerce established Newcastle Futures as a small not for profit company to ensure effective collaboration between and beyond employment services, supporting more disengaged groups and linking to other services and priorities including housing, child poverty and health.

Between April 2011 and October 2012, 1,648 people have registered, with 1,299 placed into work. Of those moving into work, 96 per cent are from priority disengaged groups or from more deprived areas.

At a strategic level, Newcastle Futures leads the discussion on employment services for the city, bringing together local services to add value to national provision through Jobcentre Plus, and using a singular data management system for stakeholders.

At the operational level, Newcastle Futures includes a mobile team of employability advisers (which includes Jobcentre Plus advisers, who are matrix managed within the organisation) that deliver outreach services across partner venues in the city. Case managers are tasked with offering a personalised ‘customer’ journey which utilises both mainstream and discretionary funded provision.

Newcastle Futures provision is wider than support into jobs, it is fully inclusive to seek innovative solutions and explore new approaches, providing wrap around services in addition to mainstream Jobcentre Plus services and to connect with young people in new ways, such as through Facebook.

The initiative offers a vehicle for innovative collaboration in delivering services, and is leading preparation for welfare reforms. Through the Benefit Cap project, Newcastle Futures has recruited two employment advisers to work with social housing partners, such as Your Homes Newcastle, to support tenants that will experience a drop in income in order to access work.
Tees Valley – pooling funds for a single employment programme

Across the Tees Valley area Jobcentre Plus and the four local authorities have pooled £500,000 of Flexible Support Fund and £300,000 local authority contributions to establish an innovative £800,000 employment programme across the sub-region.

The scheme provides tailored individual support packages to 400 pre-Work Programme people, targeting young people facing multiple barriers to employment. Provision is linked to over 500 Tees Valley employers that are encouraged to recruit these young people as apprentices or full-time employees. There are specific incentives for renewable energy and health care sectors, which are growing in Tees Valley.

The funding is used to meet identified local need, plug gaps in provision or add value to existing services; it must not duplicate other provision, such as Work programme or European Social Fund.

To date, the project has supported 80 people into employment, ahead of target.
Redbridge – focus on the most vulnerable

Work Redbridge Partnership, initiated by the council, provides a coordinated approach to tackling worklessness bringing together Jobcentre Plus, 20 local employment support and training providers, and organisations supporting volunteering, self-employment and business start-up. Partners share a range of tools, such as latest vacancy and training provision.

Work Redbridge provides information and advice to residents, signposting to a range of local services and provision; it also runs a number of bespoke services and programmes including Jobs and Training Fairs, Opportunities Fairs, Work Clubs, ESOL Conversation Clubs, and IT Clubs. It is difficult for Work Redbridge to track all outcomes for people, relying on provider willingness to share information, but it monitors the impact of its own services for more disengaged groups.

For example, since May 2011 it has delivered 65 outreach sessions for 600 harder to reach residents, over 83 per cent enrolled into training or voluntary work, 14 per cent (84 people) found work and 10 became self-employed.

Work Redbridge has also worked with Jobcentre Plus Flexible Support Fund to commission a targeted support programme helping more disengaged people into work and training. So far 120 clients have been registered onto support, 31 per cent (38 people) have moved into sustained work and 70 per cent (85 people) into training.

Work Redbridge is also focusing provision at more vulnerable groups, working with Children’s Centres, Parent Support Advisers, Housing Associations, Troubled Families provision, Libraries, Drug and Alcohol services, and the Citizens Advice Bureau. For instance it is working with parents, schools, colleges and businesses on a demonstration project to help young people with disabilities prepare, find and succeed in sustained work.
Wycombe – Youth Employment Taskforce

Youth unemployment is a particular issue in a number of specific wards within Wycombe. In response, Wycombe District Council has established a Taskforce of organisations to deliver collaborative support in these wards – starting in August 2012, the partnership will monitor need and track progress in target areas.

Jobcentre Plus is a key lead partner, and will base an adviser in target communities one day a week – providing advice and support in a community setting. Based on the feedback and learning the adviser will identify interventions most likely to help people in this area. Nevertheless partners have put in place a range of pre-employment provision for the JCP adviser to refer young people onto. Including:

- Education Youth Services training provider, offering a range of opportunities for disengaged young people
- Buckinghamshire County Council’s Youthspace mobile bus will offer a range of engagement tools, advice and incentives – from one-to-one advice to Internet access and entertainment opportunities.
- Wycombe District Council’s Sports Development team will give young people opportunity to gain sports coaching qualifications, with opportunities for young people to take it further
- Amersham and Wycombe College training support and courses for young people, linked to travel to learning support.

South Tyneside – helping young people in the labour market

The council and its partners are committed to helping disengaged young people progress in the employment market, identifying that employers were far less likely to recruit young people over 18 years old as apprentices.

A Youth Employment Taskforce has been established to secure jobs for 25 per cent of the 2,300 18-24 year olds on Job Seekers Allowance, creating 575 employment opportunities, of which 100 will be apprenticeships targeted for small to medium sized businesses.

The taskforce involves a range of large employers, including BT South Tyneside, Siemans, Port of Tyne, South Tyneside Health Care Trust, South Tyneside College, National Apprenticeship Service and Job Centre Plus. The council, with the college and JCP, has also established a five month pre-apprenticeship programme for 20 unemployed young people wanting a career in engineering.

The council has also established a Youth Employment Wage Subsidy Grant scheme for young people out of work for at least three months, working with a range of employment support providers to source candidates. Established in April 2012, the scheme is on target to create 100 jobs.
Work Programme

Proposal: Incentivise Work Programme providers to work with local authorities and their partners to develop joint packages and local employment programmes for individuals with more complex barriers to work.

There is a risk that the Work Programme will not deliver as well for young people with the more complex barriers, and there is a huge opportunity to join efforts and unlock outcomes, yet untapped.

In the first year, only 3.4 per cent of 18-24 year olds referred to the Work Programme moved into sustained employment between July 2011 to 2012; that is less than six thousand young people, from almost 256,000 referrals15.

This is, of course, in part driven by the performance of the economy being worse than expected, and in part because employment outcomes are only counted once someone has been in work for over six months. But there are large variations between places – within contracts rather than between them- which in part might reflect differing local economic performance, emphasising the need to learn from well-performing places, which local authorities are uniquely placed to support. In West London 4.2 per cent of 18-24 year olds were helped into work, while just 2.4 per cent in East London, and only 1.4 per cent in Bristol16.

Despite being offered higher payments for hard-to-help groups, DWP’s own qualitative research suggests many providers are prioritising more job ready clients ahead of those seen as less likely to find work, such as disabled people and lone parents.

Providers rarely referred individuals onto specialist support, like help with drugs and alcohol or training, instead mostly accessing services free of charge or at low cost - due to higher than expected caseloads and growing pressure to achieve job outcome targets.17

Like the New Deal and Flexible New Deal before it, the Work Programme has struggled early on. It is likely performance will pick up, but significant improvement will need much greater collaboration with other services locally. In too many places, the Work Programme providers are invisible to local authorities wanting to work with them.

Building on the work by Manchester City Council, government should explore how local partnerships can integrate services with Work Programme support for harder to reach young people – incentivising providers to sequence services around the broader journey towards employment, unlocking value in the Work Programme for this group, and how they can link provision to the needs of employers.

Furthermore, in neighbourhoods with high levels of structural unemployment, government should explore how providers and local partnerships can jointly design and fund local employment programmes for hardest to reach young people. Funded on a payment by results basis, partners would share the financial risk, as well as attachment and outcomes payments.

15 Work Programme Performance Statistics, DWP, 2012
17 Work Programme evaluation: Findings from the first phase of qualitative research on programme delivery, DWP, 2012
Referral of individuals onto these joint programmes should be more flexible, negotiated locally. This will enable local authorities and partners to refer particularly vulnerable or disengaged young people for support that might not otherwise have been referred, for instance individuals that have never claimed JSA, or have claimed intermittently.

**Haringey – Jobs for Haringey**

Haringey Council has a strong track record helping the most disengaged young people into employment – the Haringey Guarantee exceed all local targets, in two years it helped 357 individuals, moving 30.8 per cent (110) into full time work.

The new Jobs for Haringey scheme, launched in May 2012 combines intense one-to-one support for disengaged young people with a Jobs Fund, supporting the cost of recruitment to make it easier for companies to create new positions.

Employment advisers offer information, advice and guidance and intense personalised support, and are able to refer young people onto: other council frontline services, voluntary work placements, apprenticeships, in work support for up to 12 months, and subsidised work with employers combined with specialised training by local colleges.

The programme is delivered by a number of high performing local providers, including the council’s employment and skills team, Train 2 Job, Positive Employment and others. In four months the programme had already helped 51 residents into work, ahead of target of placing 600 people in work up to March 2015.

A number of councils run employment programmes and have sought to engage with Work Programme providers, for instance through Provider Groups, but, without incentives for meaningful provider engagement, it is often difficult to achieve.
Gateshead – combining funds and programmes

Gateshead Council’s Job Linkage Team has placed 13,000 people into employment since its creation – moving many more disengaged young people towards the labour market. Mainstream services include one-to-one advice and signposting, and work with over 150 employers a year to create demand-led recruitment and training programmes.

Gateshead Council has a tradition of providing intensive support for disadvantage residents. In recent years it has looked to private and public sector partnerships to continue provision in the face of budget cuts.

The council’s Job Linkage Team has been subcontracted to deliver a range of government programmes, seeking to bring them together into coherent support for young people.

This includes: local commissioning of Youth Contract support for 16-17 year olds, set against locally agreed criteria and funding criterion with Newcastle City Council; a Raising of Participation Age pilot funding to support the development of a single apprenticeship offer to employers; ESF support for families with multiple problems to help 646 residents; and delivering the employment element of council’s provision to Troubled Families scheme.

Furthermore, the council is delivering the Work Programme in Gateshead on behalf of Avanta. The public-private sector partnership is proving successful, 1,186 residents are receiving intensive support. In the first year Gateshead Council’s Work Programme team helped 268 residents into work.
Tower Hamlets – matching employment services to job opportunities

Tower Hamlets is a young London Borough, around 30 per cent of the population are under 19 years old, and around 30 per cent of job seekers are between 16-24 years old.

The local authorities Skillsmatch service offers a flagship job brokerage service to help disengaged young people benefit from opportunities offered by firms in the Canary Wharf development and the Olympics, often seen as being out of reach by young people – and includes a range of companies including HSBC, Stagecoach, Waitrose, Marks and Spencer, Canary Wharf Group, City and Docklands Employers and the Metropolitan Police.

The service, established by the local authority, Jobcentre Plus and local colleges, has a range of programmes to help disengaged people into work – every programme includes one-to-one advice and support, screening and job matching, tailored training, and a focus on hard to reach groups.

From 2000 to 2009 Skillsmatch had placed over 6,000 local residents into sustainable employment, of which around 50 per cent were between 16 and 24 years old; and has since secured an additional 1,541 jobs to residents as part of the Olympics.

An investigation into longer-term impact on individuals has demonstrated that 89 per cent of people were still in work after three months, and 84 per cent after six months. The service has been central to reducing youth unemployment, and vital in increasing participation, last year 4.9 per cent of young people were disengaged from work and learning, down from 10.3 per cent in 2004.
Wage subsidies

Proposal: Enable local partnerships to commission Youth Contract Wage Subsidies, engaging employers in local labour markets and targeting young people in most need of subsidised work.

Wage subsidies offer young people a real wage for real work experience, a well proven way of increasing employment prospects. As part of the Youth Contract, government offers employers £2,275 to take on a young person, pledging to provide 53,000 subsidies a year.

All wage subsidy schemes have, however, been troubled by low take up and high levels of deadweight, where jobs would have been created anyway. For instance DWP’s recent Six Month Offer, which gave employers a cash incentive for taking on long-term JSA claimants, only helped around 8,000 18-24 year olds, and it is estimated up to 70 per cent of New Deal jobs would have been created anyway18.

Without sufficient targeting there is a risk the Youth Contract scheme will suffer the same fate. They are already proving difficult to claim, this has been recognised by government which has launched a campaign to encourage employer take up, and enabled early referral for young people living in youth unemployment ‘hotspots’. But centralised tinkering of this kind is unlikely to significantly increase take up and may increase deadweight.

A devolved approach, whereby local partners can shape and target wage subsidies, significantly reduces these risks, increasing take up locally by engaging employers and social enterprises through partnerships such as LEPs, and reducing deadweight by targeting subsidies at SMEs in growth sectors offering quality opportunities, and combining with funding from other sources or linking to further provision.

Locally targeted programmes work. Despite faults, including being comparatively expensive, recent DWP analysis of the Future Jobs Fund show, two years after starting the programme, participants are near 20 per cent more likely to be in sustained unsubsidised employment than non-participants19. The scheme more than paid for itself taking into account all costs and benefits.

Liverpool City Council used Future Jobs Fund money to build a major agreement with Jaguar Land Rover; where young people completing their six months were guaranteed an interview for a permanent job. Of the 120 young people referred through the scheme, over 100 gained permanent jobs, of which only two would have been given an interview independently of the scheme.20

Even in the current economy, local authorities are running their own wage subsidy schemes helping young people in their areas, and are not facing the kinds of difficulties that the government’s wage subsidy scheme is. For instance Nottingham has doubled investment in its jobs fund in response to strong take up from employers.

18 Youth unemployment, a million reasons to act? CESI, 2011
19 Impacts and costs and Benefits of the Future Jobs Fund, NIESR on the behalf of DWP, 2012
20 Future Jobs Fund, an independent national evaluation, CESI, 2011
Nottingham – Jobs Fund

The Nottingham Jobs Fund (NJF), the city’s own wage subsidy scheme, started in 2011 with the objective of getting 240 18-24 year olds into work by 2014. Based on strong take up the council took the decision in August 2012 to double the funding available and raise the number of jobs to 400.

The fund pays up to 50 per cent of the cost of the placement, and providing funding for linked training. Employers must guarantee the job for a year, pay minimum wage, and have the potential for sustainable work or apprenticeships – the scheme is linked to local colleges and work-based training providers to facilitate this.

To date 150 jobs have been created, the vast majority with local SMEs, including in sales and marketing, motor mechanics, IT, printers, business administration and others. There is an incredibly low drop-out rate with only seven placements ending early.

Over 80 per cent of placements gain a qualification, mainly Level 2, and around a third of placements are combined with apprenticeships.

Young people are referred through Jobcentre Plus advisers, but also local community and third sector organisations working with hardest to reach groups. For instance, it works with a Business in the Community scheme giving young people from care work experience which can develop into a subsidised job.

North Eastern LEP – jobs in the real economy

The Creating Jobs in the Real Economy programme was initiated by the seven local authorities across Tyne and Wear, Durham, and Northumberland, with the aim of supporting employers to create short term employment opportunities, with scope for sustained jobs and growth.

The scheme provided funding to cover some wage and related costs for employers to take on young people, targeting areas with fewer jobs, and helping engaged target groups with additional employment support.

The programme, which ran from April 2011 to March 2012, created 158 jobs, 59 participants are known to have moved into permanent employment. Around 290 people were offered employment support. Through the LEP, local authorities are also supporting some SMEs involved in the scheme to grow.
Concluding points

The current labour market is disproportionately tough on young people, and particularly those that have experienced periods of disengagement before entering it.

Public services have to do more for this group. Jobcentre Plus continues to underperform, not moving enough people into sustained work, the Work Programme has got off to a slow start, particularly for those furthest from work, and take up of the Youth Contract wage subsidies by employers appears low.

Nevertheless there is huge potential in these national services still untapped, and plenty of reason to be optimistic. Local authorities and their partners are developing new models and services that have real impact, moving young people into local employment opportunities.

But meaningful collaboration between these programmes and services is patchy, at best. We are keen for government to incentivise them across the country, so that local partnerships can shape and target employment services around employer demand in local labour markets, and co-design services moving harder to reach young people closer to work in a way that unlocks value in national services for this group.

**Stockton-on-Tees – Youth Employment Initiative**

Stockton Borough Council has developed a programme that offers young people aged 16-24 the opportunity to secure an apprenticeship with a public or local third sector, charity, community interest company or social enterprise.

Over 100 job opportunities have been secured and to date, with 64 per cent of young people moving into employment.

The young person will be guaranteed employment for a minimum of one year, and will undertake appropriate training for the apprenticeship.

Stockton will fund the first 39 weeks of employment and the host organisation will be expected to pay the remaining 13 weeks – with the hope of moving young people into sustained employment with the host organisation.

The young people are paid national minimum wage for between 30 and 40 hours depending on the posts available.
Collectively, government, local authorities, the third sector and employers are all investing a great deal in young people. But it is not working, and especially for those most disengaged. Long-term youth unemployment has grown at an alarming rate since 2008.

Something has to change, in order to unlock the full potential of services around young people. But significant public-service reform is not necessary.

What is absolutely necessary, however, is a renewed level of collaboration between local and national provision in ways that co-design services, brought together around young people, and linking them to local employer demand.

We want to develop an offer to young people that is:

- intelligence-led, both identifying and tracking disengaged young people and targeting provision to local labour market need
- personalised and consistent for young people, providing a single route into services for the most disengaged, and clear progression routes
- targeted efforts in youth disengagement and unemployment ‘hotspots’
- docked with mainstream services and programmes, helping schools, colleges and training providers, Job Centre Plus and the Work Programme reach their full potential
- underpinned by coordinated and locally relevant careers information, advice and guidance
- simplifying and strengthening the opportunity for employers and young people to leading provision.

To achieve this, we propose local authorities and their partners:

- become the default commissioners of all programmes seeking to reengage the most disengaged young people, using European Social Fund (ESF), Bursary Fund and Foundation Learning to develop bespoke, targeted and consistent reengagement programmes.
- lead in setting local and sub-regional funding priorities for 16-24 further education and apprenticeship provision, driven by employer demand in local labour markets, and locally holding providers to account for meeting them.
- co-design joint packages and local employment programmes for young people with more complex barriers to work with Jobcentre Plus and Work Programme providers, unlocking value in these programmes
- commission wage subsidies announced as part of the Youth Contract, engaging SMEs and targeting young people with most to gain from public subsidies.
Annex Potential outcomes for young people and national prosperity

A number of studies have assessed and projected costs – in benefits and welfare, in lost tax and National Insurance, and in lost spending in the economy. The ACEVO commission into youth unemployment recently projected total costs at around £28 billion over a decade.

Figure 5 summarises the costs to the exchequer, spread as an average per individual. It shows:

- For each unemployed 18-24 year old the costs are £4,873 in benefits, £1,199 in lost tax and National Insurance contributions, and £8,998 to the economy in lost productivity – around £14,980 in total.
- For disengaged 16 and 17 year olds the costs are, on average, £781 in benefits and £4,576 in lost spending and productivity – a total of £5,357 per individual each year.
- On average every individual that experiences sustained periods of disengagement as a young person will cost the exchequer an additional £2,269 a year in lost tax and NI contributions up to 34 years old.

Figure 4 summarises the numbers, based on our estimates of the level of outcomes councils might seek to aim for within a devolved model. Based on the evidence of what integrated local approaches have achieved within the current system, local partnerships might strive to:

- half the number of disengaged 16-18 year olds
- cut by 30 per cent the number of disengaged 16-24 year olds
- reduce youth unemployment by 20 per cent, including reducing long-term unemployment by 25 per cent for over six months and 25 per for over 2 years.

Achieving this kind of outcome would achieve a number of financial savings through reduced costs and increased income. Over three years the devolved model could aim to achieve annual:

- benefit payment savings of £1,025,329,800 to the exchequer
- £229,488,600 in additional tax and national insurance contributions
- additional contributions to the economy of around £1,722,217,200
- medium-term savings of £434,286,600 per year of individuals up to 34 years old.

In summary, reductions of this kind would deliver savings to the exchequer of £1.25 billion every year in saved benefits and foregone tax and NI contributions alone, contributing an additional £15 billion to the economy over the course of ten years.

Similarly, the Ernst and Young aggregated analysis of the Work and Skills Community Budgeting Pilots suggests a community budgeting approach could generate annual savings of up to £1.7 billion.21

21 Whole Place Community Budgets: A Review of the Potential for Aggregation, Ernst & Young/LGA, January 2013
Figure 4 Outcome ambitions from a devolved model young people

<table>
<thead>
<tr>
<th></th>
<th>Current levels of youth disengagement</th>
<th>Devolved Model, three year ambitions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Numbers</td>
<td>Percentage of cohort</td>
</tr>
<tr>
<td>16-19 year old NEET</td>
<td>108,000</td>
<td>6%</td>
</tr>
<tr>
<td>16-24 year old NEET</td>
<td>1,360,000</td>
<td>16%</td>
</tr>
<tr>
<td>Youth unemployment*</td>
<td>957,000</td>
<td>18.5%</td>
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<tr>
<td>Young JSA claimants*</td>
<td>435,000</td>
<td>8.4%</td>
</tr>
<tr>
<td>Long-term unemployment (over six months)*</td>
<td>381,000</td>
<td>7.4%</td>
</tr>
<tr>
<td>Long-term unemployment (over two years)*</td>
<td>103,000</td>
<td>2%</td>
</tr>
</tbody>
</table>

Data from October 2012

*18-24 year olds economically active
### Figure 5 Costs of youth unemployment, 2011 average per individual

<table>
<thead>
<tr>
<th>Age group</th>
<th>Nos</th>
<th>Benefits per claimant</th>
<th>Working Tax Credit per claimant</th>
<th>Lost productivity **</th>
<th>Wages foregone ***</th>
<th>Total</th>
<th>Benefits</th>
<th>Future annual costs (per individual) ****</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-17</td>
<td>144,197</td>
<td>£3,559</td>
<td>£2,804</td>
<td>£4,576</td>
<td>-</td>
<td>£5,357</td>
<td>£781</td>
<td>£2,269</td>
</tr>
<tr>
<td>18-24</td>
<td>1,114,322</td>
<td>£5,662</td>
<td>£6,558</td>
<td>£8,998</td>
<td>£1,199</td>
<td>£14,980</td>
<td>£4,783</td>
<td></td>
</tr>
</tbody>
</table>

Source: Data from L Macmillan, *The Cost of Youth Unemployment*, University of Bristol, 2011

* Benefit costs (WLPS), including: Job Seeker Allowance, Income Support, Employment Support Allowance, Incapability Benefit (18-24 year olds only), and Carers Allowance

** Marginal Revenue Product of Labour (MRPL), lost value young people working can have to their employer and the economy, gained by earnings foregone multiplied by number of disengaged young people, assuming all can work

*** Costs of wages forgone (LFS), including loss in Tax and National Insurance (16-17 year olds on average do not earn enough to pay tax and NI)

**** Future cost of youth unemployment to exchequer include cost in tax and NI revenues lost in lower earnings, and in periods of worklessness, and time spent on benefits as a direct result of being disengaged when younger