



European Union Internal Market, Infrastructure and Employment Sub-Committee

Youth unemployment in the EU: a scarred generation?

Oral and written evidence

Contents

Rebecca Taylor MEP, ALDE, UK, Youth Intergroup, and Luca Scarpello, Youth Intergroup—Oral evidence (QQ 162-177).....	6
Commissioner László Andor, member of the European Commission—(QQ 185-194)	23
Association of Graduate Careers Advisory Services (AGCAS)—Written Evidence	33
Austrian Parliament—Written evidence	36
Mike Thompson, Barclays, Dr Peter Kyle, WORKing for YOUth, and Adam Swash, Experian—Oral evidence (QQ 98-108).....	40
Belgian House of Representatives—Written evidence	55
Phil Bennion MEP—Written evidence	57
Pervenche Berès MEP and Anthea McIntyre MEP—Oral evidence (QQ 144-152)	60
Big Lottery Fund—Written evidence	70
Birmingham City Council—Written evidence.....	76
Shilpi Akbar, Birmingham City Council, Lloyd Broad, Birmingham City Council, and Alex Conway, Greater London Authority—Oral evidence (QQ 30-47)	87
Birmingham City Council—Supplementary written evidence	110
Birmingham City Council—Further supplementary written evidence	121
Black Country Consortium Limited—Written evidence	122
John Wastnage, British Chambers of Commerce, Narmada Thiranagama, UNISON, and Richard Exell, Trade Union Congress—Oral evidence (QQ 70-83)	126
Chris Neal, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF), Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), Rachel Wenstone, National Union of Students—Oral evidence (QQ 126-143)	127
Buckinghamshire Thames Valley Local Enterprise Partnership—Written evidence.....	128
Robert Plummer, BusinessEurope, James Higgins, European Youth Forum and Roland Freudenstein, Centre for European Studies—Oral evidence (QQ 206-218)	129

Roland Freudenstein, Centre for European Studies, James Higgins, European Youth Forum, and Robert Plummer, BusinessEurope—Oral evidence (QQ 206-218)	130
Cheshire and Warrington Local Enterprise Partnership—Written evidence	131
Derek Clark MEP—Written evidence.....	132
Committee on the Labour Market, Swedish Parliament—Written evidence	134
Dr Paul Copeland, Professor Sue Maguire and Professor Martyn Sloman—Oral evidence (QQ 15-29).....	137
Dr Paul Copeland—Written evidence.....	138
Emer Costello—Oral evidence (QQ 153-161).....	141
Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald’s, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)	152
Hannah Dean—Written evidence.....	168
Department for Business Innovation and Skills—Written evidence	169
Department for Business Innovation and Skills and Department for Work and Pensions—Oral evidence (QQ 1-14).....	195
Department for Business Innovation and Skills—Supplementary written evidence	213
Department for Business, Innovation & Skills—Further supplementary written evidence.....	218
Department for Business, Innovation and Skills and the Department for Education, Department for Work and Pensions—Oral evidence (QQ 234-255).....	219
Department for Work & Pensions—Supplementary evidence	243
Department for Work and Pensions—Further supplementary written evidence	253
Employment Pathways—Written evidence	284
Enterprise M3—Written evidence	287
Eurofound—Written evidence	289
Mr Massimiliano Mascherini, Eurofound, Ms Kari Hadjivassiliou, Institute for Employment Studies, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125)	297
European Parliament’s Youth Intergroup—Written evidence	298
European Trade Union Confederation—Written evidence.....	301
Syndicat European Trade Union Confederation—Written evidence	306
Ignacio Doreste, European Trade Union Confederation, and Cinzia Secha, Trade Union Confederation—(QQ 195-05)	310
James Higgins, European Youth Forum, Robert Plummer, BusinessEurope, and Roland Freudenstein, Centre for European Studies—Oral evidence (QQ 206-218)	323
Adam Swash, Experian, Mike Thompson, Barclays, and Dr Peter Kyle, WORKing for YOUTH—Oral evidence (QQ 98-108).....	338
The Gilfillan Partnership—Written evidence.....	339

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233).....	346
Alex Conway, Greater London Authority, Shilpi Akbar, Birmingham City Council and Lloyd Broad, Birmingham City Council—Oral evidence (QQ 30-47).....	364
Ambassador of Greece, London—Written evidence.....	365
Heart of the South West Local Enterprise Partnership—Written evidence.....	368
The Rt Hon Lord Heseltine—(QQ 256-266)	372
Higher Education Careers Services Unit (HECSU)—Written evidence	382
Jane Artess, Higher Education Career Services Unit, Clive Richardson, Go ON UK, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233).....	385
Higher Education Careers Services Unit (HECSU)—Supplementary written evidence	386
Humber Local Enterprise Partnership—Written evidence.....	389
Impetus, The Private Equity Foundation—Written evidence	393
Institute for Employment Studies—Written evidence	397
Ms Kari Hadjivassiliou, Institute for Employment Studies, Mr Massimiliano Mascherini, Eurofound, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125).....	407
Local Government Association—Written evidence	421
Professor Sue Maguire—Written evidence	422
Professor Sue Maguire, Professor Martyn Sloman and Dr Paul Copeland—Oral evidence (QQ 15-29).....	426
Tanith Dodge, Marks & Spencer, Terry Morgan CBE, Crossrail, and Jez Langhorn, McDonald’s—Oral evidence (QQ 84-97).....	445
Emma McClarkin MEP—Written evidence.....	446
Heather Cousins, Northern Ireland Executive, and Brian Smart, Northern Ireland Executive—Oral evidence (QQ 61-69).....	451
Jez Langhorn, McDonald’s, Terry Morgan CBE, Crossrail and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97).....	462
Anthea McIntyre MEP (ECR, Deputy Co-ordinator, UK)—Written evidence	463
Anthea McIntyre MEP and Pervenche Berès MEP—Oral evidence (QQ 144-152)	467
Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), Rachel Wenstone, National Union of Students, and Chris Neal, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 126-143).....	468
Rachel Wenstone, National Union of Students, Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), and Chris Neal, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 126-143).....	486
Karen Adriaanse, Ofsted, Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, and Joe Billington, Skills Funding Agency—Oral evidence (QQ 219-233)	487

The Prince’s Trust—Written evidence.....	488
Rosemary Watt-Wyness, The Prince’s Trust, Michael LARBalestier, Prospects, Jenny Cryer, Prospects, and Linda Dean, Rathbone—Oral evidence (QQ 48-60).....	490
Prospects—Written evidence.....	491
Michael LARBalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince’s Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)	497
Rathbone—Written evidence.....	513
Linda Dean, Rathbone, Michael LARBalestier, Prospects, Jenny Cryer, Prospects, and Rosemary Watt-Wyness, The Prince’s Trust—Oral evidence (QQ 48-60).....	517
The Royal Bank of Scotland—Written evidence.....	518
Shout Out UK—Written evidence.....	522
Joe Billington, Skills Funding Agency, Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233).....	524
Professor Martyn Sloman, Professor Sue Maguire, and Dr Paul Copeland—Oral evidence (QQ 15-29).....	525
Professor Martyn Sloman—Supplementary written evidence	526
Professor Martyn Sloman—Further supplementary written evidence.....	535
Social Policy Research Centre, Middlesex University—Written evidence	543
Professor Robin Simmons, University of Huddersfield, Ms Kari Hadjivassiliou, Institute for Employment Studies, and Mr Massimiliano Mascherini, Eurofound—Oral evidence (QQ 109-125)	544
Professor Melanie Simms—Written evidence	545
Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)	550
Trade Union Congress (TUC)—Supplementary written evidence	567
Narmada Thiranagama, UNISON, John Wastnage, British Chambers of Commerce, and Richard Exell, Trade Union Congress—Oral evidence (QQ 70-83)	571
Max Uebe—Oral evidence (QQ 178-184).....	572
Max Uebe, Head of Unit, DG EMPL—Supplementary written evidence.....	579
Derek Vaughan MEP—Written Evidence	583
Walpole Publishing Ltd—Written evidence.....	585
Welsh Government—Written evidence	591
Dr Peter Kyle, WORKing for YOUth, Mike Thompson, Barclays, and Adam Swash, Experian—Oral evidence (QQ 98-108).....	602
Youth Employment UK CIC—Written evidence.....	603
Youth Enterprise and Unemployment (YEU)—Written evidence	607
Young Enterprise—Written evidence.....	610

**Rebecca Taylor MEP, ALDE, UK, Youth Intergroup, and Luca Scarpiello, Youth
Intergroup—Oral evidence (QQ 162-177)**

Evidence Session No. 13

Heard in Public

Questions 162 - 177

MONDAY 20 JANUARY 2014

Members present

Baroness O’Cathain (Chairman)

Lord Brooke of Alverthorpe

Lord Freeman

Lord Wilson of Tillyorn

Examination of Witnesses

Rebecca Taylor MEP, ALDE, UK, Vice-President of the Youth Intergroup, and **Luca Scarpiello**,
Adviser to the Youth Intergroup

Q162 The Chairman: It is very kind of you to give this time to us. Rebecca, you are the Vice-
President of the Youth Intergroup?

Rebecca Taylor: Yes.

The Chairman: And Luca Scarpiello an adviser to the Group. Lord Freeman, can you
introduce yourself?

Q163 Lord Freeman: Roger Freeman, Conservative Peer, former Member of Parliament.
May I ask you very briefly to explain what the Youth Intergroup is?

Rebecca Taylor: Right, yes. There are a number of intergroups. They are a little bit like
APPGs, but the difference is that there are a maximum number of intergroups, whereas
obviously with APPGs you can have as many as you like as long as enough people sign up.
There is quite a competition for the Intergroup. Is it 12 or 14 members?

Luca Scarpiello: Fourteen.

Rebecca Taylor MEP, ALDE, UK, Youth Intergroup, and Luca Scarpiello, Youth Intergroup—
Oral evidence (QQ 162-177)

Rebecca Taylor: It is 14, yes. There are 14 intergroups in total and anything else is an interest group or a working group. It does not have the official status of an intergroup. Youth Intergroup is one of the 14 intergroups and, obviously, youth employment is a big issue.

Lord Freeman: Based here?

Rebecca Taylor: Yes. It is cross-party. They are always cross-party. The president of the intergroup is from the Socialists & Democrats Group, and then I am the Vice-President from ALDE, from the Liberals, and then there are Vice-Presidents from the Greens, from the EPP, and from GUE—correct?

Luca Scarpiello: Yes.

The Chairman: Right. We are trying to get the Members of this Committee to introduce themselves. Lord Freeman, how many years in Parliament?

Lord Freeman: Thirty-one.

The Chairman: In both Houses. Lord Brooke, can you introduce yourself?

Lord Brooke of Alverthorpe: I am Clive Brooke. I am a Labour Peer. I have been there about 16 years, prior to which I was in the Labour movement as a union general secretary for tax staff.

The Chairman: Yes, beloved by all.

Rebecca Taylor: I have just paid my tax bill this weekend.

The Chairman: So did I.

Lord Wilson of Tillyorn: I am David Wilson. I am an independent Cross-Bench Peer, 20 years or so in the House of Lords. Before that, I had quite an involvement in Asia, but China and Hong Kong rather than Japan, which is your subject, is it not?

Rebecca Taylor: I did study Japanese, yes.

Lord Wilson of Tillyorn: At Leeds?

Rebecca Taylor: Yes, at Leeds.

The Chairman: I am Detta O’Cathain. I emigrated to the UK nearly 50 years ago and I have been in the House of Lords for 22 years. I came up the business route. I was not in Parliament. I was not in the House of Commons and I was not a member of a political party, but I am a Conservative and I sit on the Conservative Benches. This Committee is a sub-committee of the overall Select Committee of the European Union. We have the remit of the internal market, infrastructure and employment. The reason we are doing this inquiry and that these four Members, the three of them and me, are representing 12 members of our sub-committee, is that we have the responsibility to scrutinise all the documentation that comes within those three areas of business. This particular issue of youth unemployment and the Youth Guarantee and all these issues that the EU has been concentrating on, quite rightly, were ones that we felt that we ought to get involved with. We are doing a report, which will come out in mid-April, and, of course, we will send you a copy.

Rebecca Taylor: Excellent.

Rebecca Taylor MEP, ALDE, UK, Youth Intergroup, and Luca Scarpiello, Youth Intergroup—
Oral evidence (QQ 162-177)

The Chairman: After this session, you will receive a transcript of the session to check and correct. This will be put on the public record in printed form and on the parliamentary website. Again, I reiterate: thank you very much indeed.

Rebecca Taylor: No problem.

Q164 The Chairman: Now, if you want to make a brief one-minute opening statement, either of you or both, please feel free before we get on to the questions.

Rebecca Taylor: The questions cover pretty much anything I might want to say, so I would just go through the questions.

The Chairman: Thank you very much indeed.

Rebecca Taylor: I will probably give the overview and then Luca will give the detail. The general consensus is that there is a jobs crisis in Europe full stop, but that it has been felt far more acutely by young people. Even in those countries where youth unemployment is not such a serious problem, it is still more difficult for under-25s to get a job. There is a lot of concern that if it is not tackled you will get this lost generation thing where if people suffer unemployment or precarious employment for a number of years, it has a knock-on effect on their long-term career prospects.

There are a number of things to look at. One is obviously the demand side. Employers are simply recruiting fewer workers, and particularly are recruiting fewer young workers, because the less experience you have, the more difficult it is to get into the employment market. That is where it is important to look at incentives that help businesses hire young people, and also obviously incentives that help companies in the right sectors. For example, we had the Green Jobs initiative in the UK; that is a very good example. It is not willy-nilly. It is really for areas that are considered to have growth potential, because, obviously, if those areas grow there will be more jobs and more jobs for young people. There is also the problem of two-tier labour markets where you have a core of people who are highly protected and young people who just do not get a chance to get that kind of employment protection and end up with work that is either temporary or—

The Chairman: Seasonal?

Rebecca Taylor: Yes, seasonal. I would say freelance, but freelance is something in my mind a little bit different that people choose to do. I know that in Italy you have this contract called the co.co.co.

Luca Scarpiello: Yes.

Rebecca Taylor: Maybe you can explain what that is.

The Chairman: Right, so this is your statement.

Luca Scarpiello: Yes. Well, in Italy the comparison with the UK system is the zero-hour contract, which basically is also now in discussion not only in Italy but all over Europe, because those types of contract have a huge social cost, especially if they are not also matched by reforms to the welfare system that balance the on-call nature of the job with the income stability of the person.

In general, completing what Rebecca was saying, one of the biggest mistakes that we are doing today in Europe is to consider youth employment as something aside from the general

employment crisis that we are having in Europe. I do not have to remind you of the economic outlook and also of the employment outlook. It is clear that instead this is a part of this outlook and, in general, it is also clear that we will not improve the situation of young people in the labour market unless we are triggering consistent industrial policy, especially at European level, that can support enterprises to invest again and also, of course, to invest in the labour market in human resources.

When we talk about the special features of young people and their approach to employment, of course, first of all we have to consider that so far they have been—if you see the OECD report on this—the ones that have paid the highest toll in the economic crisis so far. They are also the key potential to trigger a new recovery in Europe and also to trigger what we call the ecological conversion of our society, especially if you consider that we are talking about the most skilled generation ever.

Rebecca Taylor: The whole green jobs agenda, yes.

Luca Scarpiello: When it comes to the actions that we could take in the labour market, also completing what Rebecca was saying, it is important to consider three main dimensions that are fundamental.

The first one is the demand side. Because we have a number of structural barriers to youth employment today in Europe, and also in the UK, of course, starting from the consideration that the crisis has degraded the productive manufacturing fabric and this has delayed the investment and employment of new human resources, it is, therefore, fundamental to stimulate the industrial and productive system, especially in the more innovative technologies. Investment in the more innovative technologies is today also a way to fight youth unemployment.

The second is, of course, that in Europe—and this is a shared problem with the UK—we have a strong duality and segmentation of the labour market. It is a matter of fact that young people today are the most exposed to the problems of stability in the labour market, the first ones to be dismissed, and the last ones to be hired. For this, a reference for you could be the OECD employment index for regular contracts. We have seen that in the past the legislation when it comes especially to hiring for temporary contracts—we have seen in the UK the zero-hours contract—did not have an impact on the hiring preparation of the enterprises. This is not an opinion; this is a fact that was put together by the OECD in the last *Economic Outlook*. Therefore, when it comes to reducing the barriers, the priority should be to reduce the segmentation especially between temporary and stable contracts and try to reduce the gap in a way.

The Chairman: Yes, that is the detail. Overall, would you agree that it is probably the most difficult problem facing the European Union at the moment?

Luca Scarpiello: Absolutely.

The Chairman: Shall we get into the questions now?

Rebecca Taylor: Yes.

Q165 The Chairman: Thank you. The general consensus, as I said, is that the current youth unemployment across Europe is the most serious aspect of the current economic crisis. Could you summarise for us in your own view exactly what the nature of the current

problems are and what issues you are most concerned about? I think you have more or less done that, have you not, both of you?

Rebecca Taylor: Yes. One of the issues is, as I say, the precariousness. You also have unpaid internships in there as well, where the opportunities are only for certain people. You have an issue there. The Youth Intergroup has been doing quite a lot of work on that because there is also the issue that people even get a paid internship and then when they go for a job they say, “Oh, you have never done a real job.”

The Chairman: Yes, quite.

Rebecca Taylor: So they end up in a kind of vicious circle of doing five or six, or maybe not five or six but—

The Chairman: They cannot take you because you are inexperienced—

Rebecca Taylor: But you have been working for three years.

The Chairman: Yes, exactly.

Rebecca Taylor: Yes, that is an issue. Luca mentioned briefly the issue of welfare systems. They need to be able to support young people so that if, for example, you have a temporary job and then that ends, there needs to be that support so that you do not completely fall out of the labour market and you do not lose touch with the labour market. Obviously, that has to be conditional; if there is training or help on offer, you need actively to be looking for a job. I think nobody disagrees with that.

Q166 The Chairman: To what extent do you see the issue as being about the demand side, the availability of jobs, and to what extent the supply side, how well young people are prepared for the labour market with regard to their skills or employability?

Rebecca Taylor: It is both, really. There was rising youth unemployment previously, certainly in the UK when there was a boom, and that was among a certain section of the population. Graduates were not included in that, for example, so it was a skills issue. The youth unemployment now is not just those with lower skills. It is graduates as well. In my day—I graduated in 1997—it was almost impossible not to get a job. The only people who did not get a job were people who really did not want one. A friend of mine tried being unemployed for a few months but he gave up because it was easier to find a job. Seriously, he just wanted a rest. He had worked so hard for his exams; he just wanted a rest.

It is a very different situation now. I have a stepbrother and it has taken him a year to find a job. He has been cleaning a pub. He is a maths graduate and he has been cleaning a pub. He has an appropriate job now, but he was prepared to do anything in order to work. That is something that when I graduated in 1997 would have been almost unheard of. Obviously, it is much more difficult for people who do not have qualifications, but that does not mean that it is necessarily easy because we have the problem of graduate unemployment, which existed already in a number of European countries before the crisis. You have problems that did not happen, for example, in the UK, in Germany, in the Netherlands. There are the OECD recommendations, which are aimed less, I would say, at the skilled or highly educated employees and more at minimising school drop-out, promoting a combination of work and study, which is what we are having in the UK now with the apprenticeships, and offering people a second chance to get a qualification.

Rebecca Taylor MEP, ALDE, UK, Youth Intergroup, and Luca Scarpiello, Youth Intergroup—
Oral evidence (QQ 162-177)

Q167 The Chairman: What role should different stakeholders play in tackling youth unemployment—for example, the Commission, national Governments, businesses or trade unions—and how does the work of the Youth Intergroup feed into this dialogue?

Rebecca Taylor: Yes. Well, obviously, this is something that cannot come only from Government; it has to involve trade unions, youth organisations and employers.

The Chairman: Educationalists?

Rebecca Taylor: Education and training providers, yes. They all have their role to play. What we do in the Youth Intergroup is work very closely with the European Youth Forum, which is the umbrella organisation of youth organisations across Europe. We work very closely with the forum. We also, obviously, have contact with businesses and with trade union organisations in Brussels. We do that anyway because you cannot not have that dialogue; it is really important. The countries that we know that have done better on youth unemployment than others are ones where they have a strong social dialogue that does involve all the actors. Finland is a very good example.

We do a lot of joint events with the Youth Forum. When we have panels we always have a representative from the Youth Forum speaking. We usually have a representative from a trade union or from an employers' organisation. For example, for the one on internships we had someone from Microsoft there. We do that actively in what we do. It is never just the Youth Intergroup. It is always involving different stakeholders.

The Chairman: Lord Freeman, this is an issue that you should contend with. Is there anything else you want to ask before you come in?

Q168 Lord Freeman: Well, I am interested in your views, looking at 13, 14 and 15 year-olds in our education system—I am now looking at the UK; I do not have experience with other countries—about whether there are policies and interventions that could usefully prepare young people for the world of work, which now is so totally different from 20 or 30 years ago.

Rebecca Taylor: Yes. It is interesting. The Youth Intergroup has not addressed this yet, but one thing I have raised a couple of times is the issue of careers education and not necessarily employability skills but almost job-hunting skills, if that makes sense. From personal experience, I see that there is a huge difference. For example, when we advertised Luca's role, we had 280 applicants from almost every country across Europe. Obviously, there are different styles to do a CV and so on; this is marginal. There was a big difference in the quality of the applications. Probably 200 of them could be immediately dismissed because there was not—

Lord Freeman: Was that literacy, attitude, experience, behaviour?

Rebecca Taylor: No, it was not literacy, not generally, and it was not qualifications. It was that they could have been applying for any job, any job whatever. In fact, they might as well have just written on their application, "I would like a job", because that is essentially what it said. They did not look at the role. They did not look at the Youth Intergroup. They did not look at the kind of things we do.

Having said that, there were 40 applicants who were really good, who did look at the job and showed how they had some interest. Obviously, Luca did extremely well because he got the

job. I was just really struck. These were, in some cases, people who went to very good universities, world-renowned universities, and I am saying, “What kind of preparation are people getting for job hunting?” Clearly, some of them knew how to do an application and some of them did not have a clue.

This is something we have not addressed, unfortunately, and I think it is something that is very local. There are different trends. For example, in France, it is normal to put your photo on a CV. We do not do that in the UK, it would be slightly strange. In Germany, you send all the references and your qualifications with an application. In Belgium, nobody asks you for copies of your degree. There are different customs or traditions, which obviously it is useful to know. This is something we have not looked into, but I would like to.

It links back also to the point about 13, 14 and 15 year-olds because I have contact with an organisation that makes packs for schools and works a lot with schools in Yorkshire. They work across the country. They say it is vital to get children before that age. At that age some of them are already switching off because they do not see the link between the education they are doing and what they might want to do in later life. The guy I spoke to from the training company gave an example, saying that he went to give a talk and a young man said, “Yes, I would like to be a blacksmith”. He said, “Well, maybe doing chemistry and physics would be quite useful if you want to do that”. Although he loved horses and he wanted to do that, he had not made the connection with what he was studying, and realised that it was a step on to what he might want to do. I have not seen any perfect solutions, unfortunately, but I think it is something that certainly does need to be addressed.

Lord Freeman: I have a short follow-up. Would you agree with me—putting on hold my next question—that we should focus on 13, 14 and 15 year-olds, very often the children of single parents, for example, with perhaps very little experience being brought to the table by the teaching profession? This is no criticism of the teaching profession. Do you agree with me that that is a particularly important age group? I am not talking about university graduates, but motivating young people and getting them to think about what they can and should be able to do?

Rebecca Taylor: As I say, the people that I spoke to said it should be happening even before then because by then some of them may have already switched off, which is exactly what you do not want to happen. Yes, I think it is something that is neglected, and if you leave it for another five years, they are biding their time for five years if only to get out.

Luca Scarpiello: Just on this a couple of things and then I will come back to the question concerning the social dialogue.

The problem is also that in Europe this issue of the 13, 14 and 15 year-olds has been tackled many times. One of the key issues within the Europe 2020 strategy is to reduce the dropout rate. Of course, at the moment we have also seen with the crisis the dropout making very little progress. Therefore, this has to be one of the priority areas. Many countries, for instance, are using an earlier canalisation into technical or regular secondary schools, which is not necessarily the right solution if you do not also create the possibility for young people to pass from one path to the others. Of course, at that age is the earliest you are doing the canalisation. There is very little chance for the students to understand their potential, so you have to create the possibility for one person to pass from one path to the other, maybe to attend university afterwards or a further professional or vocational training opportunity afterwards.

Let me also say in this regard that we have to change our strategies a bit when it comes to reducing the dropout; for instance, involving the community-based and youth organisations much more. Non-formal education strategies could also be extremely useful to provide young people with the soft skills that are necessary to the labour market today. We have a bit to do to reduce the boundaries between schools and what is outside schools, which has been today in Europe the problem.

Concerning what the different stakeholders can do, as Youth Intergroup we had one priority: to make sure that the Youth Guarantee is not something done only by the Government. We have to create ownership of the process by different stakeholders. Of course, there is on one side the social dialogue that is fundamental, and on the other side youth organisations, the community-based organisations and civil society that must have a role. This is also why in the negotiation of the framework of the Social Fund we put the provision that in order to use the funds of the youth employment initiative there has to be also an involvement of the social partners and the youth organisation when it comes to designing and assessing the schemes. It is also something that in the UK must be implemented, especially for the regions that request the funds; in particular, in London, Merseyside, the south-west, Scotland, and so on.

Rebecca Taylor: There are only a certain number of regions that qualify for the European Social Fund.

Q169 Lord Brooke of Alverthorpe: I was going to deal with the three main elements of the initiative that you run. Before that, could I just raise a question on the issue of dropouts? Is this a competency of the EU or is it, in fact, national?

Rebecca Taylor: No, it is national. It is part of the European strategy, but obviously it is something implemented at national level. There is no EU competence in education. Obviously there are programmes that people can benefit from, but, it is all national.

Lord Brooke of Alverthorpe: I am not disputing you; I am just raising the question.

Luca Scarpiello: On this I just want to say that we have the open method of co-ordination on this issue, which is not saying that we have to take over the competence from the member state but we need to co-ordinate the strategy on this. ERASMUS+, the new programme for education and training for the next economic cycle, is also putting a number of funds available in this regard.

Q170 Lord Brooke of Alverthorpe: That leads us then on to the question now about the three strands of the approach. We have talked about the youth employment programme with a link to the Youth Guarantee, which at present we do not, as you are aware, have in the UK. We have the youth employment initiative with the €6 billion now being allocated to it, and now we have within the European Social Fund a push to have more of the money that would be spent between 2014 and 2020 to go towards youth unemployment. I know it is rather early in certain areas to give a judgment on how the initiative will work, but generally what do you think about it? Do you think it is going to work well or do you think there are other changes that are needed and, if so, what would you suggest should be looked at?

Rebecca Taylor: I think it is a very good step in the right direction because there needed to be something. Some countries were already doing things. The UK has been doing things with apprenticeships and the Youth Guarantee, but there was not anything that was EU-wide and

was expanding to other countries. Now, in order to get these funds, the countries have to implement a Youth Guarantee scheme. That is a really positive development. It is all designed to stop people falling out of the labour market for too long early in their careers, and I think that is vital.

At the moment, what Luca has kindly done is put together some information on what is being done in different countries. Obviously, we cannot judge it yet. We do not know if it is successful yet because it is only being implemented right now. In some countries there are only some regions that are eligible. In the UK there are a few. It depends. In Belgium it seems to be the south. Luca has kindly put this together and we are happy to share this document with you. It is probably quite useful.

The Chairman: Very useful indeed.

Rebecca Taylor: I am not going to go through all of it because there is quite a bit. We cannot yet say whether it is going to work. The criticism that was made at the beginning is that it is not enough money. If I recall correctly, it is €6 billion in total, but that works out to be roughly €600 for each unemployed young person whom you want to help. If I think what the UK Youth Guarantee is, it is much more than that for employers. I think it is about double that, is it not? It is a lot more than €600. There have been some people saying it is not enough, but it is a lot more than what was originally proposed.

The Chairman: Yes, but “great oaks from little acorns grow”.

Rebecca Taylor: Exactly, that is the plan.

The Chairman: It could be seen as seed corn, could it not?

Rebecca Taylor: Yes, hopefully. The idea, obviously, is that this does not take away other measures that are happening at national level. It is in addition to, not instead of—for those regions that need it—the ability to use the European Social Fund for youth employment measures and the strong encouragement that I think is really important. We are right at the beginning of this now, so it is a massive step in the right direction because the ultimate aim of the Youth Guarantee is that no one is out of work or training for more than six months. Is it six months or four months?

Luca Scarpiello: Four.

Rebecca Taylor: Sorry, it is four months. That is a really key point if it will be implemented correctly.

Luca Scarpiello: I will address a complementary small point that is fundamental. To focus, to concentrate the effect of the funds, there has been a front-loading of the fund from having been spread throughout the seven years into the first two years. Of course, this is important because, for instance, for the UK regions we will have something like €192 million available, but at the same time it is posing a number of questions for the continuity of the programme afterwards. This is something that, of course, also the legislators in the UK have to take into consideration while planning the measures.

The second thing is we have to understand that the Youth Guarantee is, let us say, an incentive to change culturally the way our active employment services are conceived, from young people who have to go to the public employment services if they are unemployed to public employment services that go to young people and together think about a

personalised path. Therefore, a Youth Guarantee without an effective reform of the public employment services and without everything we said about economic and manufacturing development is ineffective because it is not by itself creating one single job place.

Q171 Lord Wilson of Tillyorn: As you know, what we are trying to do in this group and this report is get a clearer picture of what the EU as such does on unemployment, since it is a massive issue for all the nation states of the European Union. The question is: what is the EU doing? It did seem to me that your Youth Intergroup should have a very good handle on which member states you think are making good use of what Europe is putting forward and which are not. You might even want to comment on how the UK does on that list.

Rebecca Taylor: We have not done an in-depth analysis but, yes, if you look across Europe I do not think it is a coincidence that the countries with the strongest higher vocational training systems are those with the lowest youth unemployment.

The Chairman: Like Germany.

Rebecca Taylor: Like Germany, like the Netherlands, like Austria. I do not think that is a coincidence. In those countries, there are fewer people who go to university but it does not mean they have a less skilled labour market. Certainly, this is not revolutionary at all, but in the UK in the past 15 to 20 years I would not say there was a dismissing of higher vocational education but an assumption that if you were in any way bright you must go to university. There were not any other options. The other options were not good enough. They were inferior. I think this has been a big mistake. I happen to know how it works in Germany because I have family who are teachers in Germany. If after school you get an apprenticeship and you work partly in a company and you go to college one or two days a week—to a technische hochschule usually—that is not in any way looked down upon as being inferior to university. It is just different. That is something that we are tackling in the UK with the increase of apprenticeships, but certainly we can look at the countries that have these much stronger and very integrated systems of higher vocational education—very integrated with employers.

Q172 Lord Wilson of Tillyorn: Could I just follow up a bit? Personally, I have a great deal of sympathy with what you are saying. We made a very sad mistake in calling our technical colleges, which are extremely efficient, ‘universities’ and making them into research bodies rather than practical ones. Just getting more on to the question of which countries pick up the initiatives from Europe best, you are implying that it is the countries that do that, but I am not sure quite how that relates to the policies that the Commission has put forward.

Lord Brooke of Alverthorpe: Or, to put it another way, were they doing it themselves before the initiatives came up?

Rebecca Taylor: This is it, yes. The whole point of the open method of co-ordination is that it gives the opportunity for countries to learn from others. It is not decentralised policy that everybody is following; it is more like a procedure by which there can be exchange of best practice and things like that. That is exactly what the open method of co-ordination is used for, because it is areas where there is not any competence. It is used also in health.

Q173 Lord Wilson of Tillyorn: On Lord Brooke’s point, then, which is the chicken and which is the egg? Is it EU policies and the Commission that are making countries like Germany,

Rebecca Taylor MEP, ALDE, UK, Youth Intergroup, and Luca Scarpiello, Youth Intergroup—
Oral evidence (QQ 162-177)

Austria and Finland—which you mentioned—behave in a particular way, or were they behaving in that particular way already, and are therefore more efficient at dealing with the problem of unemployment?

Rebecca Taylor: Yes, obviously the German system of higher vocational education was not created in the past three years.

It is a long-term thing. That shows us how those countries are better adapted to take advantage of further opportunities like they have now, and hopefully provides an opportunity for other countries to say, “That is a good way to do it”. It is sometimes a bit woolly because it is an open method of co-ordination.

Lord Brooke of Alverthorpe: Are you doing research in these areas?

Luca Scarpiello: Yes. I will give you a technical answer and then I will try to elaborate on this.

In the new cycle of the MFF especially, there has been a shift of the priorities in the sense that now the structural funds, and in general also funds like ERASMUS+ and the Youth Unemployment Initiative, are there to support member states to do the so-called structural reforms, basically, in the sense that we support you and we will give you money to have enough leverage to put forward certain reforms that are important into the labour market and into the key areas. This is quite a big change because, of course, it channels the projects that the regions are doing into political policy processes and reform policies that are considered important. For instance, in the UK in the past seven years you received €700 million for young people, which was used basically to activate NEET and to activate strategies for young people that were not studying or in employment. For instance, there was the Training for Success programme in Scotland, the new enterprise allowance for entrepreneurship, and other projects in Scotland, Wales and Northern Ireland as well that were used.

Lord Brooke of Alverthorpe: These are devolved Administrations, of course, not in England.

The Chairman: Exactly, yes. They have their own responsibility for that area, not the UK. I take it from the tenor of your comments that you think that this was not the most efficient use of resources?

Luca Scarpiello: I tell you that this is the new strategy behind why, for instance, the youth employment initiative has been created. In general, there is also the fact that, of course, the economic crisis put a lot of pressure on public funds and many regions, especially in the southern countries, now have only the EU funds to make a bit of leverage when it comes to employment reforms of the welfare system and so on. I would say that in some countries this is really the oxygen for the regions to implement certain measures; for instance, the activation policies for young people. Without this money, in countries like Italy, Spain and Greece, for instance, there is nothing else. We have to be very aware of this. Sometimes the EU is not complementing but initiating, and in some cases it is the only source that the member state has.

Lord Wilson of Tillyorn: Sorry, Chairman, can I just pin that one down? I introduced myself as being an independent Cross-Bench Peer. I should have said that I was an independent Scottish Cross-Bench Peer. Do you have a note anywhere of what you just said about what is being done in Scotland and Wales?

Luca Scarpiello: Yes, we can send you the information.

Rebecca Taylor MEP, ALDE, UK, Youth Intergroup, and Luca Scarpiello, Youth Intergroup—
Oral evidence (QQ 162-177)

Lord Wilson of Tillyorn: I would be very interested. It is not one that has come our way, as far as I know, in what we have been doing so far.

Lord Brooke of Alverthorpe: We have had a submission from an MEP in Wales, which was quite different.

The Chairman: Yes, we did.

Luca Scarpiello: Especially if you are from Scotland, the priority has also been on apprenticeships and internships. There are very good programmes on this. Of course, we can send you information, but it is also available on the website.

Lord Wilson of Tillyorn: Yes, thank you very much.

Q174 The Chairman: As you mentioned apprenticeships over and over and over again, I must say that I fear that it is a grossly misunderstood word. The apprenticeships in Germany would be nothing like the apprenticeships given by McDonald's, of which there are 10,000 in the UK. I am just wondering if there is anywhere some written information with an analysis of apprenticeship schemes throughout the EU, because I think we are in danger of recommending something that may not be fit for purpose.

Rebecca Taylor: I have encountered a number of apprenticeships across the region. They are not McDonald's. We are talking a minimum of three years and you end up with an HND/HNC-level qualification. It is true that the level of NVQ that you get from an apprenticeship can vary.

The Chairman: Yes. I would like to interject and say I think what McDonald's is doing is terrific. The 10,000 people doing the apprenticeships stay with McDonald's and are promoted and go on, so they get additional skills—customer relations being one, for example, which is very important and is never mentioned. It is just that I am getting utterly confused now about the different interpretations of that word.

Luca Scarpiello: Maybe you could also take a look at the work of Eurofound—the European agency for improving working and living conditions—on apprenticeships. Basically, there is a main difference between an internship and an apprenticeship. In some countries, an apprenticeship is a working and training contract that should lead to the stabilisation of the worker after a period of training in-house. The problem is that the internships instead are completely outside this path. Of course, the strategy that many countries are using—not only Italy but also, for instance, France—is to use much more the apprenticeship contractors, the prevalent ones, maybe through a system of guarantees that could lead to stabilisation. For this reason also on the internships, we as the Youth Intergroup are working now with the European Parliament. Now there is a scheme that the European Commission has drafted on the quality framework for internships. It is also something valuable where you can look at it as creating a quality framework, because an experience that is not quality is not helping the students and we are just creating social dumping, because basically we see also the phenomena of enterprises that are using interns instead of paid work. We cannot create in Europe a secondary sub-labour market.

Lord Brooke of Alverthorpe: Sorry, I was just going to make a note. I think your contributions are very helpful.

Q175 Lord Brooke of Alverthorpe: Going back to the young people, are you aware of the ways in which the perspective, ideas and views of young people themselves are being gathered to help different bodies at EU, national or local government level? Do you think we have the proper infrastructure to marshal and utilise the contribution that younger people can make in these areas, particularly in regard to developing policy? I personally have a bee in my bonnet about our own Department for Work and Pensions. Do they ever bring together unemployed people, the hard to reach people, and talk to them? Are there any countries that might do that? I think often when you can bring people with common problems together you can get new common solutions that you would not normally alight on.

The Chairman: New insight.

Lord Brooke of Alverthorpe: New insight, yes.

Rebecca Taylor: At European level, as I think I explained before, the Youth Intergroup does. Yes, we certainly do that and we get really useful input. We work always with umbrella organisations. They have members all across Europe, so you really do get that input. I see a lot of youth organisations myself but not specifically on youth unemployment. Certainly, I do not see any reason why they should not be involved. I have not been involved with that at national level, not specifically on this topic, because it does not actually fall in any of my committees. It is just what I do for the Youth Intergroup. I sit on committees that do not touch these issues.

Lord Brooke of Alverthorpe: Are there any youth organisations that maybe—

Rebecca Taylor: Yes. We have worked with the Youth Council and the Youth Parliament. I have had various things, obviously almost exclusively within the Yorkshire region, on a lot of different issues. It is more that they want to know about the European Union, so it is more general, but some of them have some fantastic projects that they have done themselves. These are very local projects. You have 15 year-olds negotiating with bus companies to have a ride-around-all-day ticket in the summer, just really good stuff. Some of the ones I met are Youth Parliament members and some of them are youth councillors. We work through some of the youth policy people in the councils, but I have not done it specifically looking at youth unemployment measures; it has been more on the education front.

Luca Scarpiello: Let me mention two processes that can help you. The first one is structured dialogue. As you know, in youth policies we have a structured dialogue with young people in youth organisations. This is something that can be used. It is basically grass-roots consultation from local to national to European level that should feed into a council conclusion or resolution. Each presidency is on a different issue. There has been one on youth employment whose result you can easily check. I can also send it to you if you wish.

In general, the problem of those consultations is that on one side, okay, you get consulted. The problem is what you do with this as legislators. Of course, we in the European Parliament have the same problem, I would say. As the Youth Intergroup, we are trying to give as much space as possible to young people and youth organisations. As Rebecca said, we are key partners with the European Youth Forum. There are also a lot of British organisations like the British Youth Council—BYC—and so on. How to implement and mainstream those processes into our legislative work and your legislative work I think is the biggest challenge that we have. Young people are asking you, not me, to impact their lives

and their conditions, and it is still an ongoing process and ongoing question on how to further give them the sense of ownership of what we are building at European level.

Rebecca Taylor: The Youth Intergroup did one thing that was quite key in the ERASMUS+ programme. There is a part of that where people can get loans of up to €16,000 to do a Master's degree. It is kind of a student loan system. We have that facility in the UK but probably maybe less interest because there are career development loans. There are some countries where that kind of loan does not exist, so this is not to replace national systems but to have another option and in some cases introduce. Basically, you are giving the opportunity to people who do not have parents who can support them to take the loan and complete the Master's degree. Originally, the procedure for repayment was that after one year you had to start paying back come what may. We said, "What if you have not found a job?" The people at the Commission I think have been out of the labour market for some time. They said, "Oh, everyone who has a Master's degree finds a job". We were like, "No, they do not".

The Chairman: This is in the Commission?

Rebecca Taylor: The people who are probably a bit older than me and have not looked for a job for some time genuinely thought that if you had a Master's degree there would be no issue with finding employment. We were saying, "No, that is not the case".

We basically pushed some amendments to say that obviously it is up to each member state how they do it, but there should be some kind of link to your income. Therefore, obviously, if you did not have a job or you had a very low income you could defer payment, which is basically a principle of almost all the national student loan schemes anyway. It is the same in Germany. It is the same in the Scandinavian countries. That was, in a way, a small point, but it got to the heart of the whole policy because without that you would put people off taking the loan who are exactly the kind of people who need it because they do not have parents who can help them out. We managed to do that and we did that as the Youth Intergroup rather than as individuals. We did make that change so it was quite important.

The Chairman: Well done.

Rebecca Taylor: Yes, because otherwise students are either not going to take it out—they are not going to take advantage of the scheme—or we are going to get horror stories in the press of people who are unemployed and are being forced to pay back this loan for a Master's degree, which we just thought was horrible. As I say, it was a relatively small thing but the impact hopefully is larger, though obviously that is only one small bit of the ERASMUS programme for those who want to do Master's degrees. Most people will not do that. That is something that was quite obvious to us. One of our vice-presidents, who is now in the Bundestag, had had a loan like that in Germany and knew exactly how it worked. She said, "I could have deferred my loan if I had not had a job", which makes sense. That was an example of where you can make a difference.

Q176 The Chairman: Can I just ask how well prepared you think youth are nowadays for a job?

Rebecca Taylor: It varies tremendously.

The Chairman: Is it different by country? Is there a job-shy country or a job-wanting country?

Rebecca Taylor: No.

Luca Scarpiello: May I give you an answer also? For instance, on internships, the Youth Forum did a very interesting survey on the quality of internships in Europe, asking young people to say why they were doing that internship and how many internships they have done before. One of the things that at the time, one year ago, was extremely interesting was to see that young people have studied, but the problem is that we saw that the requests of the companies have changed tremendously. I will give you an example. Before, the enterprises were seeing in you a potential that would have been developed throughout your working life, and there were a number of training aspects that were done in-house by the company that had an interest in investing in your potential. The problem now is the crisis, but this could also be seen before the crisis. The enterprises are externalising the burden of the preparation of young people. Basically, what they are asking is that you have to be ready, trained, when you arrive. This responsibility is a cultural change that somehow we need to prevent. This is also why there is the priority on the apprenticeships because at some point all the burden of the qualification cannot stay on young people who are already doing a lot, but you cannot ask one person to be trapped in six or seven internships in a row. Part of the responsibility is also in the entrepreneur culture and how the productive system also perceives the training.

Q177 The Chairman: In fact, would you say that, like apprenticeships, the definition of internship is completely different even within a country, let alone from country to country?

Rebecca Taylor: Even between companies or different employers, yes.

Lord Brooke of Alverthorpe: It is a worrying development.

The Chairman: It is very worrying.

Rebecca Taylor: There is actually a Facebook blacklist in Brussels. I do not know who runs it because they keep themselves anonymous for obvious reasons. They have put on there details of organisations that basically exploit interns and do not give them proper training or pay them and so on. Obviously, that is done unofficially.

It is something that I saw being tackled where I worked previously, because I used to work in a think tank in Westminster. We used to originally pay both travel expenses and lunch, but then we went, “No, that is not acceptable”. Now they get the London living wage.

Our internships were always publicly advertised, because that is another issue: how widely advertised roles are. When I recruit I have always done it completely openly. They are on the website. They are on various job sites where you would expect people to look. In many cases, I have hired people I had never met before, never had any contact with whatever. When we recruited in the Youth Intergroup, we also tried to make it as wide as possible, which is why we got 280 applications for one role.

The Chairman: For one job.

Rebecca Taylor: Yes. We nearly cried when we saw the number of CVs we had to read through.

Luca Scarpiello: We are doing a campaign to eradicate from the European Parliament the unpaid internships in the members’ offices.

Rebecca Taylor MEP, ALDE, UK, Youth Intergroup, and Luca Scarpiello, Youth Intergroup—
Oral evidence (QQ 162-177)

The Chairman: Yes, but what do the interns think about that? Maybe they think that this is a huge investment in their future and now you are going to jeopardise their future.

Rebecca Taylor: Well, you are only jeopardising the future of those who have parents wealthy enough to support them.

The Chairman: Oh, I see.

Luca Scarpiello: No, let me answer this. Each member of the European Parliament has €21,000 for office costs and staff costs per month. There is no single reason why you should not pay your interns. It is again a cultural problem. Of course, it is a burden. It is given always to young people. I can tell you that in Italy, for instance, I was at that time in one committee of the Government regulating the internships. We asked the Government to stop any unpaid internships in the public agencies. We had a co-partnership between the Conference of Italian University Rectors and foreign ministers that gave the possibility for 1,000 young people to go outside to work in the embassies for free. What CRUI—the Conference of Italian University Rectors—and the foreign ministers did was instead of saying, “Okay, we will put 3 million—only 3 million in Italy—to finance the programme”, they closed the programme. Of course, the young people thought that we were the bad people because the Government was closing it, but then I must ask as a legislator: who was acting responsibly? Which principle was the winning one? Politics is also about principles.

Rebecca Taylor: I just think it is not acceptable to have an unpaid internship because you do not make the opportunity available to everybody. Someone should be getting an opportunity to progress their career based on their ability, not based on their ability to have parents who can fund their living expenses.

We did an event in the Parliament and there was someone speaking who had been on the Microsoft internship programme, which is apparently a very good one. I believe they had previously signed the quality internships charter. There was someone making the point exactly as you were, saying, “Yes, my internship is unpaid but I am getting really good experience and it is going to look great on my CV”. I said, “Who is paying your rent and who is feeding you?” Of course the answer was his parents. I said, “If you were borrowing €1,000 a month for your living expenses, or you had to say no to that internship because you had no way of putting a roof over your head and feeding yourself, I think you would feel very different”. I thought I was being a bit mean to him, but the point is that it is very easy to say that when you have someone else providing for you. I just do not think that opportunity should be available based on how wealthy your parents are. It is something I feel quite strongly about, as you might have guessed.

The Chairman: I gathered that, yes. I always admire people who have passion, even if it is misdirected. I am not saying yours is at all. Thank you both very much indeed.

Rebecca Taylor: No problem.

The Chairman: It has been very useful. Before you go, if you think there are some areas we really should have questioned you on or if you think that there is something that we could—

Rebecca Taylor: Yes, when we send you, for example, this document, which is the overview of different—

The Chairman: Yes, could you do an aide-mémoire, if you like, on what we should be thinking of?

Rebecca Taylor MEP, ALDE, UK, Youth Intergroup, and Luca Scarpiello, Youth Intergroup—
Oral evidence (QQ 162-177)

Rebecca Taylor: Yes, sure.

The Chairman: Thank you very much indeed. It has been a great pleasure.

Luca Scarpiello: Can we take a picture for our website?

Rebecca Taylor: Yes, we have to.

Luca Scarpiello: Unfortunately, it is not me deciding the communication. It is important for politicians.

The Chairman: That is the second time we have been asked for our photographs today. Do not forget we have been up for about 14 or 15 hours.

Commissioner László Andor, member of the European Commission—(QQ 185-194)

Evidence Session No. 15

Heard in Public

Questions 185 - 194

TUESDAY 21 JANUARY 2014

Members present

Baroness O’Cathain (Chairman)

Lord Brooke of Alverthorpe

Lord Freeman

Lord Wilson of Tillyorn

Examination of Witness

Commissioner László Andor, member of the European Commission responsible for employment, social affairs and inclusion

Q185 The Chairman: Good morning and thank you very much. It is very nice to meet you again. I am not going to make great introductions to you of why we are here because I am sure you realise that we are doing an inquiry in youth unemployment, following the Directive from the European Commission. We are taking evidence from all sorts of people, including the youth who are unemployed. We have taken evidence in different areas of the UK, including Birmingham and Liverpool. So far we have taken evidence from the UK, but we decided that the issue was so important we needed to come to Brussels, and it has been a very worthwhile visit here yesterday and today.

It is kind of you to make this time available to us. We will have transcripts and we will send them to you for correction. I think that you have met them, but on my extreme left is Lord Freeman, who has spent 40 years in politics, half in the House of Commons and now in the House of Lords, Conservative; Lord Wilson, ex-Civil Service, Foreign Office, Governor of Hong Kong and academia, a Cross-Bencher; Lord Brooke, ex-trade union official, now 16 years in the House of Lords, Labour; and I am 22 years in the House of Lords and I am a Conservative. I came up on a non-political route.

I am going to ask you the first question. How much of a threat to Europe 2020 is very high youth unemployment throughout the EU?

Commissioner Andor: First, let me thank you for coming. I take this as recognition of the interest in our common work and the importance of the role of the European Commission in combating unemployment, and especially youth unemployment in the European Union, in these difficult times. Indeed, we started this mandate of outlining the Europe 2020 strategy with ambitious goals, especially increasing the employment rate in the EU. Of course, it is a very interesting question: how the dynamics of the employment rate and the unemployment rate affect each other. Very often the level of unemployment is seen as a cyclical issue, while the long periods of unemployment also affect employability. They cause damage to the employment rate, too.

The answer to your question is that such high levels and long periods of youth unemployment significantly threaten our objective of reaching a 75% employment rate in the European Union. This simply means that the entry into the labour market of a generation that is probably better trained than previous generations is an economic problem and a serious social problem and, in some countries, it is a political problem, too.

The Chairman: Do you think that there is a connection between youth unemployment and industrial policy, where you have a tandem of growth and jobs?

Commissioner Andor: Yes. I will tell you why I believe that there is a connection between employment policy focusing on youth unemployment and industrial policy on the other side. Who are the best performers in the European Union from the point of view of youth unemployment? Which are the countries where the youth unemployment rate is lowest? If you look at the rates, the countries are Austria, Germany and the Netherlands. In these countries we have strong, competitive and diversified industrial base, which is also geographically spread in a balanced way. That is closely linked with the concept of the Mittelstand in Germany, and I think it is very important to note that some time ago authors like Will Hutton and, more recently, the head of the CBI, Mr Cridland, spoke about the importance of the Mittelstand and the need to shift towards that model.

The UK went through a period of severe deindustrialisation of the northern regions in the 1980s. This period contributed to an increase in competitiveness, but the concentration in the south, of course, creates questions in terms of improving the job opportunities for young people. That also triggered the significant migration from north to south. In the case of the better performers that I mentioned, contrary to the UK figure of 21% national youth unemployment, those countries had a youth unemployment rate of less than 10%, even in the crisis years.

This shows that access to apprenticeships and job opportunities in all regions of a country is a very important factor because this concept of Mittelstand—the way that German industry is organised in predominantly small and medium-sized companies—also developed certain structures of vocational training, the so-called dual training model: the parallel process of theoretical and practical learning and work experience for young people. Since this has proven to be a very good model in recent years, the European Commission also advocated a transfer of this model to other countries.

The Chairman: Can I just ask for clarification, Mr Commissioner?

Commissioner Andor: Yes.

The Chairman: Did Austria and the Netherlands have the same sort of apprenticeship scheme, with the emphasis on vocation and education? Germany has it in its DNA, in effect.

Commissioner Andor: Yes.

The Chairman: Post-war, did the other two countries develop the same sort of thing?

Commissioner Andor: I would say yes. Largely the answer is yes, plus we can add Denmark as another country. The statistics are marginally worse, but the fundamental model is very similar, and this model also includes something very important that we think is relevant here, which is the strong social dialogue on all levels: company, industry, cross-sector and national level. The co-operation between employers and employees to shape industrial policy and the capacity to invest in skills plays an important role because these organisations play a role in the governance of training, which is relevant here.

Q186 Lord Brooke of Alverthorpe: In a sense, you have answered my question, which was: what role should different stakeholders play in tackling youth unemployment, for example, national Governments and businesses or trade unions? You made reference to the importance, as you see if, of the social dialogue, which I personally support, but there is a different view held in some countries about the extent to which social dialogue is practised. In certain European countries there has been a historical opposition, or at least a change of position has been established over a number of years—and notably in the UK there has been opposition. To what extent is the Commission's role to advocate a particular view when in fact there may be contrary ones held on how the industrial base should be organised?

Commissioner Andor: The Commission has a responsibility, as provided by the treaty, to promote the role of social partners and facilitate social dialogue, while at the same time respecting the diversity of industrial relations systems in the EU. We cannot force a specific format of industrial relations or social dialogue on countries. Of course, it is very important to ensure that there is an autonomous organisation of either trade unions and employers' organisations, but we have a responsibility to maintain and cultivate social dialogue for the sake of economic performance and social co-operation, too. The Commission also has capacity to provide financial support from the European Social Fund, but also some other direct resources, to develop the capacities of social partners on various levels. One of your colleagues in the House of Lords, Lord Monks, knows this very well because he has been working here for a long period as a general secretary of the ETUC, which is not only involved in this area but is also strongly supported by the European Commission.

Q187 Lord Freeman: Commissioner, perhaps I could follow on directly from the question put by Lord Brooke. Because there is no specific universal formal mechanism to apply to all countries, you have to be flexible and understand the social dimensions that apply in any particular country. How can you measure the effectiveness of the EU Social Fund and other sources of finance if you have such a sophisticated approach to dealing with different countries, all of whom have different industrial and social compositions? How do you make sure the EU's contribution is most effective and how do you measure success?

Commissioner Andor: As regards the financial resources of the European Union, the European Social Fund and some others, like the regional fund, are implemented in what we call shared management. Shared management is a system by which it is guaranteed that the programming, implementation and also the first level of control is pursued by the member state itself. I think it has been a very clear tendency that, as closer economic governance has been developing in an evolutionary way in the European Union, there is increasingly close co-operation between the Commission and member states in the programming phase. For

example, in the current period, which is a programming period, we have to ensure that the Europe 2020 strategy, on which the member states agreed in 2010, is supported by available instruments of the EU, including the financial instruments that are used in shared management.

The managing authorities of the individual member states are crucial in this context and, indeed, another important shift that we would like to see in the current period is a move towards a more results-based evaluation. What does this mean? Just yesterday I was in European Parliament discussing with the members of the European Parliament the year 2012 on the basis of regularity of expenditure, primarily. It is the approach of the Court of Auditors, and that is why this is always the basis for the evaluation of the EU fund. Nevertheless, the Court of Auditors is also increasingly interested in the results. We are keen to speak more about the actual results. However, there are, very clearly, difficulties.

Why is that? Through the European Social Fund we can support what is called the supply side of the employment policy—the development and activation of skills—while we know that the concrete outcomes in the labour market are also affected by the demand side, where we have some connections but, fundamentally, where the member states themselves have greater room for manoeuvre and greater capacity to influence development. We have been working with the member states. Under the Lithuanian presidency, there was a very successful conference that I attended in Vilnius last July about a more results-based evaluation of the European Social Fund. We want to integrate this in the current period. We will be interested in all feedback because, indeed, this is a new area where we have to develop a common methodology and a common language together.

Lord Freeman: In measuring achievements, presumably there will be dialogue not only with the Commission but individual member states and trade unions and companies who are obviously on the demand side. In terms of evaluation, is that going to be an annual process at the end of a number of years, or is it ongoing?

Commissioner Andor: We can take stock annually and, for example, say that in a particular year 12 million European citizens were assisted by the European Social Fund, and we can also say, on basis of a concrete sample in a given country or in the EU as a whole, what percentage of the people assisted by the Social Fund managed to enter a new job within a three-month period. These statistics can be produced. However, we would probably need to see more. The annual evaluation also has certain limitations. Because of the business cycle, it not necessarily a fair picture; it must be supplemented by longer-term analysis.

Q188 The Chairman: I understand absolutely about analysing the outcomes, but, as a matter of practicality, what sort of burden is yet another Regulation going to put on businesses, or indeed business as a whole, and do you think that might have the effect of saying, “Well, we cannot employ anyone else because we have to spend so much time on Regulation”? The reason I am asking that question is that there is a constant moan in the UK about regulation—and it is not against the EU. It is against the UK regulatory authorities, also. “If it moves, regulate it”, seems to be the attitude. I am just wondering how you can sell this and whether it would be absolutely imperative that organisations should have to fill in masses of forms and take them as an actual rule or an order from the EU? I can see that this needs to be treated very gently, particularly in the current circumstances.

Commissioner Andor: There are two sides to this. On the one hand there is the use of the financial instrument that we have been mainly discussing here. We were keen to introduce simplifications in the use of the financial instrument, especially concerning the accounting in cases of grants. We have been promoting greater use of lump-sums, flat rates and standard scales of unit costs, as opposed to reimbursements based exclusively on the actual costs proven by receipts. I think this is a significant simplification and the concrete exercise, which we completed yesterday at the hearing in the European Parliament, also brought up this aspect. There was a very clear, positive impact of such simplifications on the life of beneficiaries and also on the overall picture in terms of the regularity of use of EU funds by member states.

As regards the impact on SMEs, we also had to see the legislative work of the Commission, not only the use of financial resources. This Commission adopted a philosophy of smart regulation: very strong impact assessments before any legislation, plus, at the same time, an exercise to pursue simplification if necessary: mergers of previous Directives. I think this has also resulted in the streamlining of EU legislation in a variety of areas.

The Chairman: Thank you for that. I just hope there is also going to be a post-impact assessment because we are getting keener on that in the UK.

Q189 Lord Wilson of Tillyorn: Commissioner, what I wanted to ask you is also connected with results. We gather that the Commission is seeking to define the standards for apprenticeships and for training. There are two things arising from that, please. One is defining apprenticeships. The more we hear about apprenticeships in different countries around Europe the more it seems that “apprenticeship” means different things in different places. The other bit is exactly the same: diversity. If one is trying to establish standards with a whole number of countries that have very different systems, how do you set about doing it? How effective can one be by defining standards in that way?

Commissioner Andor: The most important contribution we have made in this area is a quality framework on traineeships, which the Commission adopted on 4 December, if I am not mistaken. This came under the same youth employment package that also included the Youth Guarantee a year before. This is a quality framework. This is not aiming at a Directive. Nevertheless, it is a way to present, in a systematic way, what we consider to be good practice, quality traineeships; for example, an ex-ante definition of whether a traineeship is paid or not. This is a very important thing from the point of view of transparency, and a number of other parameters have been discussed in this document. This will be discussed in the Council. There is a working group that has seen this document and I believe in March the EPSCO Council will have an opportunity to discuss and hopefully welcome this, and this discussion will have to expand to questions of implementation and how to make an impact on the ground.

Q190 Lord Wilson of Tillyorn: Could you give us an example of what sort of measures you use to define whether a traineeship meets the requirement or falls below the requirement?

Commissioner Andor: That is partly the autonomous analytical work of the DG employment, but it all also goes through what we call the inter-service consultation. All other portfolios—industry and enterprise, for example, or internal markets and education—have a capacity to contribute to this. We also wanted to discuss it with the social partners and this is an important point. We invited the social partners to negotiate ex-ante about this. They opted

for a more general discussion on youth employment, so this became a more autonomous proposal of the Commission, but one that was based on a cross-portfolio analysis of this area.

Lord Wilson of Tillyorn: Just on apprenticeships, Commissioner, we have received what seem to be different definitions of what an apprenticeship is, and I just wondered how the Commission looks at this, and whether there is a defined category of, “apprenticeship means this and it does not mean that”.

Commissioner Andor: The European Alliance for Apprenticeships, which was launched in July, is a broad platform. It allows for diversity, but it is true that the focus of activities is the German model. Companies open up positions in much larger numbers for training young people than they would need to employ at a later stage—and this, of course, has been the tradition of German industry for quite a long time. It is partly work, but also work-based training under certain criteria. Even if someone at the end does not get employed by the company where the training has taken place, he or she will start the search for a job with much better conditions than would be the case otherwise.

The Chairman: They are one step up the ladder. What is your view of the opinion of some member states that EU intervention in this area is too prescriptive and does not take fully into account the member states’ different mores and practices? I think that could be a problem.

Secondly, and tangentially to that, you talk about apprenticeships. We have had quite a lot of evidence on apprenticeships, ranging from McDonald’s having apprenticeships this year of 10,000 people and Barclays of 400, from memory. The McDonald’s apprenticeships, people say, “What is that and what is it going to do?” It only lasts a year, whereas the Barclays one would be a lot longer. However, the retention rate of the people who are apprentices within the McDonald’s organisation and then their progression upwards seems to be very high. We are confused, as we have said already, between the definition of apprenticeships and what they should be. Although they are low skilled and doing what you might say is fairly menial work, they do begin to get skills in terms of customer service delivery, discipline at work and delivering everything on time and in the right place. It is a problem. One size just does not fit all.

Commissioner Andor: Definitely one size does not fit all in the EU, in most cases. Let me stress two points. One of them is that, for quite some time, at least since the start of the European employment strategy and the open method of co-ordination, the idea of finding and sharing best practice has been a guiding principle. If I apply this here, for example, with a German or Danish model of dual training, or an Austrian or Finnish model of the Youth Guarantee, if consultation and analysis concludes that these are best practices, I think it is very much in the nature of the process, and extremely rational and legitimate, to work to share it with other countries.

This exercise, as you have seen, stops before proposing Directives. That would be my response to the question about prescriptiveness. We speak about a quality framework on traineeships, or a quality framework on restructuring, for example, while we have also seen demand from some in the European Parliament and other stakeholders for Directives in this area, but I think that a Directive on these issues would be one step too far. I think the capacity to discuss these issues among the member states and stakeholders, on the basis of

a quality framework, is the right one because it identifies best practice but also allows for application with flexibility within the member states.

Q191 Lord Brooke of Alverthorpe: Perhaps we can come back to the future and the money that is available to apply to the problem of unemployment and long-term relief. What generally are expectations of the move in the emphasis on the way that the European Social Fund should be pushed more towards helping the young unemployed during the forthcoming period? How do you see the states responding? Could you say something about their emerging proposals, please?

Talking of sharing best practice, my concern is that there often is not openness for the public at large to see just what is happening in Europe—what the states are suggesting and what is being considered—before you come to your analysis and reach your conclusions. I wonder sometimes whether there should not be more use made of the internet in presenting to the public at large, en route, proposals that are being made rather than a *fait accompli* being presented after decisions have been taken.

Finally, could you comment on the Youth Employment Initiative funds that will be coming to member states after their plans have been examined? Is that money conditional on them signing up to the full Youth Guarantee conditions, such as the full month part of it?

Commissioner Andor: Let me start from the beginning. In terms of the resources—what we have available for the new financial period and whether it is enough—I am sure you know that the overall EU budget for the new seven-year period has become smaller than that originally proposed by the European Commission. In this discussion, the UK was one of the countries that insisted on cutting the proposed budget. Unfortunately, this also affected the European Social Fund. The ESF minimum share within the cohesion policy became somewhat less than that originally proposed by the Commission—but, more importantly, in this case the key question is not so much the overall share in cohesion policy but the absolute sums, which will be smaller than in the previous period.

It is true that now we have a separate financial instrument, which is the Youth Employment Initiative, which will be front-loaded for the first two years. I think it is absolutely justified to front-load because now we have either a recession in some countries still or we feel the impact of the long recession. This front-loading for 2014 and 2015 is just a smart idea. The Youth Employment Initiative has to work in combination with the EU Social Fund. It was defined nearly a year ago that half of it should come from the ESF and half would be fresh money on top, but even if you add it on the top, the overall figure becomes less than the ESF total in the 2007 to 2013 period. We have to make more out of the same number of euros, or less.

That is why we have been, from the very start, advocating a thematic concentration of the structural and investment fund resources to avoid a fragmentation of this EU resource, to concentrate on some key deliverables, which are also national priorities within the member states. I think what we have seen in the last year is the quick adoption of the Youth Guarantee, the establishment of the Youth Employment Initiative and then two high-level summits, one in Berlin and one in Paris, specifically on youth employment, with the participation of heads of state and Governments from almost all EU member states.

The Chairman: I see. Are you telling us we did not attend? Is that the message?

Commissioner Andor: Not the head of the Government. In Paris we had, I think, 24 heads of state and there were a few absent, and also in Berlin. The UK was represented by Mr Iain Duncan Smith in both cases, which is very important, of course, given the fact that Mr Duncan Smith does not attend the Council meetings, but he attended this high-level conference of heads of state and heads of Government, plus the Employment Ministers and the leaders of the public employment services. This is a unique forum to have a focused and efficient discussion on the implementation of the Youth Guarantee and other initiatives, and it very often extends to discussing the EU funds role in all this.

This series of events will continue, because the forthcoming Italian presidency has already announced that it will start in July with a similar event in Rome—hence the opportunity to step in for those who have been absent so far.

The Chairman: I think outside this meeting, I would like to have just a quick word with you.

Commissioner Andor: I think this series of events gives evidence that this is a priority for member states. We also witness in the procedure that it makes an impact on the work of government offices if there is high-level political attention and regular checking of progress—it makes an impact on whether the preparations continue in the right way or not.

As much as possible, we also try to involve the young people themselves, the youth organisations. The European Youth Forum is a very important partner for us to consult, but also on certain occasions the national ones. For example, I have had two meetings with the Spanish Youth Council. Historically, as you know well, Spain has been the country with the highest level of youth unemployment. Discussing these issues with the Spanish Youth Council was very important for me.

Q192 Lord Brooke of Alverthorpe: On transparency and also the issue about the conditionality attached to that, is it vital today to try to be more transparent in opening up the plans that come up from the states, using the internet more?

Commissioner Andor: Yes. I would say it is a work in progress to enhance the visibility of all these actions and ensure that the information is spread, because it has to make an impact on the aspirations of young people. They have to be informed that there is a new commitment and they need to know what they are supposed to do in order to benefit in practice from it.

Lord Brooke of Alverthorpe: It depends on the money for—

Commissioner Andor: Exactly, the answer is yes. The point is that for the UK and many other countries this is also part of the country-specific recommendations, which is the concluding document of the European semester. That was included for the UK last year and it is very important that the UK also submits its Youth Guarantee Implementation Plan. Just a few countries failed to do so by the deadline, which was 31 December. The UK is one of the few. I think the other two—Slovenia and Slovakia—have already caught up.

The Chairman: So we are the only ones? There are reasons and they are not sinister. They are very practical reasons, but we are aware of that and we shall take that message back.

Commissioner Andor: But it is also important to produce the operational programmes for the funding from the Youth Employment Initiative and the European Social Fund, with the agreed parameters if possible.

The Chairman: Thank you. We will take that message back.

Q193 Lord Freeman: How important is the free movement of young people within the various parts of the European Union? What is the role of the European Union, the Commission in particular, in explaining the benefits—to the extent there are benefits—of such migration?

Commissioner Andor: The free movement of workers is a fundamental principle of the single market of the European Union. This is a right that European citizens cherish and we have a responsibility to ensure that this right is not violated anywhere, that there is full respect for the treaties and that it also applies after transitional periods for new member states of the European Union. Whether people want to take advantage of this right of course varies in terms of age, nationality and cultural tradition. From surveys we find that more than half of all young people are interested in job opportunities in other countries if they do not find one in close proximity, but some of them, of course, even in those cases for professional reasons, for enriching their skills, knowledge and experience, find this important. I think with increasing numbers of students studying abroad we will also see more professional mobility at a later stage simply because of the easier access and more interest in learning in other countries.

The Chairman: I think it does need to be highlighted that there are huge opportunities for people to get increased skills, including language skills, and if necessary come back home. It used to happen but it seems to have levelled down a bit now.

Q194 Lord Wilson of Tillyorn: Let me be very brief, because I think Lord Brooke really asked this question, but can I be specific on passing on best practice? To what extent can the Commission play a useful role in that? Take for instance the Youth Employment Initiative. Everybody has put in their bids, except one country that is still missing but doubtless will come very soon. That must be a good sort of treasure trove of examples of how different countries are tackling this. It is very useful for other countries to know. We have also heard that there may be difficulties in publicising this information because of what the member states say, and I just wanted to explore that. How can the Commission help by passing on best practice?

Commissioner Andor: There are not only political meetings but also technical meetings. For example, last October, just outside Brussels, there was a very important technical meeting by which the Commission was helping the representatives of the member states, in that preparatory phase, to understand the common objectives and what was written in the documents that had been adopted by the Ministers beforehand. This kind of direct support was announced early on. We announced it in June in the EPSCO Council and the member states were invited into this kind of close collaboration with the Commission in case there are questions or a need for support.

The Commission is not the only actor in this area. We also work together with the ILO, the International Labour Organisation. They also play an active role in this in specific countries like Portugal, for example. They were very supportive from the start of the concept of the Youth Guarantee, of course respecting national specificities but sharing the key objectives to limit the length of unemployment and ensure that school-to-work transition works much better in Europe than it has in the past.

The Chairman: Thank you very much indeed, Commissioner, for your time. I know exactly how busy you are, or I think I do. It has been very useful indeed. You mentioned about getting involved in our inquiry; we have already had witnesses from Liverpool and Birmingham, but our next evidence session is dealing with youth as well here in Brussels, so it will be interesting to hear from somebody from the European Youth Forum. We will send you the transcript. We expect our report to be published mid-April, just before Easter, and of course we will send you a copy. But your evidence has been really great and thank you for making yourself available.

Commissioner Andor: Thank you very much for coming and I am happy that you found it helpful.

The Chairman: It has been very helpful indeed. Thank you.

Association of Graduate Careers Advisory Services (AGCAS)—Written Evidence

House of Lords, Call for Evidence – EU Action to Tackle Youth Unemployment

3. Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as being not in education, employment or training ('NEETs'), support for newly qualified graduates looking for work, and general career guidance?

AGCAS believes that there is probably insufficient congruence between efforts directed at NEETs and those which could be deployed to move graduates from “underemployment” into graduate level employment.

Destinations data and follow up surveys conducted by AGCAS member services in the UK (representing 135 HE institutions) tend to show that significant numbers of new graduates move into non graduate roles as continuations of part time roles undertaken whilst studying or as part of a lifestyle over career choice in which staying in their university city in any job which will pay the rent is chosen over pursuit of a graduate level job which may require relocation. The latter can apply to both those who feel tied to the locality having studied close to home and those traditional “going away to college” students who are very keen to stay in the university city to which they moved from their family home. In either case underemployed graduates can create a blockage to entry level jobs, which in turn can exacerbate youth unemployment. Thus, initiatives which help graduates to move into graduate level work can have a dual benefit.

Surveys (at University of Leeds for example) have shown that clarity of career direction is probably the single most important barrier to employment success for recent graduates. In England, the diminishing visibility of public sector careers guidance (as distinct from skills and work experience) for more able young people prior to university reduces awareness and understanding of the crucial importance of well-informed career choice in finding a route into the opportunity structure and creating employment success. Initiatives which bolster graduate careers guidance are at least as important as those designed to provide work experience. AGCAS, through its member services - the graduate careers guidance experts, would be well-placed to respond to any such initiative.

Interventions which encourage businesses to locate away from national capital cities and into less advantaged regions could also be considered in this context. The choice for many UK graduates can seem to be between a graduate level job in London (or to some extent another UK or EU capital) and a non-graduate job in either their home area or university town or city. Consideration could be given to measures which might reduce with pressure on the infrastructure of London and other major capital cities and create economic growth in outlying UK / EU regions.

Another issue in the graduate labour market throughout the EU is the prevalence of unpaid internships which, in extreme cases, can lead to direct substitution for paid employment and which certainly mitigate against social mobility and equal opportunities to graduates from UK regions (as many are in or near London, where few graduates from more remote regions have access to affordable accommodation) In the UK, the biggest problem is a lack of enforcement of existing legislation. However, in other parts of the EU, there is a lack of legislation.

5. How do you think the funds allocated through the Youth Employment Initiative (YEI) and the European Social Fund (ESF) could best be spent?

Subsidised graduate placements work very effectively, particularly when breaking down barriers with SMEs who often fail to recognise or understand the benefits a graduate can bring their organisation. Newcastle University, for example, is currently delivering an ERDF programme called Graduate Apprentices and more than 90% of graduates recruited on a three month subsidised placement are retained by their employer at the end of their placement. As well as creating jobs, programmes such as this, and, for example, Unlocking Cornish Potential in the South West, derive real benefits from operating at a local or regional level, such as in advising employers on competitive graduate salaries for their region and industry, rather than taking national figures. Initial subsidies are crucial to these programmes in the first instance.

The ECIF (Economic Challenge Investment Fund) launched by BIS/HEFCE in England as an anti recessionary measure in 2009/10 was essentially billed as a small business support initiative with a focus on workforce development, but a substantial and particularly successful element was that devoted to graduate internships. In the Yorkshire and Humber region, a consortium of AGCAS members, led by the University of Leeds Careers Centre demonstrated through timely, high volume delivery, that providing the funding support directly to HE careers services, with their connections to both target audiences of local businesses and unemployed graduates was a recipe for success.

Allocating funding to existing, successful activities as well as new initiatives, should also be considered. For example, in many regions of the UK, higher education institutions are collaborating in the delivery of job portals for graduates, providing an easy way for businesses in the region to access graduates (eg www.gradsouthwest.com). These services are free for employers to use and give them access to talented, well-educated job seekers. For the students and graduates these portals provide access to local opportunities, many with SMEs, as well as insight into jobs they might not otherwise have considered, important given the competition for traditional graduate roles and the ever-changing labour market. Allocating funds to help successful projects to continue would benefit regional economies as well as individual businesses and graduates and would be preferable to always favouring new, experimental initiatives over those with excellent track records.

An area of growing interest among students and graduates is self employment and funding here could help graduates grow new businesses with a view to employing others. Funding here could be utilised for start up advice and business incubation space targeted at

graduates. It should be noted that in many cases HE careers services are in a good position to link business start up support to high quality careers guidance, making for well informed realistic choices and high potential for business sustainability. AGCAS is well-placed to co-ordinate such activity.

One of the most wasteful aspects of numerous initiatives in both graduate employment and enterprise is the failure of the central agencies and/or retained third parties to do any research on what is already being delivered by HEIs. This can lead to major inefficiencies based on misunderstanding. AGCAS and its member services are extremely well placed to help agencies to avoid this oft-repeated pitfall.

8. How can the EU and Member States embrace new technologies and new methods of working to combat youth unemployment? *Social media have an important part to play in modern job search and employability. However, job seekers often need to be trained in digital literacy as it applies to the employment market. With this support, social media can be a powerful tool in aiding social mobility. Without it, social media can simply be a tool for the already well connected to be even better connected. Many AGCAS member services have well developed e-guidance systems – see comments under 3 above.*

For The Association of Graduate Careers Advisory Services (AGCAS) by:

Bob Gilworth, Director, Careers Centre, University of Leeds

Marc Lintern, Director, Careers Service, Newcastle University

Chris Jackson, Quality and Membership Manager, AGCAS

Also drawing on material prepared by Frances Rowan, Stakeholder Manager, University of the West of Scotland.

21 October 2013

Austrian Parliament—Written evidence

Answers to three questions raised by the House of Lords:

1. *What do you think is the impact of your dual apprenticeship system on youth unemployment in Austria?*

The Austrian Dual apprenticeship system is embedded in the education system and leads to a formal degree at ISCED level 3B. It can be entered after nine years of compulsory education and combines practical- and school-based training. Approximately 40% of the students chose an apprenticeship, 40% Vocational Schools and Colleges and 20% Academic Secondary Schools.

The dual system has a long tradition and is a long-established system. Thus, the degrees obtained are recognised throughout the economy and accounted for with regards to the level of wages. A broad range of subsidies for companies employing apprentices exists as well as publicly provided substitutes like supra-company-based apprenticeships for those without a regular training place.

The Dual system supports the crucial phase of school to work transition in several ways:

- The skills imparted are close to business needs.
- As PISA results show youth with lower attitudes and/or abilities for further classroom/academic education are also reached and a labour market relevant qualification is accessible for them.
- The remuneration paid to the apprentice is rather low compared to an average salary of a skilled worker. This corresponds directly to the fact that apprentices are basically in a learning position but not in a full-productive working position. By that problems which could otherwise have arisen with entry wages or youth wages are mitigated.

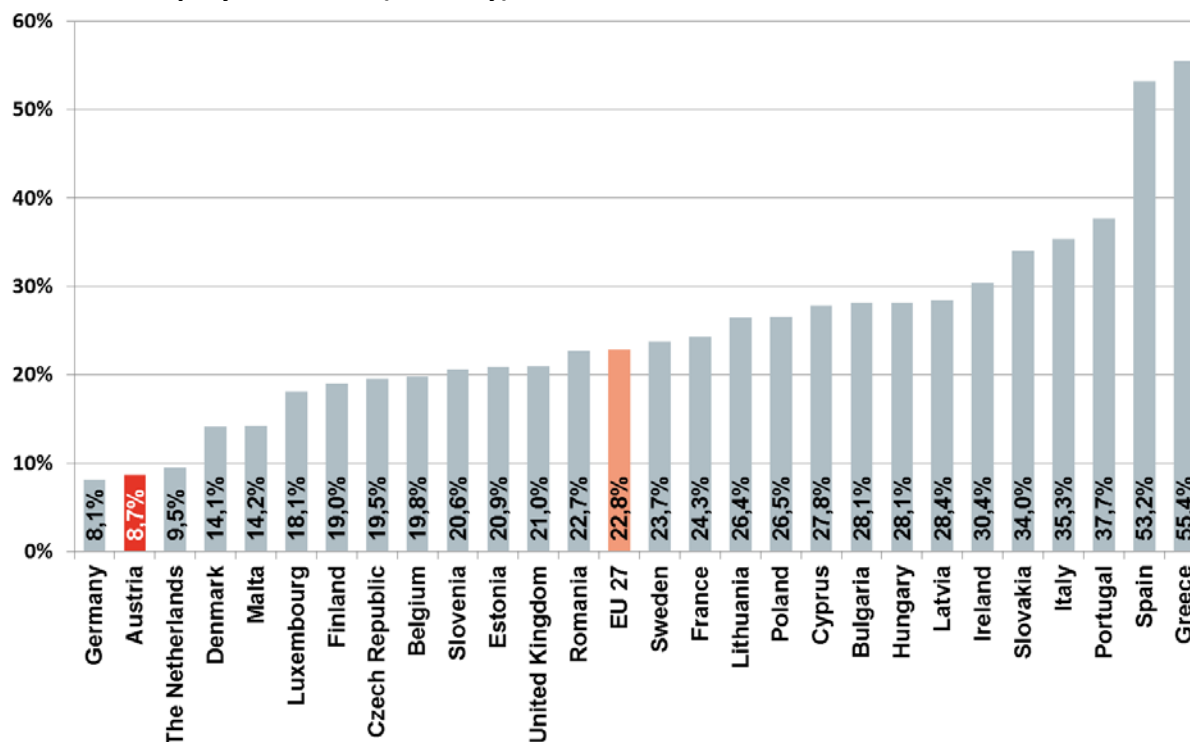
Risk of becoming unemployed (unemployment rate by educational attainment 2012, national calculation; Source: BALLnet)

compulsory education	19.4%
apprenticeship (ISCED 3B)	6.0%
secondary technical and vocational schools (ISCED 3B)	3.2%
academic secondary schools (ISCED 3A)	3.8%
secondary technical and vocational colleges (ISCED 4A)	3.6%
university, other academic institutions (ISCED 5A)	2.4%

18 months after completing an apprenticeship three quarters (76%) of the former apprentices are in employment, 10% are registered at the PES, 9% inactive and 5% in education. 44% of the persons that completed an apprenticeship found their first job within 3 months, 14% in the second quarter and another 28% within the first year. The unemployment rate of people with an education in the dual system is considerably lower than those of persons with compulsory education only (see table).

In sum the apprenticeship system contributes substantially to the relatively low level of unemployment and in particular youth unemployment in Austria.

Youth Unemployment Rate (15 – 24y), 2012, Eurostat



2. How are EU funds and initiatives implemented in Austria, and how do they fit in with initiatives at national level?

Under the current ESF operational programme ‘Employment for Austria 2007-2013’ measures to prevent and combat unemployment are being implemented. Great care is taken that men and women benefit equally from these policies

For several years the programme has increasingly responded to the situation of young people. For instance, the public employment service was given the opportunity to use ESF-funded specific training measures for hard-to-place unemployed youth, in particular young people of migrant background, young people having major difficulties in standard training programmes, as well as young people with school-to-work transition problems. Furthermore, young people could participate in activities that were not specifically designed for youth but for a wider target group. In 2007-2012 there were more than 210,000 participations of young people in measures supported by the ESF.

The programmes of the PES are supplemented by those of the Federal Social Offices, which are open to young people with disabilities aged 15 to 25 years. ESF money is also used to support the Training Assistance, Job Assistance and Job Coaching programmes.

There is empirical evidence that people's chances in the labour market increase with the level of educational attainment. Therefore the Federal Ministry for Education, the Arts and Culture (BMUKK) and the Federal Ministry of Science and Research (BWF) undertake great efforts to improve education and job opportunities by supporting young people in education and training, notably those who are at risk of quitting school and have to deal with social or language problems, as well as those in need of assistance in terms of career guidance and career choice.

ESF-funded Territorial Employment Pacts (TEP), too, are involved in efforts to support young people in the labour market. They fund innovative measures (model projects) for young people in a number of Länder.

Example: 'Step by Step'

This project supports unemployed claimants of means-tested minimum income who are capable of work but have multiple problems that make it impossible for them to be integrated into the labour market and take up a job. Systematic support is provided for up to six months to help this group enter the mainstream labour market.

In order to simplify access to the project for participants, each project module is preceded by an information event. The subsequent introductory stage involves comprehensive clearing with due regard to available medical reports and certificates. Individual interviews are conducted to address the specific problems of participants. Alongside intensive one-on-one support this stage also includes group work focusing on basic issues such as team-building, communication and guidance towards taking up paid work.

This is followed by an assessment of the individual participants' competences, with formal and informal skills and capabilities being identified in an appropriate framework. The results of this assessment serve as a basis for the action plan drawn up for each individual participant, which is implemented, expanded and modified in one-on-one coaching exercises.

The policy package available under this project is supplemented by vocational guidance led by the young person's individual situation. The young participants employ a variety of methods to explore their interests, informal skills and their ideas of possible occupations as well as the job search strategies previously used including helpful and restrictive influences exerted by their environment.

Practical work experience in companies is an indispensable component of this project to ensure successful entry into the labour market, assess the participants' suitability for new occupations, establish new contacts with employers and provide a realistic picture of the world of work.

The measures for the structural Fund period 2014-2020 are still under negotiation with the European Commission and therefore still subject to change. Currently (beginning of 2014) several measures to support the implementation for the youth guarantee in particular for people with disabilities (e.g. transition management from school to work for young people at

risk of exclusion, youth coaching) as well as measures to reduce school absenteeism and the number of early school leavers in the area of vocational education (e.g. school social work, learning support) are envisaged to be supported by the ESF.

3. *How does the Austrian government collaborate with social partners and young people on youth unemployment policy, and what effect does this have on the outcomes reached?*

Beyond the practice of consulting the social partners on legislative proposals and their frequent participation in the preparations of new initiatives they are in particular involved in decision making and implementation in the areas of apprenticeship and labour market policies:

The Austrian apprenticeship system combines practical- and school-based training. Apprentices may choose from more than 200 apprenticed trades in crafts, industry and services sectors. There exists a training regulation for every apprenticeship occupation, which comprises all the competences that must be taught in company-based training. The competences are split between different institutions. The company-based part is in the competence of the Ministry of Economy (BMWFI). The Ministry of Education (BMBWF) is responsible for the school-based part (vocational schools). On the federal level the social partners are involved in e.g. giving advice on the curricula (via the Federal Advisory Board on Apprenticeship) or in the development of new trades. The remuneration (called apprenticeship compensation - *Lehrlingsentschädigung*) paid to the apprentice is also negotiated by the (sectoral) social partners. Some of the subsidies for companies employing apprentices are also administered by them.

Within the Austrian Public Employment Service (AMS – *Arbeitsmarktservice*) the social partners play an important role. They are members of the (tripartite) administrative board at the federal level and the respective bodies at the regional and local levels. As both workers and employers by their unemployment insurance contributions finance labour market policies their ownership of the relevant institution is to be taken literally.

Cooperation between the social partners as well as their institutional involvement is regarded as major factors of success in achieving good labour market outcomes.

6 March 2014

Mike Thompson, Barclays, Dr Peter Kyle, WORKing for YOUth, and Adam Swash, Experian—Oral evidence (QQ 98-108)

Mike Thompson, Barclays, Dr Peter Kyle, WORKing for YOUth, and Adam Swash, Experian—Oral evidence (QQ 98-108)

Evidence Session No. 8

Heard in Public

Questions 98 - 108

MONDAY 9 DECEMBER 2013

Members present

Baroness O’Cathain (Chairman)

Lord Brooke of Alverthorpe

Lord Clinton-Davis

Lord Cotter

Lord Fearn

Lord Freeman

Lord Haskel

Baroness Hooper

The Earl of Liverpool

Baroness Valentine

Lord Wilson of Tillyorn

Examination of Witnesses

Mike Thompson, Head of Employability and Early Career Programmes, Barclays, **Dr Peter Kyle**, CEO, WORKing for YOUth, and **Adam Swash**, Head of Strategy and Research, Experian

Q98 The Chairman: My Lords and guests, we are two minutes in advance. It is the very first time it has ever happened, so I am feeling very smug. Doubtless I am going to have a big fall in a minute. You were not here for the last session, I do not think. Were you here the whole time?

Dr Kyle: Not the whole time, no.

The Chairman: I just make the general housekeeping points. First of all, welcome to you and thank you for giving up the time to come before us and give us the benefit of your knowledge. The session will last approximately 50 to 60 minutes and I have to outline the

following. members of the Committee with relevant interests will declare these now. There are none. The session is on the record and is being webcast live and will be subsequently accessible by the parliamentary website. The witnesses will receive a transcript of the session to check and correct. This will be put on the public record in printed form and on the parliamentary website. I have asked, for the record, if you could begin by stating, each one of you in turn, your names and official titles.

Dr Kyle: I am Peter Kyle. I am chief executive of WORKing for YOUth.

Adam Swash: Adam Swash. I am head of strategy and research at Experian, but I founded and ran WORKing for YOUth, which is the reason I was called here.

Mike Thompson: Mike Thompson. I am head of early careers for Barclays.

The Chairman: Thank you very much for coming. I am sure it will be quite different evidence from the evidence we have just had from the previous witnesses. I would like to invite you to make an opening statement. Dr Kyle.

Dr Kyle: Thank you. I will say talk about the purpose of WORKing for YOUth. I have been chief executive of WORKing for YOUth for less than two months. I am new in post, but WORKing for YOUth was created two years ago, driven by Sir John Peace, who is chairman of Standard Chartered, Experian, and the Burberry Group. It was created to be a force within the private sector to create opportunities for young people under the age of 24 who lacked qualifications. They want to create, and WORKing for YOUth seeks to create, a movement within the private sector that will create employment opportunities for young people with no qualifications. It has extremely ambitious targets creating 200,000 new posts within the private sector for young people and to create ultimately a fund of £100 million to try to tackle this issue. Even though the project, which is now a registered charity, has been running for almost two years, I have been brought on board to give focus to the work because we now have 56 corporate partners within the FTSE 100 and beyond, right down to the small and medium-sized enterprise market. Barclays is one of the key members of the programme as well. Now we are entering the stage where we are giving it real drive and focus, and we are going to seek to embed ourselves even further in the private sector and escalate the delivery function of what we are here to do. We are not here to duplicate the work that is being done out there by different delivery partners and different partners within the private sector and the voluntary sector and statutory sectors. What we see ourselves to do is to foster collaboration to harness and spread the best practice throughout the private sector, and make sure all of the partners and people in the private sector, who are tackling this issue, can create that to add up to more than the sum of its parts, so that we can show that there is a movement within the private sector, which is gaining traction and making a real impact here.

Adam Swash: I think Peter has covered a lot of what I am here to do. I sit within Experian, which is one of Sir John's organisations. I spend most of my life building strategies and policies for public sector and private sector organisations. I think Sir John was absolutely astounded when some of the figures around youth unemployment came in and wanted to know what business could do about it. My team and I looked into a lot of the issues and helped him build the germ of an idea, which turned into WORKing for YOUth. I have been responsible for building a lot of that and bringing the partnerships together now to hand over to Peter to run successfully.

Mike Thompson, Barclays, Dr Peter Kyle, WORKing for YOUth, and Adam Swash, Experian—Oral evidence (QQ 98-108)

Mike Thompson: Hopefully what I will bring to the session today is some practical experience of working with young people. I have been in my current role at Barclays for the last 18 months, and that has predominantly been working with recruiting and training young people who are not in education, training or employment. We have learnt a lot over the past 18 months about some of the issues young people face, and hopefully I can bring some insight to the Committee regarding some of the challenges that we have come across as an employer.

Q99 The Chairman: Thank you very much. I want to advise the witnesses that some questions will be more relevant than others. Each witness is not expected to provide an answer for every question, if you do not want to. That is not to try to keep the session short, but I do want to keep it trundling along.

Could you describe for us your involvement with young people as employees or trainees and how recruitment for this group has changed during the course of the economic downturn in about five years? Was WORKing for YOUth set up two years ago?

Adam Swash: Two years ago.

The Chairman: This was on the back of Occupy, was it, or was it coincidental with Occupy?

Adam Swash: It was coincidental with Occupy. I think it was after the disturbances we had seen the previous year.

The Chairman: Yes, Croydon and Tottenham.

Adam Swash: Sir John is Lord Lieutenant in Nottingham where there was particular trouble.

The Chairman: What is your involvement with young people as employees or trainees? Do you get involved with young people themselves, or do you sit there and say this is what should happen?

Dr Kyle: We do not spend that much time sitting, but my role is to co-ordinate, facilitate and spread best practice and try to inspire other employers to take the route that Barclays has, which is a phenomenal case study in this area. I should say that my role therefore is slightly a helicopter view of what is happening with youth unemployment. Previously my role here was deputy chief executive of ACEVO, the umbrella body for the voluntary sector, and in that time in 2011 we reported in the Youth Unemployment Commission, which I helped establish and which David Miliband chaired. We ran the commission on youth unemployment for six to eight months, looking into the policy area, the policy underpinnings of the provider market and the social problems associated with youth unemployment, and that is what led me to here. My background is mostly in the policy areas and the policy implications and representing the providers. The voluntary sector is now obviously within the private sector, so I should hand over to Mike, who can give you the front-line view on this.

The Chairman: I was going to ask him. A case study. What a build up.

Mike Thompson: You can look at it from two aspects. I think that part of the question is about what has happened in the labour market and what has been the trend over the last decade, probably not just the last five years, and it is this increasing focus on the graduate market as a source of talent for businesses as more and more young people are going down the graduate and higher education pathway. I think that we as a business, like many other businesses, have followed that trend, and increasingly we are starting to see even entry level

jobs being filled by graduates who are in our contact centres and our branches, and our cashiering jobs are being filled by people with degrees. We took a step back about 18 months ago and looked at what implications that was having for our business. One was quite a high level of dissatisfaction among the young people because they were getting great qualifications and were filling roles that perhaps were not what they had aspired to and were not seeing the progression that they had hoped for.

Equally for us we were seeing a very high turnover of young people because they were coming in, they were not progressing in the way they had hoped to progress, and therefore they were leaving, and that was a revolving door for us and therefore quite a high cost to the business of training, which was leading to no progression or development. So we took a step back and looked at the other implications of hiring purely from a graduate market, which was that we were not hiring anyone between the age of 16 or 18. In fact, we have very few people under the age of 21 in our workforce. A bank that wants to develop innovative digital products and find new ways of banking and providing services, both in the UK and globally, needs to have young people of talent coming into their business who are digital natives familiar with digital technology. So we took a step back and looked at our own policy—purely looking at the graduate market—and realised that was not taking us any further forward.

At the same time we were having conversations with WORKing for YOUth, and our chief executive was looking at some youth employment issues, and a number of factors came together. We said, “Look, one, we need to tackle an issue we have about the type of talent we are bringing into the business, but we also need to do something more substantial about youth unemployment”, and that is where my role came into existence, which is essentially when we set up our own apprenticeship programme targeting young people who had been out of employment for over six months or who have limited or no qualifications. What we saw was that historically the success of banking has been built on people coming in at 16 and working their way up to the top.

The Chairman: To 66.

Mike Thompson: Yes, and working their way through and having great careers. A lot of our senior leaders in our business now started that way. When we took a step back a couple of years ago we worked out that that pathway was not there any more. You could not come in at 16 and work your way up. You had to have a degree, and therefore we were closing the door to a huge number of young people. So we took a very different standpoint and opened our doors through the apprenticeship model to young people who were struggling to get into employment with qualifications or who had very limited qualifications or no qualifications. The breadth of talent that we have now brought in versus perhaps quite a narrow segment of the youth market when we looked at just graduates has been a real revelation for our business. The programme has been running for 18 months now and we are starting to see those young people already progressing very rapidly into more senior roles and bringing the ideas, enthusiasm and talent that perhaps we were not seeing previously.

The Chairman: How many apprentices do you take on each year?

Mike Thompson: Last year we took on 1,000 young people.

Mike Thompson, Barclays, Dr Peter Kyle, WORKing for YOUth, and Adam Swash, Experian—Oral evidence (QQ 98-108)

Q100 The Chairman: Does anybody have any idea of how many apprentices are taken on by all companies in the UK every year, because I did not realise it was anything like as big as our last series of witnesses suggested? For example, McDonald's takes on 5,000 a year. Does anybody know?

Mike Thompson: I think there are roughly 500,000 apprenticeships in the UK. Having said that, how many of those are new jobs and new employees? They are probably a much smaller number, because a lot of those are existing staff who are moving upwards.

The Chairman: Would you say that we are beginning to go the German way and believe that apprenticeships are one way?

Mike Thompson: Yes. Over the last two years we have seen a huge uplift among many employees for that vocational pathway versus the traditional higher education recruitment drive.

The Chairman: Apprenticeships used to be very popular 50 years ago and then something happened. What happened?

Mike Thompson: I would say that more recently higher education happened.

The Chairman: Going for the 50%?

Mike Thompson: If you look at 15 years ago, 25% of young people went to higher education. It is now 60%.

The Chairman: Now we are aiming for 50%.

Mike Thompson: I think it is already higher, so that means that the population that you are drawing upon is typically a graduate.

Dr Kyle: It might be worth stressing that the extraordinary thing about the 1,000 apprentices you are taking on at Barclays is that a high degree of them have no qualifications at all.

The Chairman: It is the best thing.

Dr Kyle: Yes. So these are getting to young people who—

The Chairman: That is good.

Dr Kyle: Exactly.

Q101 Baroness Valentine: You have probably partly answered this, but to what extent do you see the problems with young people finding and keeping jobs being to do with the lack of suitable opportunities for them in the labour market, and to what extent is this due to their own skills or employability?

Mike Thompson: I think it is probably both. If you look at the opportunities for young people to gain work experience, it is much harder than it was a decade ago. If you look at the research that is being done, 10 years ago over 50% of young people were doing some form of Saturday job or some sort of work experience. I think that is now about 25%, simply because a lot of employers are not offering those sorts of opportunities any longer, so for somebody building up their employability skills it is much harder these days to find ways of doing that.

There is also the shape of the labour market. I think the previous panel members touched upon the fact that our economy is driven much more by small business growth than it is by

Mike Thompson, Barclays, Dr Peter Kyle, WORKing for YOUth, and Adam Swash, Experian—Oral evidence (QQ 98-108)

corporate, so the number of opportunities in corporate is probably shrinking as technology and other factors come into the labour market. We are seeing a rapid growth in the SME market. The SMEs market, I think, finds it very difficult to connect with this group of young people; the mechanisms simply are not there. So for us it is relatively easy as big organisations to go out, find, attract and train, because we have the resources to do that. For a small business it is very difficult to go and find the right young talent, so they do not tend to. They tend to go to people who already have experience or who are recommended by friends and family.

I think the problem is a little bit on both sides. The young people struggle to get employability skills because they cannot get work experience, and the smaller employers struggle to connect with the youth labour market.

Baroness Valentine: If you are taking people in at 16 with no qualifications, there must be some sort of pre-employability training.

Mike Thompson: Yes.

Baroness Valentine: Could you give one of the youngsters coming in typically a task to do, which you would be confident they would finish if you gave them an instruction?

Mike Thompson: Yes.

Baroness Valentine: When they arrive?

Mike Thompson: I will describe how the programme works. We effectively work with a partner organisation to identify the young people and then assess where their skills are. Some we found are already ready and do not need any pre-employment training, and they go straight for interview because our view is that you want to get somebody into work as quickly as possible. That is what the young person wants and what the employer wants, and you want somebody to come off whatever benefit system they might be on and into paid employment. For those who are not ready, we run a four-week employability programme that covers basic skills around workplace presentation, communication, team working—all kind of basic ingredients for an employee to be able to make a transition into a workplace. Also, come January next year, we are adding a two-week work experience placement, which will give them some real live work experience before they then go for an interview with one of our managers.

Our goal is to try to give them the best opportunity possible, recognising that coming out of the education system, or in our case coming out of that population of people who are not in employment, education or training, they are going to need some extra support to get them ready for that job interview. We try to set them up for success and generally that is the case.

Q102 Baroness Hooper: It is often said that one of the problems is that young people are now coming on the job market unable to read and do simple arithmetic. Given that some young people do not have any qualifications, do you also find many examples of complete failure of the education system?

The Chairman: The Division Bell is ringing, and I think, Lady Hooper, that we are going to have to stop here. We will be 10 minutes, maximum. I am sorry about this. I should have warned you, but I did not think we were going to have it.

Mike Thompson, Barclays, Dr Peter Kyle, WORKing for YOUth, and Adam Swash, Experian—Oral evidence (QQ 98-108)

Sitting suspended for a Division in the House

The Chairman: Are we quorate, because I am told there is going to be another Division in short order on the next amendment, so we have to try to get through this now.

Baroness Hooper: I had just asked my question about the reading and writing, the basic skills.

The Chairman: We could not hear you up here because of the horrible bell.

Baroness Hooper: I am very sorry you could not hear, but the gist of my question was simply whether in the absence of qualifications this also meant that many were coming forward who did not have the basic reading, writing and arithmetic that we hear so much about.

Mike Thompson: I would say that about 50% of young people who we see do not have an English or Maths A to C qualification. That said, we take the view that part of the reason why we take funding through an apprenticeship model is to help support those young people to attain that education through a vocational pathway. So during the 12 months of our apprenticeship programme, we work with the people who do not have A to C in Maths and English to get them to where they need to be.

I think it is fair to say that in the early days of the programme we did have some young people who struggle with the numeracy required to work in a bank, but we believe that with the right education through the apprenticeship route we can get them to where they need to be. The vast majority end up with an equivalent Maths and English qualification by the end of the 12 months.

The Chairman: Dr Kyle, you wanted to add to that.

Dr Kyle: It is worth just saying first that the Government have just released an updated apprenticeship policy document in which they say that they intend to require anyone graduating with an apprentice to qualify with Maths and English by the end of it, so if you do not have the qualifications at the beginning, when you finish an apprenticeship you have to have qualified with Maths and English. But it is worth saying that employers tell us in no uncertain terms that it is the soft skills—the communicative skills, the social skills—that they find most lacking by the time people leave school and come to them. Being able to operate on a social level within a workplace is one of the skills that they feel people are not prepared for to a large degree. There is usually a basis of academic skills to work upon, and then it is fairly straightforward to do quite straightforward training, but the lack of social skills and soft skills that should be learnt in education is a real problem. Some people do not know how to answer the phone when they come into a work place. It is not just restricted to people from deprived backgrounds. That is remarkably common and is spoken about with great passion by employers.

The Chairman: The real problem is that they do not communicate any longer because they communicate only with a screen playing games and things like this. It is a shame that people do not have any social skills or say, “Good morning”, or they do not look you in the eye because they are used to looking at screens.

Dr Kyle: There are different norms of communication within a workplace, and for any young person who has not had experience of a workplace it is normal to have a period of

Mike Thompson, Barclays, Dr Peter Kyle, WORKing for YOUth, and Adam Swash, Experian—Oral evidence (QQ 98-108)

adjustment, but some have no grounding whatever, and the fact is that in different institutions and different places there are different social norms that you have to be familiar with. It is a difficult transition for young people to make, but there is very little preparation for it.

Mike Thompson: One of my concerns is that there is a very poor perception of young people and their skills at the moment. While I agree that there are issues regarding their readiness for work, our experience has been that it does not take an awful lot to get them ready. I think there is a big stigma hanging over young people at the moment regarding their readiness.

The Chairman: Mr Swash, you wanted to come in.

Adam Swash: I was going to answer the question about the suitable opportunities. One of the things here is that there are quite a number of opportunities that young people could go to and that would be suitable employment for them. One of the things that we are seeing with perhaps the change in the labour market towards smaller companies is that companies are less willing to take a risk, and if they have the choice of a young person with no experience versus someone who has one or two years' experience they are automatically defaulting to the person with the experience. I think they have two main worries here. One is that they have been told by the media that all young people are terrible louts and will run their business into the ground. The other is that they just do not believe they have the time to make them work. I think it is less about money and more about their feeling that they need to give those young people time to get them into work.

Dr Kyle: There are a multiplicity of reasons why. It would be great if we could narrow it down to one or two reasons, such as it being either a lack of opportunities or a lack of skills. The truth is that it is right across the board. I think broadly, at its highest level, we as a society have a very clear vision for young people's pathway that includes university education. We do not have a strong vision for young people who have alternative routes into successful and gainful employment and a career, and I think that is something we have to get right.

The Chairman: This came out at the last session of witnesses, too.

Q103 Baroness Valentine: I want to come back on this, because I am always confused about inner London, which is one of the target areas and has over 25% in unemployed presumably, yet there are so many jobs in inner London. Prêt à Manger is the one we use, but next door to it, the Japanese restaurant has advertised for a waitress and a waiter for the last six months. What is all that about?

Dr Kyle: Again, the evidence is that there are a lot of barriers that are not being tackled. A straightforward example is transport, and just travelling quite a small distance for interviews, for example. When I was involved in the Commission on Youth Unemployment, we interviewed a great number of young people directly, and some of these were applying for more than a dozen jobs a week and getting called for several interviews. The sheer expense of travelling for the interviews and to get the work was prohibitive.

Baroness Valentine: Does that mean if you live in Somers Town out the back of Kings Cross, by which I mean presumably walking distance, there will be quite a lot of jobs there? Do those two things not connect up? What is going on?

Mike Thompson, Barclays, Dr Peter Kyle, WORKing for YOUth, and Adam Swash, Experian—Oral evidence (QQ 98-108)

Dr Kyle: As I say, there are a lot of barriers. We found that transport was one of them, particularly for rural areas. It was a huge barrier for people living in small to medium-sized communities who would have to travel. For other young people, it is purely about having an established pathway into work, having entry level work explained and it being an understood pathway to a career. Many young people do not understand the pathway that you have to take, whether it is an apprenticeship, taking a job in Prêt or one of the other entry level, more retail, jobs and seeing them into a pathway to a better job. Careers pathways are simply not understood by young people in the way they would have been in the past for very understandable reasons, because we live in a much more complex landscape.

Baroness Valentine: One follow-up question from that. Barclays, I know you are in Canary Wharf, but obviously you have literally on your doorstep lots of unemployed people. Has some inroad been made to those pathways?

Mike Thompson: In our own programme we have targeted those areas, and I think one of the challenges is salary and pay. If you look at the apprenticeship minimum wage in London it is very difficult to live, to feed yourself and become economically independent on it.

Baroness Valentine: Versus benefits?

Mike Thompson: Versus benefits, yes. When you look at some of the jobs that you refer to, the question is whether they are a viable step to independence. That is very unlikely. I think that one of the issues is the grey economy, very low-paid, transient jobs for young people that are not offering the career pathways. In our own programme we pay the living wage in London, but I would imagine that we are one of the few organisations that probably does, because we have the resources to be able to do that. That is a challenge in London in particular, and in inner cities, where the cost of living, the cost of accommodation—

The Chairman: Of course you cannot say that in 10 years' time you can be manager of this, that and the other, because they do not believe it. They do not think they are capable because they do not have a lot of confidence. It is very difficult.

Mike Thompson: It is challenging, although I would say that McDonald's has done a very good job. It has shown that you can do it: that you can move into interim jobs and progress.

Q104 Lord Brooke of Alverthorpe: If we may return to Europe, I am looking across at both companies that have experience that is not just in the UK, so maybe you can help us with this question. What do you believe should be the main ways in which employers across Europe should be responding to the youth employment difficulties?

Mike Thompson: The theme for me is collaboration. I think that companies need to recognise that they can do more than just their own programmes and their own employment. For instance, Barclays obviously has a very large supply chain and a very large customer base, so we have been looking and working very closely with those organisations to help them to understand how they can benefit from the programmes that are available to them. For instance, if you look at small businesses, there is a very low level of understanding of what an apprenticeship is and what support is out there. They do not have the time to go and research it. Collaboration and working together, either at the corporate supply chain or with customers, is something the bigger corporates can do and is exemplified by the work that Adam and Peter have done, where they have brought together organisations to do that.

Adam Swash: WORKing for YOUth has been focused primarily on the UK to start with. We have ambitions to go wider than that, but at the moment we are concentrating on the UK. One of the things that strikes us is that each country has different sets of issues. Whereas in the UK we have seen that a reasonable number of jobs are being created and that it is a case of working out how to join up the jobs and the young people, there are certainly countries within Europe that do not even have the luxury of those jobs in the first place. With a lot of these issues, national and international schemes can be put together, but a lot of the time you almost have to trickle them down and boil them down to local issues. But there will be things like companies' engagement with education and the public sector and joining up those loops that will be practical and reasonable for all areas and countries to look at.

Lord Brooke of Alverthorpe: Do you think employers should be doing more? I hear you talking particularly about the changed relationship now that we have fewer big companies in the way we had 30 or 40 years ago, and we have more asset means and there is a difficulty there, which perhaps no one has an easy answer to. Do you think you can assist there and that more assistance should be given, and can Government do anything more? Is it left to employers rather than Government?

Mike Thompson: I think it is a collaboration between public and private sector, to be honest. Government has a lot of financial resources available to it, and obviously the education system. I do think that employers need to find a way of rebuilding the very strong bridge that used to exist, which is much more fragile for a young person who is not going into higher education. I think this is about where employers can work with the education system directly. In our case, just to give you an example, we finished a programme earlier this year called Barclays Life Skills, through which we have made an offer to every school in the UK that we will help to develop the employability skills of their pupils from the age of 14 to 17 and provide them with work experience.

The Chairman: Did I hear correctly: every school in the UK?

Mike Thompson: Yes. It is a very huge ambition that we have taken on.

The Chairman: Indeed.

Mike Thompson: We have so far signed up 3,000 schools to the programme, which shows the demand that is coming from the education sector to plug a gap in the pupils' skills that they do not believe they can plug. I think that is an example of where we are working with schools to help the young person over that bridge: give them the skills they need so that when they leave the education system they are not going to fall into that neat trap.

Dr Kyle: I spent most of my career in the voluntary sector campaigning for different areas of change and sometimes bashing the private sector for not living up to its responsibilities, but since doing this job and speaking to many different very large organisations and small ones, I have been absolutely struck by the scale of ambition within the private sector to tackle this, and the sincerity with which people such as Mike in Barclays and beyond are tackling this.

There is also, I think it is fair to say, some real surprise that Government has not been more accepting of the scale of ambition within the private sector. Certainly there is some surprise that the Government have not challenged the private sector more on some of these issues, and they feel that there has been very little engagement in the past with the private sector to a large degree about tackling about this issue.

Government has a role to facilitate and to deliver training and some of the supply side challenges to youth unemployment, but you cannot create jobs sustainably into the long term without the private sector. I do see a scale of ambition, which we have just heard and which is quite remarkable in the private sector. Sometimes I wonder whether Government realises the scale of ambition and that some of these organisations are just getting on with it at the moment.

Q105 Lord Clinton-Davis: The European Union has provided a programme called the youth guarantee. The idea of that, as I understand it, is that young people who are devoid of work, training or studying can occupy a position within four months to enable them to enter the world of work. Do you think from the point of view of business that this is a good or bad idea?

Mike Thompson: Personally, I think it is a very good idea. We would love to see somebody guarantee a place or an opportunity from day one of leaving education, but clearly that is not practical. I think that helping somebody as soon as possible into a meaningful pathway to work, whether that be a training course that will ready them for work, an apprenticeship or a job, has to be the ambition for young people. We cannot have people sitting there and let all the talent go to waste. I think there are some barriers and challenges to achieving that. Certainly in the UK, if you do not have Maths and English qualifications, access to vocational training is a significant issue. I think that 40% of young people do not attain A to C Maths and English. The majority of intermediate or entry level apprenticeship that are advertised on a national apprenticeship website require Maths and English, so there is a huge group of young people to whom one whole pathway of education is not available. To deliver on that promise, I think we need to address some of those underlying structural issues in the labour market, but as a principle, yes, I am very supportive.

Adam Swash: I think it is a good idea from a business perspective. They would love to see more young people with more experience. It is a way of making sure that they are ready for work and getting them into work. One of my cautions would be that imposing mandatory things for small businesses to take on young people would be an issue.

The Chairman: Too much cost.

Adam Swash: I think we have to make it almost socially unacceptable for them not to and make them want to do it rather than imposing things on small and medium businesses.

The Chairman: Of course you do know that it has been said that if every SME in the 28 Member States employed one more person there would be no unemployment throughout the Union.

Adam Swash: Can I just come back on that one? It is something that I hear quite often. At Experian we hold a lot of data on businesses and the size of businesses and how business grow and change. Over 50% of small businesses have no desire to grow. They employ one or two people. They are lifestyle businesses. Only somewhere between 5% and 10% of small businesses grow anything like rapidly, so trying to say that all small businesses should take one new person is not going to happen, and I do not think it is helpful to the debate.

The Chairman: I am always bandying that one around because I have heard it from the Commissioner for Employment and so many times too in Brussels. If you have a definitive few paragraphs on that, could you send them to me?

Adam Swash: Of course.

The Chairman: I think we have to be myth busting as well as making statements, and that one is definitely gaining legs.

Lord Clinton-Davis: What do you think is happening on this issue in the UK Government and others?

Dr Kyle: To come back to your original point about whether a mandatory job guarantee is good, I would concur with the other two witnesses here that it is a very good idea. What needs debating is whether it is four months, six months, a year. Whether or not it is a good idea is moot because there is evidence that the scarring impact that a period of being unemployed has on a young person, particularly a young person under 24, is acute. A young person who is out of work and on benefits for more than a year will earn £2,000 or £3,000 less for the rest of their career than somebody who is of a similar socioeconomic background. They will have, by all likelihood, mental health challenges later on to a greater extent than their peers. They will experience relationship breakdowns to an extent that others do not. The question of whether there is a book end to which no young person should go beyond is unequivocal in my mind. There needs to be a cut-off point that triggers some intervention, and whatever the cost of that intervention it is value for money from an economic perspective but also from a social perspective.

Q106 Lord Wilson of Tillyorn: Lord Clinton-Davis was asking about the EU youth guarantee. What is your reaction to the UK programme that you contract? In addition to things you all mentioned already, do you think there are new things that should be done, different things that should be done, and do you have anything more to say about the idea of apprenticeships or work experience?

Mike Thompson: I am not sufficiently well versed on the youth contract. What I would say from a business perspective is that the landscape is quite confusing in terms of the number of schemes and initiatives, which are all very well meaning and all with the same intentions. In reality, whether you are a large business or a small business, the world is a confusing place if you are trying to help a young person.

One of the things that should be done differently is to radically simplify the offering, both to the young person and to the business. I think the current Administration are doing a very good job with the recent introduction of traineeships, pre-employment training programmes and apprenticeships, and starting to build out some very simple, solid pathways. I would clear the decks of the different schemes and focus the effort on something that is very marketable to businesses and to young people, and more importantly to their parents, because a lot of advice for young people is given to parents. If parents do not understand the different schemes that are out there, and the benefits of them, they are not going to encourage their young people to go through them.

If I could just touch on something else that I would love to see, it is that we should be bringing back some sort of mandatory work experience to the school curriculum. The bridge that used to exist locally whereby young people would get work experience and then build those connections, which would then allow them to get employment two or three years later, is very broken at the moment. If you were to reintroduce some sort of mandatory work experience at the age of 15 or 16, you would begin to rebuild some of the connections that have been lost.

Dr Kyle: Just briefly, I believe that the youth contract has underperformed. Certainly in the private sector they know it has underperformed. It was not a scheme that they felt would make a significant impact at the outset, and this was articulated back in the very beginning of the scheme in 2011. The latest evaluations are that only 27% of young people who go through it go to full-time work afterwards. It is a scheme that has underperformed, and I believe that the problem was that it was underinvested in at the beginning. It only aimed to get 50,000 young people into work after its first year, when 250,000 young people were out of work at the time. Recommendations were firmly put to Government that it frontload the scheme and find the money to upscale and make a big impact at the beginning. That would have got employers excited. It would have created a momentum that could have been carried forward into the proceeding years. It is a scheme that has not captured the imagination. It certainly has not delivered, and when you are communicating with the private sector, lack of delivery is something that it is acutely aware of in its day to day world. It certainly does not tend to gravitate towards schemes that underdeliver from the outset.

The Chairman: What would you do with it? Would you just grab it and start something afresh?

Dr Kyle: Personally, I would use the money for a job guarantee. But the scheme is coming to an end now. I do not think that the youth contract will last into the long term. A job guarantee is what is needed at the moment, to my mind.

Q107 Lord Wilson of Tillyorn: May I ask a terribly simple question? Mike Thompson, when you say “a multiplicity of schemes”, what would your advice be to a young person just leaving school or to a young person’s parents on where to look for what sort of schemes there might be?

Mike Thompson: There is a multiplicity of schemes. There is also a multiplicity of sources of advice. In fact there are probably even more sources of advice, which is terribly confusing for parents and terribly confusing for young people. Personally I would love to see some sort of UCAS clearing system, which works exceptionally well for higher education, for apprenticeships and traineeships. That would be my ideal if I had a magic wand and I could make a difference tomorrow: one place where you could get good quality advice, where businesses or young people could go and could connect easily. At the minute that is not there. There is the National Careers Service, which is relatively young and which could morph and develop into that type of service, but I am not sure the Government resources are there to fund that. I am with Peter in that I would probably redirect some of the resources that have been spent on the youth contract into giving a good solid advice service for young people and small businesses.

Lord Brooke of Alverthorpe: But in some of the successful countries in Europe one finds that the employers put more cash into it and it is not simply left to the public.

The Chairman: That was a question that we were going to ask: do you think that employers in the UK can learn from the models in other countries? I am very conscious of the fact that we are going to have a jangling Division bell in our ears very shortly, so I was just wondering if you had ideas on the answer to that question. Could you give some thought to it and write to us?

Mike Thompson: Yes, of course.

Mike Thompson, Barclays, Dr Peter Kyle, WORKing for YOUth, and Adam Swash, Experian—Oral evidence (QQ 98-108)

The Chairman: That would be very useful. I am sorry but we are up against, and you have been very unfortunate because we have not been disturbed by the Division Bell for several months now. Your UCAS idea: does such a thing exist in other countries?

Dr Kyle: Not that I know of.

Mike Thompson: I think that the system starts a lot earlier in connecting the young person/employer in Switzerland and Germany from the age of 14. The UCAS system is probably a bit redundant, because locally, regionally and nationally there is much more integration of education and employment, and the vocational path is much stronger. I think we are starting to see it in the UK, but I do not think an equivalent exists that I am aware of.

Q108 The Chairman: Also, as an observation, we have not discussed this as a Committee before, but I was just talking to my friends about issues such as this and unemployment, as one does, and particularly about mess-ups and IT projects and whether anybody actually is computer literate. We all know how to switch them on, we know how to do Microsoft Word, we know a few more things, but somebody who employs a group of about 50 very high-level people in the City and who has done the appraisal system, asked them, “Have you any idea of where you would like your competencies enhanced? In other words, is there any course or whatever that you would like us to send you on?”. Of the 50 people, 45 of them suggested an increase in the knowledge of IT skills. These are people who are so IT aware, one would have thought, but the problem is that technology is going ahead of everybody.

My question comes back to this. These young people are so computer literate and can program everything for you, so why is somebody somewhere—nobody ever brings this up—not coming up with a fantastic idea to get some of these people, who know all about playing games and things, on courses? Would it not be some great philanthropy for these large organisations to say, “We will produce IT experts or teachers or make courses in a local area for IT”? Any ideas?

Mike Thompson: I would suggest it is not philanthropy; it is a business necessity.

The Chairman: It is.

Mike Thompson: If you want to compete in the modern global economy you have people in your business who can work with digital technologies. I think that more and more of our apprenticeships—100 of our 1,000—are in IT.

The Chairman: What are your views?

Dr Kyle: I think I would alter some of the characterisation of the problem. It is very difficult to find young people who sit around playing computer games as opposed to quite actively trying to find work. We spend a lot of time trying to understand this view of youth unemployment. We ran focus groups and consultations in the past and found enormous amounts of very idealistic, energetic and frustrated energy among young people with lots of talent that they feel is being ignored and underused, which causes frustration.

On the IT side of things, obviously young people have inherited skills that previous generations would not have but they are not being harnessed in the right way and focused, which goes to my final point about this pathway. We are not intervening early enough. We are not joining up the different agencies enough. One of the key problems with youth

unemployment is that it is not the domain of one departmental oversight; it is Education, it is DWP, it is Health.

The Chairman: Yes, we heard that before.

Dr Kyle: It crosses departments, and there is a lot of local government, so you will find some areas of the country that have 15, 18 separate agencies—we found one that had 24 separate agencies in one geographical area—all of whom receiving some degree of statutory funding to tackle different aspects of youth unemployment. If I had my way I would pool the budget of youth unemployment and force every agency to come together and work together to tackle the problem. They would identify individual young people who are unemployed, and then different agencies would have to come together to co-ordinate the response and have ownership of those individuals. We have a very disjointed response because it has just crept across departments. If youth unemployment was a different issue—we have 1 million young people who are unemployed—and the young unemployed were visible, I think there would be a very co-ordinated, very public response to the problem. Youth unemployment is hidden because it is buried deep within neighbourhoods, families and homes. I think that makes it quite difficult for people to imagine the solutions for it.

The Chairman: We have had that comment before too, which is very scary because you do not know where to find them. Thank you very much. You had one minute to go. Are there big gaps in the questions that we asked you that you wish that we had asked you, and if so could you write to us about them and tell us? I will not say that we are operating in the dark, not at all, but it has been a very steep learning curve, and we want to make this a good report, and we want to make a difference to youth unemployment. So we would be delighted to have further evidence from you on anything that you can think of. In the meantime, thank you very much indeed.

Dr Kyle: Thank you.

Belgian House of Representatives—Written evidence

House of Lords inquiry – Draft replies

1. Youth unemployment in one country has a negative impact for the whole union: it threatens social cohesion, internal demand (including demand for products of other Member States), potential growth, political and economic. Therefore, EU action is needed and warranted. Such action, e.g. through the country specific recommendations (CSRs) or through the Youth Employment Guarantee (YEG) recommendation fall entirely within the scope of the Treaty and are clearly additional to Member States' own initiatives. Moreover, Member States maintain their full autonomy in shaping the policy measures to implement them.
2. EU added value comes through the establishment of common benchmarks, peer pressure, policy exchange (mutual learning) and through the provision of funds for those Member States and regions where youth unemployment is highest.
3. The YEI allows Member States to diversify their efforts. The YEI establishes a benchmark (an offer within four months of becoming NEET), but allows Member States to put in place the most suitable measures for specific groups. It does not define policies for each group separately, since this would not respect Member States' autonomy.
4. On the macro level, the evaluation in the framework of the European Semester, i.a. through the multilateral surveillance by the Employment Committee, seems to function rather well. Evaluation on the micro level within the ESF is a regional competence.
5. This is a (exclusive) regional competence in Belgium.
6. The Youth Forum is often involved in discussions, though not in a formal way. However, the social partners (in this case the trade unions) are involved in the EU decision making process, and they (should) also represent young people. Belgium wants to reinforce social partners involvement in the processes – and would suggest that they take their responsibility along with the Youth Forum.
7. Mobility, in particular for young people, should be encouraged. Studying and working in another country is an enriching experience and helps the functioning of the EU labour market as a whole. Negative consequences (brain drain, unfair competition...) should be tackled through appropriate measures. The structural funds should encourage economic development of regions lagging behind. Legislation such as the posting directive and the further development of policy benchmarks in the field of e.g. the minimum wage is needed to avoid unfair competition.

8. The exchange of best practices among the Public Employment Services through their network can foster the development of new approaches.

8 October 2013

Phil Bennion MEP—Written evidence

HL Subcommittee call for evidence: EU action to tackle youth unemployment

1. Do you think that the EU should be providing funding to Member States to tackle youth unemployment?

Yes, the EU should provide funding to Member States to tackle youth unemployment but this should be in conjunction with and to assist initiatives taken at national, regional or local level. Due to the finite nature of EU resources in this area, funding should be targeted and accompanied by efficient guidance. The youth unemployment rate varies greatly across the Union and this variation must be taken into account. The €6 billion projected budget for the Youth Employment Initiative would go to those regions with higher than 25% youth unemployment. This is an important condition as it ensures that those regions that need it most would receive adequate funding to implement the necessary programmes.

However, it is important that regions with an unemployment rate of lower than 25% are not ignored. This is where the European Social Fund should be effectively deployed and should be used by Member States to invest in concrete programmes to improve young people's skills and qualifications by focusing on vocational training and employability.

Does EU action respect Member States' powers in the area of social and employment affairs?

In the area of youth unemployment, action taken at EU level takes account of subsidiarity and the differences in the approaches taken by Member States to tackle this issue. The EU Youth Guarantee demonstrates this as it supplies Member States with a concrete objective of ensuring young people receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of becoming unemployed or leaving formal education whilst leaving Member States to decide how best to achieve this. It should also be noted that the principle efforts to counter youth unemployment must be at Member State rather than EU level in order to take account of differences in national practices and in order to be most effective.

2. How do you think that the EU can best 'add value' to Member States' efforts to tackle unemployment?

As in many policy areas, one of the most effective ways in which the EU can add value is to encourage the exchange of best practices between Member States. Across Europe, Member States have taken many different approaches to tackling this issue and it is important that we take this into account and use it to learn from each other. Discourse at EU level and EU-wide Youth Intergroups are good examples of sharing of best practices.

The EU can also indirectly add value by continuing to urge Member States to implement the structural reforms necessary to strengthen European economies. Improving competitiveness

and stability of the economy will stimulate growth which will, in turn, encourage businesses across Europe to create the jobs that young people so desperately need.

3. Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as being not in education, employment or training ('NEETs'), support for newly qualified graduates looking for work, and general career guidance?

I think disaggregation in measures for different categories of young people is important. Young people who have recently left school and have not continued into further education require more structured support to develop their employability. They need adequate guidance not only about the career paths which are available to them but also about the skills required and how to obtain them. I also think that young people at this stage in their lives are more likely to leave the labour market completely and to struggle to return at a later stage. This means that efforts should be concentrated in this area. Career guidance is something which should be available to all young people regardless of their status and this is something that students should have access to not only throughout their time in further education but also following their graduation.

Member States should recognise these differences when deciding on projects to be co-financed through ESF to ensure programmes cater effectively for different young people's needs.

5. How do you think the funds allocated through the Youth Employment Initiative (YEI) and the European Social Fund (ESF) could best be spent?

The funds allocated through these measures should be spent on implementing concrete training programmes in conjunction with national schemes rather than being squandered on less effective initiatives. Vocational training is one of the most effective ways of making young people employable and emphasis should therefore be placed on this type of scheme. Apprenticeships are also an extremely valuable tool for tackling youth unemployment and funding should be used to provide incentives to businesses to encourage them to take on young apprentices. Access to finance is also something that should be considered by Member States when deciding how to use these funds. Helping small businesses and entrepreneurs grow effectively will create local jobs which young people should fill. Young entrepreneurs should be given priority if funds were used in this way and educating young people to become entrepreneurs and develop entrepreneurial skills is something the youth organisation Junior Chamber International believes is integral.

Feedback from Junior Chamber International, placed emphasis on the catch 22 situation that a young person who is unsuccessful in getting a job gains no experience and without any experience, they will be unsuccessful in getting a job. Funds should therefore focus on getting these young people the experience they need to successfully access, and remain in, the labour market be this through job subsidies or partnerships between businesses, local authorities and schools or further education institutions.

6. Do you feel that young people (aged 15-24), youth groups and their representatives are involved and consulted to a satisfactory degree in the decisions being made around EU funding for youth unemployment projects, and how they are administered?

Efforts have been made, at Member State and European level, to consult youth organisations through intergroups, youth parliaments and topical events. I think it is important that this consultation is effective and that young people feel that their view is being listened to and taken into account, although I do understand that this is a difficult objective to achieve in practice. From interactions that I have had with youth organisations, the consensus is that they would welcome further interaction with local and national government and I think this is something that should be encouraged in the development of policy at both EU and Member State level.

7. Should the EU and Member States take into account the positive and negative socio-economic impacts of youth migration due to unemployment when designing measures to tackle youth unemployment? How might any negative consequences be mitigated?

Member states should take account of this phenomenon. There is little a Member State can do about emigration other than make its own economy more competitive, particularly through labour market reforms. However, recipient countries need to do more in providing language courses for migrant workers, as well as facilitating integration through community programmes.

18 October 2013

Pervenche Berès MEP and Anthea McIntyre MEP—Oral evidence (QQ 144-152)

Evidence Session No. 11 Heard in Public Questions 144 - 152

MONDAY 20 JANUARY 2014

Members present

Baroness O’Cathain (Chairman)
Lord Brooke of Alverthorpe
Lord Freeman
Lord Wilson of Tillyorn

Examination of Witnesses

Pervenche Berès MEP and Anthea McIntyre MEP

Q144 The Chairman: Good afternoon, Ms Berès.

Pervenche Berès: Good afternoon and welcome to the European Parliament. Thank you for inviting us to have an exchange of views ahead of what will be a very important European Parliamentary Week. I have known about the capacity of the House of Lords to scrutinise issues deeply ever since I started as a civil servant in the National Assembly way back in 1981. I have always admired the way the House of Lords challenges EU policies, and I can see that that goes on. I also know the kind of reports that you are able to produce on these kinds of topics, and how these exchanges, either by writing procedure or by meetings, are useful for you as a fallback in your reports and as a testimony. So I am well aware of the context in which I will deal with this meeting.

I have invited some colleagues to this meeting. I am happy to have Ms Anthea McIntyre MEP with us. You will have a full opportunity to discuss with her any questions you may have, but the questions you raise should be addressed by the co-ordinator who assists at the level that you had required, so she is more than welcome. Perhaps I may briefly introduce myself. I have been a Member of this Parliament for quite a long time. I was first an ordinary Member for two years. I then chaired the French Socialist Delegation in the Socialist group. After that I chaired the Economic and Monetary Affairs Committee. I now chair the Employment

Committee and I have been a member of the European Convention. Before that I was a civil servant in the National Assembly looking after European affair. Perhaps you will introduce yourselves, and then we can move on to the in-depth questions.

The Chairman: Thank you very much for your welcome. It is kind of you to give up your time to meet us this afternoon. We are treating this as a formal evidence session for our report. It is probably best if I go quickly around the table to explain who we are and what we have done.

Lord Brooke of Alverthorpe: Good afternoon. I am Clive Brooke, and I am a Labour Peer in the House of Lords, and have been for 16 years.

Lord Freeman: I have been in Parliament for 30 years, half of which as a Member of Parliament in the House of Commons and half in the House of Lords. I am a Conservative Peer.

Q145 The Chairman: I am Detta O’Cathain. I have been in the House of Lords for 22 years. I do not have a political background and I am a Conservative Peer. With me are Nicole Mason, the Clerk to the Committee, and our specialist adviser to the inquiry, John Bell. We have one more Peer in our group who we lost on our way to the Parliament, but I am sure that he will join us shortly.

For some six months now we have been looking at youth unemployment in the European Union. Every Monday afternoon we take evidence from people who we think will be able to help us to understand the general consensus that youth unemployment across Europe is a particularly serious aspect of the current economic crisis. The Committee has a duty to scrutinise all the relevant legislation and directives that come from EU. I do not think that the Committee members here today have any relevant interests. You will receive a transcript of the session to check and correct, and this will be put on the public record in both printed form and on the parliamentary website. Perhaps we may now move straight on to the questions we have prepared.

As I have said, there is a general consensus that youth unemployment across Europe is a serious aspect of the current economic crisis. Can you summarise your own view of the exact nature of the current problems and the issues that you are most concerned about? I ask this because people have a different view on which issues occupy the central stage.

Pervenche Berès: There is no official assessment of the situation, but at this point I will speak from my own expertise as the chair for more than four and a half years of the Committee looking at these topics. This crisis has generally hit the weakest section in every area. In the labour force, you will usually observe the last in and first out practice, which may well apply to young people. However, that is not a sufficient explanation, so we have to look at the situation in more detail. In truth, the figures we are looking at are challenging because you have to consider them in terms of their absolute values and their relative values. Let me explain the situation. In most countries, you will observe that young people suffer twice the average level of unemployment. It could be said that that is a normal situation because young people are moving into work. At certain points they are not at work because they are in the process of entering the world of work. The fact that the figures are twice as high is not an issue as such, but what is an issue is the threshold that can be achieved because unemployment is increasing everywhere.

Another element is the increasing rate of unemployment. I mention this in connection with the situation in Sweden for example because average unemployment is not as high as it is in, for example, Greece or Spain, but the rate at which it has increased is higher. Therefore, to talk about youth unemployment as a whole is not enough because you have to look at the detail.

The main question at the root of the problem is about qualifications. There is a real problem around NEETs; we all know about this concept. For us this may be the greatest challenge because not only do these young people have to get into work, but they should also be able to upgrade their qualifications. At the other end of labour market we see very well qualified young people not being able to find jobs after obtaining their degree, which is also quite a worrying situation.

In a situation of labour market constraint it is clear that the appetite of entrepreneurs for providing new labour opportunities for young people is not large. Is there a trade-off between those who remain longer in their jobs because of the increasing retirement age and the lack of young people coming into the labour market? We have a lot of literature which shows that there is no trade-off between the two. Nevertheless, there is some tension in this area of the labour market and it has to be taken into account. At this point I would not suggest that this last aspect is a major element.

Q146 The Chairman: What are the issues affecting the different types of young people, such as graduates and disadvantaged young people without qualifications?

Pervenche Berès: As I mentioned a moment ago, these are two different situations. That is why the Parliament, which has been going over the regulations—mainly the EU Youth Guarantee, which we will discuss later—has been very insistent that public policy should look carefully at the position of disadvantaged young people. As I mentioned earlier, you can observe the unemployment risk for the two categories. Nevertheless, as the EU strategy reflects, we believe that there is a bigger risk to society to have large numbers of the population without qualifications. When someone has gained qualifications, while there might be a mismatch or a lack of job creation in certain companies, the principal aim is for the EU to challenge innovation and competition with emerging markets, and that requires our labour force to be well qualified.

Q147 The Chairman: A final question from me. Is it appropriate for the European Union to have a role in youth unemployment, and if so, why? Perhaps I may make a suggestion at this point. In our own country, we are not supposed to major on any trends that may be reflected in our statistics for three months. The statistics can vary as data is processed. However, at the moment we are seeing a fall in youth unemployment in the UK. I do not suggest that we should not continue to worry about the issue because the drop is very gradual, but we have to be aware that there are pressures that have had some effect on the labour market and that things are beginning to look a bit better. Even so, your point about the competitiveness of the European Union as a whole against the emerging markets is well made. It is why we need to upskill people. Again, do you think it is appropriate for EU to have a role in the details of youth unemployment in each country?

Pervenche Berès: This question allows me to make a more general comment. I can imagine a further umbrella question: should the EU have anything to do with labour markets and other such social matters? Of course, my answer would be that there is definitely a role for the EU

because this is a strong element of the functioning of the internal market. If you want this cornerstone of the EU to be accepted by EU citizens—I do not think that any member state wants to challenge the internal market—the level of acceptance of the internal market in relation with its consequences for the functioning of the labour market is important. How policies are defined is within the competences of the member states, but the functioning of the internal market and the eurozone, including the free movement of workers, has consequences for levels of unemployment—and not only of young people. I am not saying that the EU is or should be the major policymaker because there is room for national policies as well. However, all EU member states are being challenged by demographic challenge. It is being experienced at different scales. Nevertheless it is a demographic situation that is specific to the EU. That is in part because we have a high level of mobility within the EU and we have the internal market. For these reasons, it is important that the EU looks at this matter carefully.

My last remark is that there is a slight contradiction here. I can appreciate that in some member states there will be a feeling that the EU should not do anything about the situation, but if the EU does not say or do anything, that could really endanger its whole purpose.

You mentioned that things are perhaps looking better in the UK at this stage. Of course this has to be publicly discussed because there is a debate going on about the nature of the relationship with and the contract that you are offering our young people. At the same time, many NGOs are now promoting a decent living wage, and that is also in the public debate even if it is not directly an EU competence.

Q148 Lord Freeman: Madame Berès, perhaps I may reassure you at the outset that although I am a Conservative Peer, I am strongly in favour of the European Union and I shall be campaigning in due course not only for an improvement to but remaining in the EU. My question relates to co-ordination between member states and the sharing of best practice. That is because we have different layers of responsibility. Obviously we have the Commission, we have national Governments, we have trade unions and we have companies. The evidence that we have received in part over the past few months has shown that the sharing of information and best practice in different countries is not as good as it should be.

Pervenche Berès: As you know, I am a Socialist—a French Socialist—but I can agree with you on this point. This is proving to be a challenge to the whole idea that best practice leads to good governance. It can be seen that best practice might not be enough to ensure that it is spread all over the EU. That is why I think that what we have been doing with regard to the EU Youth Guarantee is the application of a good golden rule. The Youth Guarantee has been implemented in some of the member states that have the best results in youth employment and it is the inspiration of those experiences that has encouraged others to promote the idea that perhaps they should build on the best practice of such member states. What will help to spread good practice is the creation of an EU tool on this basis. Of course, those member states that have good practice around the Youth Guarantee is not an element that can be separated out from things like good social dialogue, the involvement of entrepreneurs who are willing to offer apprenticeships to young people and so on. Even so, I think that the Youth Guarantee has been the inspiration behind such proposals, and that is more than welcome.

When it comes to the role of the trade unions, if we want a well-functioning labour market, we have to better ensure that the trade unions are really involved in it. That will ensure a good social dialogue at both the national and the EU level. This is an area where there is room for improvement in some member states to say the least.

The Chairman: Perhaps I may add a question to the one put by Lord Freeman. Do you think that there is a role for education authorities and schools in this? Part of the problem is that there have been changes in strategy regarding education policies that have resulted in the suggestion that 50% of the population should go to university, implying the higher value, more or less, of academic learning rather than technical training. However, we seem to have lost a lot of our technical colleges in the UK, and a lot of our technical skills. I do not know if it is the case in other member states, but at this stage there is a huge need to encourage people who feel like taking on academic subjects in a university setting to become skilled. There is always the case of the Polish plumbers who have come to the UK. In London, practically all the plumbing is done by Polish nationals because they have excellent technical skills in this area. Moreover, it is a way to go further and develop general engineering skills and then, if necessary, to become late entrants to universities and acquire degrees in engineering. Is that something which is happening in other EU member states?

Pervenche Berès: The question of education is of the essence. We could have a whole hearing on this issue because there is so much to say about it. Also, it lies at the heart of the Lisbon strategy. There is a huge gap in the enforcement of the strategy. When you look at the figures, it is interesting to see that half the member states, as a number, decreased their public spending budgets for education during the implementation period of the Lisbon strategy. I am not saying that successful involvement in any strategy means dedicating a higher budget to it, but if you decrease the budget for one policy it may mean that it does not have a high priority in that member state. We have been discussing this issue with Commissioner Vassiliou, who is in charge of education issues, and we can see it reflected in the policies that have been implemented by some member states.

When aiming to correct a budget deficit, reducing the education budget is a challenge if you believe that the future of the EU lies in a better skilled population. The essence of EU social policy for tomorrow is based on the new concept that Commissioner Andor is promoting. It is very forward-looking around social investment. In France we say that we do not have petrol but we do have ideas, even though that that cannot be extended to the UK today—and even if your petrol will disappear one day as well. We could say that for the whole of Europe, the idea of good qualifications is very important.

There are two other aspects in this area that should be considered. The first is that the bridge between education and the business environment is not the same in all member states. With the crisis, some ideas had been held very much in common before but now need to be revisited. The first of those is the role and the place of industrial policies. Until now in the EU, industrial policy was considered only in terms of competition, the avoidance of trading imbalances, establishing a level playing field, reaching competitive agreements and so on. There is another dimension, and that is the industrial strategy for the Union as such, which is now very much under discussion. The same applies to the image of certain jobs, and this is directly related to your question.

One of the success stories from Germany is the place that apprenticeships enjoy. I think that many countries are revisiting this aspect of their policies as a result. That is not to say that

anyone should build their whole education policy on avoiding the Polish plumber, because that would go completely against the free movement of workers, and that really is not what we want to see. However, it can be said that the appetite of young people for such jobs has suffered somewhat from the stereotype that has been surrounding them.

The Chairman: I should say here that we are all delighted with and very much indebted to our Polish plumbers.

Pervenche Berès: Your Prime Minister has made comments in the past.

The Chairman: Excuse me, but we are not dealing with politics here.

Pervenche Berès: I agree.

The Chairman: We are here genuinely to try to explore the ways and means of dealing with what is a very serious problem across the whole of Europe; it is not an issue just for the UK. Perhaps I may say a word more about our Polish plumbers. Not only are they doing a great job, but they have started up local maintenance service companies and have encouraged a lot of young British people to get involved in plumbing. That is why it is such a success story. We understand perfectly well the issues around the movement of workers, but we have benefited more from immigrant workers than they have cost us.

Pervenche Berès: I can see from the time that my responses are taking too long. Perhaps we should move on.

Q149 Lord Brooke of Alverthorpe: Perhaps we can look at the specific elements of the projects which are being run by the European Union. We have the youth employment programme, the Youth Employment Initiative and the EU Youth Guarantee, about which you have just spoken and which has more money going into it. We also have the new programme for the European Social Fund with money running through to 2020. Would you care to comment briefly on the effectiveness of each of those programmes? Do you think that they could perform better than they do at the moment, and what would you suggest should be changed? Lastly, we have heard in the evidence we have been taking many complaints about the level of confusion generated by the multiplicity of different opportunities for people who are unemployed or in training. Many people feel that they ought to be simplified. Do you think that we need three separate programmes or is there a case to be made for some rationalisation in this area?

Pervenche Berès: Let me be sure that we understand each other. When you refer to the youth employment programme, do you mean the Youth Employment Package? They all form part of the same brickwork. The Youth Employment Package is a broad communication tool for a whole strategy, and within that strategy there are different tools that can be used. The first of those is, of course, the new European Social Fund. The Parliament has strongly insisted that there should be room for financing the Youth Guarantee. There are hard bricks and there are soft bricks in the brickwork. The Youth Employment Package and the Youth Employment Initiative are made of what I would call soft bricks, while the European Social Fund and the Youth Guarantee are hard bricks. I think that they are all very consistent. As we go down the line, the one that is the most prescriptive and the most precise is the Youth Guarantee, and I hope that it will produce the best results. It is, at the very least, the first time that the Union has gone so deeply into defining what could be called a social policy.

Lord Brooke of Alverthorpe: If I may, perhaps I can go back to the last issue. You referred to the role of industrial policy and how in the past it had been focused primarily on ensuring that there was open competition with no hindrance to it. You said that you thought that was changing. Can you develop briefly what changes you envisage and how they would link into employment—and youth employment in particular?

Pervenche Berès: This question falls outside of the hearing as it was foreseen. What the crisis has demonstrated is that the creation of added value moves very much around industrial policies. Further, on competition, there is a firm idea that the EU needs to be ahead in innovation and research. That is directly linked to industrial policies. In former years, it was thought that we could keep our research and innovation while all our polluting and hard industrial work would be done outside the landscape of the Union: that is, we would just have the services. But that does not work, and the current crisis has demonstrated that. You can see a renewal of industrial policy that will help to encourage innovation in industrial policies. Let me take just one example in a sector where your country is performing quite well: the textile industry. You can see that jobs, research and innovation are going along hand in hand. I could also mention other sectors. If you want to create jobs, you have to keep your hand in, in terms of your industrial policies and you have to take a modern view. It is not only about refining steel in better ways.

Lord Brooke of Alverthorpe: It is about taking a view on demand as well as supply.

Pervenche Berès: Yes.

The Chairman: We of course agree with you totally about innovation and research. I am sure that you have read our recent report on these issues.

Q150 Lord Wilson of Tillyorn: Perhaps I may follow up on what Lord Brooke was asking about. Can you help us to get some sort of feel for how well you think that the various member states of the European Union have responded to the initiatives put forward by the Commission?

Pervenche Berès: Which initiatives do you mean? Are you referring to the Youth Guarantee?

Lord Wilson of Tillyorn: Yes, but you said that they all form part of a package. I am in effect referring to all these initiatives as a package.

Pervenche Berès: It may be too early to assess fully what member states have been doing to engage in the implementation of the new European Social Fund and the Youth Guarantee. Even so, you can see that there is great political awareness at the highest European level when you consider the Berlin summit and the summit that was held in Paris. Both those summits were attended at the head of state and government level—just on the issue of youth unemployment. That is a link to my first answer. We can demonstrate that it is a critical question not only for each member state but for the EU as a whole.

As was said at the Paris summit, it is important to ensure that member states put on the table their implementation plans for the Youth Guarantee as soon as possible. Looking at the number of member states that have done so up to now, I can see that some are still missing, among which is your country. It is a pity because the money has been in place since 1 January 2014. The longer member states take to put forward their plans, the longer it will take them to get the money. I think that the Commission will follow up these plans very carefully and, as you know, there will be a big conference in April. Moreover, there is to be a follow-up conference under the Italian presidency, although it is not yet clear whether it will

be held at the end of this semester or at the beginning of the next presidency. There is a willingness at the EU level to look closely at ensuring that the tools accompanying the initiatives that have been set up are used properly because the political challenge of youth unemployment is so great. That, of course, is why I understand why you are producing your report.

Lord Wilson of Tillyorn: Have you seen the responses that have been made by member states that have put forward their plans?

Pervenche Berès: If you come to our ICM on Wednesday morning—

Lord Wilson of Tillyorn: Sadly, we are returning to the UK tomorrow evening.

The Chairman: You shall be returning to the UK, but I shall be going to the meeting.

Pervenche Berès: We will have concrete proposals on the table with member states explaining to us exactly what they have been doing and what they hope to be doing. Last year, ahead of the setting of the Youth Guarantee, we had a very interesting session with colleagues from Finland and Austria. They were 100% convincing on how to tackle this issue and why it needs to be dealt with. There was talk of a bottom-up and a top-down approach, which is the kind of thing that the European Parliament and national parliaments should be doing.

Q151 Lord Wilson of Tillyorn: Thank you very much for that. I am sorry that we will not be able to come to your meeting, but I am glad to note that our Chairman will be there.

Perhaps I may put one last point to you, although it may be a slightly unfair question. How have you rated the response of the various member states? Also, how do you rate the general response of the United Kingdom to these initiatives—not just on the Youth Guarantee?

Pervenche Berès: I am not empowered to rate the member states and I will not venture to make such a response. The EU has its own rating agencies, but I will not settle this one.

The Chairman: Perhaps I may suggest that Ms McIntyre would like to make a comment.

Pervenche Berès: On the UK response? No problem.

The Chairman: She is an MEP and she is concerned about youth unemployment.

Anthea McIntyre: I am here as the deputy co-ordinator for the ECR Group. Sadly, we do not have the co-ordinators from the EPP, the S&D or ALDE. That is probably a function of holding a meeting on a Monday afternoon. People have long distances to travel and I can understand why they are not always here.

I have only a few comments to make on the many questions that have been asked. Youth unemployment is of particular concern to all the countries represented in the Parliament, and it is clear that youth unemployment rates are highest in those countries in the most difficult economic situation. My feeling is that we face a real problem with the skills mismatch. There are something like 4 million vacancies across Europe, which are due to the mismatch in skills. By around 2020, we expect that around 90% of jobs are going to require medium to high-level skills. In ICT, the shortfall is expected to rise from 384,000 to somewhere around 700,000 because we do not have the skills. That has to be a huge focus of our attention. My feeling is that we need to retain flexibility for member states so that

they can address their own particular bottlenecks and I am therefore not in favour of a one-size-fits-all solution.

Turning to the UK, we have had the Youth Contract with a commitment of around £1 billion to it, and we have seen, as has been said, that youth unemployment is coming down. It is really important that we should share best practice across the whole of Europe.

One of the interesting schemes that has not yet been mentioned is Erasmus for Young Entrepreneurs. Right across Europe we have seen a decline in people wanting to become self-employed. It is not a route that is often thought about for young people, but I think that we could do a great deal by providing young people with the business skills that will enable them to set up their own businesses, develop their ideas and be encouraged to create their own enterprises. That is certainly something I think we should pursue.

Germany has been mentioned.

Anthea McIntyre: Do we have a couple of minutes?

The Chairman: I can see that the consensus is that there is no more time. There is a solution. Would you please write to us because that would be very useful to the Committee? I should mention that the real problem is that young people are not actually being prepared for the labour market, which raises a question mark about their employability. This issue relates particularly to the points that have been made about the huge number of vacancies and why there is such a high level of mismatch.

Would anyone like to use our remaining few minutes to add to the comments that have been made during this session?

Pervenche Berès: First, I must thank you all for this exchange of views. I understand that this session will form an official part of your report, so I have to make sure that we look at the whole process in that light. Nevertheless, it is important to make a point as the chair of this Committee, of which Ms McIntyre is one of the members. In the end we have expressed our personal views, not the view of the Committee. As Ms McIntyre has just said, the policy view of the UK would not be shared by the majority of its members. It is important to take that on board. If any members of the Committee are willing to contribute in writing, that is fair enough, but we need to be sure about what you will be reporting. Following the visit made by our parliamentary delegation last year, which unfortunately I was not able to attend, I am happy to see that you are now in Brussels so that we can continue with these exchanges of view. I wish you a very good visit.

Q152 The Chairman: Thank you very much indeed. I should like to make a final point. We have been talking about all these young people who in many cases are without hope, while in other cases they are without any skills. Perhaps you will think about how the perspectives, ideas and views of young people themselves have been gathered in order to help different bodies like the EU, national and local governments to design their responses. We have seen several young witnesses, and those sessions have proved to be very revealing. Have you done that as well, and if so, could we have some indication as to how those interviews went?

Pervenche Berès: Well done for pushing the discussion even though I have tried to close it. We had a hearing in the Employment and Social Affairs Committee way ahead of when the timings for this topic on the agenda at the EU level were becoming urgent. We have also organised hearings with, among others, the NGO representing young people, notably

Génération Précaire, which is a very proactive organisation. The European Commission has also delivered a Youth Employment Package and issued a Communication (Working together for Europe's young people—A call to action on youth unemployment) which we can send to you.

The Chairman: That would be wonderful. Thank you very much.

Big Lottery Fund—Written evidence

House of Lords EU Select Committee—EU action to tackle youth unemployment Call for Evidence September 2013

1. EXECUTIVE SUMMARY

- 1.1. The Big Lottery Fund (the Fund) is the largest Lottery distributor, responsible for distributing 40% of funds raised for 'good causes' from The National Lottery. Since June 2004, we have awarded over £6bn to projects supporting health, education, environment and charitable purposes. In 2012/2013 92% of our funding went directly to the voluntary, community sector and social enterprise (VCSE) organisations.
- 1.2. The Big Lottery Fund has supported a wealth of projects and organisations that seek to combat youth unemployment across the UK. We have made awards worth around £300 million to projects supporting young people, ranging from small community based grants to large investments in national VCSE organisations.
- 1.3. Many of our initiatives are targeted at young people who are not in education, employment or training or those moving from education to full-time work. In supporting young people the Fund has also found that there is a particular need to support young people experiencing challenging life transitions, such as leaving care or young offenders. All our investments focus on hard to reach young people and some focus on specific groups that require dedicated support, including young carers, young people leaving care and young people leaving youth offending institutions.
- 1.4. This submission seeks to make a contribution to this call for evidence by sharing highlights from the Fund's experience in supporting work in this area, as well as good practice and learning from evaluations of our investments. The information enclosed is of particular relevance to Question 5 (examples of successful initiatives, which could serve to inform the YEUE and ESF funding allocations) and Question 6 (best practice in involving young people and their representatives in decisions about the funding and delivery of relevant projects)
- 1.5. Big Lottery funding is required to be additional to that provided by government. We are keen to share learning from our investments about the ways that National Lottery income can help to inform and complement government funded initiatives.

2. SUPPORTING YOUNG PEOPLE INTO EMPLOYMENT

- 2.1 In June 2012 the Fund launched **Talent Match (England)**, a major new £100 million investment that seeks to support young people aged 18 - 24 in England who are furthest from the labour market (e.g. those who have been out of work, education or training for over 12 months, or those who are completely disengaged from benefits and other systems). Big Lottery funding will be used to create pathways for young people, employers and other organisations to come together and help young people

find work or set up their own enterprises. Talent Match goes beyond simply improving the employability of young people, intending to address barriers to work and achieve sustainable, meaningful employment for a significant number of those engaged.

- 2.2 **Of relevance to Question 6:** The Fund co-designed this investment with a team of young people aged 16-25 and worked with a range of experts to determine how Lottery funding might best make a positive contribution. Young people also acted as full Committee members alongside the Fund's Committee making decisions on Talent Match applications. A video and a podcast illustrate why the young people got involved in our investment and why it is so important to involve young people in decisions of this kind. These can be viewed at the Fund's website at <http://www.biglotteryfund.org.uk/global-content/programmes/england/talent-match>.
- 2.3 We have used evidence on areas such as unemployment levels and employment opportunities to target 21 areas across England where we will seek to achieve a significant and lasting impact. We have taken a range of considerations and the advice of stakeholders and young people into account when deciding where to target, and chosen the geographic areas covered by Local Enterprise Partnerships (LEP) as our start point, these areas reflecting economic rather than traditional boundaries. In each of these areas partnerships have been formed to bring about locally owned solutions to local youth unemployment issues and to use their local intelligence and experience to further refine our chosen areas.
- 2.4 Each of the 21 target areas will receive a grant of between £1 million and £10 million for a portfolio of activities lasting up to five years. All partnerships are led by a VCSE organisation with experience of working with young people who are not in work, education or training and include representatives from local businesses, employers, education and training providers and local authorities. For details of the 21 target areas and contact information for each partnership lead, see <http://www.biglotteryfund.org.uk/global-content/programmes/england/talent-match>
- 2.5 The Big Lottery Fund is offering LEPs the opportunity to 'opt-in' with us for a single delivery and match-funding service through their 2014-2020 European Structural and Investment Fund strategies. Our offer aligns to the social inclusion and poverty objective. Over the coming months, we will be working closely with those LEPs that decide to opt-in to understand their local needs and refine the delivery arrangements. From conversations already in train, we expect that our learning, expertise and networks from Talent Match will be of considerable interest to LEPs, and a strong element of many of their strategies. We will work to share learning across our work involving European funding in England.
- 2.6 Talent Match will involve a significant economic evaluation, which will seek to inform commissioners of future services aimed at supporting young people into employment, and will share learning and facilitate networking from projects as they begin to roll out.
- 2.7 Over £200m was awarded through the **Young People's Fund (YPF)** supporting projects across the UK that provide activities for disadvantaged or vulnerable young people,

including young people who are losing touch with the education system. Arrangements and approaches for the programmes varied, but all highlighted the importance of actively involving young people in planning and running projects that set out to – among other aims – improve young people’s confidence, well-being and engagement in the economy and wider society. Across the UK, about 700,000 young people took part in YPF projects. Young people served on award-making panels for grants to national organisations, local organisations and individuals. **(Question 6)**

- 2.8 Projects have also helped to develop young people’s employability skills, including presentation and communication skills, leadership, and assertiveness. For instance 3,356 young people aged 11 to 25 received awards of £250 to £5,000 to run their own project as part of Big Boost. Many of them benefited from training and developed skills for their future careers including team working, communication and decision making. In Scotland YPF consistently helped between 6% and 16% of young people to access employment, go to college, access an apprenticeship or training or to go to university.
- 2.9 A range of YPF programme evaluation reports have captured learning and informed our current and future investments in this area. As well as considering the overall success of projects and programmes in achieving what they set out to, the evaluation had a strong focus on considering approaches to effective involvement by young people – so the publications available here include good practice guides on that and related subjects **(Question 6)**. The reports can be found here: <http://www.biglotteryfund.org.uk/research/children-and-young-people/evaluating-the-young-peoples-fund>.
- 2.10 The **Getting Ahead (Wales)** programme is a £3.4 million investment, which seeks to engage, prepare and motivate young people aged 16–18 years into undertaking a six month paid supported work placement in order to enhance their chances of progressing into sustainable employment or further learning or training by increasing their employability skills. It will target young people aged 16-18 who have offended and young people who are leaving care. The programme is funded by money from dormant bank accounts. How to spend this money was been decided by the Welsh Government and the Fund has worked closely with the Welsh Government to develop this programme. <http://www.bigfund.org.uk/global-content/programmes/wales/getting-ahead>
- 2.11 The **Life Skills (Wales)** programme is jointly funded with the Welsh European Funding Office, and matches Lottery funding with European Structural Funds. The programme enables care leavers, carers and former carers and economically inactive families to develop their life skills, increase their confidence, and reengage and continue to access education, learning, volunteering or employment. Four contracts worth £2.4 million were awarded in 2011/12 following a competitive procurement process.
- 2.12 The £28 million **Reaching Out: Empowering Young People (ROEYP, Northern Ireland)** programme seeks to make a difference to young people in Northern Ireland. Young people who are disengaged from education or at risk of getting involved in crime are a key group that this funding will support to make positive changes in their lives. A

number of the projects supported through this fund provide courses to help young people build the skills to find employment. Further information on the projects supported through this investment can be found here

www.biglotteryfund.org.uk/global-content/press-releases/northern-ireland/070213_ni_eyf_awarded-major-lottery-grants

- 2.13 **Of relevance to Question 6:** young people were involved at all stages of the ROEYP programme, including project design and decision making. A total of 400 young people attended consultation activities across a four month period. This involved half-day or shorter events. Four ‘at risk’ young people served on the award-making committee. An intermediary organisation undertook facilitation of the beneficiary group. A case study exploring the involvement of young people in ROEYP was produced by IVAR for an independent report into how beneficiary involvement in decisions about what is most important to them. For more information see <http://www.biglotteryfund.org.uk/research/better-funding/involving-beneficiaries>

- 2.14 The **Young Start (Scotland) programme** will deliver funding to people and communities most in need in Scotland. £8.9 million of funding from dormant bank accounts will help children and young people in Scotland become more confident, healthy, connected and enterprising. One element of this fund is supporting young people to be better prepared for employment or to establish their own enterprise. This includes supporting work experience placements with local employers and volunteering placements with social enterprises. For more information see <http://www.bigfund.org.uk/global-content/programmes/scotland/young-start>

3. SUPPORTING YOUNG PEOPLE BY ENCOURAGING CROSS SECTOR PARTNERSHIPS

- 3.1 **Of relevance to Question 5:** As already mentioned, Talent Match brings together a wide cross-sector partnership in each target area, including partners who had not worked together before. We facilitated this in Talent Match through the use of Big Lottery Fund Advisers in each area, who acted as a dedicated point of contact and ‘critical friend’ to each partnership to aid its development. The Fund has also funded an innovative and effective cross sector partnership of employers in the public, private and third sectors offering vocational training for young people.

Community Fixers

The Fund has awarded £1,710,161 to the Federation of London Youth Clubs (FLYC) to deliver a programme of shared learning of practical skills through the refurbishment of empty council owned social housing in a state of disrepair. The Community Fixers scheme brings together young people, adult volunteers and older retired or semi-retired trade people to offer practical learning through the repair and renovation of 40 empty houses across the London Borough of Lambeth, fitting with the council's Empty Property Strategy.

The award followed a successful community regeneration pilot project in Brixton, Lambeth to develop vocational skills for young people, delivered by a cross sector

partnership including Voluntary sector, Local Authority and local business. The pilot focused on enabling inter-generational skills sharing through the repair and return to use of empty homes. For more information see <http://volunteerityourself.com/>.

Community Fixers will allow 1,500 young volunteers aged 14-24 (mainly NEET) the opportunity to learn in a non-classroom environment with the aim of achieving a National Open College Network qualification by learning and applying new skills to enhance progress into further training, work placements or employment. Skills will include carpentry, plumbing, electrical skills, decorating and glazing. The scheme also offers volunteering opportunities for 800 adults and 400 retired or semi-retired, but still active trades-people.

The project will also address the wasted resource of empty properties which attract social problems such as crime and drug use whilst encouraging shared inter-generational learning, with older people passing on their skills and knowledge. Graduates of the first year of the project will be encouraged to return as mentors in the second year.

As well as a partnership with Lambeth Council, further support will be offered by project partners such as London Youth and The Co-Sponsorship Agency. FLYC will use its links with youth clubs to engage with young people who are turned off by formal education. The Beth Johnson Foundation will monitor and evaluate the intergenerational aspect to identify and disseminate best practice. Trade volunteers will be recruited from groups such as Men In Sheds and Retired Trades Association, while local building companies and traders will help supply tools and materials, with an agreement with Wicks already established.

4. LEARNING AND GOOD PRACTICE ABOUT WHAT WORKS IN SUPPORTING YOUNG PEOPLE

- 4.1 The Fund has a lot of learning based on programme evaluations, as well as a number of reports for people developing and running programmes or projects for young people. Evaluations from the range of our investments highlight the following learning points:
- 4.2 Holistic approaches that take account of young people's wider concerns and experiences are far likely to be effective. Partnerships between statutory and voluntary providers can be an effective way of achieving this, as highlighted above—statutory services have comparatively universal reach, while voluntary services can offer more flexibility and personalised support. The latter can also help to overcome mistrust of statutory services.
- 4.3 Summer holidays at the end of compulsory education had earlier been recognised as a risk for allowing young people to fall out of touch with education, guidance and employment services. But the roots of disengagement may go back a lot further. Successful interventions are likely to take explicit account of these factors.

Big Lottery Fund—Written evidence

- 4.4 Initiatives need to be very clear about what they intend to achieve and to elaborate detailed and shared understandings of how to get there. Many initiatives fail to meet stakeholder expectations because of unstated assumptions that can easily lead to confusion when operationalised: focusing on developing self-esteem, for instance, is unlikely to lead directly to higher participation in education.
- 4.5 Involving young people directly in planning and running interventions can be a powerful motivator, not only by promoting more relevant and “owned” services, but by helping young people to develop experience, confidence and skills that are readily transferable to the world of work.
- 4.6 Employers are not only interested in qualifications: they increasingly value softer personal skills, many of which can be nurtured if necessary outside of formal educational provision. Opening young people up to new experiences and to meeting others from different backgrounds can be particularly effective in supporting this approach.
- 4.7 Many of the projects the Fund supports gather their own learning, are models of good practice and support new and innovative approaches to tackling an issue. Case studies and details of projects we have funded are available from our website www.biglotteryfund.org.uk/funding/big-stories

7 October 2013

Birmingham City Council—Written evidence

EU Action to tackle youth unemployment: House of Lords – Call for Evidence

1. PURPOSE

1.1 This paper provides a response from Birmingham City Council as evidence to the House of Lords Inquiry into EU action to tackle youth unemployment. As the largest local authority in the country and the core city in GBSLEP¹, youth unemployment is very high priority. Specifically this paper addresses the **need to focus EU funding to add value to current national efforts** to tackle youth unemployment, reflecting the experience of Birmingham over recent years as well as addressing what we regard as the **shortfalls of current government activity** which require a more localised flexible resource to deliver greater impact. The evidence relates primarily to **Question 2: how EU funds can best add value; and Question 4: how EU funds for youth unemployment could best be spent**, and are set in the context of the current development by GBSLEP of its EU structural and investment fund prospectus. **Reference to other questions may be contained within the context of this paper, we would welcome the opportunity to discuss these further with members of the Inquiry at a later date**

1.2 **We believe that this paper is the first stage in providing evidence to the Inquiry and we would welcome the opportunity to also give verbal evidence and offer Inquiry members the opportunity to visit Birmingham and the wider LEP area so that they can see at first hand both the issues and discuss how EU funding can best add value to existing and future provision.**

2. EVIDENCE OF LOCAL CHALLENGE: UNDERSTANDING OF YOUTH UNEMPLOYMENT

2.1 The GBSLEP area is home to high concentrations of young people, of those that are economically active, too many are out of work, and not enough are actively engaged or readily participating, in the plethora of support directed at young people (e.g. Youth Contract) through mainstream and other localised employability and skills programmes. Over 27% of active job seekers in the GBSLEP area are young people between the ages of 18 and 24 years. 82% (12,600) of those claiming JSA are resident in Birmingham and Solihull, with 5,065 unemployed more than 6 months, and 2,875 for more than 12 months. **The largest number (11,480) of young JSA claimants in the GBSLEP are resident in Birmingham. Of these 41% (4,650) have been on JSA for more than 6 months. (ONS September 2013).**

2.2

¹ Greater Birmingham and Solihull Local Enterprise Partnership

2.3

In addition to this it is widely documented and evident that the stock of unemployed people aged 18 to 24 years is in reality, much greater. This is because they are NEET and not claiming nor being tracked by public sector agencies (e.g. DWP). The figures above will not capture or reflect this grouping. Although JSA claimant figures for 18 - 24 year olds fluctuate on a monthly basis there is insufficient movement and off-flow to signal a lasting and positive reduction in the numbers. In fact, the general trend in Birmingham and North Solihull remains substantially unaltered and points to a deeper issue of long term youth unemployment being entrenched. The clear danger is that if we do nothing, the large number of young people out of work now will stay out of work for a long time, creating lasting problems for them, for Birmingham and also for the Greater Birmingham & Solihull area as a whole.

In recognition of the scale of youth unemployment nationally, and the growing impact on Birmingham as the City at the heart of the Greater Birmingham and Solihull Local Enterprise Partnership in particular; the **Birmingham Youth Unemployment Commission** was convened to examine the root causes and to propose recommendations for short, medium and long term action. The rapid review included a close examination and analysis of the employability, skills development, employment-related support programmes and business incentives already in place to tackle youth unemployment. The Commission gathered evidence from the city's strategic partners, cross-sector agencies and field practitioners and expert witnesses involved in the management and delivery of programmes. The report was published and launched in January 2013 carrying with it, a series of high level recommendations.

(www.birmingham.gov.uk/youthunemploymentcommission). In addition to the above, DWP's release of JSA statistics relating to the **flows and duration of unemployment benefit claims by ethnicity**, a deeper insight into the differences between the main ethnic groups in Birmingham. Understanding these dynamics helps us design appropriate interventions for different groups. For instance, groups with a high proportion of long-term claimants and a low proportion flowing off each month, are best served by support that include projects aimed at those who are unaccustomed to work i.e. access to localised services and bespoke paid sheltered work experience. Whereas, groups with a higher turnover of claimants is likely to include people who have a pattern of working for a short time and then returning to claiming benefits. Flow data for the 12 months to December 2012 was analysed and the proportion of total claimants who stop claiming, i.e. flow off each month, was calculated. This gives a measure of how dynamic the claimant group is. The higher the proportion, the more dynamic the claimant group – i.e. a greater proportion of total claimants leave the benefit each month.

3. THE BIRMINGHAM EXPERIENCE

3.1 Birmingham has a proven track record in managing ESF and ERDF

programmes. During 2002-8, it was an **ESF Co financing Organisation** managing the commissioning of over £19 million to support people into employment and training across the whole area plus concentrated support on the five most deprived areas. It followed a single pot approach securing £10.5 million match from mainstream BCC resources and the districts (BCC acts as broker through local management structures) and resources from national regeneration programmes (including SRB, NDC and NRF). This ensured all investment was strategically focused on the area avoiding duplication and maximising added value. 70% of contracts were awarded to the third sector. The 2005/8 programme, £9 million of resources assisted 3,388 people into employment and 2,133 into training. BCC, through its current ERDF programme, has a £24 million Action Plan under the Sustainable Urban Development strand focusing on regeneration in the city's five most deprived areas. Unfortunately the current ESF delivery model does not enable them to align physical economic development initiatives through ERDF to employment and skills initiatives through ESF in a way it did in the 2002-2008 period.

- 3.2 During 2008 – 2011, the City Council managed and commissioned £57m of **Working Neighbourhoods Fund** against an agreed delivery plan which targeted local priorities. The programme delivered 4,149 Birmingham residents into jobs, 3,456 people from the most deprived areas of the City into jobs; many of these WNF projects have been held to be models of best practice in terms of local delivery. Delivery of this programme was largely contracted by the City on a payment by results model.
- 3.3 The **Future Jobs Fund** was introduced by the Department for Work and Pensions (DWP) in 2009 as a response to significant concerns about the long-term effects of rising youth unemployment. DWP pledged 150,000 temporary paid jobs lasting six months for unemployed young people and people living in disadvantaged areas, with a maximum DWP contribution of £6,500 per job. The Coalition Government made the decision to end the FJF shortly after taking office in May 2010, citing high costs. In Birmingham the programme successfully delivered 2310 people into jobs. Evaluation of the programme overall showed that there were a number of significant benefits, and this was true of Birmingham too. The programme:
- provided people with a real job with a real wage at a time when few were available
 - engaged employers, many of whom say they are now more likely to employ an unemployed young person or engage with future welfare to work programmes
 - moved people off long-term benefits, many of whom had been claiming for decades or had multiple barriers to employment
 - increased the distances people were prepared to travel to work
- The weakness of the initiative was that it relied on public and third sector organisations and did not fully engage the private sector. The positive aspects of the Future Jobs Fund have been picked up and transferred into

Birmingham’s Young Talent for Business Initiative which is described later in this paper.

- 3.4 The continued effects on **public sector expenditure cuts** in recent years have had a massive effect on the number of specialist organisations delivering support to young people, **effectively dismantling and fragmenting the local support services** that have previously existed to support young people generally, including specialised employment and skills support, for example the reduction in the Connexions Service as operated by Birmingham City Council.
- 3.5 The **WiSH** Pilot project was one of five national co-design schemes developed in partnership with the Department for Work and Pensions (DWP). The aim was to bring together DWP, Local Authorities and local partners to explore and test new solutions in tackling worklessness, demonstrate effective partnership working and develop a shared understanding of the evidence on what works. In Birmingham the approach involved a **delivery partnership** formed through the secondment and attachment of staff from DWP District office, Midland Heart (a Social landlord), Pertemps People Development Group and Birmingham City Council. The project developed and delivered a flexible personal support and coaching service focused on hardest to place unemployed clients in the Shard End and Lozells & East Handsworth wards. Coaches, who delivered on an outreach basis in community settings and places of trust, provided personal support which sought a balance between nurturing clients and challenging self limiting behaviours and beliefs. They also acted as lead professionals and advocates for individual service users coordinating a range of support to clients from public and third sector providers. The project supported 511 hard to place unemployed clients during the 2 years of project delivery up until March 2013. The approach has been recognised as good practice by DWP District Office who have adopted and applied the WiSH principles to their deployment of advisers in response to Troubled Families and Welfare benefits changes.
- 3.6 Following the publication of the report of the **Birmingham Commission on Youth Unemployment** and the announcement of the multi-million pound **Birmingham Jobs Fund** on 22 January 2013. The fund comprises £2 million from Birmingham City Council, £1.5 million worth of “passported” Apprenticeship Grants for Employers (AGE) through NAS and £50,000 DWP Flexible Support Fund. Badged as **Young Talent for Business**, the Birmingham Jobs Fund approach comprises:
- **A multi-agency “call to arms” campaign** to Birmingham’s employers to recruit young people into jobs and apprenticeships.
 - **A “core offer” integrated package of incentives to employers** to take on young people available in staged payments after job entry, at 13 week and 26 week retention points. This package allows us to double existing levels of incentive to employers (i.e. up to £3,000 per apprentice and up to £4,550 per young person recruited to a substantive non-apprenticeship

post.

- **Local Exemplar Initiatives:** - the commissioning of bespoke locally focused initiatives with the primary aim of supporting young people with more complex/multiple barriers into employment. Projects will involve employers in all sectors in partnership with intermediary agencies. The aim is to create supported “pipelines” to substantive employment (including paid work experience with mentoring and coaching).

3.7 So far key achievements of the Birmingham Jobs Fund have included:

- The establishment of a multi agency team (MAT) to address youth unemployment comprising staff from DWP, Birmingham City Council, NAS and Marketing Birmingham.
- An integrated approach marketing approach” yielded 1459 pledges in 100 days from employers to recruit young NEET and young unemployed for 6 months plus Birmingham residents to apprenticeship opportunities. These vacancies are being targeted at Birmingham’s young unemployed through a variety of channels including the establishment of local access points within communities to provide grass roots referrals for those not traditionally engaged
- A major East Birmingham youth Job Fair on 5th July which attracted over 2,000 young people and around 35 employers which will be replicated in other areas of the City

3.8 Birmingham City Council delivers an **Employment Access function** by fully exploiting it’s unique position to identify and capture jobs that can be opened up to “priority” candidates. and co-ordinating a multi-agency response to the needs of employers recruiting to new jobs locally. Working within strong local partnership arrangements with DWP, NAS and the Skills Funding Agency, and plays its part by using its influence through the following processes:

- **BCC Procurement Policy for Jobs and Skills** -placing contract conditions on organisations tendering for work with the city council), -now incorporated into the new Birmingham Business Charter for Social Responsibility
- **Planning Agreements** -agreeing with developers and end-use employers the mechanisms for them to recruit against their workforce requirements.
- **Marketing Birmingham** -liaison with the inward investment arm of Business Birmingham to look at the realistic ‘prospects’ for investment in Birmingham – and the jobs thus derived.
- **finditinbirmingham** -picking up on organisations wishing to use the FIIB business portal/website to recruit to their vacancies

3.9 Securing interest through these means leads to a customised employer-facing recruitment service either directly led by the Employment Access Team or by working in partnership with others, e.g. Jobcentre Plus, Colleges and training and employment support intermediaries so as to ensure the best outcomes for Birmingham residents. This will be a job matching service

against individual vacancies, or where numbers permit, the marshalling of bespoke pre-employment training courses – leading to guaranteed employer-interviews. In other words the Council rallies key partners and creates Targeted Recruitment & Training campaigns to meet the employers’ recruitment requirements which draws in resources to prepare unemployed residents for specific vacancies. Strong partnership relationships with key employers have been developed through this route including the agreement of Employment & Skills Charters with developers and end use companies in respect of major developments.

3.10 **These Birmingham led approaches underpin the delivery of the GBSLEP City Deal and the Skills for Growth Action Plan launched in May 2013, providing a very specific localised approach to address broader LEP priorities and to meet the specific challenges that face Birmingham.**

4 NATIONALLY COMMISSIONED AND DELIVERED PROGRAMMES – THE ISSUES

4.1 *Lack of geographical targeting and local accountability*

In the immediate past most ESF and DWP contracts do not include explicit local delivery targets at even a city/ sub-regional level let alone focus activity on specific communities or neighbourhoods within the City boundary. By contrast, when the City Council operated as an ESF Co-financing agency contracts were split by sub-city geography and community of interest. This model of local targeting was then extended to the Working Neighbourhoods Fund arrangements managed through the Council where 41 locality specific contracts were let with specific reference to targets set within Neighbourhood Employment and Skills Plans and prescribed activity was actively promoted in the 235 Super Output Areas in the city where worklessness rates exceeded 25%. It is felt that this level of locality targeting was more effective in focusing activity on service users with the most complex barriers and was certainly more transparent and accountable in terms of impact on specific areas and communities. Moreover, because contracts were relatively smaller in scale the level of engagement of third sector agencies in delivery arrangements was greater giving more scope to “buy in” services delivered in a way that was explicitly responsive to local circumstances. Of the 41 WNF contracts linked to Neighbourhood Employment and Skills Plan targets, 18 (i.e. 44%) were awarded to third sector agencies as lead providers- this represented 36% of the total contract value.

4.2 *Impact of payment by results and price based competitive tendering approach to commissioning*

DWP, and to a lesser extent SFA commissioning, has in the past focussed upon payment by results models with small (and tapering) attachment fees and the bulk of contract fees being drawn down in arrears on the basis of achievement and sustainment of outcomes. This potentially has two effects:

- The risk and cash flow issues associated with such an approach have

militated against smaller, particularly local third sector, delivery agencies winning and maintaining contracts.

- Prime contractors have no incentive to invest time and resource “up front” to appropriately meet the needs of clients with complex needs, particularly since these are specifically the clients who are at most risk of not progressing rapidly to the point where they succeed and generate outcome related fee income for the provider

Moreover, the overtly price competitive nature of much of the commissioning that has occurred (as opposed to placing the balance of tender assessment criteria on quality) has compounded these effects causing Prime contractors to discount their prices in order to win contracts to an extent where significant up front investment in clients is increasingly problematic, and where Primes either chose to retain value by delivering directly rather than entering into sub-contracts with locally based agencies, or seek to sub-contract/ spot purchase at meagre fee rates often on a call off, rather than prescribed volume, basis.

4.3 ***Impact of commissioning Prime Contractors***

Both DWP and the Skills Funding Agency have in recent years opted to let ESF funded contracts at a regional level, paying lip service to delivering against local priorities which were not bound up into contracts. The net effect of this approach is that contracts are very large (ESF Families was £28 million over 3 years for the whole of the West Midlands region) thus in effect restricting bidding to large Prime contractors who can both demonstrate pan regional service capacity and coverage, and have the financial resources and cash flow position to effectively manage the risk associated with such contracts. This has advantages for the commissioning body in terms of efficiency- i.e. they are managing a smaller number of large contracts. **However, it is our experience that there is considerable risk that the effectiveness of programmes is compromised.** Specifically, this approach limits the ability to tailor delivery based on local knowledge of client group barriers and to route delivery through established community infrastructure which form places of trust for service users. Obviously the quality of what’s delivered in practice does vary from contractor to contractor. Moreover, the tailoring of local delivery could in theory still occur through proactive delivery relationships between local agencies and the Prime contractors- although locally in Birmingham instances of these relationships being developed in practice are limited

4.4 ***Adding value through involving Third Sector in Delivery***

As a result of the factors described above (and the general reduction in public spending that previously underpinned the Voluntary and community sector through grant sources), many third sector agencies in Birmingham have either had to close, scale down or curtail their employment support/ economic inclusion activities in favour of other, more fundable/ sustainable service activities. This is seen as a significant problem in that the value that such agencies can add around creating responsive services for communities

including young people with complex needs in places of trust is lost to the employment support sector in the City. Some successful activities have continued and developed, notably where consortia such as BEST Network have drawn agencies together to act collectively achieving scale, and in the case of BEST winning a DWP Innovation Fund contract in conjunction with a Private sector investor and agreeing a small but increasing level of specialist service purchasing arrangements with Prime contractors around ESF Families and DWP Work Programme.

4.5 ***Lack of alignment between ESF and other funded programmes***

Certainly in the case of DWP ESF Families commissioning seems to have lacked depth of thought around the alignment of the programme with other activity notably the DCLG Troubled families initiative. Similarly, recent commissioning by the Skills Funding Agency around Skills Support for the Unemployed contained an element around the management of apprenticeship incentive grant to employers which appears to cut across recent announcements in respect of similar incentive grants available in core cities through the National Apprenticeship Scheme.

5 **IMPLICATIONS FOR EU STRUCTURAL FUNDS 2014-20**

5.1 **The devolution of EU (ESF - £110m) and Youth Employment Initiative funds (£19m 2014-16) to the GBSLEP is welcomed.**

In practice an approach which sought to flow at least a significant element of the available ESF/ structural fund allocation through some form of Integrated territorial Investment vehicle with the Core city local authority (and its surrounding LEP area) at its heart would appear to give the best scope for positively addressing the apparent weaknesses in the commissioning of ESF funded services. Specifically this could;

- Incorporate appropriate local targeting and accountability into contracting processes
- Operate at a more local, responsive and flexible scale
- Forge a more sustainable and value adding partnership with local and third sector agencies that are vital to the effective engagement of workless residents with the most complex labour market barriers.
- Create and sustain local strategic relationships which could more effectively “knit together” European resources with the network of other funding and employment support provision available to residents of core cities.
- Allow greater scope and powers to align existing government activity, and explore potential to **co-commission** activity against a single specification or set of specifications against identified needs of spatial areas or particular client groups,

5.2 ***What works?***

- Local evidence and young people cite a need for front line services to be **delivered in places of trust that are visible and accessible to young**

people. Local access points better engage young people, raise awareness of opportunities and provide first level support, coaching and confidence building leading to existing employment support activities. Local access points in neighbourhoods where unemployment is highest and most persistent can respond best to barriers and cultural needs, in order to ensure the most appropriate interventions.

- Underpinning client support with the **preparation and matching to a range of jobs and apprenticeship opportunities** levered in through a range of activities including government employer incentives. In particular, to relate support activities to a form of “**youth guarantee**” in the form of a job, apprenticeship, training.
- Embedding a **partnership model** of delivery that aligns existing government funded provision with flexible and discretionary funding to provide a tailored holistic response based on sound analysis of need.

6 THE BIRMINGHAM/GBSLEP RESPONSE

6.1 *Delivery of EU funds 2014 – 2020*

We believe that the ability to commission against local priorities at a scale that provides the most effective and appropriate support to Birmingham’s young people will deliver better outcomes and be more closely aligned to other local and national initiatives. **In short: allow the agencies that are dealing with the problem and consequences of youth unemployment have the resource to deploy in the most effective way.** .In practice what we need to achieve now is an approach which sought to flow at least a significant element of the available ESF/ structural fund allocation through some form of Integrated territorial Investment vehicle with the Core city local authority and the surround LEP area at its heart would appear to give the best scope for positively addressing the apparent weaknesses in the commissioning of ESF funded services. Specifically this could;

- Incorporate appropriate local targeting and accountability into contracting processes
- Operate at a more local, responsive and flexible scale
- Operate an outcomes model which relates to a pathway and calls upon the expertise of a broad range of organisations.
- Forge a more sustainable and value adding partnership with local and third sector agencies that are vital to the effective engagement of workless residents with the most complex labour market barriers.
- Create and sustain local strategic relationships which could more effectively “knit together” European resources with the network of other funding and employment support provision available to residents of core cities.
- Allow greater scope and powers to align existing government activity, and explore potential to **co-commission** activity against a single specification or set of specifications against identified needs of spatial areas or particular client groups,

6.2 **What types of Actions?**

We will be looking at actions that will:

- Deliver **locally accessed** referral mechanisms to establish appropriate interventions and first stage individual action plans to align with other delivery and respond to what young people say will help
- Provide **sector based work support** for individuals to help them update their skills and knowledge and support emerging growth sectors and sectors with anticipated skills shortages.
- Deliver **enhanced job matching** to deliver young people to sustainable jobs.
- Provide **post employment support** that will ensure that retention in **sustainable employment**.
- Provide a **flexible** and immediate response to identified skills shortages.
- Promoting and supporting **enterprise** and **self-employment** as a credible route out of worklessness or **as a real option for young people**.
- Deliver **tailored personalised support** such as personal coaching and mentoring to support for those furthest away from the labour market.
- Deliver appropriate interventions for groups with a high proportion of long-term claimants
- Deliver quality, structured, impartial advice and guidance, and assessment for employability and skills development, in particular to support the needs of the growth sectors.
- Address **risk of NEET indicators** by providing early intervention.
- Improve **access to experience of work** for those with multiple and complex barriers
- Provide support to SMEs to offer employment opportunities and deliver pathways within employment to higher skills.
- Use technology to mitigate the impact of migration and cross border working employment.

The key point here is not **what** support is provided; **how** that support is delivered can be even more significant (ie: In depth, non-time limited, personal coaching relationship between client and adviser exploring motivation and seeking to achieve appropriate balance between nurturing support and the challenging of limiting self belief and behaviours. Integrated partnership approach delivered in community settings and places of trust. In addition we need to ensure that the provision that is offered **directly relates to the labour market or a pathway to the opportunities that greater economic growth engendered by the Greater Birmingham and Solihull Local Enterprise Partnership as part of a “youth guarantee”**.

In order to add value to current and future government programmes particular emphasis needs to be placed on young people from neighbourhoods and communities of interest where they face disproportionate barriers to, and exclusion from, the labour market.

Specific priority groups identified are;

- Residents from high geographical concentrations of youth unemployment
- Young people leaving local authority care
- Young people with Disabilities/ Learning Difficulties
- Young people from Troubled families (as defined by DCLG)
- Young people at Risk of Offending

6.3 ***Determining Success***

Successful interventions need to be measured not simply on the volumes of outcomes but the impact on a broader spectrum of indicators such as the rates of unemployment/crime levels/NEETs/educational qualifications. The tracking of clients through is being explored in Birmingham by looking at the piloting of a Young Person's SMART IT and "credit accumulation tool, which will record progress by recording and evidencing gained competencies.

20 October 2013

Shilpi Akbar, Birmingham City Council, Lloyd Broad, Birmingham City Council, and Alex Conway, Greater London Authority—Oral evidence (QQ 30-47)

Evidence Session No. 3

Heard in Public

Questions 30 - 47

MONDAY 11 NOVEMBER 2013

Members present

Baroness O’Cathain (Chairman)

Lord Brooke of Alverthorpe

Lord Clinton-Davis

Lord Cotter

Lord Fearn

Lord Freeman

Lord Haskel

Lord Kakkar

Baroness Valentine

Lord Wilson of Tillyorn

Examination of Witnesses

Shilpi Akbar, Assistant Director for Employment, Birmingham City Council, **Lloyd Broad**, Head of European and International Affairs, Birmingham City Council, and **Alex Conway**, European Programmes Director at the Greater London Authority

Q30 The Chairman: A big welcome to you. Thank you very much, and a particular thank you for the paper produced by the Head of International Affairs, Birmingham City Council, and the Assistant Director for Employment. Mr Conway, I am sorry we did not have written evidence from you, but I am sure you will be able to come in and we will ask you what your views are of the situation, too. Before we start, I must remind Members that they have to declare their interests. Are there any interests here declared? Yes, Lady Valentine.

Baroness Valentine: Possibly that I am chief executive of London First, for the purposes of Alex Conway being here.

Shilpi Akbar, Birmingham City Council, Lloyd Broad, Birmingham City Council, and Alex Conway, Greater London Authority—Oral evidence (QQ 30-47)

The Chairman: Thank you. The session is broadcast live and, therefore, sotto voce remarks should be avoided. The session will last approximately 60 minutes. The relevant interests of Members of the Committee, as I say, have been declared. It is on record. It is being webcast live and will be subsequently accessible via the parliamentary website. The witnesses will receive a transcript of the session to check and correct, and this will be put on the public record in printed form and, again, on the parliamentary website. Before we start, I want to ask if you could begin by stating your names and official titles for the record.

Alex Conway: I am Alex Conway. I am the European Programmes Director at the Greater London Authority.

Lloyd Broad: My name is Lloyd Broad. I am Head of European and International Affairs at Birmingham City Council.

Shilpi Akbar: My name is Shilpi Akbar. I am the Assistant Director for Employment, Birmingham City Council.

The Chairman: Thank you very much indeed. I would like to invite all three of you, or one or two of you, to give an opening statement if you want to. If not, we can go straight into the questions.

Alex Conway: Shall I start, and then if Lloyd or Shilpi want to?

The Chairman: Yes.

Alex Conway: First, thank you for inviting me, my Lord Chairman, and for the opportunity to make these opening remarks. I thought it might be helpful if I briefly set out the arrangements in London in using this money, which are a little different from elsewhere. Our European regional development fund and European social fund programmes are worth over £1 billion over seven years, and that is half EU funding, half match funding. Outside London, local enterprise partnerships have been charged with developing a pipeline of projects but civil servants remain responsible for programme management, whereas my team at the GLA manage both ERDF and ESF in London as an intermediate body on behalf of Government.

Our local enterprise partnership arrangements also differ a little. We have a London Enterprise Panel appointed and chaired by the Mayor, and it is the body through which the mayoralty works with London's boroughs, business and Transport for London to take a strategic view of London's regeneration, employment and skills agenda. Like other LEPs, it has a very high level of business representation.

Our LEP produced its jobs and growth plan for London earlier this year and the Government has since asked all LEPs to produce an EU funds strategy, which includes how the youth employment initiative is to be used. Our LEP's EU fund strategy sets out how that EU money can help implement our earlier jobs and growth plan.

Skills and employment are very much our priority for using 2014 to 2020 EU funds. The current 2007 to 2013 programmes are upskilling 50,000 people, getting another 50,000 Londoners into work, including over 14,000 14 to 19 year-olds. We expect these new programmes to achieve something similar in respect of the 128,000 or so 16 to 24 year-olds not in education, employment or training.

The final and most important point that I want to emphasise is that we work in partnership with London boroughs and business to ensure that employment funds for London—from

Shilpi Akbar, Birmingham City Council, Lloyd Broad, Birmingham City Council, and Alex Conway, Greater London Authority—Oral evidence (QQ 30-47)

Government, EU or anywhere else—are put to the best possible use. Our LEP has a skills and employment group, which is chaired by two London businesspeople, Grant Hearn of Travelodge, and Jack Morris of the Business Design Centre. It builds on the work of the previous London Skills & Employment Board, and the partners represented on that group will be the means by which we check that YEI funds are utilised effectively. I also want to highlight the Young People’s Education and Skills Board for London. That is the lead strategic body for 14 to 19 year-old education and training provision in relation to the needs of learners and employers. It is run by London councils who run these pan-London services on behalf of the 33 boroughs. That board is chaired by the leader of Southwark Council, who also serves on the LEP. Its deputy chair is Jack Morris, who I mentioned earlier.

I hope that shows that we have some reasonably joined-up mechanisms for ensuring youth employment funding is used and monitored as effectively as we can, albeit there is always more to learn and do.

Q31 The Chairman: Thank you very much. Can I ask you, just for clarification, you said you had divided them into 14 to 19 year-olds but that is really for education; it is not for employment?

Alex Conway: It could be employment as well.

The Chairman: The problem we have is that we know there are people who are hanging out there, who have left school at the age of 16 and they do not appear in this because they are not paid until 18. So what happens? You are assuming they are all in education, is that it?

Alex Conway: No.

The Chairman: Oh, no, sorry, you do not because you go for 16 to 24 year-olds.

Alex Conway: Yes. There is perhaps a difference in classification there between how we are looking at things in London and how the EU is looking at things from the top down.

The Chairman: Yes. Why do you have that difference in classification? It makes it difficult for people like us.

Alex Conway: Possibly. The YEI has come down from on high saying, “This is for 16 to 24 year-olds”.

The Chairman: Do you want to make a statement now?

Lloyd Broad: Yes, please. First, thank you, my Lord Chairman, for the opportunity. I think I need to make a statement at the beginning to say that the evidence put forward to you is from Birmingham City Council, but much of the reason for us being here is about ambition around how we tackle youth unemployment. Through the development of the EU strategies it is a LEP-based strategy and, therefore, it covers a broader territory than just Birmingham. While the evidence is from Birmingham City Council, much of what we want to cover is for a broader territory than just the city of Birmingham.

The Chairman: It is not just the city, it is the whole conurbation?

Lloyd Broad: The EU strategy that we had to develop is for the Greater Birmingham and Solihull local enterprise partnership area.

The Chairman: Surely you talk to each other?

Lloyd Broad: Of course we do. We are one partnership, but I have to make that point clear because it is a strategy for nine local authorities rather than one for Birmingham City Council.

The Chairman: I see. Thank you very much.

Lloyd Broad: Sorry, I did want to just say a few words as a statement in terms of why we are here.

Lloyd Broad: Once again I thank you. I will not talk about the machinery, about how we are set up in Birmingham. I think that will come out during the questioning. I want to make a statement around the political ambition and the political leadership we are taking in Birmingham around youth unemployment and, effectively, how we want to see a greater alignment of the EU resources to the local investments that we are keen to develop. Our strapline is "From fragmented to integrated", and that is effectively where we want to take this. Through the political leadership, we have developed a youth unemployment commission that is aimed at bringing together all local stakeholders and partners towards developing a much more integrated approach to tackling the deep-rooted problems that we have around youth unemployment in the area. We fundamentally believe that EU resources could and should be better deployed in our local area.

Our ambition is to try to develop local co-investment strategies around how EU resources should be more appropriately and effectively aligned to local provision, not just aligned to national commissioning strategies through skills funding agencies and the Department for Work and Pensions, but utilising national, local resources within one integrated framework akin to the strategy to make an integrated programme, rather than what we believe is currently a fragmented one that is not meeting local need. Our will to come and provide evidence to this Committee is about outlining how we believe we need to make better, more effective use of the EU structural funds moving forward than we have done in recent years.

The Chairman: I see. Thank you. Do you want to make a statement?

Shilpi Akbar: Lord Chairman, not unless you would like me specifically to do so.

The Chairman: No, I think it would be better if we got on with it. Sorry about that.

Shilpi Akbar: No, that is okay.

Q32 The Chairman: At one stage, when Mr Broad was talking, I said to myself, "Well, what is all this evidence then? Is it anything to do with the inquiry, with the way you are looking at it?" Now, I think we are probably starting from the same basis.

I am going to ask you the first question. What distinction do you draw, if any, between the so-called NEETs, young people looking for work, and other types of young people who may fit into a category? I have briefly referred to that. We intend the question to help us compare the definitions and understandings used at EU, Government and local authority levels. There seems to be a lot of confusion on this. Who would like to lead on that?

Shilpi Akbar: Shall I start?

The Chairman: Yes, please.

Shilpi Akbar: There is a fundamental issue in terms of wanting to categorise young people because I think therein lie some of the challenges. What we have, certainly within our city,

within our local enterprise partnership area, are young people from 15 right up to 24 who, for those who can see a route or way through from formal school age through GCSEs into perhaps A levels and then into a degree, see a very clear pathway and that is a very structured pathway. Others, though, may not see a future based on an academic route that keeps them in formal education. Many people who we see falling out of the system often can be identified very early on, perhaps while they are at school in formal education. Those individuals could be identified as being at risk of being NEET.

The problem that we have is that agencies want to classify and categorise young people. It is based on some of that categorisation and, therefore, eligibility that we start to programme resources, depending on how old they are, how long they have been out of work perhaps and whether they have been out of work for six months or 12 months. But what we need to do is see young people exactly as they are: young people who are trying to find a way in life, trying to better themselves and achieve something. Essentially, as a local authority, we want to be able to support those pathways to a life of independence, prosperity with very little dependency on public sector services. What this European funding is designed to do is to give young people the hope that there are safety nets and guarantees for them, which is going to help them along that journey.

Yes, we categorise them at different stages: when they leave school between 16 right up until 18 and they are classified as NEET by the Education Funding Agency, and then they are classified as not being in employment by DWP, by the Skills Funding Agency. What we tend to do is put them in little compartments and pigeonholes and we treat them in different ways at different times in their life.

The Chairman: Who do you mean by “we”?

Shilpi Akbar: I would say public sector agencies.

The Chairman: I see, thank you.

Shilpi Akbar: However, from a local authority perspective, we have a leadership role, which is not about the resources that we hold. It is about how those resources impact and how those services impact on our citizens in particular neighbourhoods and in particular communities and on particular families.

Alex Conway: I will answer this question in a slightly different way. NEET is an all-encompassing term, which I think is pretty consistent everywhere and includes everybody. For our purposes, that means an unemployed Oxbridge graduate and, as an example, a homeless drug-addict parent with mental health issues who dropped out of school at 15. Both those categories are NEET. I do not think we need to use EU YEI money to worry about the former who will sort themselves out, but we need to focus on moving the latter towards the employment ladder.

The Chairman: Can I just ask for clarification there? Somebody who drops out of school and is looking after somebody else, they cannot be NEETs because they are not going to get any benefits until the age of 18. How do you categorise those? They are not NEETs. At least in my definition, NEETs are people who are at least 18.

Alex Conway: No, my understanding would be that, from the Commission or Government’s perspective, those people may not be claiming benefits but they are still NEET.

Lord Haskel: But they are not entitled to benefits.

The Chairman: Yes, that is right. They are not entitled to benefits. They are NEET but they are not—

Alex Conway: Yes, but it is what it says on the tin. They may or may not be entitled to benefits but they are not in employment, education or training.

The Chairman: That is right, but I do not think it makes any difference, does it? It does not matter how you categorise those people up to the age of 18 because they are not going to get anything anyway.

Alex Conway: Yes. The NEET categorisation is consistent. I think where you do get inconsistencies sneaking in is when you talk about who is unemployed, for example, or who is economically inactive. Those are terms of art where you may find the EU has one definition and a Government has another.

The Chairman: You think the EU, the Government and local authorities all have different descriptions of NEETs?

Alex Conway: No, NEETs is the same.

The Chairman: NEETs are okay but it is the rest?

Alex Conway: It is the rest of them, yes.

The Chairman: I see. Mr Broad?

Lloyd Broad: I have nothing further to add.

The Chairman: Yes, okay, fine. Thank you.

Q33 Lord Brooke of Alverthorpe: Good afternoon. Thank you for the paper, which is lengthy but stimulating and gave rise to a number of questions from many of us that we will want to pursue later. There is a general consensus that youth unemployment across Europe is a particularly serious aspect of the current economic crisis across most of Europe. However, some would argue that there is a mismatch and that the unemployment arises because of the mismatch between the skills or absence of skills that individuals have compared with the jobs that require particular skills. On the other hand, others will argue that, at the end of the day, the real problem is that there are not enough jobs there to employ people regardless of whether or not they have the skills. What would you say about that in the light of your experience? Could you please summarise for us your view of exactly what the nature is of the current problems in your area? I know we have had your paper already, but we would be grateful if you could boil this down into a fairly concise response for Birmingham. We would be very interested indeed to hear what the position is in London. Who is affected by this and in what ways are they affected?

Shilpi Akbar: I will start by giving you some examples from Birmingham. In terms of the causes of the spike and the serious issue about youth unemployment, which we looked at through the Birmingham Commission on Youth Unemployment this time last year, what we found was there were several reasons why there seemed to be a rise in the number of young people out of work. That was borne out by evidence taken from a cross-sector partnership.

What witnesses to that commission were telling us was that clearly there was the impact of the recession. There was no doubt that young people bore the brunt of the lack of jobs, or the number of people that were being made redundant, losing their jobs and finding

themselves participating in a very competitive marketplace, where they were pitching themselves for opportunities against people who had been made redundant, who probably had far better skills and were able to transfer those skills into the job opportunities that were available. That was one thing.

There was clearly a lack of jobs, and even businesses were very nervous about bringing jobs forward to the marketplace because they were uncertain about their own productivity, the number of orders, and their order books. Even if there were opportunities, the nature of that employment offer perhaps was not full-time. It may have been part-time, so the opportunities were much less.

I also think there is something in the skills mismatch. In Birmingham we were seeing a very much improved set of results coming out of our schools. We were better than our local authority neighbours. Far more young people are achieving their GCSEs and achieving what we feel is the average for young people, so we were exceeding those. Yet employers were still not recruiting young people who were presenting themselves for work.

That mismatch between academic achievement versus employability skills and the softer skills that employers were looking for was expressed time and time again by businesses in the commission. Not only that, but we saw that where Government or national incentives were in place—being made available by the National Apprenticeship Service, by DWP—there was a lot going on. Certainly at a national level, agencies were desperately trying to put support in place to help young people.

What that generated was a very confused marketplace for businesses to navigate through the plethora of support and the financial packages. If you wanted to take an apprentice, the eligibility rules were about you as a company, but if you wanted to recruit specifically somebody that was long-term unemployed, then it was about the individual and their eligibility. Businesses were saying, “We do not want to bother. We will go off and we will recruit somebody else”. There was an acknowledgement that we were all trying to do our bit locally, but it was not cohesive, it was fragmented and disparate. Therefore, with the packages that were put in place for young people, there was demonstrable market failure on behalf of what everybody was trying to do in terms of supporting young people.

The other thing to say is that recently the Local Government Association produced a report that talked about lots and lots of training and qualifications being delivered by the further education sector, by training providers, but there was a mismatch between what was being delivered within the training family, the community of training providers, and what employers were asking for. The title of that report was something like, “Are we training too many hairdressers when we need engineers and people with automotive skills and the ability to make things, and we need more people with digital and IT technology?” There is something very much in that about what we are churning out, in terms of qualifications of young people and what businesses want. I will stop there.

The Chairman: Could I ask for the title of that report again and when it was published?

Shilpi Akbar: It was published last year. Lord Chairman, I can find the title of the report for you.

The Chairman: If you could do that. Thank you very much.

Q34 Baroness Valentine: I want to ask Alex Conway: in passing you made a comment about the difference between an Oxbridge graduate temporarily out of work and I do not know whether it was a drug-addicted single mother or whatever. I wonder where you thought the relevant intervention was between charitable activity in getting people into work to address their social needs or an economic opportunity of trying to bring people that are just unemployable up to scratch so that they become employable. Where are you in that spectrum?

Alex Conway: That is a very interesting question. When people are devising EU funding-based contracts that all offer rewards for getting people into work, you have to start taking pretty close account of those kinds of issues.

As a broad-brush statement I would say that an opportunity that you have with EU funds, which you do not necessarily have with domestic funding, is to try different things, including perhaps rather expensive things. If you need to treat drug addiction it is a very expensive business which is not typically sitting in a Jobcentre budget. Perhaps using YEI money you can say, "Here is something we really want to try with a limited cohort of people, to get somebody who is not going to enter the job market overnight but with a lot of time might get a little bit nearer". The problem we always tend to have—and charities will say this time and again—is you are moving somebody up the job ladder but not necessarily into work, but the reward mechanisms are always about getting people into work and that means people will just cherry pick the "easier to do" people. How do you draw a line? Again, there is no easy answer to that. I think the answer is you have some fairly complex packages about trying to incentivise people to deal with the hardest to reach and not making it too easy for people just to deal with the 'dead weight' of people who will find work anyway.

Baroness Valentine: Do you hope that once they are in work those people will add value? Do you have any measure that says having put these people in work they should repay their salary in terms of added value? Where does that come into the thinking?

Alex Conway: I think the fundamental thinking from this Government, and pretty much every Government, is getting anyone into any kind of paid work is absolutely crucial for avoiding the ultimate cost to society of a life on benefits. Essentially, there is almost no question that almost any kind of work is better than someone who is not doing anything.

Baroness Valentine: My point is that coming out of recession you obviously want your businesses to be as competitive as possible, and if there is a philosophy around where you are mentoring or training people, it can be a cost in the early years.

Alex Conway: Yes.

Baroness Valentine: As you are trying to come out of recession, is that the right time to be putting that drag on to business, as you could describe it in one sense? I am not trying to argue against it; I just wonder if you have a view on whether, when they first go in, they should be delivering at or exceeding the amount they are paid.

Alex Conway: Yes. One of the many things that the Government has been trying out is payments particularly to small businesses to encourage people to take on apprenticeships. I think the jury is still out on whether these kinds of payments work, but it seems to me that it is certainly something that is worth trying. This leads on to a question we might come to later about how willing employers are to engage with these kinds of things. Some will be;

Shilpi Akbar, Birmingham City Council, Lloyd Broad, Birmingham City Council, and Alex Conway, Greater London Authority—Oral evidence (QQ 30-47)

some will not be. If a cash incentive helps, then it is probably a price worth paying in my view.

The Chairman: Thank you. Lord Brooke, is there anything further on that question that you want to ask?

Lord Brooke of Alverthorpe: No. I was interested in your final comment there on incentivisation, that this is an area that perhaps is worth further exploration.

Q35 Lord Clinton-Davis: I want to ask about the attitude of employers. Of course, I recognise we are talking about a very wide spectrum of people, but there are certain common denominators. Do you find that among employers there is a concern about youth unemployment or very little concern? We can go on enjoying the same sort of routine as before? What do you find? Do they offer any avenue of help? Are they concerned about the issue or more concerned about how they operate themselves?

Shilpi Akbar: When we have looked at this particular issue we have done it alongside employers and employers expressing to us what it is that they felt were the issues. What we are finding in Birmingham—and I think this is true in other cities—is that there is a growing concern about our young people, the fact that essentially young people are the future workforce. Therefore, if they are not displaying or providing the right skills that businesses require for those businesses to grow, to be productive and to remain competitive, not only locally, regionally or nationally but also globally, then they have to think about how they are going to continue to be successful businesses. That means looking at their current workforce, and some of those businesses are recognising that their profile is now an ageing one. We have businesses in Birmingham and more widely across the enterprise partnership area that are concerned that they are not bringing enough toolmakers into their businesses. If they want to produce a skilled toolmaker to replace the person that has been in their workforce for 30 or 40 years, they should have started training that person a very long time ago.

The Chairman: Surely that is exactly the place where apprentices should be?

Shilpi Akbar: Absolutely, and apprenticeships are not necessarily a one-year apprenticeship or a two-year apprenticeship.

The Chairman: No, of course not; five and 10 years, yes.

Shilpi Akbar: They should be five years, 10 years. A doctor or somebody going through medical school is an apprentice for seven years. We need to think more about young people not necessarily coming in with the right skills from day one but coming in as trainees.

Lord Clinton-Davis: Is the view you express that of many employers, or not enough of them?

Shilpi Akbar: Employers are beginning to recognise that they are going to have to co-invest. That means they are going to have to give up their time and support those young people just as much as public sector agencies, and it is a right and responsibility of young people themselves. There are lots of parts to play here and different parts to bring together.

Lord Clinton-Davis: How is that manifested?

Shilpi Akbar: Some businesses quite welcome other agencies and training professionals going into their businesses and helping to train young people. Very small companies have very little time to train young people but are willing to send them off to college for one or

two days a week to help in that. Some of them welcome the Government incentives that exist to offset some of the costs for training and view it as an investment into their company. Without a doubt, there are businesses who feel that what is important to them is running their business and what they want is an oven-ready person to come in. There is a duty also to create those people, perhaps using larger employers who can provide the environment to train some young people with a view not to keep them but perhaps to pass them on to their supply chain companies. That is something that we are seeing more and more of, about how we share the burden of training.

The Chairman: That is very interesting. Lord Kakkar, you want to come in.

Q36 Lord Kakkar: I will just pick up on a very interesting point about apprenticeships and long-term investment in training people. Do the funds that are available from the European Union allow for that to happen? Are there programmes of funding that will allow a seven-year fellowship or apprenticeship—whatever it is called—to be established to take an individual from the outset and train them to a very highly skilled place?

Lloyd Broad: Historically, no. Although they work in seven-year cycles, European funding programmes have invariably supported short-term projects that last two or three years. Therefore, it is always short-termism. I think the approach that is now being taken for the next seven-year cycle, 2014 to 2020, is encouraging local enterprise partnerships and their local authorities to develop longer-term solutions and—as I tried to outline in my opening discussion—to develop much more integrated longer-term strategic plans. This will allow us to develop much more coherent and longer-term working relationships with business and local organisations that can help us work with the supply and the demand.

The answer to your question in terms of what we would want to do with EU funds and how we can use them in the programme moving forward with greater local accountability, is that we want to use the different EU funds and the local investments to support business in a much more integrated business gateway that links skills, skill support and working with the supply of labour, with the demand for labour and to tailor-make the oven-ready provision to them.

Lord Kakkar: Going forward, does what is proposed facilitate that, or are there roadblocks?

Lloyd Broad: Yes, it can do. In the local enterprise partnership areas we are responsible for developing our seven-year strategies, and we have just done the first draft. They are finalised in January. We have outlined our seven-year strategic plans, which aim to do just that. The holistic business gateway proposal that brings different funds together to support business, not just with skills but other types of business support provision in a more holistic way, is our ambition. That is the point that I made at the beginning about integration rather than fragmentation, and what Shilpi said about compartmentalising various people in various ways and different types of activity happening in different places and never in one all-encompassing single way. That is the approach we want to take with the EU funds.

Lord Clinton-Davis: Can you influence the MEPs in your area in the direction you prefer?

Lloyd Broad: I do not think it is the MEPs that are the problem for us. I think it is our own Government.

The Chairman: Business people.

Lloyd Broad: No, I think it is our own Government in terms of what they would prefer to be an efficient European programme. Ultimately, they are accountable to the European Commission and need to think about simplified, less bureaucratic processes that do not present too much risk to Government in terms of paying money back to Brussels. Therefore, they prefer to take a more centralist approach to the overall management of EU programmes, notwithstanding in this next period they are putting the strategic focus in the hands of local areas. What we are looking for is greater local accountability over how we deploy those funds locally alongside other local investments in one seven-year strategic plan.

Alex Conway: Just to enforce Lloyd's point, your point that there are other member states that do manage programmes over seven-year periods and have seven-year budgets, the reason we do not have it in the UK is basically to do with spending review timetables, which stem nationally and then feed down locally as well. If Government is doling out money in three-year chunks and Birmingham only knows how much money it has for three years, projects are unlikely to last more than three years.

Q37 Lord Wilson of Tillyorn: You made one interesting comment. They want to avoid paying money back to Brussels. What is that risk? What are you thinking of?

Lloyd Broad: The risk is cities like Birmingham and, indeed, London are always claiming they want greater delegation of funding and local accountability for decision-making. It is those sorts of powers that we all cry out for. However, there is so much EU regulation around EU resources, if it is not managed and accounted for and reported in the very auditable way in which the European Commission expects, there is a risk that if it is not managed properly it gets paid back. English programmes and UK programmes have fallen foul of subtleties within those regulations and, therefore, funding gets suspended or programmes get suspended as a result. It is quite a risky landscape, and I think the centralist approach is more towards guarding against the potential to hand money back rather than entrusting local areas to handle it.

Lord Wilson of Tillyorn: Can I just pin this one down? You can be given money to carry out a scheme. You can carry out a scheme. You have been doing it for two years and somebody says, "You have not done it quite right. We want the money back"?

Lloyd Broad: Yes.

Alex Conway: Yes, and it happens a lot.

Lord Wilson of Tillyorn: It happens a lot?

Lloyd Broad: Yes.

The Chairman: That came to the fore last week, when there was a report of the Court of Auditors saying there was something like £4 billion that has to be weighed back in from people who have been paid it but they have not delivered, so to speak.

Lord Haskel: I am sure the employers in Birmingham are much the same as everywhere else. They complain about people with lack of skills and people with a lack of the right attitude. I notice in your paper that you try to get these firms to look after their own interests by, you say here, "Placing contract conditions on organisations tendering for work that follow the Birmingham business charter for social responsibility", for instance. I also imagine that it is

the same in Birmingham as everywhere else that some employers say, “We are not going to train people. What we will do is we will poach the people that other people have trained”. Do you try to find a way through this by your Birmingham business charter for social responsibility and insisting that contractors conform to that? Do you try to do anything about firms poaching, and do you generally try to encourage firms to train their own people rather than get people from abroad?

Shilpi Akbar: Yes. It is all of those things and a few other things. As a local authority there are a number of levers that we have where we can influence the labour market or the jobs market, or even capture jobs for particular groups that we feel are a priority; in this case, young people. The budget is diminishing—it feels like by the week at the moment—and we used to have a budget of £3 billion. We were the largest local authority in Europe. Our spending power is huge. If we are buying and procuring services, whether they are goods, services, construction, whatever, what we can write into those contracts is, “We would like you to do something for us if you are going to deliver a building for us”, for instance. Within that, we can stipulate that, “We want to work with you because surely, as a result of winning this contract, you might have a few more people you need to recruit. We would like some of those to be apprentices and we would like some of those to be apprentices from Birmingham, perhaps even from a particular neighbourhood where there are lots of young people who are unemployed”. That is where we can talk to them. It is not about policing what they do but supporting them to find the right people.

What we do with our local partners is to prepare them for those particular jobs. We can read the labour market and we have some knowledge of where the sectors are growing. As we know, there are a lot of jobs in the health and social care sector. We have an ageing population. We need to take care of our elderly, and we need to bring in more well trained and very well qualified young people to provide a good high-quality of care. We are purchasing those services as a local authority, so we have a duty to make sure we have a response to that demand. The local enterprise partnerships are very much placing themselves in that position. We know where our growth sectors are, but what we need to be doing is taking that information and putting it into schools, giving it to careers advisers so that they can advise young people about the right qualifications they should be taking and the right routes that they should be following, such as “Do you need maths and English and science for this or do you need something else?” We need to be informing our young people right through school so that they can be helped and supported to make the right choices, so that we have enough people to make our cars, support our elderly residents in care and so on.

The Chairman: I think that is great. I would sum all of that up as joined-up thinking, in effect.

Shilpi Akbar: Yes.

The Chairman: I think that is very good but we have to rush on.

Lord Haskel: Could I ask how effective it is?

Shilpi Akbar: We are getting better. But I have to say that working in that way, where businesses are leading the training agenda and the preparation of young people, is something that is fairly new. We need more of that. It has to be led by business.

Q38 Lord Kakkar: Perhaps I could come back to the point about the European Union being able to claw back funds once they have been spent. We have two large authorities here, Birmingham and London. How frequently has it happened that you have spent EU funds for the Government only to be told that they must pay the money back?

Alex Conway: I would draw a distinction. The Commission has what is called the N+2 rule, a great bit of jargon. What it means is if you do not spend money quickly enough they claw it back anyway. I am happy to say that has never happened in London, so we have never failed to spend the money quickly enough. Of course, whether you are spending it wisely is another question.

The second point about so-called irregularities is that, for one reason or another, there is virtually no EU project that will not have some level of money, and it may be a very trivial sum, clawed back, because when audited you have four different sets of auditors. You have my team, Government auditors, Brussels auditors and the European Court of Auditors, who audit the auditors, who all come and check your work. They will always find something. I should hasten to add that it is not fraud.

Lord Kakkar: What proportion? Clearly, it makes central Government nervous about giving you the local control that you want and that you could most effectively apply. In terms of the proportion of money that is causing this anxiety, what is it?

Alex Conway: I would say it is low overall, typically under 2%.

Lloyd Broad: Yes, I think there have been instances across England, albeit not in Birmingham or London I think. I am unable to comment on levels, but there have been issues where programmes have been suspended because of what are often in the grander scheme of things minor irregularities, but that is what auditors are there to do, find these things and then report them.

The Chairman: That is right, but it is a different sort of situation in London, is it not? The evidence we have is it is claimed that the number of unemployed young people in London equals the number of vacancies.

Lloyd Broad: There is a different situation and I can go back to that if you like.

The Chairman: No, perhaps you could write to us about this. If this is true, what prevents them being matched with each other?

Alex Conway: A very short answer: one thing that is different about London is that there is a lot of competition at the level of unskilled entry jobs. That largely comes from economic migrants who come to London who may be working legally or illegally or, indeed, commuters from outside London. There are lots of vacancies in London but there is also a lot of competition.

Lord Brooke of Alverthorpe: Is there a mismatch in the West Midlands between the jobs available and the people competing for jobs?

Shilpi Akbar: Yes. What we are finding is that we often have between 10 and 15 people chasing a retail job in a supermarket and perhaps two people chasing a job at a higher skill level. There is that mismatch. We need to have a look at that and look more at how we are fostering high-level skills, not only through an academic route but through an apprenticeship

Shilpi Akbar, Birmingham City Council, Lloyd Broad, Birmingham City Council, and Alex Conway, Greater London Authority—Oral evidence (QQ 30-47)

route. That needs to be on the job, in companies, and look at high-level apprenticeship schemes and not just people going through school, college and university.

The Chairman: Of course you could miss out. The last three chief executives of Tesco started off doing Saturday work and then loaded shelves and then became CEO's.

Shilpi Akbar: Absolutely.

The Chairman: You cannot say that it is only a supermarket job.

Shilpi Akbar: No, I think it is the demand.

The Chairman: Part of the thing is to get people into work to know what work is about and get the regulation and discipline.

Q39 Lord Fearn: Three times now you have mentioned schools, and you mentioned leaflets going into schools in the last report. What happens about the feedback? Who gets the feedback? Who is responsible for getting the feedback to you? Or are you happy with no feedback at all? Do you wait for the individuals to reply?

Shilpi Akbar: I am sorry, Lord Fearn, when you said leaflets into schools, I did not—

The Chairman: Leaflet?

Lord Fearn: You said that the schools have a lot to do with this and you also said that some people in schools would be employable—I think you used that word—and others would not. I wonder how you sort them out. Who sorts them out? Who goes back and asks?

Shilpi Akbar: Right. There are two things here. One of them is what happens to individuals when they leave school. Many schools now encourage their pupils to stay on until sixth form and there is a growing marketplace to retain children in school. Some schoolchildren leave school because it was not suitable for them, but there is an onus now and there is a public duty on schools to publish the destinations of every single individual school leaver. The feedback we are getting from schools is that they keep the good ones and the other ones go off somewhere else. Hopefully, they are going off into colleges, undertaking some vocational education and training. Some of them will go to other voluntary sector training providers, for instance, or even private sector training providers.

What we have found—and I think this is the answer that you are looking for—is that most employers are saying whenever they come out they are still not ready for work. The feedback we are getting is that when individuals, and particularly young people, present themselves for interview they do not have the required skills.

One of the things that we are doing in Birmingham local authority is introducing the Birmingham baccalaureate, which is almost a certification or a qualification based on employability skills that have been pulled together by the Confederation of British Industry, the CBI, with seven indicators of what makes a good employee. Those good soft skills include problem solving, communication skills, team working and building those skills into the curriculum. When they are doing their geography or their maths, what does that mean in terms of problem-solving capabilities? How are you going to demonstrate those to an outside organisation? That needs to happen all the way through school, not just in your two-week work experience, which often they get.

Q40 Lord Freeman: Thank you for your written evidence from Birmingham City Council. Reading it, I got the impression of complexity in organisational structure and duplication. After all, we have had a recession now for six years and we are still talking about introducing new initiatives. If you would not mind being candid with the Committee, within the West Midlands conurbation I counted at least six different organisations—including the employers involved, the voluntary sector obviously, Birmingham City Council, but also the LEPs and Greater Birmingham—if you were in charge, and if you had the authority, how would you simplify the structure to make sure that we are helping young people with the minimum of bureaucracy and the minimum of complexity?

Shilpi Akbar: The major thing for me is to keep it simple and uncomplicated, so that young people when they leave school or find themselves wanting a job or wanting training know where to go to get it. So that there is clear signposting, there is a single gateway and they know what they are going to get when they knock on that door and express themselves as needing some support. The great majority of young people will not need that support, but there are a great number, too, that will need some support at some point during their young life. It is a matter of understanding that they can pick up some information or look for that information remotely and that the answer will be simple. Behind that, there might be a plethora of answers, resources, funding, specialisms, experts, all ready to deploy that, but the front of it, and the window to this, must be simple and uncomplicated.

Lord Freeman: We do not have it?

Shilpi Akbar: No, and the reason for that is because young people, and some adults, have to find the funding, and the funding sits in different places in different departments and you access it in different ways. What needs to happen is the funding should follow the person according to the needs that they need to overcome or there might be a skills barrier they need to overcome. That complexity is far too great at the moment. There is a plethora of disparate, fragmented, piecemeal provision and the landscape is unclear.

Lloyd Broad: Perhaps I could add something to that, my Lord Chairman. I think this is the opportunity that now faces us with a new seven-year programme of EU investment funds being placed in the hands of local enterprise partnerships to develop their strategies. It is that local alignment that we are talking about in developing what we want to be one strategic economic plan for our territory, which is focused on people, place and business, that does demystify a very, very complex landscape but provides one single gateway to all, where what we see right now is what we describe as like a hub and spoke with a multitude of gateways for various types of support. What we want is one single gateway, an integrated gateway, which is based on co-investments, co-commissioning, co-decision-making, and co-design.

Lord Freeman: One final question from me: could you explain to the Committee your thoughts about how we create this single gateway?

The Chairman: Exactly, yes. It should be the objective number one in the new funding.

Lloyd Broad: I think Lord Heseltine, in his report *No Stone Unturned: in pursuit of growth*, pretty much said to Government, through what was meant to be a large announcement on the local growth deals available to local enterprise partnerships, that there should be one single pot of funding for growth. Within the Lord Heseltine work there was the Greater Birmingham project that went into greater detail, which we are happy to share with the

Shilpi Akbar, Birmingham City Council, Lloyd Broad, Birmingham City Council, and Alex Conway, Greater London Authority—Oral evidence (QQ 30-47)

Committee. That gave examples of how that integrated single pot approach and single gateway would work for our territory.

The Chairman: Is that published anywhere?

Lloyd Broad: It is.

The Chairman: Could you provide that?

Lloyd Broad: Absolutely.

The Chairman: Thank you very much. That is very kind of you.

Lord Kakkar: These funds have all come to local authorities so far, though, is that correct? These funds sit with local authorities or with local government?

Lloyd Broad: They notionally have been allocated to local enterprise partnerships, but local enterprise partnerships have a very different status and being wherever you go across the country. They are normally administrated by the largest local authority in their patch, so Birmingham City Council administers the local enterprise partnership for our area. Funding has been notionally allocated to that area for a seven-year period, but then there are a number of conditions attached to that, which are based on—as Alex noted earlier—things like N+2 and spending and output targets. You commission your projects, and if you spend your money and deliver outcomes the money will keep coming. If you do not, it stops.

Alex Conway: The Lord Heseltine report was important. It did set out a vision whereby EU funding might be matched to a streamlined source of domestic funding and let us be empowered to do things. Not untypically what the Government has done is it has devolved EU funding, but it has devolved pretty trivial amounts of match funding and there are still lots of separate reporting lines. I think it does fall to us to try to co-ordinate things at the local level.

The Chairman: Get your act together.

Alex Conway: We are not getting a whole lot of help from Government in that, to be honest.

Lloyd Broad: We are challenging them daily on devolving some of those powers to us to do just that.

The Chairman: Yes, but you have all the information at your fingertips. If it is such a cohesive package and they would find this is so marvellous let them run with it.

Lloyd Broad: It is localism versus risk, my Lord Chairman, and I think Governments have a greater fear of the risk of paying back.

The Chairman: Yes, but nothing is without risk.

Q41 Lord Brooke of Alverthorpe: We were led to believe by DWP in their evidence that they are engaged in some very constructive exchanges with the local organisations and there will be many new initiatives coming out—probably announced before Christmas—on a way forward, if I understand the position correctly.

The Chairman: Let us wait and see.

Lord Brooke of Alverthorpe: Do they have the say-so on the expenditure at the end of the day, including the European one?

Shilpi Akbar, Birmingham City Council, Lloyd Broad, Birmingham City Council, and Alex Conway, Greater London Authority—Oral evidence (QQ 30-47)

Lloyd Broad: As I said, it is intended that the strategic plan of who and what we want to spend our money on is within our control. However, the current model that Governments are proposing is that you then filter that money through the national agencies that will do what you want them to do for you. Fundamentally, our problem over the past seven years was that the model of national agencies—like the Skills Funding Agency and the Department for Work and Pensions through Jobcentre Plus—operate regional contracting where they hand the money to prime contractors. Prime contractors can be from anywhere, so people from Liverpool parachute into Birmingham, try to deliver local training and employment, skills services and provision for our local people, but the problem we have is it never penetrates down deep enough to tackle the deep-rooted problems that we have.

The Chairman: Surely you have contacts at a level where you would be able to convince them that that is what they should be doing. It is analysis and analysis, but action is what is needed.

Lloyd Broad: There is a simple example. There are two conditions that we would have loved for the SFA and the DWP to place on their contractors. Condition 1: please make sure that they put geographically targeted conditions in that contract so that we can ensure that the money gets spent in the right places so they do not cherry pick. They were not able to put that condition in there. Condition 2—

The Chairman: Why were they not able to do it? The EU said no, or who said no?

Lloyd Broad: It was nothing to do with the EU.

The Chairman: Who is it then?

Lloyd Broad: We wanted them to do so. They were not obliged to do so. Condition 2: please consult with your local authorities on who to target your resource to.

Alex Conway: Those big agencies will typically say, “We are just working to national procurement rules and we cannot do anything any different”. In fairness, I have to say that for 2014 to 2020—and we were talking about this outside—these same agencies are saying, “We see that this top-down approach has not been that successful and we are going to change. Just tell us what you want and we will do it”. My key challenge in the next two months is to find out whether that is true.

The Chairman: And yours?

Lloyd Broad: Yes, absolutely. It is shared, yes. We are saying, “No, we will do it ourselves, thank you”.

The Chairman: I know we have to crack on. Yes, Lady Valentine, your question, and then we have a few more.

Q42 Baroness Valentine: Very quickly, I just want to come in in support of this because I have known the people on the London Skills and Employment Board and now the London Enterprise Panel and the London Development Agency since 2000. The business people serving in any of those bodies—who are roughly all the same people for the last decade—feel they have no purchase on the delivery of any of these programmes at all. They cannot make the system deliver what they ask for and they have been planning perfectly sensibly for a decade.

Lloyd Broad: Hence our desire to take greater local accountability.

Shilpi Akbar, Birmingham City Council, Lloyd Broad, Birmingham City Council, and Alex Conway, Greater London Authority—Oral evidence (QQ 30-47)

The Chairman: We have to crack this, do we not?

Lloyd Broad: We are trying.

The Chairman: Somebody has to.

Lloyd Broad: This is what the Heseltine report laid out.

The Chairman: Perhaps we ought to revisit it and have a look.

Lord Haskel: What happened, as I understand it, is that the Heseltine report suggested £70 billion.

Lloyd Broad?: In the local growth deal it ended up as £2 billion.

Lord Haskel: It was watered down to about, what, five?

Lloyd Broad?: £2 billion, but that has strings attached and it is competitive across the whole country.

The Chairman: It would be comic if it were not so sad. We have all these young people without a future. It is fine for us who are sitting here saying, “Oh, well, it is pathetic”, but the reality is something has to be done about it.

Q43 Lord Fearn: Some witnesses have argued that there are too many different schemes and programmes—we have heard a few this morning—both domestic and European. Do you share that view and, if so, what would be a better approach?

Lloyd Broad: I think it is to bring it all together in an integrated way which aligns, complements and provides additionality—the co-design, co-investment, co-strategic option. Otherwise, you end up with complexity, multi-layers, multi-gateways and, potentially, duplication.

Alex Conway: All I would add to that is: do not forget there are billions of pounds at stake here so it would be odd if we tried to do it all through one big scheme. Of course, things like the Work Programme suggest that is not such a great idea. What I do think is important in London in particular—and perhaps we have a slightly different approach from Birmingham—is we want to understand what the Skills Funding Agency and the Department for Work and Pensions and the Big Lottery Fund, with all their hundreds of millions of pounds of match funding, are offering. Hopefully, they are going to deliver on their promises to do what we want. Once we have that, then we can work on filling in the gaps with smaller voluntary sector organisations, with our own resources and the resources of London boroughs. I think we need to get that big picture with these big organisations that do have hundreds of millions of pounds sorted first.

Lloyd Broad: We respect that national programmes are not necessarily going away, but what we want is to have greater ability to align what those national programmes do with local investments within this joint strategic process that makes it all work better together. We are not saying we want to do it instead of. We want to do it with, but in a much more co-designed way.

Lord Brooke of Alverthorpe: Do you have any experience of European countries and the way that they handle it in a devolved fashion? Are there any you know from your experience that are particularly successful, and could you direct us towards making enquiries there?

Lloyd Broad?: Absolutely. In one word, the Netherlands.

Q44 The Chairman: Okay, that is great. Now I have been nobbled on both sides. It is not easy being a chairman of this Committee, believe you me. What specifically do you plan to do with the extra EU new employment initiative funds? That is really central to what we are worrying about.

Lloyd Broad: Firstly, I will not repeat everything I have said about developing new local governance arrangements that allow us to align those funds. I think it is worth about £19 million in youth employment initiative funding in our local enterprise partnership area alone. What we want to do is co-invest that with other local provision. We want to build on successful programmes. There are successful programmes in our patch that are successfully targeting young people and doing good things with them. What we want to do is align the EU funding to that and build on the work of our youth commission, which has developed the Birmingham Jobs Fund. We developed the apprenticeship offer, which was the target of developing 1,000 apprenticeships in 100 days. We exceeded that. The YEI money has to be spent within the first two years, so we want to build it on what we know works in our area with the people that we know that can deliver in our area and effectively get what we call “shovel ready” programmes on the ground in January 2014. We know what works in our area and we think we are able to do so.

The Chairman: Are the funds likely to be sufficient to do the things that you are planning to do?

Lloyd Broad: I think it is a sufficient amount of money for the first two years. My only problem with this is that it detracts away from all the other people that need the support in our areas as well.

The Chairman: It is a tough world out there, is it not?

Lloyd Broad: We have to match those youth employment initiative funds with our existing ESF resource, so it deflects for the first two years that resource away from other people as well.

Alex Conway: My point is that it all helps. In London we have some £500 million that we will be spending on ESF and about £37 million of that is YEI money. We are not planning to do something completely separate and different with it. We need to look at it as part of an integrated whole.

Lloyd Broad: It is targeted.

The Chairman: Coalesce it.

Alex Conway: There is a particular difficulty that I would just like to highlight, which is that this money—due to quirks of EU statistics—only applies to inner London. The reality is that in outer London unemployment levels are pretty similar, but as things stand we cannot use this money in places like Barking and Dagenham, and Waltham Forest, which could really use it. The Government has retained some 10% flexibility on how it uses the YEI and it has not announced yet what it intends to do. We would love to hear that we would have the flexibility to be able to do that so that we do not have to exclude people who live on the wrong side of the street from accessing this money.

The Chairman: Why do you not ask them?

Alex Conway: We have, but I think they might want to give it to Wales.

The Chairman: Can I just say there are two remaining questions and they are very important? We want to get through them. The first one is the point that Lord Cotter was going to ask that has not been mentioned.

Q45 Lord Cotter: I have seen your report peripherally. Clearly we are talking about young people, so we would like to know how you are engaging with young people themselves to learn what they are saying to you. We need to inspire, enthuse and help them. What are you doing or going to do in that regard? Perhaps you can help us. We wish to do that as a Committee and it is very difficult for us to pick out and ask groups of young people to come along and tell us what it is all about.

Alex Conway: I asked around a little bit ahead because it was an interesting question. When it comes to skills-based or training-based schemes you have the ready-made group of young people in school and you can ask them. Many contracts issued by the likes of the Skills Funding Agency will require that there is consultation as part of the package that is developed. The harder question to answer is what about these hard-to-reach youth that I was talking about earlier.

Lord Cotter: Yes.

Alex Conway: If you knew where they were, it would be easy.

The Chairman: It would not be hard to reach.

Alex Conway: Even there, of course, in London we have a scheme that involves working with young offenders in Feltham Prison. Unfortunately, if youth are in prison you do know where to find them and you can do real targeted one-to-one work, which I think has been quite successful. Otherwise, I think it is a tricky one. Again, it comes back to having a multiplicity of approaches because we have found that when it comes to dealing with the hardest-to-reach groups, then charities that perhaps specialise in drug addiction or an ultra-local approach from a particular estate is how you might find your hardest-to-reach people. There is no easy answer. The London boroughs reminded me that you often have young mayors or youth councils. Indeed, I think there is a youth Parliament. That is another way, but it occurs to me that the kids doing that kind of thing are probably quite civic minded already, but that may not be what you are trying to get at here.

The Chairman: Thank you.

Q46 Lord Wilson of Tillyorn: A question of best practice. A lot of people have talked about the need to exchange best practice throughout Europe. Birmingham has done quite a lot on this, I am told. What is your impression about how good the exchange of best practice is? How much is it used? The final bit of all that: are there gaps in the exchange of best practice information that ought to be filled in in some way?

Lloyd Broad: I will answer that. Birmingham City Council was given intermediate body status to manage for the Department for Work and Pensions the transnational part of the ESF programme for the current programming period. We managed that as a national programme for the English regions in the last seven years. What we have found is that, in answer to your question, yes, there is good practice to be gleaned. What we need to do is develop a much

more coherent and effective infrastructure that allows that sharing of knowledge, expertise and practice on an even footing.

Where we have had problems in the last seven years is that, again, it is a very fragmented landscape. Every single member state tackles ESF in a subtly different way. Therefore, their governance and their organisational arrangements and, indeed, their priorities will often differ. What we have been trying to do for this new programming period—and I have been doing this on behalf of DWP with other member states across Europe—is develop what we are calling a thematic common framework, a theme for example being youth unemployment, and allow member states to bring forward their approaches to tackling each of these different thematic areas, whether it is active ageing, youth unemployment and so on, and bring together ESF programmes from different member states so you are working on a very similar landscape and a very similar playing field. What we have found in the last seven years is there are an awful lot of things that you can learn from other places, whether it is Scandinavia and how they deal with active ageing, or whether it is Germany and how they deal with their apprenticeship programmes, or whether it is Italy and how they deal with some of their social policies. There is a lot of learning you can take from different places. What we need to do is develop a framework that allows that mutuality to thrive and where people can more effectively learn from each other. We are supporting this EU-level framework to allow LEPs within regions or former regions, territories, as well as member states to share their approaches of how they are using EU programmes to do just that. We are quite excited about how the new framework can facilitate and enable that mutual learning.

Lord Wilson of Tillyorn: Where could this Committee find a list of best practice: "Youth unemployment best practice—the Netherlands is terrific", and so on all the way down? Where can we find it?

Lloyd Broad: The DG-Employment EUROPA website does keep a whole list of publications, but if you are really that interested in looking at some of the EU best practice, a number of studies have been done. Even Birmingham, with EU funding, has run a transnational project called Cities for Active Inclusion, which has involved eight or nine different cities around Europe. The report that is now in the process of being developed, because the project is coming to an end, has done just that. It has captured good practice around active inclusion policies from different cities. I know that we got you directly involved in that, Shilpi, did we not?

Shilpi Akbar: Yes.

Alex Conway: To add another example to that, the London Borough of Enfield is involved in Jobtown. That is a European network of local partnerships for the advancement of youth employment. I would say what Lloyd was saying. It is a relative strength of EU-funded schemes that a lot of work is put both into transnational schemes and, indeed, their evaluation. Part of the problem with this—and we can let you have this—is that these schemes run for two or three years and then stop, and then they are out there in the ether, but that is it.

The Chairman: That is right, yes. It seems a terrible shame when somebody has gone to a huge amount of trouble, or a lot of people have gone to a huge amount of trouble, to do it. If we could have a list of these, that would be very useful. We will just cast an eye over them.

Shilpi Akbar, Birmingham City Council, Lloyd Broad, Birmingham City Council, and Alex Conway, Greater London Authority—Oral evidence (QQ 30-47)

Lloyd Broad: We funded 32 projects across England and we can give you access to an evaluation report of that programme and examples of those projects that were funded within that project.

The Chairman: We do not want a pantechicon full of paper, I can assure you.

Lloyd Broad: It is very simple. It is plain English, I think.

Lord Cotter: Can I make a very quick statement?

The Chairman: Yes, Lord Cotter.

Q47 Lord Cotter: I was very concerned about your answer about the young people, coming from a local authority. I was a councillor elsewhere and we set up a sub-committee on the leisure committee. I would hope that you might think about this issue, regardless of it being youth unemployment, leisure or whatever it is. You should know who they all are: organisations, youth clubs and so on. If you do not know, who would know? I was a bit concerned.

Lloyd Broad: I do not think we have answered your question very well.

Shilpi Akbar: Sorry, my Lord Chairman—

The Chairman: Two minutes.

Shilpi Akbar: Thank you very much. You are absolutely right. One fundamental point I want to make is that some brilliant best practice is home-grown, and it is home-grown by voluntary sector organisations and young people themselves, and we need to take account of that. What we ought to be doing is asking how we can expand that and extend it with European money.

Lord Cotter: Yes.

The Chairman: Exactly.

Shilpi Akbar: In terms of young people, I think you are absolutely right. We had representation from a young person who was representing a wider group on our commission. Talent Match—the Big Lottery—had a huge group of young people saying what they wanted from future programmes. When I say "a single uncomplicated gateway where there is lots of wraparound support", that is exactly what they want.

On the other hand, we should never forget that the ultimate destination for young people once they have created a pathway is hopefully to move them into a life of working. We must remember that part of this equation is to work with businesses and we need to make sure that we are responding to some of the needs that they are expressing about a simple system, a place where they can go for information that is easy to access. You are quite right. The local authority has lots of children in care. We have lots of children in care who present a huge complexity of issues. We have a statutory duty for young NEET people and unknowns, and often we have the duty but not the resource to act on our own and we have to work in partnerships. We have to work with schools and increasingly schools are self-governing. They respond locally. They do not have and are not required to have the contact that they used to with local authorities. When things go wrong, we often find ourselves holding the baby.

The Chairman: Picking up the pieces, yes.

Shilpi Akbar: We have to be very strong about making those connections and keeping those connections and having good tracking systems, only as far as to progress people.

The Chairman: Thank you very much. I think that has given us all a bit of hope, yes. It is something we have discussed many times. I say on behalf of the whole Committee, thank you very much indeed. If you have any notes that you can leave it would help the shorthand writers, because we have been going at it hammer and tongs and I think they must have a terrible job. I have tried to keep it simple but it does not always work out that way.

You have given us a lot of food for thought, and although London did not produce a report, thank you very much indeed, Mr Conway. The document certainly ruined my Sunday evening, but it was very illuminating. Thank you very much indeed for that. We shall let you know when the report is published, obviously, but if there is anything fundamental that you think we have not touched on—I am sure there are many points—do you think that you could let us know?

Alex Conway: Absolutely.

The Chairman: Thank you very much.

Birmingham City Council—Supplementary written evidence

1. National and Local Commissioning strategies

- 1.1 Contractual requirements of ESF through the SFA's contracts are divorced from local priorities, and don't adequately reflect specific targeted wards, vulnerable young people or characteristics. Consequently, there is very little local accountability through the current co-financing system, or evidence of NEET figures reducing over a three year period as a result of SFA commissioned activity.
- 1.2 **Commissioners who are far from Birmingham and its NEET young people are awarding contracts to national providers who often have no knowledge or track record of work with NEETS in this city. Major regional contracts are currently with Primes who have no local presence and are often poor at connecting with local NEET populations.**
- 1.3 Local Authorities are under a statutory duty to secure suitable and sufficient places in education or training, for all young people in their area aged 16-19 (and up to age 24 for those with learning difficulties or disabilities). The current system of ESF co-financing through the SFA does not allow local authorities to discharge these legal duties effectively, as interventions for NEET young people are not specific enough to meet the needs and address the barriers of individuals.
- 1.4 **As the national landscape changes, with regards to a shift from national policy making to localism (ie LEPs/Core Cities), there is a clear role emerging for local authorities to take a strong and influencing lead to drive forward economic development, including the skills system. Driving forward alignment of public sector investment with key strategies and priorities of the LEP/Core City is essential in tackling some of the most stubborn issues related to socio-economic activity... There must be a dual approach of broadening access to jobs and skills and creating jobs in the first place.**
- 1.5 There is little evidence of a community of good practice being shared across the city, specifically good practice related to employability and skills delivery in the workplace. Providers themselves acknowledge that the huge diverse tapestry of provision in Birmingham is hard to navigate.
- 1.6 **A single organisation should *manage* provision from beginning to end and ensure the necessary linkages, but not *deliver* all components – specialist organisations are better placed in many cases. There are enough quality organisations locally to deliver these services to young people.**
- 1.7 The Local Authority needs to have more influence over what type of provision is commissioned in the City / Region so that specialist providers can advise them on what is required. For example ESF provider has not been able to respond to needs of

young offenders; despite raising this issue being raised, it hasn't been possible to influence a change.

- 1.8 The tendering, procurement, contracting and contract/performance management should all be done on a local level, led by Local Authorities in conjunction with LEPs. Given the travel-to-learn patterns in 14-19 education, a Sub-regional approach (Birmingham and Solihull) would be effective.**
- 1.9 The underlying economic structures of a given economy and the interplay of the labour market makes public policy particularly challenging when administered at the national level ... I would suggest that the local authority has a clear role to play marshalling the strategic levers and linkages bringing employers/providers and other stakeholders together to help resolve some of the most stubborn inequalities in the city. The city could use commissioning as a key strategy that would influence the whole process.
- 1.10 The supply of post 16 education and skills (and arguably pre-16) has become increasingly market-like over the last 20 years, with a proliferation of different types of providers drawn from the public, private and third sector. Evidence (high NEET rates and youth unemployment) suggests this has led to market failures resulting in many hard to reach groups being excluded from mainstream provision. Further, because providers exercise certain freedoms it is quite possible that working with disadvantaged young people takes second place, as disadvantaged learners could be considered high risk groups in terms of success rates and resource intensive (ie propensity for profit) compared to young people who have already achieved a standard of education ie 5 GCSEs A*-C and have a high probability of completing their programme of study.**
- 1.11 Birmingham requires a more nuanced system able to deal with the diversity and complexity of need which exists in the city... Current approaches to developing employment opportunities for young people are hampered by their very 'universality': they do not take account of individual circumstances, barriers and psychological aspects affecting behaviour and motivation.
- 1.12 Commissioners need to assess bidders' understanding of *holistic* intervention which will address all barriers and improve young people's confidence, motivation and resilience, rather than focus on mainstream educational ability. EU contracts need to include an element of pastoral and welfare support.**
- 1.13 Even where providers have experience of post-18 provision, this does not equip them to work effectively with the 15-18 cohort.
- 1.14 A combination of competition and data-sharing barriers prevent partnership, co-operation and pooling of resources between providers. Addressing this would require issues of double-funding and double-counting to be overcome.**

- 1.15 Discounting in tenders leads to ‘race to the bottom’ on unit price, leaving insufficient funding to sub-contractors to deliver quality specialist provision.
- 1.16 SFA Minimum Contract Level requirements disadvantage smaller providers – even a voluntary sector consortium which was originally set up by LSC for this purpose is now unable to compete for contracts. Bidding processes are also too complex and drawn-out.**
- 1.17 Voluntary and community sector organisations currently find communication with LEP very difficult – even for consortia of voluntary organisations that themselves are large employers collectively and are delivering big programmes.
- 1.18 Delivering to profile is seen as more important than quality of delivery / sustainability of impact. Providers themselves recognise that entirely back-ended funding structures may not be appropriate to working with some cohorts.**
- 1.19 Contract holders *dictate to* referral agencies, rather than *responding* to identified needs of specialist agencies or young people themselves.
- 1.20 Birmingham definitely needs more local commissioning arrangements, the Single Work programme model has not delivered well. The Youth strategy is better as it has more effective sub- contracting arrangements but even it is heavily bureaucratic.**
- 1.21 The short term nature of EU funding works against national providers building local linkages; even where a national provider has successfully delivered a programme locally, they may still fail to win a future contract in the same area.

2 Innovation

- 2.1 Funding is currently focused on intervention rather than prevention and delivered by providers that ‘parachute’ into the area while there is funding. This means that there is no local legacy from current ESF projects and we go through a cycle of short-term projects that reinforce the status quo. The SFA contracts do not ensure that there is sustainability of the methodologies, relationships and systems.
- 2.2 The current system of ESF co-financing through the SFA, does not allow the funding to be used to promote innovation, particularly for pump-priming new initiatives or for capacity building of the education and training sector. The nature of the providers often means there is a lack of awareness of what has already been tried locally.**
- 2.3 Current contracts offer no incentives for providers to go the extra mile, either because unit price for each participant is too restrictive, or because the contract holder seeks to maximise income.

- 2.4 A great deal of resource and time is spent by those providing social support in bringing together the myriad of agencies who have been involved with the young person for some time in order that they effectively collaborate and communicate together. Where innovative examples of good practice have been developed, an ability to extend the programme is currently hampered by funding structures and requirements which do not ‘fit’ this programme, and a lack of engagement on the part of employers despite our best efforts.**
- 2.5 Suggestions of innovative practice that should be funded in the future include:
- CPD for professionals working with vulnerable young people and those at risk
 - embedding employability skills into the national curriculum
 - promotion of good practice
 - brokerage and embedding / partnering of sustainable employer relationships with schools and education providers
 - ‘Spot purchasing’ of provision to meet individual needs / barriers rather than commissioning a programme of courses that may or may not get filled
 - better tracking of individuals matched to real-time opportunities in education, training and employment
 - Moving away from ‘mainstream’ employment support such as CV writing interview preparation with which many NEETS will simply not engage
 - supporting work tasters, work-experience, internships and practical help around individuals’ challenges
 - supported apprenticeships for those who wouldn’t be able to access private sector apprenticeships at first attempt. Currently many NEETS without Level 1 literacy / numeracy are not accepted onto apprenticeship programmes. There is also a need for pre-apprenticeships and paid work experience placements linked with intensive literacy and numeracy
 - Greater use of social enterprise for vocational training.(There are cost & risk considerations, but potential high impact – eg ideas around training & employment scheme bringing derelict land & housing back into use; needs stakeholder support
 - factoring-in an element of flexibility, so the provider can propose modifying a programme during the contract period in response to emerging issues
 - incorporating effective and focused mentoring into programmes
- 2.6 Work-related learning can be more effective than simple work experience (which can often be not much more than photocopying). Staff involvement with young people through literacy programmes such as Words for Work has also been effective. Training staff so they can better provide mentoring to young people is important.**
- 2.7 Scenario-based approaches to enable 14-19 year olds to access ‘real life’ situations in authentic work care settings are effective...The emphasis is on combining practical skills alongside academic knowledge. At the same time ensuring young people have a well defined route through which they can be encouraged to explore the wide variety of employment opportunities the company offers.

2.8 Pre-employment training for apprentices ie a week’s course before the apprentice is chosen which focuses on understanding the company and its values, presentation skills etc. We have found the drop-out from apprenticeships has fallen substantially since adopting this approach.

2.9 We often talk about young people in deficit terms. Perhaps rather than having low aspirations, life has taught many to have low *expectations*, and it is this that guides their behaviour. A successful approach must work with the entirety of the young person’s experience, accept the impact which this has on the most marginalised and seek to equip young people with the skills and resilient self-beliefs to exert control over their lives in order to override the negative effects of risk factors in their family, environment and personal history. Unless people believe they can produce the desired effects by their actions, they have little incentive to act or persevere in the face of difficulties. Evidence suggests that a more structured system with guaranteed outcomes following successful completion of certain ‘staging posts’ (such as within the German model) give a greater scope for young people to develop a positive sense of self and are empowered to achieve their own successes in the future. A structured approach works well for those young people who wish to follow a professional route (GCSEs – A levels – degree), so why not build in more structure to alternative routes? We need to get better at developing a sense of personal agency and self-belief among whose life experiences have negatively affected their expectations and beliefs. Achieving this for the most vulnerable and marginalised of our youth, who are most likely to be unemployed, and potentially be drawn into other activities which negatively affect them, their families and their communities requires a greater level of investment by highly skilled professionals. We also believe that the swiftest means to develop helpful beliefs and ‘workplace’ skills is achieved through socialisation in the work context and supported by mentoring and social support.

3 Targeted Provision

3.1 There is an immediate conflict of purpose with ESF funding arrangements and the needs of NEET young people with exceptional complex needs. The funding structure of ESF grant is typically: Start, On Course and Progression. Agencies in receipt of funding are driven by the targets of the required number of ‘learners’ to start the course, sustain attendance and achieve whatever progression is stipulated. This structure could not be a worse fit for young people with complex needs, especially young people with behavioural emotional and social difficulties.

3.2 Provision should be targeted at specific wards and neighbourhoods that are NEET ‘hotspots’ and where there is a culture of inter-generational worklessness.

3.3 Broader target groups include:

- **Young people with learning difficulties and disabilities, especially Autistic Spectrum Disorder, Behavioural, Emotional and Social Disorders**
- **Young people with a mental health problem**
- **Provision for LLDD young people aged 19-25 that combines employment and independent living support**

- **Young Offenders (particularly ‘hard to place’ young people who have multiple barriers in addition to their offending background such as ASD, or have committed sexual offences)**
- **Looked After Young People and Care Leavers**
- **Young Carers**
- **Young parents**
- **Young people with life-limiting conditions / complex health needs**

This approach will require greater use of specialist providers with a track record. However, it will also be crucial to combine specialist expertise with holistic support. This cohort requires a higher level of investment in time and money, as problems are deep rooted. A significant proportion of NEET young people have some form of learning disability.

3.4 For 14-16 year olds, provision should be targeted at young people identified by the Risk Of NEET Indicator as requiring support to sustain engagement in statutory education and progression Post 16. For 16 – 18 (24) year olds, all interventions should be individualised and ‘spot purchasing’ should be used as a mechanism to achieve this.

3.5 **A ‘black box’ approach for 16-24 year olds would be helpful, but is currently difficult as the system is not transparent due to the range of conflicting EFA / SFA eligibility criteria, including age and particular benefit received. This prevents providers from simply identifying need and allocating funding to address it; it also represents a further barrier to widespread partnership working and collaboration.**

4 Unknown NEETS

4.1 Data sharing issues do not assist with engaging with and providing effective services to unknown NEETS. Multiple contract holders work to both SFA and DWP have no inter-connectivity to pool data on where NEET unknowns are; there are also problems with DWP contract-holders sharing ‘DWP’ data with BCC.

4.2 **There is a need for greater resources and better systems to identify, track and analyse Not Known NEETS. Resource limitations are now limiting the capacity for collaboration around unknown NEETS – local voluntary organisations would benefit from joint working with the Connexions Service but neither side currently has resources to do this.**

4.3 A significant proportion of unknown NEETS are young offenders, who have a statutory obligation to attend the Youth Offending Teams for their Court Order. Yet no funded proposal has yet included targeting an element of EU funding to engage them in education, training or employment before their Order ends and they become Not Known NEETS again.

4.4 **‘Roll on – roll off’ provision throughout the year to engage young people would be more effective than them having to wait for specific enrolment points in the year.**

- 4.5 Providers need to factor-in the volatility of young people with complex needs – breaks in attendance, volatility, resistant or challenging behaviour – in order to improve likelihood of longer-term impact.

5 Improved Pathways

- 5.1 Providers need to be responsible for ensuring their focus is on what is best for the young person; the young person is not there to help them achieve their targets. Young people will not be aware of whether they fit the criteria for particular NEET provision. They will not know before starting whether this contracted provision is the best one for them because they won't be clear on what contracted targets and milestones are, and could get caught out that they don't know what counts as a 'progression'. These matters are often not clear for referral staff either, and so they are wary of "trapping" a young person into a provision that is not best for them because of contract requirements.
- 5.2 There is a gap in ensuring that young people have access to the range of pathways and the qualifications and competencies required for growth sectors. A system-wide approach is required to:**
- **Provide CPD and Industry experience for teachers / careers advisers in schools**
 - **Provide quality assurance of Careers Guidance in schools / educational settings**
 - **Develop better web-based applications linking careers information with individual young people and real-time vacancies and internships**
 - **Marketing and awareness campaign to ensure there is parity of esteem between vocational and academic pathways, including promotion of Higher Apprenticeships**
- 5.3 The local DWP Innovation Fund project (the Advance Programme) represents an effective means of creating pathways from school to training to employment, and of linking to the private sector. However, restrictions set by DWP prevent it achieving its maximum impact; for example Level 2 qualifications are not funded for 18-24 year olds. This is highlighted as a particular problem by disability specialists.
- 5.4 Changes to FE funding strategy, funding and commissioning practice would help improve pathways. Current barriers include:**
- **Colleges absorb Adult Skills Budgets and (under pressure from Ofsted) focus on training to unemployed people from Day One. The long-term unemployed, who need the most support, have no funding left by the time Providers meet them**
 - **Drop-out rates are high at some colleges – these young people are subsequently picked up by the voluntary sector. A commissioning model whereby 'Birmingham' SFA funding accompanied these young people, instead of being returned unspent to SFA, would be more efficient.**

5.5 For some young people in Birmingham, Future Jobs Fund's provision of 6-month minimum-wage full time jobs represented an effective model across varying skills, abilities and experience. Evaluation showed that key success factors were: regular visits by a dedicated officer who supported both employee and employer to address issues earlier on; wraparound support for the most vulnerable during the first months of employment; enhanced job search for those exiting the programme; community and voluntary sector job provision (especially for young people lacking confidence or experience).

6 Improved transitions

6.1 Why does very funding stream think 12 weeks is sufficient to resolve a young person's ETE status, when 10 years in school hasn't provided them with literacy & numeracy skills?

6.2 Future funding should reflect the fact that the developmental journey towards employment is crucial to the final outcome, and should recognise the value of *bespoke* support in building trust, confidence and employability in order to equip them for employment. There should be allowance built in to commission 'alternative provision' for young people with particular barriers.

6.3 We must improve understanding & awareness of young people & parents with regard to opportunities and pathways towards them; even where appropriate services exist, people do not always know how to access them.

6.4 There needs to be an improvement in data tracking from Post 16 provision into employment or self-employment, HE or benefits

6.5 We need better work experience options linked to better quality careers advice in schools and more offers of work experience from employers.

6.6 Funding for the management of work experience placements would improve situation –eg VCS preparing young people for placements, then working with social enterprise & SME employers

6.7 Some transitions may feel impossible to young people from families who are very insular; many young people will not travel off their estate. One local initiative is facilitating a peer network of parents to provide support and inspiration to parents in guiding their children.

6.8 Improve funding and support for enterprise as a viable transition

7 Role of Schools

7.1 Those at high risk of becoming NEET are often the ones for whom the traditional school structure and approach didn't work and where they disengaged from school.

In spite of this, schools have limited resources to work with pupils on employability development

7.2 EU funding should be available to supplement school funding, to ensure that if school breaks down for a young person the right type of alternative can be found up to the school leaving age, working with the young person around next steps and supporting their progression onto to Post 16 options. This alternative provision, which could be EU funded, would offer a different holistic approach, developing an innovative curriculum to raise aspirations, breed success and re-engage young people successfully; it could include a combination of work experience / taster opportunities with employers to give a better understanding of the work place, alongside more social activity designed to develop confidence, life skills, team work and participation.

7.3 Careers education, information advice and guidance in schools is patchy and variable in quality.

7.4 Local authorities, LEPS and other bodies have a good understanding of the local labour market and skills needs, but this often doesn't trickle down to schools and their young people

8 Delivery of the EU Youth Guarantee - how would / should that operate in our city?

8.1 There is already the September Guarantee offer of ETE for Post 16's. The challenge is to provide an offer for those that do not see the academic route of Further Education as a way forward but instead want a job.

8.2 Trial a Youth Guarantee in defined areas of the city: holistic approach so no young person falls through the net between school and employment; led by local community-led development projects. Fully integrated local partnerships are key, and should be part of growing the economy so there are jobs; will also help ensure continuity after funding programmes shift (eg EU).

8.3 'Traineeships' could have been part of the solution and created the option to increase the capacity of young people being offered Training and Development in the workplace. If these had a potential route way into Employment we might have got buy-in from many of the currently marginalised NEET and Not Knowns. However with no real training allowance being offered and no expectations that the young people will be offered anything at the end apart from a reference and maybe an interview, this won't attract these young people. We need to be creative in finding an offer they will engage with.

9 Opportunities for Graduates

9.1 Work with employers to increase the availability of Internship and work experience opportunities.

9.2 Develop a Work Experience Portal to capture and promote local vacancies.

9.3 Destination Measures for Universities to be published and strategic discussions with Universities to improve employment destinations for graduates

10 Opportunities for enterprise support

10.1 Funding to pump-prime support for business and schools to develop sustainable partnerships and develop an enterprise culture in schools and educational providers. This may include:

- Development and roll-out of the Birmingham Enterprise Award
- Roll-out of the Birmingham Bacculaureate
- Campaign to recruit and train business professionals to volunteer their expertise in local schools and colleges as governors and volunteers
- 'Bringing the curriculum to life' - supporting building capacity in schools to equip teachers to embed work skills into the mainstream curriculum

10.2 Birmingham's Youth Offending Service has trialled successful enterprise initiatives which engaged their cohort well, by challenging their thinking and raising their aspirations. The pilot had an effect on young people becoming more entrepreneurial in their outlook and more motivated to achieve, even where they did not set up set up their own businesses.

11. Reducing JSA Youth Claimant Register

11.1 Expansion of the Young Talent for Business programme of wage subsidies for employers to recruit young people

11.2 Intensive support and mentoring for young people wishing to start their own business

12 Employer engagement

12.1 When providers win EU bids, they state they have links with major employers, but it is often not evident that these links come to fruition in apprenticeship and job opportunities. When bids are assessed, the employer links should be verified and what likelihood is of job opportunities being offered within the Contract Period. To ensure good quality progression of route ways into employment, could employers themselves bid for ESF funding to enable them to provide the wrap around support needed and employment preparation courses for the vulnerable NEET cohort? If this helps generate employers to offer employment to those from the vulnerable groups, then this would be money well spent because final progression outcome would be committed to in the bid and quality progression into sustainable ETE is assured. Short term funding and constant turnover of Providers winning the ESF Contract would be a stumbling block to good employer engagement.

12.2 In addition to increasing apprenticeships and work experience opportunities, employer engagement would improve:

- **School and business partnerships, bringing the curriculum to life**
- **Employer input into the Birmingham Baccaureate and Enterprise Award**
- **Business mentors for new business start-up**

12.3 Even where multiple specialist agencies are involved in delivery of EU provision, there needs to be some co-ordination of employer liaison, to avoid counter-productive duplication and complication.

13 Delivery of the EU Youth Guarantee

13.1 More use should be made of EU provision to enable young people to undertake transnational work experience and learning, in order to raise aspirations, develop skills and build confidence

13.2 A training allowance (with conditions) should be re-introduced; this would be more acceptable to employers and parents than a bursary. It would also help develop the young person's money management skills.

The above notes incorporate responses from:

Aston City Academy; BEST Network; Disability Resource Centre; Jericho Foundation; Midland Heart Housing Association; NHS Birmingham South & Central CCG; Pathway First; Pertemps People Development Group; specialist teams in Birmingham City Council (Challenge Unit, Children Young People & Families Commissioning, Education Employment & Skills, Youth Offending Services); St Paul's Community Development Trust; University Hospital Birmingham Hub; Worth Unlimited

12 November 2013

Birmingham City Council—Further supplementary written evidence

Birmingham City Council's Conclusions:

1. Many Cities and Local Enterprise Partnerships, primarily through Local Authorities are committed to taking **greater local and place-based leadership** for core issues such as Youth Unemployment, particularly when Local Government carries the statutory responsibility for 14-19 year olds. It is our view that nationally driven programmes do not sufficiently deliver sustainable local outcomes.
2. We are committed to developing **better and more effective integrated strategic partnerships** in our localities that will alleviate the fragmentation of services and provision to young people and simplify what is a complex and confusing landscape. We are keen to pursue where possible the single gateway approach alongside an aligned and holistic offer of flexible 'wrap-around' support for individuals which we know they require. The fragmented and multi-gateway approach to funding and support we believe does not work.
3. And finally, we wholeheartedly are calling **for a greater devolution of funding, accountability and powers to cities and/or LEP's**, particularly with regards to the EU Structural and Investment Funds, to deliver the smart, sustainable and inclusive growth outlined under the Europe 2020 strategy. Furthermore we are committed to pursuing the delivery of growth through facilitating the 'single pot' approach alongside localised co-investment strategies that can join up funding, provision and other investments as outlined by Lord Heseltine. This will lever alignment, complementarity, simplification and additionality rather than facilitate potential duplication and waste.

13 November 2013

Black Country Consortium Limited—Written evidence

1. *What have been the responses to the issue locally, and how well do locally designed actions, work alongside national programmes?*

1.1 The Black Country has large concentrations of youth unemployment. As at December 2013, Wolverhampton had the 5th highest youth unemployment claimant rate, at 10.5%, of all 326 English local authorities and Sandwell had the 9th highest (7.9%). Whilst the number of youth claimants in the Black Country has dropped over the last month in line with the national trend, the sub-region's rate of 7.5% (9,915 16-24 year olds) means the LEP is ranked 38th out of the 39 across the country.

1.2 Within the BC sub region we are joining up various funding streams including the Big Lottery Fund's Talent Match, City Deal, ESF and Troubled Families activity to identify and fill gaps in national programmes. The issues have been discussed and debated at a BC partnership level with representation from Local Authority, DWP/ Jobcentre Plus, Schools, Sixth Forms, Further Education Colleges, Academies, EBP, Training Providers, Connexions, Youth Centres, VCS, Business.

1.3 This has helped to ensure that locally designed interventions outlined in the EUSIF are complementing and working alongside national programmes such as DWP Youth Contract, Work Programme. To achieve this there will be some guiding principles to ensure there is no duplication. To achieve this there will be some guiding principles to ensure there is no duplication, they are:

- a) We will develop provision that does not duplicate current provision existing or provision that is known to be planned, including:
 - *Black Country Talent Match Programme* - The YEI proposal around mentoring will seek to work with the new BIG Lottery Talent Match programme to ensure that any Mentoring initiative introduced has a clear eligibility criteria and is of clear added value to young people aged 18 to 24.
 - *City Deal (Housing Association led) Pilot* – The YEI proposal around support complements and adds value to the new City Deal Welfare Social Housing pilot being led by the Black Country LEP.
 - *DWP Work Programme contract* and its Black Country provision through its providers – The YEI offer targeting young people aged 18 to 24 who are 12 months plus unemployed will seek to work with existing Black Country Prime Contractors for Work Programme (EOS, In-Training, and PPDG), and Work Choice (Advance and Remploy) to ensure the YEI offer adds value to the existing mainstream Work Programme and Work Choice Government Programmes. YEI will also factor in any developments within the new Help To Work package of measures which are to be introduced in 2014 for those young people aged 18 to 24 who complete the Work Programme, in order to ensure YEI does not duplicate existing programme provision.

- *DWP Youth Contract Programme* delivery within the Black Country - The Work Experience element of the proposal will not duplicate the existing Government Youth Contract offer of Work Experience to 18 to 24 year olds as any Work Experience offer introduced via YEI will target young people who are not eligible for the Youth Contract Work Experience initiative.

- b) We will monitor the on-going nature of programme delivery, adapting (reducing or increasing) its contents and coverage as required to react to the addition of new, or the removal of provision within the Black Country.
- c) We will involve all appropriate officers (subject to Conflicts of Interest) from across the range of known Black Country contracted provision in the development of the EU programme contents / specifications etc. to maximise synergy that supports positive outcomes across the range.

1.4 The Black Country LEP has an ambitious Apprenticeship Strategy that is aimed at growing the number of apprenticeship opportunities.

1.5 One of our frustrations and a major barrier is that national agencies do not share data about participation.

2. *In relation to the management of EU funds for tackling youth unemployment in the UK, do you feel that the right balance is being struck between decisions taken at a local level, and those taken at a national level?*

2.1 The opportunity to design and implement at a Black Country level is welcomed and will enable local issues to be tackled much more effectively. It will also offer the opportunity for us to review periodically and if necessary re-design interventions to ensure that new or emerging programmes are not duplicated. For example, the Black Country YEI Programme will support the sustainable integration of vulnerable young people aged 14 – 24 years who are not in education employment or training (NEET) or at risk of becoming NEET. The programme aims to engage 40,864 young people and provide them with bespoke one-to-one provision and support to progress these young people into further education, training or employment. The activity will be complementary and add value to and not duplicate current or planned services and provision in the Black Country.

2.2 Local agencies should have greater decision making powers because they are better placed to target ESF funding on where the greatest needs exist. They also have a detailed insight about local unemployment hot spots but a concern is that the lack of timely data from national agencies inhibits our effectiveness. Whilst Black Country authorities have welcomed the ability to design programmes such as Talent Match locally, they have felt restricted in terms of the 4 year spend profile (meaning potentially no activities between 2018-20) and restrictions as to what YEI could be used for.

3. *How do European funds, such as the European Social Fund (ESF), add something different or valuable? For example, do you think the different way in which EU funds are being organised for the new Youth Employment Initiative programme (with overall design led*

by Local Enterprise Partnerships in the UK, and more coordination between ESF and the European Regional Development Fund) will work to help young people in your area?

3.1 The new Youth Employment Initiative allows for more flexibility of programmes and for more innovative approaches to be adopted. It also enables local issues to be considered and for a local response to issues to be put in place and this approach enables the Black Country to develop the intensive support needed for long term unemployed including young people, which is not possible through nationally consistent programmes. Our EU / YEI opt-in will look to more creative approaches from potential providers and commissioners that dove-tail mainstream provision that very often has no flexibility as it has a agreed approached set at a national level.

3.2 At present LEPs have limited funding and ESF/ERDF provides a very substantial and useful resource to address local employment and skills challenges.

4. *We are interested in the extent to which young people themselves contribute to ideas as to how they might be helped or are consulted about what might be effective. What sort of steps do you take, or are you aware of, to involve young people and with what results?*

4.1 Wide consultation with hundreds of young people in the Black Country was conducted in order to design the BIG Lottery Black Country Talent Match programme. This evidence base has also been used to inform the evidence base for the EUSIF in particular relation to the YEI opt-in programme. We have also worked with agencies and partner organisations such as Colleges, training providers, JC+ and Voluntary Sector who work at a grass roots level with young people in order to understand issues and to ensure that the EU funds will respond to the needs of the target group.

5. *How important do you see sharing of good practice across the UK and the EU as being and, to your knowledge, do local policy makers learn from success stories in other parts of the UK, or in other countries?*

5.1 This is viewed as important. For example, Wolverhampton is currently exploring a possible transnational project around youth unemployment through its Eurocities links. We need to maximise national and European success stories to expand and develop our own insights within the local area and to allow for sharing of new approaches and learning from different parts of the UK. It also allows for lessons to be learnt from 'near' neighbours based on similar demographics, levels of deprivation, those with similar youth unemployment issues. The City Deal programme is based on best practice from the USA. This is essential as often the pressure in the system from delivery providers is to continue existing groups/delivery with new funding and perhaps this approach has led to the inertness of our situation and continued high unemployment/ low skills? New City partnerships with LEPs/Euro cities type activity may help to broaden the thinking of responses to their own agenda.

5.2 More support is needed to help local policy makers extend their knowledge and experience of what is successful in other countries, especially the EU, to further enhance the development of local solutions.

7 February 2014

John Wastnage, British Chambers of Commerce, Narmada Thiranagama, UNISON, and Richard Exell, Trade Union Congress—Oral evidence (QQ 70-83)

John Wastnage, British Chambers of Commerce, Narmada Thiranagama, UNISON, and Richard Exell, Trade Union Congress—Oral evidence (QQ 70-83)

[Transcript to be found under Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON](#)

Chris Neal, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF), Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), Rachel Wenstone, National Union of Students—Oral evidence (QQ 126-14

Chris Neal, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF), Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), Rachel Wenstone, National Union of Students—Oral evidence (QQ 126-143)

[Transcript to be found under Hushpreet Dhaliwal, National Association of College and University Entrepreneurs \(NACUE\), Rachel Wenstone, National Union of Students, and Chris Neal, British Youth Council \(BYC\) and UK Representative for the European Youth Forum \(EYF\)](#)

Buckinghamshire Thames Valley Local Enterprise Partnership—Written evidence

Buckinghamshire NEET figures are at 3.8% compared with 5% in the South East and the claimant count for 18 – 24 is 2.6% compared with 3.2% for the Southeast. Our figures have been falling since 2011 and are now at their lowest point since 2008. Although figures are declining they are still 70% higher than before the recession in 2007.

Feedback is that the current range of national schemes is complicated with a number of different schemes across different government departments spanning different age boundaries with no consistent measures of success or easy way to access information on performance or effectiveness. Most often young people are signed up to these because they have been out of work for a certain amount of time rather than on a basis of what would best meet their needs and help them gain employment.

Support for young people in an area such as Buckinghamshire needs to be focused both geographically and within target groups. Locally defined and driven initiatives stand the best chance of making a significant difference. Localisation of schemes does give young people a chance to contribute to what works.

Not through EU funding but as an example of what would make a difference. We have two local multi agency projects one for young single parents and another providing a key worker and work experience opportunities to 18 – 24 year olds. These projects have been developed through lengthy conversations with the young people themselves and delivered with the full range and buy in of all local partners. If these pilot programmes are successful then aim is to roll them out to other target areas in the county.

In terms of future EU funding the 'opt out' model that allows local determination of specification design and ideally partnership delivery including local businesses is most likely to achieve the greatest involvement and successful outcomes for young people.

31 January 2014

Robert Plummer, BusinessEurope, James Higgins, European Youth Forum and Roland Freudenstein, Centre for European Studies—Oral evidence (QQ 206-218)

Robert Plummer, BusinessEurope, James Higgins, European Youth Forum and Roland Freudenstein, Centre for European Studies—Oral evidence (QQ 206-218)

[Transcript to be found under James Higgins, European Youth Forum, Robert Plummer, BusinessEurope, and Roland Freudenstein, Centre for European Studies](#)

Roland Freudenstein, Centre for European Studies, James Higgins, European Youth Forum, and Robert Plummer, BusinessEurope—Oral evidence (QQ 206-218)

Roland Freudenstein, Centre for European Studies, James Higgins, European Youth Forum, and Robert Plummer, BusinessEurope—Oral evidence (QQ 206-218)

[Transcript to be found under James Higgins, European Youth Forum, Robert Plummer, BusinessEurope, and Roland Freudenstein, Centre for European Studies](#)

Cheshire and Warrington Local Enterprise Partnership—Written evidence

Please see below Cheshire and Warrington LEP's response to the EU Action to Tackle Youth Unemployment call for evidence.

- We welcome the responsibility to LEPs for the 2014-20 European Programme
- Within Cheshire and Warrington we have significant pockets of deprivation and long term unemployment and European funding will allow us to target activities and support in a focused way avoiding funding silos and driven by the needs of individuals within the context of the local labour market
- To date we have seen significant deployment of resources deployed by UK government, largely through the Work Programme and Prime contractors. They are not required to engage with, nor are they accountable to, local strategic bodies i.e. LEPs
- European funding is small in comparison to national budgets and we believe that there should be a requirement placed on Work Programme providers to consult and agree their local plans and be directly accountable to LEPs for delivery.
- If DWP say (see article below) that they have made mistakes with the lack of local engagement with European funding why isn't this also the case for UK government budgets?
- This would sit alongside other provision delivered locally to help this agenda e.g. through FE College and Local authority budgets.
- LEPs have a key role as we look to increase levels of economic activity which is essential in Cheshire and Warrington if we are to replace our ageing workforce and not find ourselves in a position of labour shortage.
- We believe that this is both a social and economic agenda and that LEPs are best placed to coordinate.

10 February 2014

Derek Clark MEP—Written evidence

YOUTH EMPLOYMENT IN THE EU

IN ANSWER TO THE 8 POINT QUESTIONNAIRE RECENTLY SENT TO ME.

1. I find it very difficult to answer this questionnaire in terms of the 8 numbered paragraphs provided. That is because, while there is an impact on employment generally due to economic problems on the global scale, the problem in the EU is the EU itself.
2. It is no coincidence that the lowest youth unemployment rates are in the more industrialised areas of Europe. The rate in the UK is higher than several of those industrialised countries because we have lost much of our industrial base.
3. It is also no coincidence that the highest rates of youth unemployment are in member states who have taken the Euro. Their inability to operate with an interest rate suitable for their own situation, coupled with an exchange rate at the same level as the countries with lower youth unemployment rates, means that those countries are unable properly to organise their own economy.
4. If those countries with the highest youth unemployment rates were able to leave the Euro and re-establish their former currencies with their own interest rates and with rates of exchange largely determined by market forces, they would see a certain if gradual improvement. Their exports would become cheaper on the world markets, promoting their trade and hence their economy. That would mean lower pay for employees generally in those countries but that surely is preferable to high youth unemployment rates. The question is simple, 'Do they want low paid jobs, or no jobs at all?'
5. The EU is now trashing around trying to find answers to this problem within its structures. As a result we have the 6 billion Euro Youth Employment Initiative. I have no confidence that this will produce any lasting beneficial effect. One must remember that the EU's own Court of Auditors has refused to sign the books for over 16 years. In fact, there has been a qualified attempt to sign the books in the last two or three years, but by only employing a Stratagem. The EU Auditors now lay the blame for the missing millions of Euros at the door of member states. That is where, they say, that the money has gone missing by way of misappropriation and other unspecified reasons. This begs the question as to why the EU budget is not more carefully monitored in the first place.
6. Among the measures listed in your document is that of 'Apprenticeships'. Here one must look for an example to the UK. Until some 20 or 30 years ago many education authorities operated Technical and Commercial Schools. Both of these prepared young people to enter into appropriate employment, very often by way of an apprenticeship. The abolition of both Technical Schools, and Colleges of Further Education providing those kinds of courses by way of amalgamating them with Universities, has seen that route to employment closed off. It is of course young

people who have borne the brunt of that missing factor. It has also contributed to our own loss of industrial base.

7. I do not therefore seek to promote grand EU wide schemes as a way out of this difficulty. Still less do I welcome the spending of these extraordinary sums of money in an attempt to remedy the problem. Without doubt much of this money will be wasted or diverted from its intended use when it could have been spent by the member states retaining their share of that money and using it to promote their own schemes. The best people to spend public money are the people who directly provided it in the first place through their own elected representatives. All the decisions taken to alleviate this problem must be taken as close to the people it concerns as possible.
8. None of the above means that the UK, or any other member state, should promote a siege mentality. A glance through the historical records of those individuals who initiated local schemes, methods or working and above all scientific discovery leads one to realise that those initiatives were taken up across Europe and indeed the world. I would go further and suggest that this host of entrepreneurs discovered and established their ideas not because they were members of a vast continental entity, but because they came from, and related to, their own country with all that that means in terms of heritage and local promotion. These people became prominent in their own country and that prominence became widespread to the benefit of all. In short, good ideas always spread.

15 October 2013

Committee on the Labour Market, Swedish Parliament—Written evidence

1. *What do you think is the impact of your employment, education and labour market policy on youth unemployment in Sweden?*

Answer:

Youth unemployment is a much debated issue in the Swedish Parliament. When it took office in 2006, the current centre-right coalition minority Government made revisions to many areas of Sweden's labour market policy. As regards measures to deal with youth unemployment, the Swedish Government and its representatives in parliament highlight:

- general measures, such as halved social insurance contributions for employers who take on individuals under the age of 26, and halved VAT for restaurants in order to encourage employment in a sector in which many young people work;
- early and individualised help from the Public Employment Service, with an opportunity for young people who are assessed to risk long-term unemployment to be offered measures such as education and work placements directly from the time of registration;
- measures making it simpler for employers to recruit individuals on fixed-term contracts, which can help young people to enter the labour market, and the introduction of "vocational introduction jobs", combining work and studies;
- a job guarantee programme for young people who have been long-term unemployed, including intensified coaching and different kinds of labour market policy measures.

The opposition parties have been critical to these changes and have, among other things, pointed out that youth unemployment levels remain high in Sweden, and stressed the need for general measures that specifically target young people who are unemployed, that the Public Employment Service should have greater flexibility to provide early measures also to young people who have not been unemployed for a long time and a clearer education content in measures for unemployed young people.

2. *How are EU funds and initiatives implemented in Sweden, and how does this fit in with initiatives at national level?*

Answer:

The European Social Fund has funded projects in Sweden since 1995. The Swedish ESF Council is a government agency which has been responsible for the European Social Fund's Swedish programme since the year 2000. To date, over 90,000 projects have been undertaken, with over 1 million participants. Roughly speaking, one in six Swedes of working age has taken part in skills development within the framework of an ESF project. Between 2007 and 2013, Sweden received SEK 6.2 billion from the European Social Fund. Sweden has contributed with at least the same amount of public funding. The European Social Fund's five national theme groups analyse and systematise knowledge about and from the projects.

The theme group **Young people in working life** highlights labour market and other measures to prevent young people's exclusion from the labour market. The transition from school to working life is one of many areas that the theme group is examining. The aim of this theme group is to influence and provide added value to the field, which can lead to changing young people's long-term opportunities on the labour market, and raising the quality of measures offered to young people, whether they concern skills development or increased employability. Areas that the theme group Young people in working life have identified as especially important are:

- school drop-outs;
- helping young people to go from exclusion to being able to support themselves by stimulating initiative and entrepreneurial thinking;
- young people who have problems establishing themselves on the labour market on account of insufficient education, lack of a social network, functional disabilities or health problems;
- job matching and coaching for young people;
- young people with a reduced working capacity on account of illness or functional disability.

The theme group Young people in working life is run by the National Board for Youth Affairs in cooperation with the Public Employment Service, the Social Insurance Office, the National Board of Health and Welfare, the Swedish Association of Local Authorities and Regions, Comunicare and the National Agency for Education.

The Government has decided to give the Swedish ESF Council continued confidence to manage the European Social Fund for the next programme period 2014-2010. The assignment also includes preparing the EU cohesion policy goal "Investments in growth and employment", together with the Swedish Agency for Economic and Regional Growth. The Government has also decided that county administrative boards, county councils etc. which are responsible for regional growth measures in each county are to produce an analysis that can serve as a background to the Ministry of Employment's work with a national social fund programme.

The Government Offices are working intensively with the structural fund programmes for 2014-2020. On behalf of the European Social Fund, the Ministry of Employment held three dialogue conferences. Further steps have been taken by inviting some thirty public authorities and organisations to participate in working groups in order to draw up the contents of the Social Fund for the new programme period. The intention is that the Social Fund for the next programme period shall be drawn up in broad cooperation between the relevant actors, in order to ensure good support for the priorities and contents.

The working groups have no decision-making powers, but will discuss what the European Social fund should include during the next programme period, and how it should be implemented. The first group consists of the social partners. The second group consists of relevant public authorities such as the Public Employment Service, the Social Insurance Agency, the Swedish ESF Council, the National Board for Youth Affairs etc. The third working

group consists of a broad number of stakeholders in issues relating to the focus and implementation of the European Social Fund, such as the Swedish Governmental Agency for Innovation Systems, Almi, the Swedish Sports Confederation, the National Council of Swedish Youth Organisations, Coompanion, the Swedish Disability Federation, the Equality Ombudsman and the County Administrative Board's equality experts. A fourth working group is organised with the bodies responsible for regional growth.

3. *How does the Swedish government collaborate with social partners and young people on youth unemployment policy, and what effect does this have on the outcomes reached?*

Answer:

The social partners have traditionally had a strong position on the Swedish labour market, with a high degree of organisation. Both wage structure and some supervision of conditions on the labour market are dealt with exclusively by the partners, without the involvement of central government. In the autumn of 2011, joint discussions between trade unions, employers and the Government - the three-party talks - were initiated. The purpose of the three-party talks is that they should lead to agreements and reforms that bring improvements to the labour market, among other things, for young people. Three-party talks are conducted within three areas: vocational introduction agreements, redeployment issues and short-term work. Of these, the above-mentioned vocational introduction agreements are targeted at young people, where employment that has been agreed between the parties and that combines work and education can be subject to some degree of subsidies and supervisory support from the central government. The three-party talks and vocational introduction agreements have received the support of all the parties in the Swedish Parliament. As the system is relatively new, it has not yet been evaluated.

13 February 2014

Dr Paul Copeland, Professor Sue Maguire and Professor Martyn Sloman—Oral evidence (QQ 15-29)

Dr Paul Copeland, Professor Sue Maguire and Professor Martyn Sloman—Oral evidence (QQ 15-29)

[Transcript to be found under Professor Sue Maguire, Professor Martyn Sloman and Dr Paul Copeland](#)

Dr Paul Copeland—Written evidence

Do you think the EU should be providing funding to Member States to tackle youth unemployment? Does EU action respect Member States' power in the area of social and employment affairs?

As a result of the economic downturn, youth unemployment is at a historically high level across the European Union, albeit there are significant variations between Member States with levels much higher in Mediterranean countries, relative to Northern European. In terms of its own situation, the UK is positioned somewhere in between the two groups of Member States. It should also be noted that prior to the financial / Eurozone crisis, the EU had been attempting to reduce its relatively higher level of youth unemployment compared to its then main competitors of Japan and North America. In its 1994 White Paper 'European Social Policy' the European Commission noted that: 'EU-wide youth unemployment stands at over 20%, as against 13% in the US and 5% in Japan'. Since then the EU has made various attempts to address the problem, albeit with limited success given the flexible governance arrangements often used, and the limited amount of (financial) resources that have been available.

When tracing the subject of youth in EU treaties, we find the first official reference in the 1957 EEC-Treaty. Article 50 of this treaty provides that: Member States shall, within the framework of a joint programme, encourage the exchange of young workers. With the Treaty of Maastricht (1992), this provision was complemented with Article 126 TEC, which deals with youth and education and the participation of young people in democratic life in Europe. Although this seems to cover a broad scope, the competence to deal with the subject is limited to the encouraging of the cooperation between the Member States and, if necessary, by supporting and supplementing their action, while fully respecting the responsibility of the Member States for the content of teaching and the organisation of education systems and their cultural and linguistic diversity. This has remained unchanged during the revisions of Amsterdam (1997; article 149 TEC); Nice (2000; article 149 TEC) and Lisbon (2009; article 165 TFEU).

It is in this formal context that EU Youth Policy developed during the 1990s when it gained political momentum at the transnational level. The launching of the European Employment Strategy (EES) in 1997 requested the Member States to reduce youth unemployment. Member States were required to develop employment friendly strategies with the overall aim of ensuring 'every unemployed young person is [to be offered] a new start before reaching six months of unemployment, in the form of training, retraining, work practice, a job or other employability measure'.² Member States were also required to ease the transition from school to work, particularly for young people from poor backgrounds. As such, they were required to improve the quality of their education systems, and where appropriate, develop apprenticeship training.³

² OJ [1998] C30/1.

³ OJ [1998] C30/1.

Since the EES, the EU has attempted to resolve the issue of youth unemployment with intergovernmental agreements such as the EU's Lisbon Strategy (2000), the Laeken Declaration (2001), the European Commission's 2001 White Paper 'a new impetus for European Youth', and the revised Lisbon Strategy of 2005. As part of the latter agreement, the European Council adopted the European Youth Pact focusing on three priority areas: employment integration and social advancement; education, training and mobility; and the reconciliation of work and family life.

In 2009 the Council adopted a resolution on a renewed framework for European cooperation in the youth field (2010-2018).⁴ The resolution defines one overarching objective, namely 'to enable all young women and men to make the best of their potential' to be achieved via two sub-objectives: 1) more and equal opportunities for young people in education and in the labour market; and 2) active citizenship, social inclusion and solidarity of young people. The objectives are underpinned by eight fields of action in which initiatives should be undertaken: education and training; employment and entrepreneurship; health and well being; participation; voluntary activities; social inclusion; youth and the world; and creativity and culture. Such issues surrounding the EU's young have also been incorporated into Europe 2020, the EU's latest economic reform strategy.

In June 2013, European leaders agreed to ring-fence 8bn euros to combat youth unemployment. The funds will form the basis of a Youth Guarantee that aims to provide a job, training or apprenticeship to young people within four months of them leaving school, full-time education or becoming unemployed. Such funds are designed to complement activities within the Member States and are for those regions worst affected by the problem. This recent initiative builds on EU activity in the field that has developed over the last two decades and I believe that the EU should be acting in this policy field. Given the seriousness of youth unemployment, it seems logical that the EU should offer some financial support to aid Member States. The EU is often criticised for wasting taxpayers' money in areas such as the Common Agricultural Policy, but financial support in the area of youth unemployment indicates that the EU can, and does, act in policy areas that are highly salient with the electorate and represent serious and immediate problems. An added benefit of attempting to address common problems face by the Member States at EU level, as demonstrated by the research conducted on new modes of governance in the EU over the last 15 years, is that EU activity provides a framework in which different actors from across the Member States, as well as the broader set of EU policy actors, enables the exchange of best practice and peer review of policies. This gives national actors a greater insight into how a policy fields operate in other Member States, with the possibility of adopting and adapting successful policy such ideas to their national context if desired.

Given the limited Treaty basis of the EU in the field, as well as the broader fields of employment and social inclusion, such activity respects the authority and autonomy of Member State sovereignty in the area, is legally non-binding, and therefore has no consequences should a Member State decide not to engage with EU developments. The European Commission therefore cannot refer a Member State to the ECJ for non-compliance with this initiative, and the funds are designed to complement activities and national level. They are not designed replace national initiatives or to provide the Member States with a

⁴ OJ [2009] C311/1.

one-size-fits-all policy approach. It should also be noted that that relative to the problem, the amount of funds available is actually quite small.

How do you think that the EU can best ‘add value’ to Member States’ efforts to tackle unemployment?

As mentioned above, EU involvement that offers financial support but is also voluntary enables actors from the Member States to engage with those beyond their national borders. This often helps with the spreading of best practice and the search to find solutions to a common set of problems. Member States who are struggling with a particular issue can find out how another Member State has successfully resolved the problem. On a problem as pressing as youth unemployment, the more individuals and organisations that can be involved to come up with new ideas, the more likely governments will find successful solutions quickly.

As part of the EU’s 2010 Youth on the Move initiative, the EU’s website on the matter provides a range of tools to help young people work, train and study abroad. A problem with Youth on the Move is that the overall aim is only relevant to a small number of people. The vast majority of the EU’s young want to stay within their own Member State for a whole host of reasons (friends, family, but also poor language skills which would mean that jobs offered in another Member States are likely to be below an individuals skillset). The Youth Guarantee scheme is therefore an attempt to tackle the issue for those individuals who do not wish to migrate to other EU Member States for work.

A problem with the initiative is that the amount of money being spent may be insufficient and furthermore, it may not necessarily be in the right area. Youth unemployment is a complex issue and it has been a problem since before the crisis. For the pre-crisis youth unemployed, issues surrounding poor skills and education and training are highly salient and current EU initiatives may help with this problem. But the recent spike in youth unemployment is a consequence of the recession within the Eurozone and thereby a lack of demand within the economy. For young people who find themselves unemployed post 2008, they are less likely to have poor skills and require retraining. It is therefore questionable how targeted and successful current EU initiatives are. In this respect EU initiatives to boost youth employment could be more targeted to supporting entrepreneurship, helping start-ups with the funding of incubators and centres that specifically focus on young people with new ideas and business initiatives. This would have a much greater long-term impact on the problem than simply focusing on education and training. As the current situation demonstrates, having a highly skilled and educated workforce, as the EU does, is no guarantee of employment.

18 October 2013

Emer Costello—Oral evidence (QQ 153-161)

Evidence Session No. 12

Heard in Public

Questions 153 - 161

MONDAY 20 JANUARY 2014

Members present

Baroness O’Cathain (Chairman)

Lord Brooke of Alverthorpe

Lord Freeman

Lord Wilson of Tillyorn

Examination of Witness

Emer Costello MEP

Q153 The Chairman: Thank you very much for giving up your time, which we know is very precious. I know you are doing lots of other things. It is very nice to meet you again. This session will probably last approximately 60 minutes. Members of the Committee with relevant interests will declare these now. Do any of you have relevant interests? No, you will receive a transcript of the session to check and correct. This will be put on the public record in printed form and on the parliamentary website.

I am going to ask if you could begin by stating, for the benefit of the transcriber, your name and official title.

Emer Costello: My name is Emer Costello. I am the MEP for Dublin region in Ireland and I am a Labour Party MEP for Dublin, Ireland.

The Chairman: Thank you. I think you probably know what the purpose of our inquiry is: we are part of the European Union Select Committee of the House of Lords. We have the remit to look at the internal market, infrastructure and employment. Of course, we do reports and send them to the Commission and to the Government. Our last witness said that she had seen our reports and thought that they were quite good. We are obviously following the Directive on unemployment, and we decided to look into this because the consensus is that youth unemployment across Europe is a particularly serious aspect of the current economic crisis. Unfortunately there are all sorts of reasons for that. We have had a lot of witness

sessions from youth, businesses and all sorts of people involved in employment. We are nearing the end of our inquiry now, and we will probably produce a report in mid-April before the Easter Recess. We thought it was a good idea to come over here to see how we could unravel some of the problems we still have with the information we have been getting. We have 12 on the Committee. For reasons of resources and all the rest of it only a few have come on this trip—there is not a lot of point in taking too many people on trips such as this—but I am very grateful to members of the Committee who have given up these two days to do this. I am particularly grateful to you for giving us your time for us. We are going to ask you questions. You have had notice of the questions?

Emer Costello: I have indeed, yes.

Q154 The Chairman: I said that there is a general consensus that youth unemployment across Europe is a particularly serious aspect of the current economic crisis. Could you summarise for us your own view of the exact nature of the current problems, and the issues that you are more concerned about?

Emer Costello: I will preface any remarks by welcoming you to the European Parliament, and commending you on taking the time to come here to the European Parliament to investigate and explore these issues at a European level here in Brussels. I think it is a fantastic initiative and I really do want to commend you.

Secondly, I am a member of the Employment and Social Affairs Committee in the European Parliament. Youth unemployment is a major issue in Ireland. It has certainly been one of the issues that I have particularly focused on since taking my seat here in the European Parliament almost two years ago. To that end, I have been holding a series of meetings across the Dublin region, doing consultations with the various different stakeholder organisations, young people, people who work with young people in the business, education, youth work and training sectors, and those who come from unemployment organisations—the whole gambit of stakeholder involvement. I have been holding those meetings, first, to identify the issues that are particularly relevant in the Dublin region and to look at what those stakeholders feel would be the solution. That is my background and experience and how I came to this. At the end I can give you a copy of the speech I gave to the last meeting and a copy of the report that I submitted to the Irish Government, which is in relation to the consultations that I have been having. I have also given Commissioner László Andor a copy of my report.

As you are aware, youth unemployment is one of the greatest crises—if not the greatest crisis—that is facing the EU. One in four under 25 year-olds is unemployed in the European Union. We have approximately 26 million unemployed across the European Union. About 5.5 million young people are unemployed. There are a number of issues that concern me about that from a Dublin perspective. One of the biggest issues that is facing us in Ireland, particularly in Dublin, is the huge level of emigration of young people. It is a particular issue and problem because it is causing a major brain drain. Even the 1980s—I come from that generation—a lot of people emigrated across the water to the UK. However, now we find that with the crisis that is facing Europe, people are now looking much further afield and are going to Canada, the United States, Australia and New Zealand. They are travelling continents apart. The scale of emigration is having, and will continue to have, a major impact on Ireland and on the Irish economy. We are losing some of our brightest and our best. That

is not to say that those who stay are not bright and not some of our best, but at the same time it is a very worrying development.

I am very much an advocate of enabling and facilitating people to travel, because I believe that for young people to travel to work outside their country of origin is hugely educational and very insightful and when they come home they bring back certain skills. That can be hugely important. So while I would advocate very much that people should travel, many people, particularly many young families, are leaving and are not travelling with the intention of coming home. They are putting down roots in other places, and that is particularly worrying.

Another aspect of the whole youth unemployment issue, which is relevant to Ireland but applies to most European countries, is that many of the young people who are unemployed are at risk of becoming long-term unemployed. Many of them are a year or more unemployed. That has a real scarring effect on their own lives with their families and with their communities in terms of their ultimate ability to find employment, their earning capabilities, and even right through to their pension rights. That will have a major impact, and one of the legacies that we see very much as a result of the austerity and troika period that we have had in Ireland is long-term unemployment, particularly among young people, who may never fully recover from that experience. They are not able to make the kind of personal decisions at milestones in their lives that young people are normally able to make. They are not able to decide to leave home and live independently, and it is very difficult for them to make decisions about getting married and starting a family. All those decisions are deferred, postponed or somehow altered and there is no natural progression for these young people. That is the real scarring impact of unemployment on young people. The families of young people and parents are absolutely heartbroken. Over the Christmas period in particular we are struck by various different stories of families on Skype to families in Australia, and by grandparents who have never seen their grandchildren. It is really sad. Those kinds of issues are felt quite acutely, and it is something that I am conscious of.

Youth unemployment is a major issue in Ireland, particularly in my own constituency of Dublin. To highlight the extent of it in Dublin, the rate of youth unemployment is about 28% and approximately 60,000 young people are signing on. That does not tell the whole story of those who may not be in education, employment or training either, so we know that there are more. We know that about a third of the young unemployed people in Ireland live in Dublin; they are concentrated in the capital city. That has a very negative impact on the city. It is not good for the city and it is not good for social issues or the communities where these young people are living and wandering about maybe with a sense of aimlessness. These are the huge problems that we are facing.

It is important to say that if an economy wants to be dynamic and competitive, it is very difficult to call yourself an open, dynamic, competitive economy when one in three or four of your young people are unemployed. That is really difficult. It is a major challenge and one that we have to address for the long term.

Q155 Lord Freeman: Thank you very much for that introduction. Clearly, it is not just a European problem, it is an international problem, or could be in due course. The Committee may be concerned—I am certainly concerned—about the co-ordination not only of the Commission but of national Governments, trade unions and employers. Surely, we should be treating this—and I would welcome your views on this—as a major problem. Do you think

we are getting it all together when it comes to the exchange of best practice between different countries, proper co-ordination and leadership?

Emer Costello: This time last year, certainly the European Parliament had long identified youth unemployment as the major issue that was facing the European Union. This time last year, under the Irish presidency the conclusion of the EPSCO council was very clear, and the conclusions of the council at the start of the year when the Heads of Government came, was that it was very important that we dealt with the issue of youth unemployment. On 6 February 2013 the EPSCO council put in place that this would be a priority of the Irish presidency that this be dealt with, that it should be dealt with in a co-ordinated way, that there should be some kind of European funding and that there should be a programme to tackle the problem so that it was not tackled in an ad hoc way.

It was very much the European Parliament that proposed the Youth Guarantee and the concept of a youth guarantee. The Commission took that proposal on board and was very positive about it. I think it was an affirmation of that when the EPSCO Council said, “Okay, we believe in this, and if we are seriously going to pursue the issue of youth unemployment we have to put financial resources behind it”. So it was agreed that €6 billion in financial resources would go into the Youth Guarantee: €3 billion from the youth employment and €3 billion from the European Social Fund. It was hugely important that there was that proposal.

Currently, all member states in the European Union co-ordinating youth employment and youth unemployment responses have been asked to put together a proposal for their youth employment programmes. The Youth Guarantee money applies to countries with regions where youth unemployment is over 25%. As far as I know, the Commissioner told us before that that 21 out of 28 countries would be entitled to draw down funding from that.

To answer your question, it took some time to acknowledge that youth unemployment was a problem that needed to be addressed in a co-ordinated way. We have not yet seen all submissions from the member states as to how they intend to draw down the money and what programmes they are putting in. I have a request in at the moment, and I understand that the Irish Government under Joan Burton have put in a request and their programme for funding. I am waiting to see that. I believe that the quality of those programmes will be assessed by the Commission. It is important that those programmes do not just draw down European funding but are clear, co-ordinated responses and have all the stakeholders involved. That is why I engaged with the trade unions, employers’ organisations, education and training experts, people who were working in the field of youth work and young people themselves. I consulted them in a series of meetings I had across Dublin. Some of the findings from that were important, but they are also saying that there is no co-ordinated approach at the moment. It is hoped that perhaps the Youth Employment Initiative will pull that together.

Q156 The Chairman: Is it appropriate for the EU Commission to have a role in youth unemployment? What you have said is absolutely appropriate for Ireland, and certainly sharing examples with us would be useful. But there are certain countries in the European Union where that would not necessarily be appropriate. I would have thought that this was in the area of “good to have” and “let us see if whether we can produce a framework”—we the Commission—but is being so descriptive and prescriptive not going to take up a huge amount of bureaucratic time?

Emer Costello: I feel it is really important that this is seen to be a priority of the European Union. Employment, and the aim and aspiration of full employment, has to be a priority that the European Union upholds and supports in whatever way it can. I agree with you in the sense that some countries have more acute problems than others. It is important to acknowledge that. That is why the Youth Employment Initiative targeted specific countries with high levels of unemployment. It is also important to acknowledge that all countries are having increasing problems of youth unemployment, even countries that did not traditionally have it. When we are looking to achieve full employment and to put people into work it is important that we try to ensure that we are able to provide decent work. The decent work agenda should really accompany this. That is why it is important that mechanisms are put in place to make young people job-ready. It is not as if there are no vacancies, even in the European Union, but there is a huge skills mismatch.

The Chairman: You are absolutely right.

Emer Costello: That can be supported through the use of EU funds, such as the ERASMUS+ funding, which is aimed at all levels of students.

One of the issues that has also come up, very much in my own seminars in Dublin, is the whole issue of vocational education and training. In some countries, vocational education and training has equal status with higher education, and people who have the accreditation from vocational training are respected as much as any of the professions. However, in Ireland and probably in the UK also, because our systems are very similar, there is a huge respect for higher education, and vocational education is very often treated as the Cinderella or the poor relation. So there is a need. The European Commission also, in its education and training programme, has a major role to fulfil in helping to change mindsets and to achieve parity of esteem for vocational education.

The Chairman: That is exactly right.

Emer Costello: I am very concerned and working towards this in Ireland and looking to see how we can actually achieve this.

The Chairman: In terms of good practice, the German system of apprenticeships is one area.

Emer Costello: That is right, and the dual system of education in Austria or Finland is another. The other issue for Ireland is that there are five main categories of apprenticeship, which are divided into trades. If you look at the experience in many other countries there are hundreds of different areas of apprenticeships.

The Chairman: Exactly.

Emer Costello: In Ireland, the Minister for Education, Ruairí Quinn, is currently undertaking a review of apprenticeship. One of the areas that is being looked at is how can we expand apprenticeships into areas like the green economy, caring and the hospitality industry.

The Chairman: You made a point about ERASMUS. That is the first time that has been mentioned today. ERASMUS is tailing off at a time when it should be becoming more important. Do you know of any reasons for that?

Emer Costello: I would not actually agree. The new programme, ERASMUS+, is a redesign of the life-long learning programme. I come from a background—and have to declare my interest in this—of 10 years working in Léargas, the national agency in Ireland. I worked very closely particularly with the British Council, which had the contract to manage the

programme in the UK. We worked with all the national agencies. I worked in the national agency that had the co-ordination responsibility for all the education programmes. We did not do ERASMUS itself, the Higher Education Authority did that, but we did all the school and adult education programmes and all the other programmes. We also did Leonardo da Vinci, the vocational training programme, and the youth programmes. I see that there is enormous potential in programmes like that. I objected to the name of the new programme, ERASMUS+, because I think it is elitist and brings up connotations just with higher education. I was quite attached to the name of Leonardo da Vinci.

I do think that those programmes have a major role to play. Leonardo da Vinci, for example, is a really innovative programme that will equip people with employment skills. I was Lord Mayor of Dublin in 2009-10, and I established what was called the Lord Mayor's Commission on Employment, because at that stage the crisis was very much beginning to take root in Dublin. I was hugely concerned about the challenges that were facing Dublin city. One of the actions that came out of that was that we joined forces with one of the institutes of technology in Tipperary. It was involved in a Leonardo da Vinci programme with an institute in Germany retrofitting and housing insulation. It was a hugely successful programme. A lot of the people who participated in those types of programmes, even short vocational training programmes, were able to find jobs in a self-employed capacity, having completed some of that training. Programmes like Leonardo da Vinci, which develop people's vocational training, open up new horizons and give them the opportunity to gain work experience in another country, are hugely important. The experience of ERASMUS students travelling abroad is important. The new ERASMUS+ programme, which will become evident as it is rolled out, is geared to try to enhance young people's skills and try to make them job-ready.

Q157 Lord Brooke of Alverthorpe: I would like to pick up on the different elements of the actions the EU is taking. There is the youth employment programme: the Youth Guarantee. Then there is the Youth Employment Initiative, with the extra money that has been found of €6 billion. There is also an emphasis on some of the European Social Fund programme now being devoted to creating employment opportunities for younger people. You mentioned that you had been running seminars. I know it is early to judge how the latter part of these programmes is working, but you mentioned that there was a feeling that there was a lack of co-ordination. Can you elaborate on that? Where do you think there is a lack of co-operation and what could be done to try to change it? Are we getting best value from these initiatives or could more be done?

Emer Costello: In the first instance, a lot will depend on how the youth employment initiatives are rolled out. To date, there are a number of issues. In Ireland there have been a number of training agencies and vocational and education training boards. A lot of changes are taking place in relation to that at the moment. There are community employment initiatives and vocational training programmes. Sometimes there is not as much co-operation as there might be between the various different elements that are involved. I think that was one of the issues that Ruairí Quinn saw when he took on the role of Minister for Education: there are labour activation courses, there is community employment, and then there are education programmes. The training courses were operated through what were then the FÁS centres, and they came under the Department of Enterprise, Trade and Employment, whereas a lot of the education programmes came out of the Department of Education and Skills. So in Ireland there is an attempt to try to co-ordinate that now to see if we can come up with a more comprehensive system.

Lord Brooke of Alverthorpe: In a sense, you are trying to bring the business side closer to education.

Emer Costello: Yes. The other thing that we are doing is rolling out the new Intreo centres. That means when a person finds themselves unemployed and they turn up at an employment exchange for the first time to sign on, it is not that they are going in to sign on and receive money; they are going to a centre that is going to facilitate their entry back into the workforce as quickly as possible. So the Intreo centres are not just places where people collect their cheques or sign on for their giros or whatever; they are places they will go to where they will be provided with job advice and counselling. A personalised training and education programme can be put in place for that person. That is something that I think has been missing, and the Minister for Social Protection, Joan Burton, is very keen that we should try to activate that.

That is where the Youth Guarantee will be very important. The Youth Guarantee is supposed to be based on a rights-based approach that will look at the needs of the person, rather than just trying to slot people into the existing provision. As somebody who was a counsellor and worked very much underground in my local area, I could see the problem, too, where you do one course, you do one programme, and all of a sudden you are told it is two years before you can do anything else. Having done a programme or having done a course a person will say, "I know that I need to get the skills in this particular area". But when they try to get the skills in that particular area they are told, "Sorry, because you have done this programme you are not entitled to do anything further for another two years. Go away and come back to us in two years' time". That is an absolutely crazy situation to have. So I think that rolling out the Intreo centres will be quite useful.

The other thing I mentioned is that we are reviewing the apprenticeship programme at the moment. A lot of the youth organisations said that it is really important that the Youth Guarantee and the youth programmes that we have should be voluntary: that young people should not be compelled to take part in them. Certainly, there is a major carrot involved for them, because since we began to discuss this, as you are probably aware the budget situation in Ireland has become quite serious. We had a very difficult budget. We had to take €2.5 billion out of our economy in the last budget in October. There was a request by the troika to take €3.1 billion out of the economy but the Labour Party insisted that no more than €2.5 billion would be taken out of the economy. From my perspective, one of the more painful and difficult budgetary decisions was the decision to reduce the level of benefits that are given to young people. So there is a substantial incentive given to young people to start training programmes. They will certainly be paid much more than they would be paid if they were unemployed and claiming unemployment benefit.

Q158 Lord Wilson of Tillyorn: I would like to pursue the question of who does what best. You are making a strong case for the EU being involved in doing things, and that the Youth Guarantee is one of those. What things do you think are better done at that sort of level by the European Union and what things are better done by member states? How would you rate that problem?

Emer Costello: I think that the European Union through the provision of funding, such as provided by the Youth Guarantee or the European Social Fund, should provide member states with the capacity to deliver what is needed. I do not see it as, "This set of actions is youth actions and this set of funding is national actions". That is important as we try to

develop a European framework of qualifications and try to address a proper system of mutual recognition of qualifications across the EU.

From that point of view, while member states are very well equipped to design and develop their own national qualification systems and work within that, it is important that there is a co-ordination and transparency of qualifications across the European Union, which will facilitate the mobility and the freedom of movement of workers across the EU. It is very difficult to have the mobility that the EU aspires to, and which the internal market would say we should have, if we do not have a mutual recognition of qualifications. There is an important role for the EU there to come up with some funding for it, but I would not say that one is exclusive of the other.

Lord Wilson of Tillyorn: How do you rate the way in which the various EU policies have been applied in Ireland? How would you rate the effectiveness of the different policies?

Emer Costello: I would say that Ireland is one of the real success stories of EU funding. The European Social Fund is particularly important. Last year we celebrated 40 years since our entry into the European Union and the referendum. I think Ireland and the UK entered at the same time. At the time Ireland entered the EU, from our perspective there have been huge advances, because joining the European Union, or the Common Market as it was called then, opened up a huge market. Quite frankly, before that Ireland was very dependent on the UK's cheap food policy. We were seen as a mechanism for providing the UK with food, but we had difficulty reaching markets outside of that. One of the successes of Ireland's entry into the European Union was workers' and women's rights. I am not sure what the situation was in the UK at the time, but when we joined the European Union there was a marriage bar for women in the Civil Service; women had to resign from the Civil Service once they got married.

The Chairman: That was not so in the UK.

Emer Costello: That was not so in the UK but we had that in Ireland. There was the whole equality treatment in terms of social protection, but one of the big areas that helped Ireland to advance, with its entry into the European Union, was the development of the institutes of technology, or the regional technical colleges as they were called at the time. This goes back to the whole idea of vocational training. Instead of developing a whole series of universities—we had three or four universities: as much as we could sustain—we developed a lot of the regional technical colleges in strategic locations. My own hometown, Dundalk—although I represent Dublin and I have lived in Dublin longer than I have lived anywhere else, I am originally from Dundalk, which is just on the border between Dublin and Belfast—had a very blighted history in many ways, being a border town, and it had developed a certain reputation over the years as well.

The Chairman: Bandit country.

Emer Costello: So they say. I would not necessarily agree with that, but it suffered the consequences of being a town on the border. It developed an institute—an RTC—which is now an institute of technology, and that has contributed to the overall development of the town and its ability to attract major industries there. So I think that Ireland does demonstrate success. Also, the structural fund has helped us to develop a whole road network, and our infrastructure to a large extent. Becoming a member of the European Union was hugely beneficial to Ireland, no more so than the whole area of the Social Fund,

the development of education and training programmes through the ESF. I know that the state training agency developed, apart from the regional technical colleges, many programmes that are funded through ESF as well. Many of the participants in those programmes became highly skilled and were able to go on to make Ireland the knowledge economy that it is now, an economy that is capable of attracting high-end industry. We have had a lot of various different member states come to Ireland to see how Ireland has drawn down the Social Fund as well.

Q159 The Chairman: It is a great example and we all know it. What has happened in Ireland is rammed down our throats all the time, which is great. The point is that we are where we are and we are all affected by this high youth unemployment, which has long-term effects on whether people who are out of work for any length of time are ever going to be employable again, and all the social problems that you have mentioned.

I am told we are running out of time, so I will ask you the question. To what extent do you see the issue as being about the demand-side, the availability of jobs, and how well are young people prepared for the labour market with regard to their skills or employability?

Emer Costello: This is another big issue that has come up. People say, “The Youth Guarantee says that a young person will be made a quality offer within four months of leaving full-time employment or education”. Perhaps we could touch on that before we finish: a quality offer of an apprenticeship, a training place or education place, and an offer of a place within four months. The question comes up, “Well, what happens at the end of that training period if the jobs are not there?”. I suppose in the first instance, while we are experiencing the downturn, it is important that we have people who are job-ready for when the economy does actually recover. So there is very much that, but I think there has to be dual action in preparing people for the job market without being able to provide the jobs. That can be difficult. You can do so much in trying to address the skills mismatch, which I mentioned earlier. I think it is hugely important to address the skills mismatch. At the same time, there will be people who will emerge from these training programmes with the expectation of getting a job. That is why, from my point of view and from the perspective of my political group here in the European Parliament, Europe needs to come up with an injection of stimulus or growth that will see growth in the economy that will help create jobs.

Q160 The Chairman: I will just throw a statistic at you. I do not know whether it is true or false and perhaps you can tell me. The Irish Prime Minister said that if all the IT jobs that were vacant in Ireland were filled there would be no youth unemployment. In other words, the jobs are there but the skills are not. We all think we are brilliant at IT, but we are not, not up to speed with all the new developments in IT. If the EU has to be involved in trying to divvy up the whole thing, would it not be better to be doing something specifically aimed at IT training in every member state?

Emer Costello: Certainly in a country like Ireland IT training is particularly important. I am not familiar with that particular quote from the Taoiseach, Enda Kenny. What I would say is that I know a number of companies that do locate to Ireland, particularly some of the IT companies, may locate some of their sales positions there. One of the huge problems is languages. The Commissioner had an interesting perspective on this. I had a meeting with him some months ago in relation to the roll-out of the Youth Guarantee. I said that people from countries like Ireland are going to America, Canada, Australia and New Zealand, and he

said that it is interesting to see, when you look at the level of vacancies across the European Union, that they are choosing to travel not across the European Union but to different continents. That is very often because they travel to a continent where they have a language affinity.

The Chairman: Yes, exactly.

Emer Costello: Not only IT training but the way we teach languages in schools is going to have to be revised. We have to look at producing people who have high quality language skills.

The Chairman: Yes, that is absolutely right. This has been a fascinating session and we could stay here for another hour but unfortunately we are being booted out. Well, not as inelegantly as that. I am sure that lots of ideas will come to you over the next few days, so can I ask if you could jot them down to help us in our report and to further our discussions? We are almost at the end of witness taking so we would be most grateful.

Emer Costello: Can I leave these with you? These are copies of my report. I had another meeting in Tallaght in November. That is annexed there. That is the full report of all the meetings that I held with the stakeholders. The names of the stakeholders who attended the meetings are there, so even though you will not be familiar with the organisations it will give you an idea of who they are and what we did. I will leave you with all the copies of those that I have, and I will give you a copy of the speech that I gave at the last meeting because that tried to encapsulate some of the issues that came up at some of the other meetings.

The Chairman: If you were in my position now, what questions would you be asking you?

Emer Costello: Wow, now there is a question. To be honest, the questions that you had here are very important, but one of the areas that we need to look at is how to give young people some kind of ownership and hope. If we are talking about youth employment initiatives, I think the involvement of young people in the roll-out of those is hugely important.

The Chairman: We have had young people as witnesses.

Emer Costello: I am very impressed, yes.

The Chairman: We had them and it was really fiery. When I asked my first question about which organisation they go to for jobs, they just said in front of us—we are Members of the House of Lords, do not forget—“Job Centres are crap”, and it went on from there. But it was good. They said they really felt engaged with us and I think they were delighted that we had gone to the trouble to travel to meet them. We did the same in Birmingham. They were tough and they brought us down from whatever cloud we were on. I give you the tip that if more European countries actually asked their young people, they might get some staggering answers—not that they would necessarily use questionable words! I think that we have covered that, but if you think of any other points that we should cover please share them because we only have a few weeks left.

Emer Costello: The other issue that I mentioned to you was the quality framework, which I believe is hugely important. If we are developing internships and placement programmes or whatever, it is important that we develop that framework. I know that the Commission has moved towards developing a quality framework for traineeships and internships. That has to be developed and improved on. There is a possibility that they could be open to abuse, but at the same time I believe that internships can provide a major stepping stone into

employment. They are good for employers, and they are good for employees. It gives them a chance to try each other out, and that is very important.

Q161 Lord Brooke of Alverthorpe: Are you working at trying to develop a framework for those?

Emer Costello: Yes, we are, but I think it has to come with a contract. It has to come with something that says that a certain level of skills will be delivered. Ideally, I would like to see it come with an accreditation process at the end, which perhaps could be tied into the accreditation of prior learning. Therefore the skills derived over a period of training in a job placement would be accredited in some way, so that somebody would have something that sits within the European qualifications framework that they could see.

The Chairman: Thank you so much.

Emer Costello: I hope that that was useful.

The Chairman: In fact, we are not being booted out but you are.

Emer Costello: That is fine as I have other places to go to. It was nice to see you.

The Chairman: It was nice to see you too.

Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

Evidence Session No. 7

Heard in Public

Questions 84 - 97

MONDAY 9 DECEMBER 2013

Members present

Baroness O'Cathain (Chairman)
Lord Brooke of Alverthorpe
Lord Clinton-Davis
Lord Cotter
Lord Fearn
Lord Freeman
Lord Haskel
Baroness Hooper
Earl of Liverpool
Baroness Valentine
Lord Wilson of Tillyorn

Examination of Witnesses

Terry Morgan CBE, Chairman, Crossrail, **Jez Langhorn**, Vice-President, People, McDonald's, and **Tanith Dodge**, Director of HR, Marks & Spencer

Q84 The Chairman: Good afternoon, everybody, and thank you very much. I will welcome you all in a moment, but just a few points. The session will last approximately 50 to 60 minutes and members of the Committee with relevant interests will declare these now. Are there any interests? Yes, Lady Valentine.

Baroness Valentine: Terry Morgan is Chairman of the London First Employment and Skills Group.

The Chairman: You happen to know each other. I should think that is probably an advantage. Thank you.

Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

Lord Brooke of Alverthorpe: I was on a Select Committee that dealt with the legislation on Crossrail.

The Chairman: I see, right. Now, the session is on record and is being webcast live and will be subsequently accessible via the parliamentary website. Witnesses will receive a transcript of the session to check and correct and this will be put on the public record in printed form and on the parliamentary website. I will ask the witnesses, starting with Tanith Dodge on my left, to state for the record your names and official titles because we need it for the record for the transcribers.

Tanith Dodge: Tanith Dodge, director of HR, Marks & Spencer.

Terry Morgan: Terry Morgan, chairman of Crossrail.

Jez Langhorn: Jez Langhorn, vice-president, people, at McDonald's.

The Chairman: Thank you very much indeed. I invite you to make an opening statement, if anybody wants to make a brief opening statement.

Tanith Dodge: As an employer, Marks & Spencer run a number of youth employment programmes. Specifically, we run a programme called Make Your Mark, which focuses on young people in unemployment under the age of 24. We provide vocational work experience. We also run a number of training programmes, graduate programmes and A-level programmes, so as a company we have quite a bit of experience of supporting young people in the world of work.

Terry Morgan: I am chairman of Crossrail, but I also have additional responsibilities as chair, as Lady Valentine has said, of the London First Skills and Employment Group. I also chair a national skills academy for railway engineering and a manufacturing technology centre that has been established in the West Midlands. I will predominantly talk about Crossrail. From the point of view of Crossrail, we have made it a precondition that if companies want to contract with Crossrail they have to employ somebody who is either an apprentice or currently unemployed for every £3 million worth of contract value. That means we have a target of 400 apprentices. To date, we have 269 and we have taken 750 people through pre-employment training who have been generally successful in finding employment as a consequence of that. I think it is really important that you lead from the point of view of how you create an opportunity for young people to be employed rather than concern about immigration having an impact on unemployment. The emphasis for me is about opportunities.

The Chairman: Indeed. Thank you very much. Mr Langhorn?

Jez Langhorn: Good afternoon. McDonald's, for context, operates 1,250 restaurants across the UK and we employ 95,000 people, 60% of whom are aged 16 to 24. We are a very large employer of young people. We have been offering qualifications to those people for the past seven years. We currently run an apprenticeship scheme that delivers around 5,000 level 2 apprenticeships every year, so we are one of the largest private sector providers of apprenticeships in the UK. We also provide other qualifications for those who leave school without them, such as Maths and English. Some 350 people gain a Maths or English GCSE-level qualification funded by McDonald's with Government support every single month to those who did not have them before. McDonald's is also a big supporter of our sector skills

council, People 1st, and of pre-employment training to help people into the hospitality industry.

Q85 The Chairman: Thank you very much. That all sounds very impressive. In fact, it nearly negates my first question, which was: could you describe for us, please, your involvement with young people as employees or trainees and how recruitment of this group has changed during the course of the current economic downturn? As you obviously have a handle on this issue, particularly the apprenticeships, do you have any publicly printed material available which would benefit us? We have really been concentrating on apprenticeships and we have come up against a brick wall so many times, whereas today we have an enthusiasm for apprenticeship schemes. I take it that in McDonald's particularly, you take them from the age of 16.

Jez Langhorn: We do.

The Chairman: Sixteen to 18 year-olds they go missing, no records, and we would be grateful if anybody could answer that. I did not hear, Ms Dodge, whether or not you have apprenticeship schemes.

Tanith Dodge: We do not specifically have apprenticeship schemes. We run a number of schemes that are all but in the same guise as apprenticeship schemes, but they are not a recognised body. We do a lot of training on the shop floor and they get an in-house accreditation. One of the barriers to apprenticeship schemes is that there are very few bodies that are nationwide that will give the accreditation in all the locations where we operate. There is also, unfortunately, still quite a bit of bureaucracy. There is a lot of paperwork and certain ways in which you have to provide the training, which does not always work for us. We would be much more supportive of an accreditation that a company like Marks & Spencer gets that recognises what we do as opposed to forces us to do it in a certain way to meet the criteria. We have looked at it many, many times. There is a huge willingness to do it, but it would add a lot more process and bureaucracy to the way we do the training today.

The Chairman: That is very interesting. Mr Morgan, do you find that operating the apprenticeship scheme is a very bureaucratic process?

Terry Morgan: The bureaucracy can always frustrate you. You just have a determination that it is not going to stop you. Certainly, in our experience—and I use it as an example of why we do it—we have placed a lot of contracts, billions of pounds worth of contracts, over the last three or four years. We are keen on it because we believe it is an important legacy issue for a huge infrastructure project like ours. Guess what? The companies that do the most in apprenticeships and give people an opportunity to be employed locally in the businesses are our best contractors. They get the message. The best companies do this quite naturally.

Q86 The Chairman: Is it the same with McDonald's. That is a very impressive record, a new group of 5,000 apprentices employed each year. What happens to the 5,000 at the end of one year? Do they carry on? Is the apprenticeship scheme more than one year?

Jez Langhorn: It is. The apprenticeship scheme is a minimum of one year. Some will take a year, some will take longer depending on their needs. All of them go on to full-time jobs with us or part-time roles, whatever their role is. They are all permanent jobs that come out of the apprenticeship.

Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

The Chairman: Has your recruitment process changed during the course of the current economic downturn? Is there a marked difference from, say, prior to 2008 and now?

Jez Langhorn: Nearly a million people a year apply to work at McDonald's. It is obviously predominantly a large number of young people who apply to work for us, and we hire around 25,000 people each year. Although our turnover, our churn rate, is quite low, a lot of it is linked to the education cycles; maybe young people will work for us during A levels or degrees. The average hourly paid staff member stays with us for three and a half years and managers stay with us 15 years. Out of that million applications, we also think it is important that we help young people who are not successful to build their CV. We also point them in other directions: to our sector skills council and to organisations such as vInspired so that they can either use volunteering or add to their CV in some way. We have found, though, that we hire people on their qualities, not just their qualifications. We have a really broad church of people working for us, those who maybe did not do well at GCSE level working shoulder to shoulder with master's degree students who are topping up their fees. That leads to a really rich, diverse set of employees.

The Chairman: That is most useful.

Q87 Baroness Hooper: On the question of the very impressive numbers of apprenticeships that McDonald's has, what is the dropout rate, if indeed there are any dropouts?

Jez Langhorn: I will come back to you with the exact number of our success rate—something we monitor very closely and it is a very high success rate. It is above industry average.

We are inspected by Ofsted, as any learning organisation is. In our last Ofsted inspection we rated very good, with many areas outstanding, including that governance.

The Chairman: Of course, the three of you represent leading edge, so to speak, and places where people would want jobs. Do you think that the way you are dealing with all this, the way you employ these people, structure the apprenticeships, has messages for the rest of the country and for all these people who are unemployed?

Terry Morgan: Can I come back to the bureaucratic question? If you allow civil servants to run this process you will end up with what you have just described. The front end will do what you have just described, but it is really important that this initiative should be employer-led. Employers can impact the supply chain in a much more effective way.

The Chairman: Rather than Government-led?

Terry Morgan: Totally. Government can help. Obviously, I have a very strong view that the Government, with their procurement, can help to direct how companies that want to contract on the public sector expenditure make a commitment.

The Chairman: They set the climate and you do the work?

Terry Morgan: Yes.

The Chairman: That is very interesting. Any more questions on that?

Lord Wilson of Tillyorn: Tanith Dodge, you decided not to have a formal apprenticeship scheme. What difference does it make to you whether or not you have a formal recognised apprenticeship scheme?

Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

Tanith Dodge: The most important thing is that we are giving young people the opportunity to work. Our programmes are developing their employability and customer service skills. It is very similar to an apprenticeship but it does not have the formal accreditation because there is not one body that provides that accreditation for the whole of the UK. We would have to go to five different bodies. One of the programmes that we are working with a number of other employers on is a programme called Movement to Work. Working with the Government we are joining other organisations, and that is where it becomes very powerful. We have signed up 14 other companies in the FTSE 100, companies like BT, Barclays, Diageo and so on, and have an aspiration to provide work experience to 100,000 young people over the next 18 months and to roll it out through our supplier base. If each of those companies talked to all their suppliers to do something similar, who then talked to all their suppliers, you would get this accelerator. One of the many attractions of it is it aims at making it as easy as possible, particularly for SMEs, to be involved and provide work experience to young people, because we are sharing knowledge, experience, one toolkit, to make it easier for organisations to roll it out. That is happening now. We have in our first year taken on about 1,000 and, of those, 80% have gone into meaningful work.

The Chairman: Was that your own initiative or was it prompted by Government?

Tanith Dodge: It was our own initiative.

Lord Wilson of Tillyorn: It is very impressive what you do. Is there anything you are forgoing by not having formal apprenticeship schemes?

Tanith Dodge: No.

The Chairman: Of course, it is more diverse, is it not, than the construction industry as such or the food and hospitality industries. It could be. I do not know.

Terry Morgan: I could be persuaded either way. I just think there is a choice here. In my opinion, what gets missed is that very often youngsters have some difficulty in choosing what careers they want to follow, and by trying to move away from vocational training being a condition of applicants who have failed the academic route we have to change that. Certainly, one of the things that I think is missing is the whole trail of those who have done very well with us vocationally. One of the things that we have learnt is that youngsters decide that they want to transfer to an academic career and change at a later stage because they know better what they want to do and at least they have the vocational skill behind them.

The Chairman: And workability.

Terry Morgan: Absolutely.

The Chairman: Yes. Lord Brooke, you wanted to ask a quick one on that.

Q88 Lord Brooke of Alverthorpe: Yes, thank you, Lord Chairman. There is a lot of debate about that. It is interesting listening to the Marks & Spencer contribution because there is a lot of debate about the quality of apprenticeships and what an apprenticeship is. Some people say, "We are now offering apprenticeships", which really are no more than vocational training. In that sense, is Marks & Spencer perhaps being very honest and straightforward in its approach, leaving aside the issue about bureaucracy?

Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

Tanith Dodge: The training that we provide we provide in a way that suits our business needs. It is very good training. Most of the individuals go on to full-time employment and become managers in our organisations. It has a very high success rate. If we moved into the apprenticeship route, and we would really like to move into the apprenticeship route, the way we do the training would have to be different.

Lord Brooke of Alverthorpe: You would like to?

Tanith Dodge: First of all, if there was one body that we could work with that was nationwide we would, because working with five bodies, five different ways of doing it and five different sets of certificates makes it very difficult, and we are very confident that the way we do it today works extremely well.

Lord Brooke of Alverthorpe: Who provides that infrastructure if we try to make the changes? Is it the Government or is it the industry itself that comes together and does it?

Tanith Dodge: It is both, but it is mainly the industry.

Lord Brooke of Alverthorpe: It is the industry that is failing there?

Tanith Dodge: There is not one joined-up body.

The Chairman: She is not going to say that.

Tanith Dodge: No, I did not say that. There is not one specific body representing the whole of retail that is nationwide in the UK.

Lord Brooke of Alverthorpe: If I may just conclude on this, it is very interesting for us to try to find who is responsible at the end of the day for making it work best.

The Chairman: Yes, and what system is the best, too, but the system obviously differs depending on the sector.

Tanith Dodge: Yes, it does. It differs by sector and by industry.

The Chairman: Lord Haskel, you wanted to have a quick question.

Lord Haskel: The work you do is very impressive. Do you go a bit further and have, for instance, an incubator scheme where you can get young people starting up their own business with your assistance and then you become associated with them, or is that a step too far?

Terry Morgan: It is not a step too far. You used the example of an incubator, but when you talk about young people I also think of the whole question of diversity. How do young people make choices about which career they follow? I would suggest, although I suspect I could be challenged, that in my sector males dominate and in retail females dominate. We are very keen to try to change that, so we have our young people, because I am too old for this, going into schools to try to influence particularly women about choices, about a career like construction or in an infrastructure programme of the sort that we are developing. We have no problems getting males, so it is a question of trying to get more diversity. On the question of start-ups, we run an innovation process but it is very immature right now, to be frank with you.

The Chairman: Thank you. That has been fantastic, a very good opening session.

Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

Q89 Lord Clinton-Davis: Some young people have great difficulty in finding jobs and keeping them. Is it due to a lack of opportunities for them, or is it due to any other reasons?

Jez Langhorn: It is a combination, because being a young person today is quite tough in the current economic climate. Jobs are scarcer than they were, but many young people still leave school without Maths and English qualifications. I think the latest statistics were that 65% of children achieved five GCSEs, including Maths and English, which leaves 35% who did not. It is very important that big, responsible companies offer those people the chance to still gain qualifications once they have left the traditional academic environment. I know that in our situation many young people will gain qualifications, and they mature at 16 to 17 and 18. An 18 year-old is very different from a 16 year-old. Gaining that qualification not only boosts their skills but their confidence. That is very important for young people. In many situations, that enables them then to get back into traditional academic routes as well. For example, if you do not have a Maths or English qualification and you gain that at McDonald's, many young people then go back into full-time education because they can then get on to the course that they wanted to do because they now have that Maths or English qualification that they did not get in the traditional academic route. It is important that we do not close the door on those opportunities to get formally recognised qualifications once young people have left the traditional academic route.

Lord Clinton-Davis: If young people have worthwhile qualifications, do they find difficulties even then?

Jez Langhorn: Well, I would say that we have managed to grow our business successfully over the last few years. In fact, over the last five years we have created 30,000 new jobs. We have gone from having 65,000 to 95,000.

Lord Clinton-Davis: You talk about new jobs, but do you differentiate between people who are getting paid the minimum amount and people who are not even qualified for that?

Jez Langhorn: We will employ people based on their skills as well as their qualifications and give them the opportunity to grow and progress. I go back to my earlier comment. I think it is tough being a young person and it is incumbent on the big companies to help those young people get the skills and confidence to get the jobs that are out there.

The Chairman: It is the other face of corporate responsibility.

Terry Morgan: Can I add something to this? When you talked about young people who have some degree of capability, we often find that that capability is not matched to the job market. That is a key issue that goes back to my point about pre-employment: how much help do young people get about choices? Where are there likely to be worthwhile careers? Seeing somebody at 21 with high expectations but with a degree I cannot use obviously disappoints the individual. Again, I think that a lot more effort needs to be put into balancing.

The Chairman: By whom?

Terry Morgan: This is interesting. Can I use a story that is absolutely true? We bought some equipment from Germany. It is the only piece of equipment that we bought that was fairly major, and it employed 2,000 people. I went into that company and guess how many apprentices they had? Four hundred.

The Chairman: I am not surprised.

Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

Terry Morgan: It is massive. It is private-company led, but the regional government supports it. It is that level of integration that you are looking for. Who can do what in key roles? I guarantee you that those 400 apprenticeships were doing things I did 50 years ago that would not be done today in the UK, but they were being given very basic vocational skills and being trained to do work that fits the job market.

The Chairman: That is the culture of Germany. It has been ever thus, certainly in the last 30 years or so. They go especially for apprenticeships where we have let them drop.

Terry Morgan: I aspire to achieve the same thing. That is what we are doing on a project like Crossrail. We should have that ambition.

The Chairman: Yes. No comment from you on that one?

Tanith Dodge: A couple of things from your question. One, we are definitely seeing an increase in the number of applicants that we get, particularly on A-level programmes and graduate programmes. It is doubling. But we are also seeing particularly school leavers lacking basic employability skills, such as communication, self-esteem, confidence. We see them getting into a vicious cycle: they lack the confidence, they apply for jobs, they are turned down, and they are not given the opportunity. The question is how we break that cycle. Education has a part to play in that, doing more on employability skills. Large employers have a role to play, and I think the Government have a role to play. As we are seeing a much more transient workforce, there needs to be some recognised passport or accreditation. You can do a programme with M&S and at the end go to another company and do a programme with them, but there is no accreditation across different programmes at all. I think that would be very helpful for young people.

Q90 Lord Freeman: Good afternoon. May I ask an unloaded question? What is the proportion for each of your companies of young people coming into employment from abroad, principally from the European Union?

Jez Langhorn: In McDonald's, 80% of our hires each year are UK nationals. Of the remainder the vast majority will be EU nationals. That is the situation at McDonald's.

Terry Morgan: I would say it is similar with us but I would like to provide that information to you. The difficulty you sometimes get into, of course, is that when you are dealing with post codes you do not necessarily know the nationality of the individual. I will revert back to you on that if I may. I would say, though, working in London, that there is a skills need. Our ambition has been to try to provide that locally and we will rely on immigration to fill the gaps as and when they arise. It is a question of which way round you do it. Do young people not get jobs because of immigration, or are we working hard enough with young people to minimise the level of immigration? The latter is the way I would like it to be.

Tanith Dodge: It is similar with us. It is about 80:20, but I would want to confirm the exact number.

The Chairman: Thank you. You can always write back to us on anything like this. Can I also just say at this stage that if there is anything else that you think we should have considered, please feel free to write to us?

Baroness Hooper: I think we have already established that you believe that the response to youth unemployment should be employer-led. Do you think that all employers live up to

Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

these responsibilities, and do you see a push to do this on a Europe-wide basis as a good idea? One example from Germany has already been quoted, but if you have any examples of schemes that you have discovered in other countries we would be very interested to hear about them.

Tanith Dodge: It is not just an employer responsibility. I think it is the responsibility of education and the Government as well. We work with a number of charity partners. In particular, we work with the Prince's Trust because it provides incredible insight and value. It works very closely with jobcentres, so when individuals come to our programme they have already been through a selection. We are looking at how we roll out our youth employment programme across Europe. We are looking in France at the moment. It is finding the charity partners equivalent to the Prince's Trust in some of those countries that is proving a bit harder. We know that the model works in the UK. We know that the model works with the Prince's Trust. The question is how we can replicate that across Europe.

The Chairman: It is amazing. Some of us spent a day with the Prince's Trust in Liverpool last week, and it is very impressive.

Tanith Dodge: It is, yes.

The Chairman: The commitment there is very high, but still only 221 per year go through the programme in Liverpool, and there must be at least 221,000 people in a bad situation in Liverpool, so it is a very difficult one. Does anybody else want to come in? Lord Haskel, I blanked you out the last time, apparently.

Lord Haskel: My previous question really applied to Europe. Could I just ask: do any of you use the EURES portal scheme set up by the European Commission to help young mobile jobseekers find jobs in other parts of Europe?

Terry Morgan: The answer for me is no. Why do I not? I just feel very strongly at the moment that with youth unemployment in the UK at the level it is, that is where my effort is going to be.

The Chairman: Exactly right. Lord Liverpool, you were going to ask a question about something in Europe, too, were you not?

Earl of Liverpool: Yes.

The Chairman: Sorry, Lady Hooper.

Baroness Hooper: I do not think I have had all the answers to my question.

The Chairman: Sorry, carry on, yes. I am still trying to get in front of the clock.

Baroness Hooper: When I said, "Do you think all employers regard this as their responsibility?", there was a shaking of heads. I just wondered if there were any comments.

Terry Morgan: The answer is no. I think it is really important to identify exemplars, and I suspect you will find that those exemplars are leading the market. The more publicity we can create around the fact that good healthy businesses do the training and development and employ young people, the more a model will be created for others to follow. We need that.

Jez Langhorn: I would agree, and to build on that I would say that companies such as McDonald's and M&S, I am sure, have a very large supply chain. Certainly something that we focused on is engaging the managing directors and the human resource directors of our big

Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

suppliers to set expectations around what they do as well. You can have a ripple effect down to much smaller companies and even down to farms across the UK and Ireland by doing that. I think that is important to do.

Q91 Earl of Liverpool: Good afternoon. We have heard so much about the apprentice schemes that you are operating, and they sound absolutely excellent. Do you think there is anything else that employers could or should be expected to do to meet the skills and employability gaps that we hear so much about? Are there any other ideas that you might have?

Jez Langhorn: There are things that companies can do to share their skills. For example, McDonald's, in conjunction with Jobcentre Plus, has for the last few weeks been running workshops that we have called "How to get hired" for people who do not work for us. Young unemployed people who have been unemployed for more than six months are coming into our restaurants to meet some of our apprentices, local franchisees and managers to have interview skills training and advice on how to build their CVs and how to articulate their skills properly. We have found those to be very successful for those young people, and in fact many have then come on to do work experience and apply for jobs with us. There are things that big companies can do to leverage their size and scale for the good of young people, and I think that is very important.

The Chairman: We had a long discussion about jobcentres and Jobcentre Plus in Liverpool. Was it the jobcentres that started that or was it you? How does the relationship go? Is it very collaborative or is somebody beating the stick?

Jez Langhorn: This was our idea, but we do have a good relationship with Jobcentre Plus. One of the things that we have benefited from is a national account manager who represents McDonald's at Jobcentre Plus and who will champion the company. I think it is very important that you have that one point of contact. Again, across the whole of the UK that is a challenge because that applies to England only. You have to replicate that in the devolved nations, which for a UK-wide company can be quite burdensome and administratively heavy.

The Chairman: Yes, but of course you have the advantage of being a very large and well known company. Joe Bloggs & Sons down in Tottenham or some place might not be able to do something like that. It does strike me that the advantage of going at least for jobs in big companies in the beginning makes people much more employable afterwards, because of having gone through the programme.

Terry Morgan: Could I just say that we have an MOU with Jobcentre Plus and we give them a time envelope before we publicise a vacancy. We give them the opportunity first to match the vacancies that we have to people they are trying to help. It works sometimes, and we do this across the whole of London. That matching does work, but I have to say that one of the things that we are learning more as we go forward is that we also—back to Lord Liverpool's point about what more we can do—have to do much more to reach out to local communities. How do we get to young people who perhaps through generations do not understand the job market any more? They are not given any advice at school or in their families, and trying to reach out to local communities is something that again we are having to do.

Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

Lord Clinton-Davis: I have interviewed some employees at McDonald's privately, and some of them—not all but some of them—expressed diffidence about what was happening to them. Some of them thought they were being exploited. Would you address that issue?

Jez Langhorn: Well, obviously, I would hope that that is not the case, and we have procedures in place should anyone feel that their contract is not being lived up to. What I can tell you is that through our surveys that we do with our staff independently, the vast majority are very happy with their working hours. In fact, one of the main reasons they will join us is for the flexibility of the working hours, as well as the opportunity to train and get qualifications and build their CVs, as warranted by the number of people who apply to work for us each year. That is a central part of our company.

The Chairman: I suspect that for some of these people who have joined who have come from a background of people who have never worked. It is probably a big jolt to the system having to get up in the morning, get there and be clean and neat.

Q92 Lord Brooke of Alverthorpe: If I may come back to the earlier question I posed, we were talking about going into the community and making links with the unemployed, particularly in families where there is endemic cyclical unemployment running right through. Is there any way in which you could suggest to us that there should be more opportunities provided for you to be able to do that? Secondly, do you have access directly into schools? Thirdly, you mentioned the problems you have with soft skills, let alone the academic ones. What do you think should be done to try to remedy some of those problems?

Jez Langhorn: I think that careers advice for young people is really important so that they are able to make the link between the qualifications that they are studying for and what jobs they can get. The job market is very dynamic. It changes all the time and it is important that young people are exposed to what the opportunities are. We are supporting a Government-backed initiative called plotr, an online careers advice service for young people where many large employers have come together from around the country to provide information and guidance on what jobs are on offer and the types of careers, but also what qualifications you need and to encourage and excite young people about the world of work. That is very important for companies to do.

The Chairman: Is this a website or a magazine?

Jez Langhorn: No, it is a website.

The Chairman: It is plotr?

Jez Langhorn: Yes, P-L-O-T-R, a name chosen by young people.

The Chairman: Who do not have qualifications in spelling. Yes, quite.

Jez Langhorn: It is a Government-backed initiative but is employer-led now. I would encourage you to have a look. I think it is a very good resource.

The Chairman: Thank you, we certainly will. If there are any other websites like that, can you let us know?

Jez Langhorn: Of course.

The Chairman: Because we need to do our homework. Thank you.

Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

Terry Morgan: I was just going to add that in our experience there is no shortage of voluntary organisations locally that want to try to find a relationship with large employers. For example, we have an organisation of 800. We have 150 ambassadors who are willing to go out either to local volunteer organisations or into local schools. The best people to do that are our apprentices and young people. They can relate to them. They cannot relate to us. That is really important.

The Chairman: What about Marks & Spencer? You have a million applying for your jobs every year so you do not really have to go out, do you?

Tanith Dodge: No, we do a number of local community activities, such as going into schools to talk about job opportunities. There is still quite a misconception about the world of retail and what those jobs are, so we do quite a lot of work explaining what retail is about with schools and jobcentres.

The community one is interesting and I do not have the answer, but we increasingly meet young people on our programme that we have taken on who are second and third generation who have never worked. They live in a community where when they go back at the end of the day it is frowned upon. How do we break that so that it is seen as more acceptable? One of the things that we do, and I do not claim that this is the answer but it helps, is that every young person who joins us is assigned a buddy, which is a member of staff who is there to talk to them about work and how they feel when they go home at the end of the day, and to make sure they come back the next day. The young people say that it is like an umbilical cord to them. The other thing we do is set up communities within the store. If we have a number of young people on the programme, they can meet and talk to each other about their experience so that they do not feel ostracised or alienated when they leave and therefore do not want to come back. When we talk to some of these young people, their biggest barriers are the first few weeks when they go back to an environment where nobody works.

The Chairman: So sad, is it not?

Q93 Lord Cotter: First, a specific point. The European Union has called for a youth guarantee to offer young people without work and employment a training or study position within four months. Can I say that I have been very impressed with the way you are all addressing young people and helping in different sorts of ways? Do you see the youth guarantee as described here as a good idea from the point of view of business? Can I also add to that that as a general point we seem to be getting quite a clear picture that you have a lot of concerns about being led in a direction and not having perhaps enough input back into what is going on, mountains of bureaucracy and different concerns to do with apprenticeships, five different organisations and suchlike. We want to listen to young people and what they are saying, but we want to listen to employers as well. Do you feel that the youth guarantee is a good idea? Do you feel you have enough feedback into all these different systems that are going forward?

The Chairman: Do you know about the youth guarantee?

Terry Morgan: I do know about the youth guarantee. My first question when I read the wording was: does that apply to the UK? Who does it apply to? I think there is a condition attached to it about high levels of unemployment. There is no doubt in my mind that

Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

youngsters leaving school without having an opportunity to work will leave a scar on their life and we have a responsibility to try to deal with that.

The Chairman: That is absolutely right, yes.

Tanith Dodge: I think the principle of it has to be right. It is how we make it work and thinking through how our organisation is part of that and how young people get the accreditation from that experience. It is the, "What next?". It is what happens beyond that.

The Chairman: Sure. I am told that it applies to inner London and other local authorities. Does anybody want to come in on the back of this? No, thank you.

Q94 Lord Fearn: What is your view of the responses in the UK such as the youth contract and more promotion of apprenticeships and work experience? We have heard about the work experience from Marks & Spencer already. As an MP, I went in as an experiment, I suppose, to McDonald's to see what the young people were doing there. I failed my apprenticeship with McDonald's because I burnt two rows of hamburgers for a start and then I burnt myself.

The Chairman: That is one way of learning that you should not have been in that area.

Lord Fearn: I think they gave up the idea of employing MPs or asking MPs to go in, but it was a good idea at the time. What other things should be done?

Jez Langhorn: Well, I am sorry you burnt yourself. I do think, though, that we have an opportunity in the UK to do more of a marketing job about vocational qualifications because they are still seen as very much second rate to traditional academic qualifications. That is not right. I would like to see a time where vocational qualifications, which are right for those young people, are valued as much as traditional academic qualifications. I see that in my responsibility for countries outside the UK. Certainly in Germany that is very embedded. They stream young people at 14 years-old between academic and vocational training. One is not seen as better or worse; it is just what is right for that young person. I think we do need to do more to celebrate vocational qualifications and young people achieving, so I would be a big supporter of that, which will help to change the culture around getting training while working. We have seen big movements over the last few years, but there is a long way to go on that.

Lord Fearn: Does that mean a new certificate, and who gives that?

Jez Langhorn: I do not think it is so much about a new certificate. A lot of the qualifications are already there. It is a question of not just employers but Government and the media as well having a role to play in how we talk about vocational qualifications. Working is a good thing and we should be encouraging it, not just because of people being able to support themselves but because of the social skills and being part of the social fabric of the UK. We should be encouraging that and celebrating people going to work and gaining progression and qualifications and moving themselves along the ladder. I think we could do more of that.

The Chairman: And avoiding mental illness and depression.

Jez Langhorn: Absolutely.

Lord Fearn: When I go into the food section at Marks & Spencer, apart from where you have put those stupid machines to get people to go through quickly, there seem to be women on

Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

those machines but the men do all the work within the food department. Then if you go into the clothes, it is all women and very, very few men. Is that right?

Tanith Dodge: No, not at all. I am very happy to walk around a store with you and point out all the different roles.

The Chairman: There you are, Lord Fearn.

Tanith Dodge: On your question about youth contracts, as a company we are very, very supportive of all the initiatives. We are fortunate because we have resources that can help us navigate through a number of different initiatives. The challenge if we want more companies and particularly SMEs to play their part is that we have to take out some of the confusion. There are lots of different initiatives and we need to make it simple and straightforward for organisations to play their part and do something. We welcome the review by Sir Jeremy Heywood to look at different initiatives and simplify this because the risk is that there are too many initiatives. Smaller organisations or organisations that are not as minded to do something will say, "This is all too confusing. It is easier if we do not do anything".

Lord Fearn: Crossrail, is there anything there that can be done?

Terry Morgan: If you came into my plant, you would have the reverse of the comment that you have just made, which is that we do not have enough women. We are very keen to get more women and those decisions are made while youngsters are still at school.

The Chairman: This goes back to careers advice.

Terry Morgan: It is about career advice and it is also about people's views. I could not agree more with Jez. The whole point about creating as much value in a vocational career versus an academic career is fundamentally built up at school. If you listen to the rhetoric around expectations of youngsters leaving school, it is still all about academic capability.

The Chairman: If you tell somebody that you are an engineer, they think you are a plumber and they do not necessarily think that you are building or designing bridges or great infrastructure projects like Crossrail.

Terry Morgan: I could not agree with you more. If you look around the rest of the world, of course, it is completely different.

The Chairman: Their engineers are the top people. The point is that accountants run our businesses here, whereas engineers do in other countries.

Terry Morgan: Well, I am an engineer.

Q95 The Chairman: What about job quality? Have terms, conditions and security for young people been eroded, in the way other witnesses have claimed, since the economic downturn started?

Terry Morgan: I personally do not think it is about economics. It is the reality of the world today. If we hark back to those old conversations about guarantee of employment, this is not the market today. The market is about flexibility, mobility, moving around where those skills are needed in the economy. We hold on to those old prejudices. You just watch employers resist the idea of employing long term. When I was an apprentice a long time ago, the thought was that it was a job for life. That has gone. I had to change my perceptions. I

Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

think it is more important to invest in young people, give them a chance, and recognise that the employer might make a choice and the employee might make a choice that they want to go and do something else. I would prefer that rather than saying, "I am here for life", and bringing out all the old attitudes and behaviours that just frustrate both the employer and the employee.

The Chairman: Right. What is your view on that?

Jez Langhorn: I would say that engaging young people particularly is very important. I said earlier that the average length of service is three and a half years for our young people. I would rather they enjoy their time with us: that they learn, train, gain qualifications, do a good job for us, and grow their skills and confidence. Nine out of 10 of our managers come from those hourly paid ranks and they go on to have terrific careers with us. Some build their CV and their skills and their confidence and then use that to go on to other employers, and that is fine as well.

The Chairman: Like Lord Fearn going on to be an MP when he got burnt.

Lord Clinton-Davis: Do you see any natural allies in what you are seeking to achieve, or do you see people being opposed to certain aspects of what you are seeking to achieve?

Jez Langhorn: Well, informally there are networks and connections between large employers across the UK. Tanith and I will see each other at different events where you have employers coming together to try to tackle this issue and share best practice. At McDonald's we have hosted visits from 20 to 25 companies who are looking to set up apprenticeship schemes, for example, to share how you navigate your way through. The large responsible employers get it and pushing that further down the supply chain and encouraging suppliers to do that is something that we can all do.

Lord Clinton-Davis: Do you think the trade unions have a role as far as this is concerned?

Jez Langhorn: I think much of the work that trade unions do on skills and learning and education is very good, so I would applaud that.

Q96 Lord Haskel: Ms Dodge spoke about all the initiatives that are around. We have heard evidence to suggest that employers are confused by the many different schemes and programmes for young people. We were told in evidence, for instance, that the CBI have identified 48 schemes from three different Government departments: from BIS, from education, from welfare. Do you find this confusing, or do you find having so many schemes to choose from helpful? Do you think some rationalisation is needed?

Terry Morgan: For me, the truth is that there are too many. I have to say that sometimes it works to your advantage because if you get rejected on one scheme you can find another route if you are determined to do so, but it is the wrong answer.

The Chairman: Yes, quite. That is very honest. That has been a terrific session. I know we have all been fired up by it and I just feel sorry for the *Hansard* writers, but we will make sense of it. It is a great contribution to our report, which we hope will be published in April. Now, I am going to have the last question. If you were me, what question would you ask and what would be your answer? What have I left out, in other words? Tell us as it is, warts and all.

Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

Tanith Dodge: One of the questions that might not have been mooted is the whole benefits agenda and how difficult it is for young people. If they have grown up in a family where everybody is on benefits and they are given the opportunity for work experience, they do not know if it is going to work out. They have to come off benefits and that is a deterrent for some young people as they do not want to cut the umbilical cord. I know that universal credit will help in the future, but I think there will still be quite a lot of treacle there.

Terry Morgan: A completely different side of the question that I think should be asked is that you have the challenge of EU action to tackle youth unemployment, and the three of us have talked about local action. I am unclear how a European initiative will percolate down into actions that can make a difference. That for me is the big challenge.

Q97 The Chairman: I will answer that after I have asked Mr Langhorn if there is anything else that I should have asked that I have not asked.

Jez Langhorn: The only thing I would add is about how we can create some culture change around vocational qualifications. How we create that culture change to have those qualifications recognised for the true skills that they deliver and that young people have is a great challenge but also a great opportunity for the UK.

The Chairman: We will probably write to you all about the whole system of the EU, but we are a scrutiny committee. We have documents coming to us from Brussels all the time. Our responsibility is to scrutinise proposals concerning the internal market, infrastructure and employment. Our report relates to the money that has been set aside for youth unemployment. It will be sent to the Government and to the European Commission. We hope that it will help UK Ministers who will be negotiating when the money is allocated to Member States. They can either say, "No, that is a ridiculous situation", or, "Yes, we will fight for that". Generally the reports produced by the EU Select Committee are very well regarded in Brussels. They are published. We can be fairly forthright and often point out the cultural differences which might result in problems in different Member States. We had a situation about women on boards, for example, and we were told, "Well, of course, on your supervisory boards etc, etc" not realising that we do not have supervisory boards here. It is a learning process. We are learning, too, but a huge amount of money is being set aside by the 28 Member States to try to tackle youth unemployment. Our one objective is that it is used properly and that we are not shoved off down certain alleyways to deal with things that are culturally or in any other way not pertinent to this country. It is not a case of us being little Englanders; it is us acting as members of the European Union.

Lord Brooke of Alverthorpe: It is worth observing, though, Chairman, that the money is only available to specific areas where the unemployment figures are very, very high indeed, which includes central London, by the way.

The Chairman: Yes. Thank you very much indeed. We have managed to keep within the time. I cannot believe it. Thank you, but do not move because we have another set of witnesses.

Hannah Dean—Written evidence

I came to see a session of the Committee in December as part of the inquiry into Youth Unemployment. During our conversation afterwards, you suggested I might write to share my experience of looking for work and becoming an apprentice. I hope this letter is helpful to you.

After my GCSEs, I spent a few months at a sixth form college before deciding that an academic setting was not right for me. While my friends wanted to go to university, I was keen to start work as soon as possible. I applied constantly for posts online (6-7 per day), cold-called companies, knocked on doors and went to see Job Centre Plus many times. Even though I had 16 GCSEs and had previously had a Saturday job, I did not hear back from the jobs I applied for or was told that I had not got enough experience. I ended up signing on for nine months and felt like giving up.

The Work Programme mentioned the Barclays apprenticeship scheme. I never thought I would work in a bank and didn't think my background would be appropriate for it. I was worried that I wouldn't fit in but decided to try. Elmfield recruitment gave me lots of training about how to apply (e.g. practice interviews) and how to act in the workplace. They then arranged for me to meet the Branch Manager. I was nervous beforehand, but felt prepared for my interview. I was offered a post as an apprentice the same day - 25 September 2012.

I was worried about my first day but the Branch Manager invited me in beforehand to meet everyone. All of my colleagues were very friendly and focussed on training me to serve customers. I spent a year as an 'Operational Specialist' which means working behind the counter, helping with customer queries, and balancing my till at the end of the day. The best moment was preventing a fraud from taking place.

After just over a year in the role, I have just been promoted. I have extra responsibility for health and safety, handling higher value payments, and balancing ATMs. I have started to take qualifications in financial services, and would like to work towards a degree in Corporate and Investment Banking so that I can have a long career at Barclays.

Many of my friends have been unable to get jobs, and others have student loan debt with jobs paying the minimum wage. I feel very lucky to have become an apprentice and found a permanent job that I enjoy.

28 January 2014

Department for Business Innovation and Skills—Written evidence

1. Summary

1. This document provides the Government's evidence to inform the inquiry into the EU's action to tackle youth unemployment by the House of Lords EU Sub-Committee on the Internal Market, Infrastructure and Employment.
2. The structure of the document is as follows. First, a summary of the key evidence on the effectiveness of policy interventions aimed at reducing unemployment, with reference to young people is presented. Second, the report provides some high level background on the youth labour market situation in the EU and some more detailed information on the youth labour market in the UK. A brief summary of the Government's position on the EU's policies to tackle youth unemployment follows. Finally, Annex A provides a summary of the key policies in the UK that relate to young people in the labour market.
3. Seminal work by the OECD provides key policy recommendations aimed at reducing unemployment and promoting labour market participation and employment. The high level recommendations that we believe are relevant for young people are: 'remove impediments to labour market participation as well as job-search' and 'facilitate the development of labour force skills and competencies'.
4. Further evidence also suggests that labour market activation is generally an effective policy to get people in to work. Wide scale training programmes aimed at the general population have been found to give low returns – however, the literature has found some positive returns when training programmes are combined with work experience.
5. The recent recession in Europe has had a larger impact on young people than adults. After rising sharply over the course of the recession, the youth unemployment rate in the EU 27 reached 23.2 per cent of the labour force in 2013 Q2 – 8.1 percentage points higher than the pre-recession low in 2008 Q1. In comparison, the overall unemployment rate in the EU 27 was 10.9 percent in 2013 Q2, 4.1 percentage points above the pre-recession low.
6. Aggregate figures mask differences between EU countries. The UK youth unemployment rate has been consistently below the EU-27 average.
7. There is evidence to suggest that an extended period out of work while young can have long lasting effects through lower future wages, a high chance of future unemployment and negative effects on well-being. Therefore, policies to help reduce youth unemployment and the number of young NEETs are important.
8. In 2014-2020 the European Social Fund (ESF) will be part of the new European Structural and Investment Funds Growth Programme for England, along with the

European Regional Development Fund and part of the European Agricultural Fund for Rural Development. The Government has allocated the vast majority of Growth Programme Funding to Local Enterprise Partnerships (LEPs) areas. LEPs are working with local partners to develop investment strategies to use the funds to promote growth and jobs in their local areas.

2. Evidence on what works to improve youth unemployment

9. An extended period out of work while young can have long lasting effects through lower future wages, a higher chance of future unemployment and negative effects on well-being. Labour market policies aim to ensure rising unemployment caused by the recession does not develop into a long-term structural problem.
10. Many workless under-18s tend to make a successful transition to employment. But for some this takes longer than it should, and some express dissatisfaction with the support and opportunities that are currently open to them.
11. Over the last few years, The OECD has conducted wide ranging research and analysis on the effectiveness of policies aimed at helping to reduce unemployment. The seminal pieces of work in this area are the 1994 Jobs study and the subsequent reassessment of this in 2006 – ‘Boosting Jobs and Incomes: Policy Lessons from Reassessing the OECD Jobs Strategy’.
12. The reassessment presents a number of recommendations, based around ‘four pillars’, aimed at reducing unemployment and promoting labour market participation and employment. According to the OECD ‘all countries need to ensure that each of the four pillars is solid. However, within each pillar they may be scope for individual countries to use different policy combinations to achieve successful outcomes, taking in to account policy interactions and country circumstances and objectives’.
13. From these pillars, the key elements that we believe are most relevant for the youth labour market are:
 - (i) ‘Pillar B: Remove impediments to labour market participation as well as job-search’.
The OECD suggests that this can be facilitated by implementing well-designed unemployment benefit systems and active labour market policies as well as making other non-employment benefits more work orientated⁵.
 - (ii) ‘Pillar D: Facilitate the development of labour force skills and competencies’.
The transition between school and work should be facilitated by ‘reducing early exits from education and ensuring that young people acquire skills relevant to labour market requirements – including by broadening vocational programmes, strengthening links between general and vocational education and improving career

⁵ Boosting Jobs and Incomes - policy lessons from reassessing the OECD jobs strategy, OECD 2006; p 21

guidance.’ In addition, it is essential to ‘help combine education with work, notably through improved apprenticeship systems or more informal channels’⁶.

The full details of the OECD’s four pillars are shown in annex B. Some other elements of the other pillars may also be relevant.

Active labour market policies

14. For those in the labour market, maintaining active jobsearch is essential. There is evidence that focusing active labour market policies on maintaining labour market attachment is successful for a wide range of different groups, including young people. Evidence from the US has found significant gains in employment, particularly for women, although these are not always long-lasting⁷. Other evidence, including from the UK, has found significant reductions in benefit receipt and increased probability of finding work⁸.
15. One of the key conclusions of the 2013 OECD Employment Outlook⁹, supported by evidence from a number of countries, is that well designed activation policies encourage the jobless to find jobs. The study suggests that activation policies should consist of measures to assist job search and improve job readiness, backed up by appropriate requirements to participate in employment and training programmes.
16. The OECD also argues that countries’ experience with regular interviews (for example with employment counsellors) has suggested they lead to reductions in public expenditure because even quite a low level of contact with unemployed people reduces the number of benefit claims¹⁰. Unlike other support, there is less risk that participants will find themselves locked into a programme and reduce their search activity.
17. Evaluations in the UK consistently highlight:
 - the role played by personal advisers who support claimants to access job opportunities and act as the gateway to further support for those that need it
 - the need for flexible, carefully targeted provision that can be tailored to the needs of each claimant
 - and, the need for a strong rights and responsibilities agenda backed up by an effective sanctions regime.

⁶ Boosting Jobs and Incomes - policy lessons from reassessing the OECD jobs strategy, OECD 2006; p 23

⁷ See for example, Martin (2000): What works among active labour market policies: Evidence from OECD countries’ experiences; and, [OECD Employment Outlook 2005, chapter 4: Labour Market Programmes and Activation Strategies: Evaluating the Impacts](#)

⁸ See for example, [OECD Employment Outlook 2005, chapter 4: Labour Market Programmes and Activation Strategies: Evaluating the Impacts](#)

⁹ http://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2013_empl_outlook-2013-en

¹⁰ See for example, Martin and Grubb (2001): What works and for whom: a review of OECD countries’ experiences with active labour market policies; and, [OECD Employment Outlook 2005, chapter 4: Labour Market Programmes and Activation Strategies: Evaluating the Impacts](#)

18. However, in the UK, although activation plays a key role in the welfare system, the infrastructure aimed at assisting the transition from education to work is not as well developed – the evidence suggests (see section 3) that there seems to have been a structural decline in the labour market situation for young people making the transition from education to work/jobs with training. The upwards trend in workless young people who have never had a regular paid job has been present for at least a decade (see chart 5). And, although the problem of long term NEETs is concentrated amongst those with low or no qualifications, there has been some deterioration over time amongst higher qualifications. This view is supported by the fact that young people who have moved into the labour market (either they already had a job or are on unemployment benefits) have performed relatively well in the labour market.

Policies aimed at under 18s

19. Evidence for workless under 18s suggests that small steps are often needed in order to progress. Evaluation of Activity Agreement Pilots¹¹ found that building confidence was at the heart of progression for many - developing the ability to work in a group, interact with adults, and, for some, travelling to and attending activities outside their 'normal' travel zones.

20. For those with more entrenched barriers, something as straightforward as establishing a routine and turning up at the first few weekly meetings can be a huge success and instil confidence in the learner.

21. Young people grew in confidence through learning in a non-school setting where they feel they are treated more like adults.

22. Developing a clear and realistic goal in itself is a key outcome in supporting progression. However, these small steps were not always a linear progression, with many suffering false starts and set backs. The intensive support of advisers combined with flexible provision was key to the success of the Activity Agreement programme¹².

Training programmes

23. Broad training programmes aimed at the general unemployed population have been found to produce low returns. In the UK the Leitch report¹³ concluded that it was important not to delay return to work, and for most people, training could be undertaken part-time whilst maintaining jobsearch.

¹¹See here for comprehensive research on Activity Agreement Pilots:

<https://www.gov.uk/government/organisations/department-for-education/series/activity-agreement-pilots>

¹² <https://www.gov.uk/government/publications/activity-and-learning-agreement-pilots-programme-theory-evaluation-activity-agreements-and-small-step-progression-working-paper-5>

¹³ http://webarchive.nationalarchives.gov.uk/+/http://www.hm-treasury.gov.uk/leitch_review_index.htm

24. A recent literature review¹⁴ found that for low-skilled young people, programmes that combine training with periods of work experience, contact with employers and assistance with job search, and lead to recognised and relevant qualifications, are more likely to be more effective.
25. Evaluation has found that disadvantaged young people tend to need a combination of measures. Successful programmes tend to be those that either include in-depth counselling and training, and/or are well targeted - on specific groups, or in meeting specific labour market needs¹⁵.
26. Class-room based programmes, particularly those that are broadly targeted, generally have the least success¹⁶. Those who dropped out of or did not succeed in the education system are difficult to motivate in a class-room setting. This is particularly relevant for young people who are NEET – evidence suggests that being NEET long term is linked to those that have been excluded from school or were persistent truants¹⁷.
27. However, most evaluations follow people over relatively short periods (one or two years) and the effects of training programmes can take time to appear. Some evaluations that have followed participants over a longer period found more significant benefits after several years¹⁸.

Direct job creation

28. The OECD argue that when used to provide jobs in the public sector, direct job creation has generally been of little success in helping unemployed people get permanent jobs in the open labour market. Direct job creation typically provides few long-run benefits. Further, avoiding displacement of other activity can lead to use of low marginal product jobs¹⁹.
29. However, the OECD argue that these programmes can be useful as a work test and as a means of helping the unemployed maintain contact with the labour market, particularly when aggregate demand is depressed and vacancies are scarce. The jobs provided should be of short duration, to avoid them becoming a disguised form of permanent employment and having negative effects on the jobsearch of the participants.

Other policies generally need careful targeting, including wage subsidies

¹⁴ BIS (2013) Youth unemployment: review of training for young people with low qualifications

¹⁵ See for example, Martin and Grubb (2001): What works and for whom: a review of OECD countries' experiences with active labour market policies

¹⁶ See for example, OECD (2010): Off to a good start? Jobs for youth

¹⁷ DfE longitudinal Study of Young People in England

¹⁸ For example: Card et al. (2009), Active labour market evaluations: a meta-analysis

¹⁹ See for example, [OECD Employment Outlook 2005, chapter 4: Labour Market Programmes and Activation Strategies: Evaluating the Impacts](#)

30. Evidence on wage subsidies suggests that, if carefully targeted, they can have positive effects on employment for those who take part, by helping people overcome barriers to employment, such as employers' negative perceptions. Given high natural off-flow rates from Jobseeker's Allowance in the UK, targeting is needed to minimise deadweight.
31. Short-term wage subsidies can also suffer from high levels of substitution (firms take on subsidised workers at the expense of other employees) and displacement (other firms may lose business and employment to the subsidised firms) which reduces any net increase in levels of employment.
32. Some studies have reported that subsidies combined with a training element can be helpful in reducing unemployment. However, careful controls and monitoring are needed for all types of subsidy programmes to avoid firms using them to support existing employment, or laying off workers and re-hiring when the subsidy ends²⁰.

Skills provision and education

33. There is a consistent correlation between young people being NEET and low qualification levels (see chart 4). Analysis of longitudinal survey data for young people up to age 19 shows that low education attainment is one of the strongest predictive factors for whether young people will be NEET post-16²¹.
34. UK evidence on returns to qualifications suggests that there are positive returns in terms of increased wages and positive employment returns from completing qualifications compared to not having qualifications. Furthermore, higher qualifications tend to produce higher wage returns for individuals. The evidence on employment returns from qualifications shows an increased likelihood of being employed at all levels of qualification compared to not having qualifications. The positive impacts for earnings and employment are seen at all levels of learning between 4-7 years post-completion, including Level 1 for 19-24 year olds²².
35. A US report on the role of education and training in welfare reform found that programs that combine employment and education were found to have the greatest impact on increased earnings and reduced welfare payments (Gueron & Hamilton (2002)²³).

3. Youth unemployment in the EU and the UK - Background

The European Union

²⁰ See for example, Martin and Grubb (2001): What works and for whom: a review of OECD countries' experiences with active labour market policies

²¹ DfE Longitudinal Study of Young People in England (LSYPE)

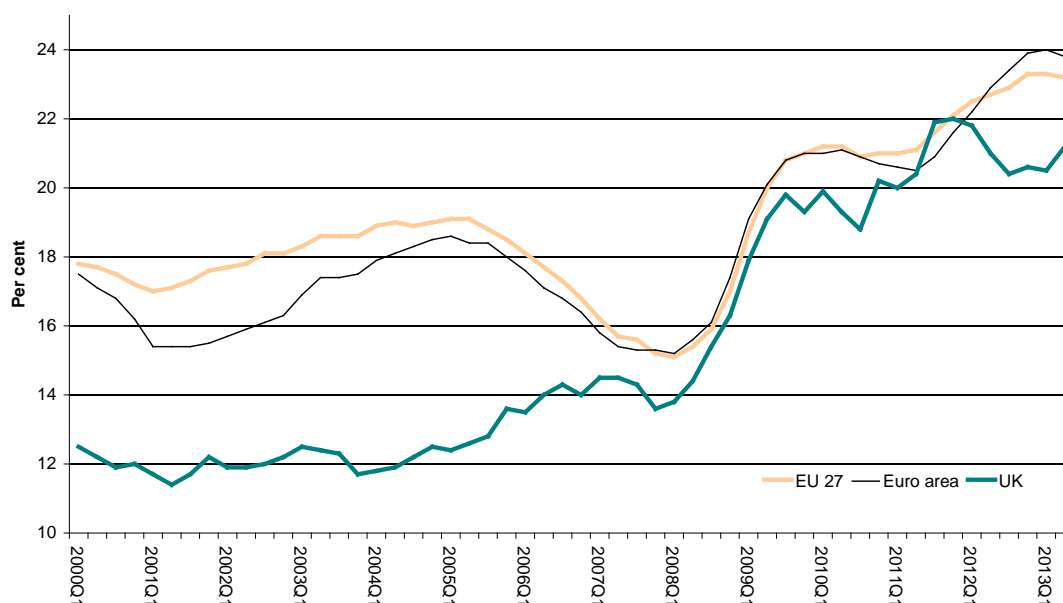
²² [BIS Research Report No. 53 \(2011\), Returns to Intermediate and Low-level, Vocational Qualifications](#)

²³ <http://www.brookings.edu/~media/research/files/papers/2002/4/poverty%20gueron/pb20>

36. Until the end of 2008, the youth unemployment rate in the EU-27 was around twice as high as the rate for the total population, reaching a pre-recession low of 18.1 per cent in 2008 Q1. The equivalent UK rate pre-recession was around 14 per cent.
37. The economic crisis in Europe appears to have impacted upon young people more than other age groups. From the beginning of 2009, the gap between the youth and the total unemployment rates has increased – in 2013 Q1 there was a 12.3 percentage point difference between the two.
38. The EU-27 youth unemployment rate was systematically higher than in the euro area between 2000 and mid-2007. Since then and until 2010 Q3 these two rates have been very close. After this point the youth unemployment rate has moved more sharply in the euro area than in the EU-27, first downwards, until mid-2011, then upwards until the end of 2012. In the middle of 2012, the euro area youth unemployment rate overtook the EU-27 rate, and the gap continued to increase until the end of the year. Apart from a short period in 2011, the UK youth unemployment rate has been consistently below the EU-27 average.

Chart 1: Unemployment rate of people aged 15-24

Proportion of labour force

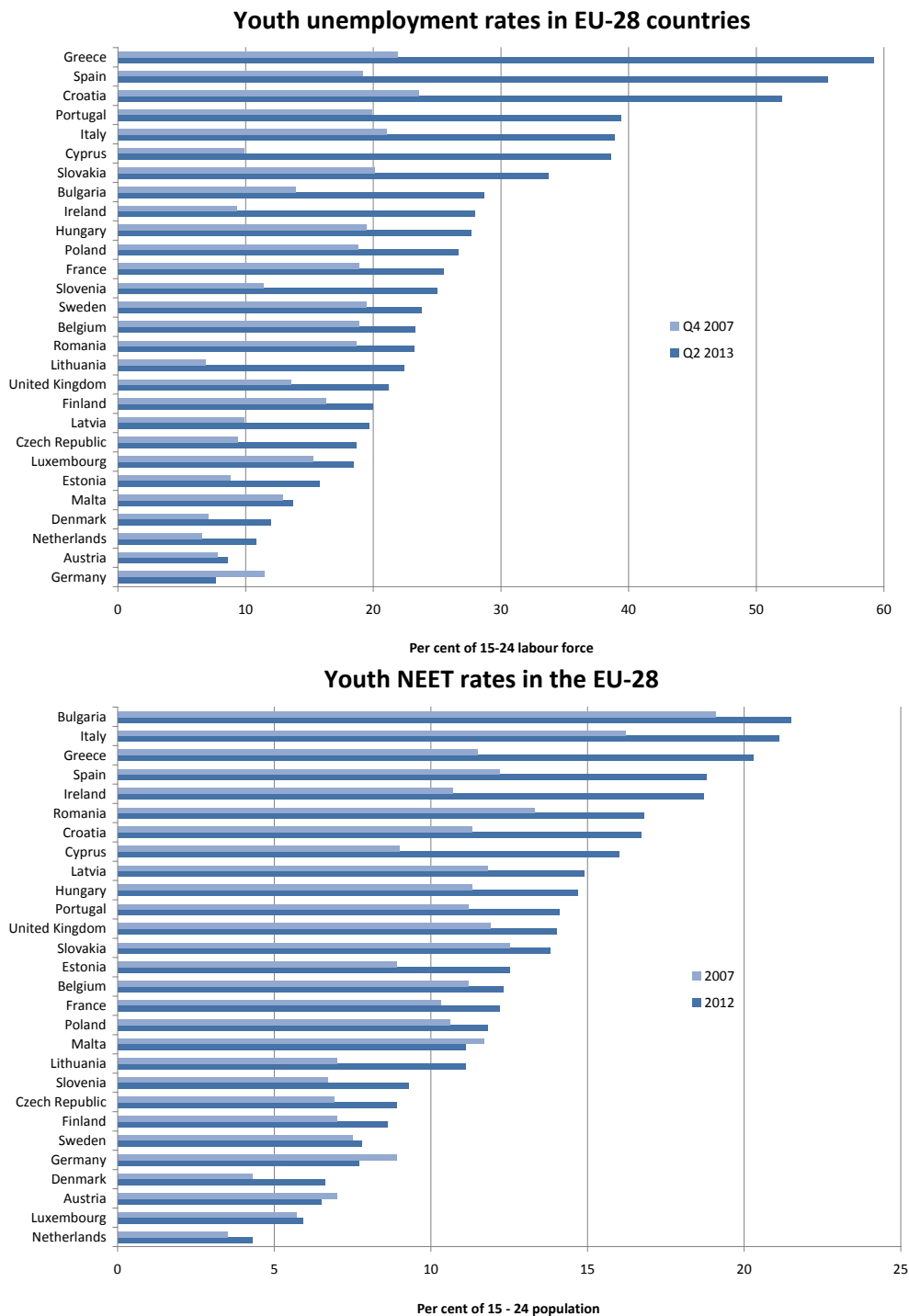


Source: Eurostat – EU LFS

39. The proportion of the youth population in formal or non-formal education or training in the EU has been generally increasing, reaching 67 per cent in 2012 for the EU 27. This, combined with an ageing population suggests that the size of the EU youth labour market may have reduced.
40. The proportion of young people not in employment, education or training was 13.2 per cent in the EU in 2012 – a 2.3 percentage point increased compared to the low of 2007-08.

41. These aggregated figures mask significant variation among the countries in Europe. Recent data shows that youth unemployment rates varied from 7.7 per cent in Germany to 59.2 per cent in Greece in Q2 2013. NEET rates varied from 4.3 per cent in the Netherlands to 21.5 per cent in Bulgaria (see chart 2 below).

Chart 2: Youth unemployment rates and youth NEET rates across EU countries



Source: Eurostat – EU LFS

42. The reasons for these differences vary between countries - there are significant differences in labour market regulation frameworks (the OECD's strictness of employment protection indicator varied among EU countries from 1.1 in the UK to 3.1 in Portugal²⁴ in 2013), as well as education and training systems and active labour market policies. The extent of structural problems exacerbating youth unemployment in each country therefore also varies – but these all contribute to the aggregate EU indicators on the performance of the youth labour market.

The United Kingdom

43. In the three months to August 2013 there were 958,000 unemployed 16-24 year olds in the UK – the headline unemployment rate for this group was 21 per cent of those active in the labour market, and this group made up 13 per cent of the total youth population.

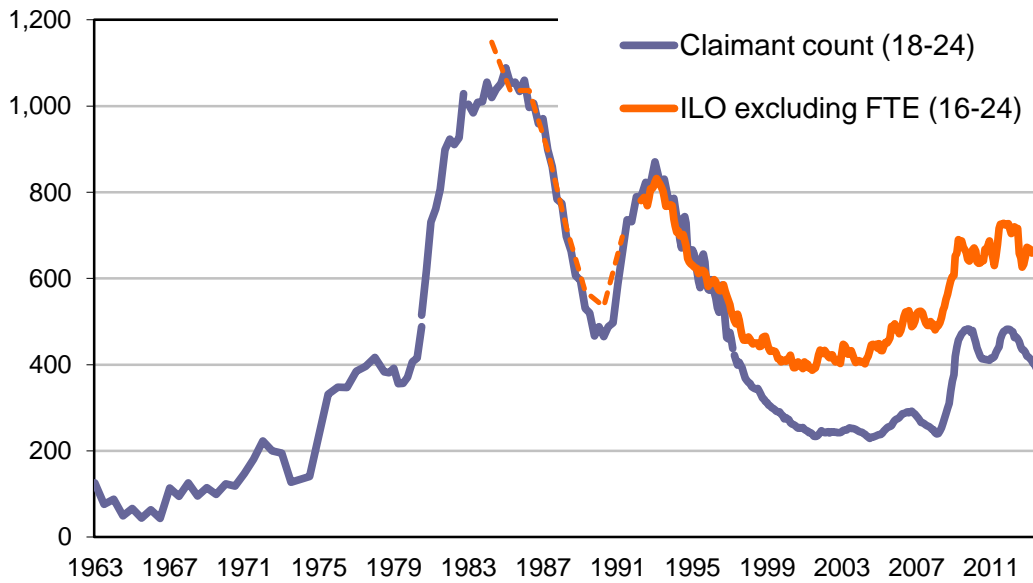
44. However, nearly 300,000 young people in the headline total are unemployed full-time students. Excluding those in full-time education, there were 660,000 young unemployed people in the three months to August 2013 – the unemployment rate of this group was 19.1 per cent and it made up 9% of the total youth population.

45. The proportion of young people in full-time education has been increasing over time. It increased substantially over the second half of the recession and has continued to increase since - reaching its highest ever level in 2013 Q2.

46. Rising participation in education has cut the size of the youth labour force. This means that the unemployment rate – which is expressed as a percentage of the labour force rather than the total youth population - peaked at a higher level in the recent recession even though the number of unemployed under-25s was much lower than at previous peaks in 1984 and 1993.

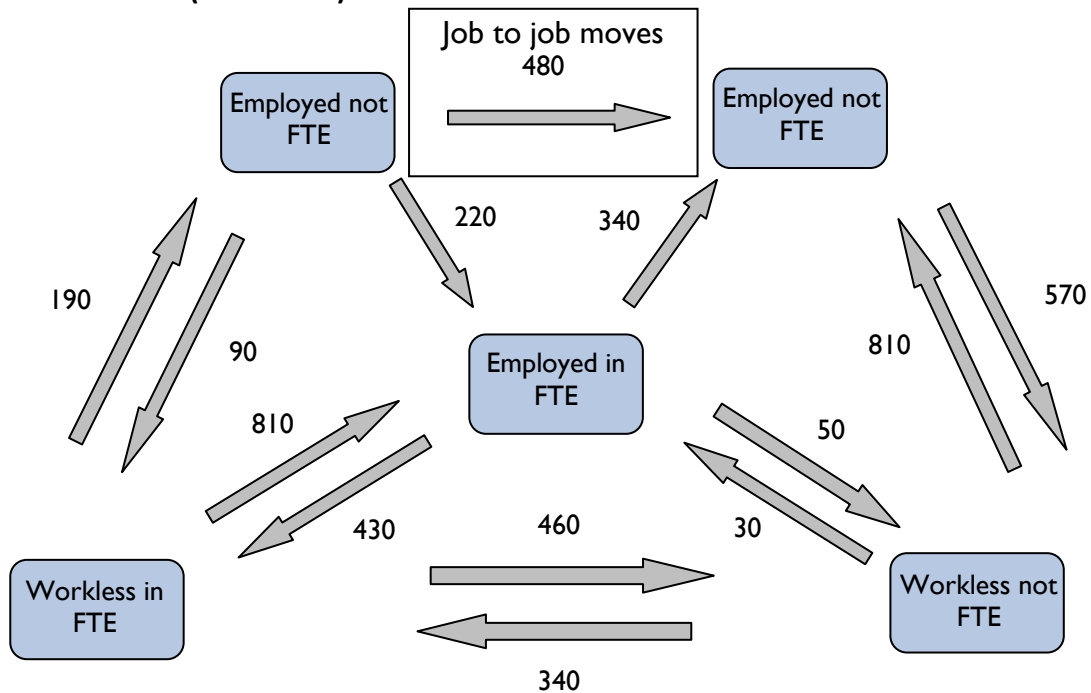
²⁴ OECD average is 2.0

Chart 3: Measures of youth unemployment (thousands)



47. Overall, around four-fifths of under 25s are working or in full-time education - 91% for under-18s, 80% for 18-24s. About half of 16-24 year olds who are not in full-time education or work are unemployed (668,000) and half (651,000) are inactive.

Fig 1: Year to Q1 2012: Approximate number of under 25s moving between labour market states (thousands)*



*This analysis will understate total changes throughout the year, because someone who changes state several times in one quarter will only be counted once. Those

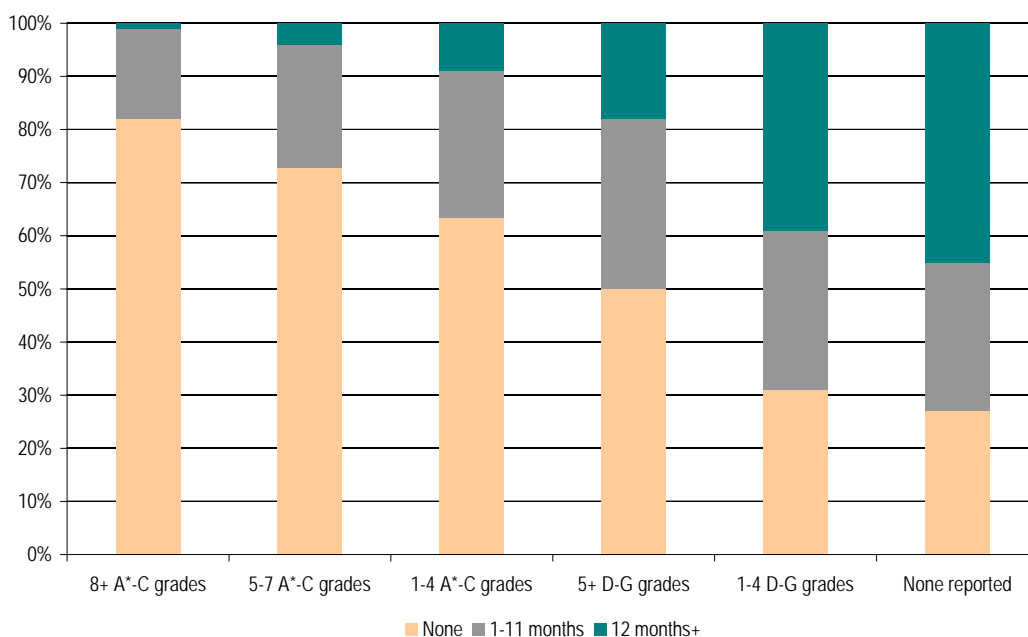
entering or leaving the age group over the period are also excluded.

Source: DWP analysis of the labour force survey

48. Young people move more frequently between jobs (see fig 1), and into and out of education. In general, most spells of ILO unemployment are short for young people, and the same is true for durations on the claimant count. This greater turnover among under 25s is partly reflected in the higher unemployment rate for young people than for other age groups (given that the unemployment rate is a snapshot in time).

49. As outlined above, a lot of youth unemployment is transitory in nature. Because of this, young people in long term unemployment are among those most at risk of suffering negative outcomes. Long term unemployment tends to be particularly prevalent among young people who have left school with no qualifications, those who consistently truant and those who are excluded from school. The Longitudinal Study of Young People in England shows that nearly half of those leaving school with no GCSEs spend a year or more NEET by the age of 18 (see chart 4 below).

Chart 4: Time spent NEET by 18 (per cent) by GCSE attainment



Source: Longitudinal study of young people in England

50. Not all of the transitions in the youth labour market happen smoothly. In particular, evidence suggests that there are some structural problems with the transition between education and employment – the number of young workless people (ILO

unemployed and inactive) that have never had a paid job²⁵ has been increasing since the early 2000s.

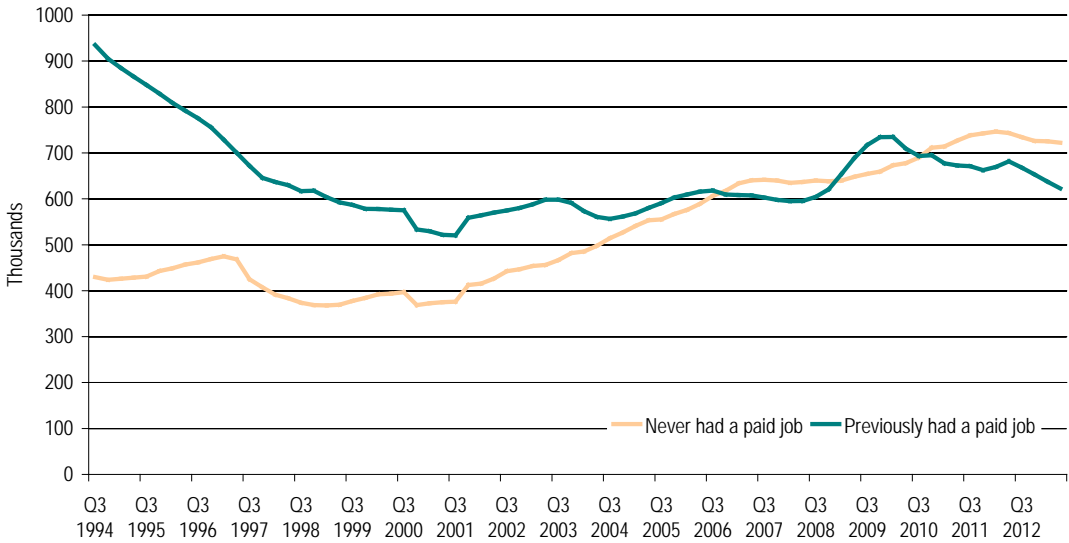
51. Chart 5 below plots under 25 year olds (excluding those in full-time education) not in employment (inactive or unemployed²⁶) by whether they have never worked or have previously held a paid job. The number of young people in this group who have never had paid work has been rising since the beginning of 2001, reaching a peak in 2012 Q1 of 747,000 – most of this increase occurred before 2010. This suggests that young people are generally taking longer to move from education to employment²⁷. However, the outflow rates from the claimant count for 18-24 year olds are higher than for older JSA claimants and are improving. This might suggest that structural deterioration in labour market prospects for young people is amongst people who are either on 'inactive' benefits or not on benefits at all.
52. In 2013 Q2, the level of under 25 year olds who have never held a paid job was 722,000, a fall of 25,000 on the year. Despite this recent improvement, there are still indications of growing structural worklessness problems for young people in this group in making the transition from education to work. Furthermore, this upwards trend in young workless people who have never had a paid job appears in people at most qualification levels.
53. Chart 5 also shows young workless people who have previously had a regular paid job. The movements in this series seem more cyclical, given that there is a local peak at the end of 2009, coinciding with the end of the recession. Since then, the number of young workless people in this group has fallen by 112,000 to reach 623,000 in 2013 Q2. However, the level is still 28,000 above the pre-recession level of 595,000.

²⁵ The Labour Force Survey asks people to ignore periods of casual or holiday work, therefore individuals in this group may have done some form of informal work. However, the implication of the response to this question is that individuals have not yet succeeded in making the complete transition in to the labour market.

²⁶ Despite excluding those in full-time education, the data shows that the majority of this group are inactive rather than ILO unemployed.

²⁷ This figure may be affected by rising participation in education as it means that at any one time there will be more recent leavers from education who have not had a long period in the labour market.

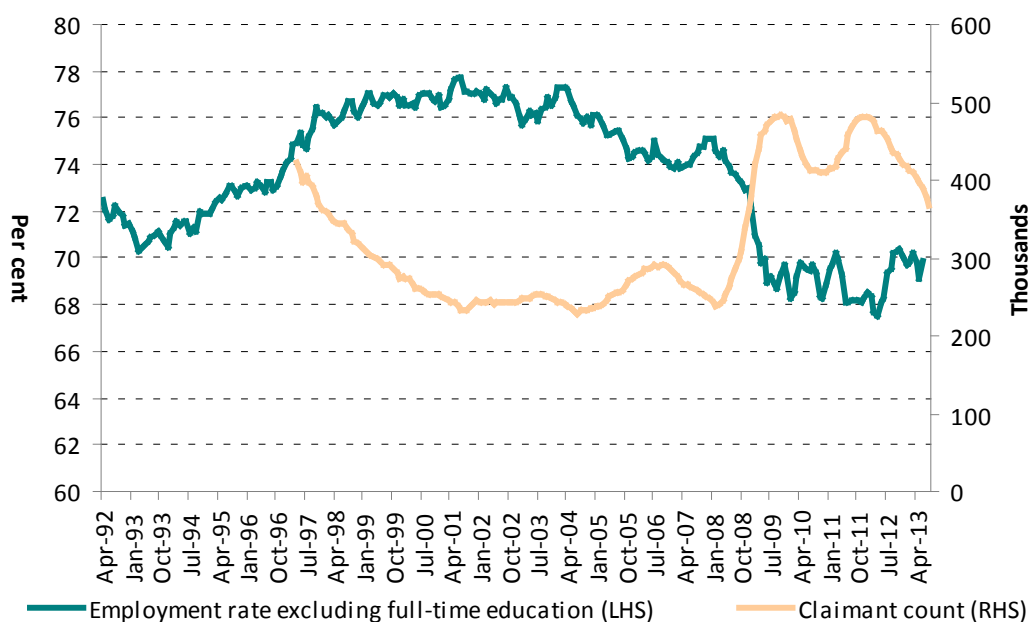
Chart 5: Under 25 year olds (excluding those in full-time education): workless who have never had a job and previously had a job



Source: BIS analysis of Labour force survey. 4 quarter moving average

- 54. Despite evidence of some structural issues in the labour market that were affecting young people before the recession, there is some evidence that some groups performed relatively well in the labour market in the years leading up to the recent downturn.
- 55. The employment rate of people aged 18-24 not in full-time education was at a relatively high level in the years up to the recession (especially relative to under 18s). In addition, the claimant count for 18–24 year olds was at its lowest for 30 years in 2004.

Chart 6: Claimant count of 18-24 year olds and employment rate of 18-24 year olds excluding those in full-time education



Source: Office for National Statistics, monthly labour market statistics

56. After sharp falls in employment, and increases in unemployment over the recession, the labour market situation of young people may have stopped declining and there may be some signs of improvement. The total number of 16-24 year olds that are classified as ILO unemployed in the UK is at a similar level to a year ago. However, the number of 18-24 year olds claiming Job Seekers Allowance has been falling for the last year.

4. EU Policies to tackle youth unemployment

57. The primary responsibility for tackling youth unemployment rests with Member States, including activation policies and dealing with important structural issues such as inflexible labour markets and high costs (wage and non-wage) to employers. Over the years, the European Social Fund (ESF) has provided funding to supplement Member States' programmes. Although this has been mainly focused on the less developed regions of the EU, all Member States have received funding.

58. In February 2013, the European Council decided to create a new Youth Employment Initiative (YEI). This will provide €3 billion to reinforce the €3 billion of ESF money in 'NUTS2' regions with youth unemployment rates above 25 per cent in 2012. The YEI money will be front-loaded in 2014 and 2015. The following regions are expected to qualify in the UK: Inner London, Merseyside, South West Scotland, Tees Valley and Durham and the West Midlands.

59. It is important that the new YEI respects Member States' powers and that they have flexibility to design programmes that meet their needs.

60. There should not be a single model for the activity that the ESF and YEI will fund. Instead how it is used should take account of existing provision and needs in each Member State or region. There should be flexibility to support the most effective interventions that complement and enhance existing provision.
61. This reflects the approach that the Government is taking to the 2014-2020 round of ESF and European Regional Development Fund (ERDF) in England. Local Enterprise Partnerships (LEPs) will have direct influence over the large majority of these funds. They are working with local partners to develop investment strategies to use the funds to promote growth and employment in their local areas. LEPs which cover areas eligible for the Youth Employment Initiative will propose in their investment strategies how this money should be used to tackle youth unemployment in their areas alongside existing Government programmes.
62. The EU sets out broad target groups for support such as young people who are NEET. It is for Member States to define more specific target groups and actions according to their needs, and reflecting how EU funding can complement national programmes and resources. This is set out in operational programmes that Member States agree with the Commission, and supported by evidence in ex-ante evaluations. The UK should not support greater prescription in EU legislation or guidance.
63. The ESF and YEI should be subject to sound financial management and the effectiveness of projects should be rigorously monitored and evaluated. The UK welcomes the enhanced focus on performance management in the 2014-2020 regulations. The onus is now on the Commission and Member States to ensure that these are implemented properly, and that robust information is available to monitor and evaluate the success of projects to tackle youth unemployment.
64. In its guidance to LEPs the Government has asked them to consider the following activities;
- Reducing the number of NEETs and those at risk of disengaging;
 - Additional literacy and numeracy provision for young people;
 - Additional and innovative approaches to support and motivate young people with no or few qualifications into training and the workplace;
 - Innovative programmes for marginalised groups to help bring them to and support them in learning;
 - Providing support to embed programmes for young NEETs;
 - Brokering opportunities for young people and supporting local employers to take on young people who are NEET.
 -
- These activities are not prescriptive and LEPs may propose other activities, including new, innovative provision.
65. The Government has asked LEPs to consult local partners in developing their strategies, but there is no requirement on them to consult youth groups in particular. LEPs and their partner organisations are best placed to understand local needs and

identify gaps in provision in terms of skills and education and disadvantaged groups. LEPs will work with partners to design and develop programmes and initiatives to address these shortfalls and encourage young people to participate.

66. In parallel with ESF programmes, the government has specific provision in place aimed at tackling youth unemployment that newly qualified graduates and young unemployed people can be steered towards. For example, the government has invested over £1bn in the Youth Contract which builds on existing support to provide young people with more intensive adviser support and work experience, as well as providing employers with wage incentives and apprenticeship grants to encourage them to recruit young people.

24 October 2013

Annex A: Key UK Government policies for young people

Schools and education

67. The Government's programme of structural reform of the school system, including the rollout of more Academies and Free Schools, is aimed at providing a quality of education for all which matches the best in the world. This is the best preparation for entry to an increasingly competitive labour market. Through the Pupil Premium, the Government are targeting support to the most disadvantaged. The recent OECD Adult Skills Survey highlighted the fact that the UK is lagging behind in core skills such as numeracy and literacy. The Government is aware that these skills are closely related to the employment prospects of young people. The Government is focusing on maths and English in our school education reforms, for example through the emphasis on phonics in early literacy, and putting more rigorous mathematics at the heart of the secondary qualifications reforms. The Government is ensuring that all young people who do not achieve at least a C in English and mathematics GCSEs carry on studying these post-16, and have set an ambition that, by the end of the decade, the vast majority of 16-18 year-olds will be studying mathematics.

What happens in schools to direct young people's post-school choices?

68. Since 2012 there has been a duty on all schools to secure access to independent careers guidance for pupils aged 14-16. From September 2013 there is a new duty on schools to secure access to independent and impartial careers advice for students aged 12 to 18 years.
69. As well as the statutory guidance which supports schools in implementing this duty, DfE also published a practical guide - welcomed by the Association of School and College Leaders – which offers additional examples of policy and practice and signposts other high quality resources.

70. The Government will look to schools to support students to make the choices most suited to them. The Government expects schools to consider what form of careers guidance best meets the needs of individual students - good careers advice will not look the same for everyone.
71. As well as establishing a package of support for all ages, the Government has also established the National Careers Service which young people can contact by visiting the website and using a free telephone service. There are also continuing duties on local authorities to support careers guidance.
72. The Government wants to focus clearly on outcomes for young people. Education Destination Measures were published for the first time in July 2012 – and revised data was published in July 2013. They should expose any schools that are encouraging pupils into post-16 options for which they are not suited, and which they therefore drop out from.
73. Ofsted’s thematic review of careers guidance, [‘Going in the right direction?’](#)²⁸ was published on 10 September 2013. In its response²⁹ to this review and the National Careers Council report [‘An aspirational nation’](#) (published in June³⁰), Skills Minister, Matthew Hancock, also set out his [‘Inspiration vision’](#)³¹. This showed the substantial changes required to improve the life chances of young people and called on employers and schools and colleges to work more closely together to inspire children and young people. The National Careers Service will play a part making links and bringing in those partners who work with schools and colleges and employers to forge new enduring and productive partnerships.

Policies on youth employment

74. The Government has a clear strategy for supporting young people into work based on five priorities:
- Raising attainment and ensuring that young people have the skills to compete in a global economy, including through quality vocational education/training.
 - Helping young people at risk of falling through the net, by supporting local partners to provide effective, co-ordinated services.
 - Encouraging employers to inspire young people and to offer more work experience, internships and Apprenticeships to young people.
 - Promoting personal responsibility by ensuring that work pays, and that those on out-of-work benefits who can work, prepare and search for work effectively.
 - Creating the wider conditions for balanced, sustainable growth, including through protecting and extending flexibilities of the UK labour market.

²⁸ <http://www.ofsted.gov.uk/news/careers-guidance-schools-not-working-well-enough-0>

²⁹ <https://www.gov.uk/government/publications/careers-guidance-action-plan>

³⁰ <https://www.gov.uk/government/publications/creating-a-culture-change-in-careers-provision-an-aspirational-nation>

³¹ <https://www.gov.uk/government/publications/careers-inspiration-vision-statement>

75. Overall up to 350,000 young people will participate in government funded programmes over the next two years and many will be supported to access wider training and apprenticeship opportunities.

Jobcentre Plus support – for young people closer to the labour market

76. The Government has done away with one size fits all employment programmes. Young people need more tailored support to find work.

77. For those closer to the labour market the focus is on engagement in real work with employers and Jobcentre Plus keeping people active in their job search. Advisers can now offer young claimants a comprehensive menu which can include access to:

- job search support, skills provision and advice on Apprenticeships
- work experience that offers young people a few weeks with a local employer to help build their CVs and job skills
- sector-based work academies offering pre-employment training and work placements in growth industries with a guaranteed job interview
- New Enterprise Allowance helping those looking to grow a business by providing access to finance and support from local business mentors
- volunteering
- work and enterprise clubs.

78. Between January 2011 and May 2013 136,730 claimants have started a work experience placement. Work experience participants were 16 per cent more likely to be off benefit after 21 weeks than a comparable group of non-participants.

79. As part of the flexible offer of support, where Jobcentre Plus advisers feel that a young person would benefit from a short period of activity, they are able to refer them to a Mandatory Work Activity placement that lasts for four weeks focused on delivering benefit to the local community.

The Work Programme – for young people who need extra support

80. Most young people claiming JSA are referred to the Work Programme at the 9 month point in their claim (compared to the 12 month point for JSA claimants aged 25+).

81. For JSA claimants participation in the Work Programme is mandatory. For Employment and Support Allowance claimants, the Work Programme may be voluntary or mandatory, depending on a claimant's personal circumstances.

82. 18 year olds who have been Not in Employment, Education or Training (NEET) for six months immediately before they make a claim to JSA are referred at the three month point in their claim.

83. Work Programme providers have the freedom to provide the help that they consider necessary to support young people into a job. Providers are paid on the results they achieve, and they are paid more for supporting the harder to help into work.

84. By the end of June 2013, 366,780 18-24 year olds were referred to the Work Programme. The Government is investing £3-5 billion in the Work Programme over the life of the contracts. About 28 per cent of referrals are young people.

Youth Contract

85. Launched at the beginning of April 2012, the Youth Contract is a package of support worth nearly £1billion to help young unemployed people prepare for work and find a long term sustainable employment.

86. The Youth Contract builds on the support already available through Jobcentre Plus and the Work Programme. Over three years from April 2012 it will provide nearly half a million new opportunities for young people.

87. The Youth Contract will provide:

- 160,000 wage incentives worth up to £2,275 each for employers who recruit an 18 to 24 year old who has spent six months or more on benefit from Jobcentre Plus or through the Work Programme.
- An extra 250,000 work experience or sector-based work academy places over three years, taking the total to at least 100,000 a year;
- A further 20,000 incentive payments to encourage employers to take on young Apprentices, taking the total number to 40,000 in 2012/13;
- Additional support through Jobcentre Plus by way of more adviser time and weekly signing;
- An opportunity to be referred for a careers interview with the National Careers Service.
- As part of the Youth Contract, Government is investing £150m over three years (£126m of it in England) to support the most disengaged and disadvantaged 16-17 year olds. This provides support to help them to get back into education, an apprenticeship or a job with training.

Innovation Fund

88. On 12 May 2011 the Government announced a package of measures to help address youth unemployment. These included a new 'Innovation Fund' of up to £30 million over three years for social investment projects.

89. The projects will support disadvantaged young people and those at risk of disadvantage with a particular focus on those aged 14 years and over.

Apprenticeships and Traineeships

90. Apprenticeships and the introduction of Study Programmes for the 16-19 age group are at the heart of the Government's drive to equip people with the skills that employers need. They are rightly popular both with businesses and with young people.
91. The Government is aware that many young people, including those who are currently not in education, employment or training (NEET), are highly motivated by work, or the prospect of it. It is important to ensure that young people are well equipped with the skills to impress potential employers and to secure and succeed in jobs, including Apprenticeships.
92. Some providers already offer excellent activities that aim to do just this, and the Government wants to build on these experiences to develop a successful Traineeships programme. This will offer a combination of extended work placements, work skills training and English and maths, together with other flexible training and support to suit individual young people's needs.

Traineeships

93. Traineeships were introduced in England in August 2013 and will support a significant number of young people into Apprenticeships and other employment opportunities. The core target group is young people who:
- are not currently in a job and have little work experience, but who are focused on work or the prospect of it;
 - are 16-19 and qualified below Level 3, or 19-24 and have not yet achieved a full Level 2; and
 - training providers and employers believe have a reasonable chance of being ready for employment or an Apprenticeship within six months of engaging in a traineeship.
94. The Government welcomes the promotion of best practice in the area of Traineeships, and believes that maximising opportunities through a light and even regulatory system is the best possible approach. It is important to respect Member States' national powers to design programmes that meet their needs.

How does the EU define a traineeship?

95. Over the past year, the European Commission has been considering a Quality Framework for Traineeships. The definition it has used is much broader than that used by the UK Government. The Commission's social partner consultation document identifies five main (and overlapping) types of traineeship:

- traineeships during education
- traineeships as part of mandatory professional training
- traineeships as part of active labour market policies
- traineeships on the open market
- transnational traineeships

96. It is currently unclear exactly what the Commission's Quality Framework for Traineeships will look like. However, in its social partner consultation, the Commission identified a number of problems with the way traineeships are provided in the EU that it is keen to address. These included insufficient learning content, pay and working conditions.

Policy implications for the UK

97. Introducing the Commission's proposed recommendation in part, or in full is likely to reduce the number of opportunities and the diversity of the opportunities available for young people. Employers value their ability to run a range of flexible schemes to help young people get into work. There is a risk that any attempt to impose a one-size-fits-all approach to traineeships would constrain employers from offering young people work placements.

98. Diverse routes into employment for young people are required to maximise opportunities, increasing the likelihood that young people will find the type of employment that suits them. As a result there is potential for such a measure to exacerbate youth unemployment rather than reduce it. This would also have significant long term consequences on the competitiveness of the UK and the EU as it could reduce the ability of businesses to find skilled individuals.

Apprenticeships

99. Apprenticeships play an important role in equipping people to lead successful and rewarding working lives. However, although they are a key pathway into work, Apprenticeships are not of themselves a measure to improve youth unemployment.

100. The Government is working to ensure that every Apprenticeship delivers high quality training which employers really value, and which provides each apprentice with the skills they need for real, sustainable employment.

101. Apprenticeships are jobs, so growth depends on employers coming forward and offering new opportunities. Ministers are very focused on encouraging and supporting employers to take on young apprentices, including introducing £1,500 incentives to support smaller employers taking on a young apprentice aged 16-24. Up to 40,000 of these grants have been made available since February 2012.

102. Additional financial assistance is provided by Government's fully funding Apprenticeship training for apprentices aged 16-18, and making a considerable contribution to those aged 19-24.
103. During 2012/13 Academic Year (August 2012 to July 2013) the National Apprenticeship Service (NAS) filled almost 50,000 Apprenticeship vacancies, mainly via their online vacancy system.
104. NAS has been working closely with Jobcentre Plus (JCP) on arrangements to support and encourage progression into Apprenticeships from unemployment measures; especially targeting young people aged 19-24 who are NEET.
105. A recent initiative by NAS has been to stream Apprenticeship vacancies to the JCP's Universal Job Match system, which went live on 2 September.
106. One of the options of Raising the Participation Age (RPA) is work-based learning, including Apprenticeships. There is a strong demand for Apprenticeship places from young people, and Apprenticeships will continue to be the Government's flagship programme for work-based learning.
107. From September 2012, all schools in England are now under a legal duty to secure access to independent and impartial careers guidance, including information about Apprenticeships.
108. Provisional data show that 178,500 16-18 year olds and 291,900 19-24 year olds participated on an Apprenticeship in the 2012/13 academic year; there were 111,700 Apprenticeship starts by those aged 16-18 and 161,200 by those aged 19-24. Apprentices were engaged in over 200,000 employer workplaces³².

Annex B: The Restated OECD Jobs Strategy – the four pillars

Pillar A: Set appropriate macroeconomic policy

A1. Macroeconomic policy should aim at price stability and sustainable public finances so as to keep interest rates low and encourage investment and labour productivity, thus strengthening economic growth with potential beneficial effects on employment; where the state of government finances permits, improvements in public finances may be used to reduce taxes or increase spending in areas that have the most beneficial impact on growth and employment.

A2. Macroeconomic policy should be used to help stabilise the economy in order to reduce the risk that transitory increases in unemployment due to adverse shocks become

³² Provisional data for the 2012/13 academic year provide an early view of performance and will change as further data returns are received from further education colleges and providers. Caution must be taken when comparing against data from earlier academic years.

persistent and to ensure that the benefits of structural reforms are brought forward. This calls for:

- Monetary policy should pursue medium-term price stability by reacting to both inflationary and dis-inflationary shocks, and, within the scope given by that objective, aim to stabilise economic activity.
- Fiscal policy should aim to restore and maintain sound public finances so that automatic stabilisers can be allowed to operate, supplemented as required and feasible by discretionary policy. This is particularly important in countries that cannot employ monetary policy for that purpose.

Pillar B: Remove impediments to labour market participation as well as job-search

Implement well-designed unemployment benefit systems and active labour market policies

B1. Unemployment benefit replacement rates and duration, as well as social assistance benefits provided to individuals who can work, should be set at levels that do not discourage job search excessively and, especially where they are relatively generous, be made conditional on strictly enforced work-availability criteria as part of well-designed “activation” measures; moderate benefit sanctions should be part of such an activation strategy.

B2. Employment services should offer unemployed workers in-depth interviews and job-search assistance; participation in effective active labour market programmes should be compulsory after a certain length of joblessness that may differ across groups (*e.g.* immigrants facing integration difficulties, disadvantaged youth and older jobseekers); employment services should have adequate resources to perform these tasks and their functions should be well integrated.

B3. Performance of employment services should be assessed on the basis of their long-term impact on employment and benefit caseloads; active labour market programmes should be regularly assessed in a rigorous way to ensure that inefficient programmes are terminated, and that the mix of programmes is adjusted to suit the needs of jobseekers and the labour market.

Make other non-employment benefits more work-oriented

B4. Gate-keeping measures should be strengthened to avoid individuals with substantial work capacity leaving the labour market via sickness and disability systems, while at the same time protecting adequately the needy; the degree of work capacity of people receiving such benefits should be reviewed periodically; rehabilitation with a labour market orientation should be available to those who have some work capacity; job-search support and financial incentives to go back to work should be provided for those with sufficient work capacity.

B5. Public early retirement schemes should be gradually phased out, and public and private pensions as well as other welfare systems reformed so as to remove incentives for early labour market exit.

Facilitate family-friendly arrangements

B6. Family-friendly policies, including childcare support, as well as working-time arrangements which help reconcile work and family life, should be implemented so as to remove barriers to employment for those with family commitments.

Adjust taxes and other transfer programmes to make work pay

B7. Employment should be made financially attractive vis-à-vis benefit receipt, notably through tax-benefit reform and the provision of targeted in-work benefits to make work pay, without creating excessive tax distortions or compromising public finances.

Pillar C: Tackle labour- and product-market obstacles to labour demand

Ensure that wages and labour costs respond to labour market developments

C1. Ensure that minimum wages are set at levels that do not harm job creation significantly for low-productivity workers.

C2. Payroll taxes on labour should be reduced, especially on low-wage earners, where these are high and the budget situation allows, and health and pension contributions should be kept under control.

C3. In countries where uncoordinated sectoral collective agreements predominate and have adverse effects on employment, individual firms, through collective agreement, should be allowed to opt-out from sectoral agreements or the administrative extension of sectoral agreements should be reformed.

Enhance competition in product markets

C4. Legal impediments to entry of new firms should be removed in all areas where competition is feasible, and administrative burdens on business start-ups should be reduced; start-up costs should be lowered and administrative procedures for the creation of new businesses simplified so as to nurture an entrepreneurial climate; move towards open international trade and investment in goods and services.

C5. Competition-restraining state control of business operations should be reduced.

Facilitate the adoption of flexible working-time arrangements

C6. Obstacles in labour legislation which impede the emergence, through employer-employees agreements, of flexible working-time arrangements should be removed; tax and social security provisions should not discriminate against part-time work or other flexible arrangements which help reconcile work and family life and promote gradual work-to-retirement transitions.

Make sure that employment protection legislation helps labour-market dynamism and provides security to workers

C7. Employment protection legislation should be reformed in countries where it is overly strict, by sanctioning unfair dismissal (for example by prohibiting dismissal on the basis of discrimination with respect to gender, age and ethnicity), but reducing constraints on dismissals for economic reasons; severance costs and administrative procedures should be made more predictable so as to reduce judicial uncertainty; reasonable dismissal notice periods should be provided so as to help laid-off workers find new jobs.

C8. Regulations on fixed-term and temporary contracts may need to be relaxed in some countries; in order not to aggravate labour market duality and thus undermine labour market performance in the long term, a more balanced treatment between temporary and permanent contracts should be pursued, with one option being that dismissal protection rights grow in line with seniority.

Promote transitions to formal employment

C9. Transitions to formal employment should be promoted through: lower taxes on low-paid employment going hand-in-hand with better compliance of other taxes (notably on small businesses); reforms of labour regulations and business registration requirements, to make firms more prone to create formal jobs; and closer ties between social protection entitlements and work to encourage workers to declare their job.

Pillar D: Facilitate the development of labour force skills and competencies

D1. In view of the key role of human capital accumulation for the achievement of economic growth and social objectives, governments should promote high-quality initial education and, in coordination with social partners where this is consistent with national practice, they should set conditions likely to improve labour force skills by:

- establishing a system of recognition of new competencies gained by adults through training and work experience, including foreign credential recognition of new immigrants;
- ensuring that training is more demand-driven and responds effectively to firms' changing skill requirements, and encouraging greater quality of training provision, including through performance monitoring of providers;
- supporting training programmes – *e.g.* training vouchers, training leave or schemes that help workers alternate between work and training – which include co-financing from private agents and address existing training inequalities by providing effective learning opportunities for disadvantaged groups, notably the low-educated;

- expanding the scope of apprenticeship contracts by easing age limits and allowing flexible compensation arrangements; and
- ensuring that some employment programmes are targeted to the specific needs of disadvantaged people, including through second-chance schools.

D2. In order to facilitate school-to-work transition, it is essential to:

- reduce early exits from education and ensure that young people acquire skills relevant to labour-market requirements, including by broadening vocational programmes, strengthening links between general and vocational education and improving career guidance; and
- help combine education with work, notably through improved apprenticeship systems or more informal channels.

Annex C: Response to question 7

Should the EU and Member States take in to account the positive and negative socio-economic impacts of youth migration due to unemployment when designing measures to tackle youth unemployment? How might any negative consequences be mitigated?

The government has commissioned the Migration Advisory Committee to undertake a review of migrant employment in low-skilled work, which will cover a significant proportion of the migration of young people to the UK from within the EU. The MAC will report by the end of April 2014 and their Call for Evidence is open until the 13th of December. The MAC's review will look at the extent to which, and the reasons why, employers choose to recruit migrant workers; why these migrant workers choose the UK over other countries; the extent to which migrant labour fills gaps in the UK domestic labour supply and whether the work they find is a match for the skills they bring; and whether there are structural or cultural issues which inhibit the recruitment of UK-born workers, including issues such as motivations and attitudes to work. This will include a consideration of current government policy around helping UK residents to make the transition from education to the workplace. This work should significantly advance our understanding of the impacts of low-skilled migration into the UK, including how it impacts on young people in the labour market.

Department for Business Innovation and Skills and Department for Work and Pensions—Oral evidence (QQ 1-14)

Evidence Session No. 1

Heard in Public

Questions 1 - 14

MONDAY 28 OCTOBER 2013

Members Present

Baroness O’Cathain (The Chairman)
Lord Haskel
Baroness Valentine
Lord Cotter
Lord Wilson of Tillyorn
Baroness Hooper
Earl of Liverpool
Lord Fearn

Examination of Witnesses

Angus Gray, Department for Work and Pensions, **Lindsey Lewis**, Department for Work and Pensions, and **Bill Wells**, Department for Business, Innovation and Skills

Q1 The Chairman: Good afternoon, welcome, and thank you for coming. Thank you for your written submissions. As you will probably appreciate, we have a huge amount of written material already, but I can assure you that yours has all been read. The session will last for approximately 60 minutes and, before I engage with you, I need to say that Members of the Committee with relevant interests will declare them. The session is on the record and is being webcast live, and will be subsequently accessible via the parliamentary website. The witnesses will receive a transcript of the session to check and to correct. This will be put on the public record in printed form and on the parliamentary website. If you feel that after this session there is something else you would like to add, please feel free to get in touch with the clerk. Thank you very much for your written submissions. I would now like to ask you, if you could, to begin by stating your names and official titles for the record and, if you wish, as we would like you to, by each making an opening statement.

Angus Gray: I am Angus Gray and I am head of the European Social Fund Division, part of the Department for Work and Pensions.

Bill Wells: I am Bill Wells; I head the labour market analysis branch in the Department for Business, Innovation and Skills.

Lindsey Lewis: Hello, my name is Lindsey Lewis. My title is Europe 2020 Programme Manager, which means I lead employment and social policy interactions with the EU for the Department for Work and Pensions.

The Chairman: Before I ask the first question, do you have an opening statement, Mr Gray?

Angus Gray: Thank you for this opportunity to make some opening remarks. I thought it would be helpful to briefly set out the way the Youth Employment Initiative will work in the UK and to set that in the context of our wider efforts to tackle youth unemployment.

The primary responsibility for tackling youth unemployment, of course, rests with member states. The Government already have a range of help in place, including the Youth Contract, which provides additional support for young people, worth almost £1 billion over three years, providing work experience for all young people who want it, wage incentives, incentives for apprenticeships and additional support for disengaged 16 and 17 year-olds. In addition, there is the Work Programme, which offers tailored support for young people who have been claiming jobseeker's allowance for more than nine months. We are also using some of the current ESF allocation in England on young people who are not in employment, education or training.

We estimate that the UK share of the €3 billion Youth Employment Initiative will be worth €194 million, which will be shared between the five regions in the UK that have a youth unemployment rate of 25% or higher. In England, those regions are inner London, Merseyside, Tees Valley and Durham, and the West Midlands. South-west Scotland is also expected to qualify. The money needs to be spent by 2018. The €194 million equates to just less than €40 million a year. The money therefore makes an important contribution to our efforts to tackle youth unemployment, but it is dwarfed by the scale of our other existing investments.

The Youth Employment Initiative has been added to the EU's ESF regulation, and so it will be integrated into the ESF operational programme for England. As with ESF overall, it is for member states to decide how to spend the money. That will include the Youth Employment Initiative, but operational programmes need to be negotiated and then agreed with the European Commission. The main thing they will be looking for is an assurance that there is a clear rationale for our proposal, based on the evidence. Proposals need to reflect the different position in each member state: the level of unemployment, delivery systems and the coverage of existing provision.

I should perhaps have clarified at the beginning that I am responsible for ESF in England only, because the structural funds are a devolved matter. In England, the local enterprise partnerships, of which there are 39, have been asked to develop strategies for how the funds should be spent. That includes the ESF, the European regional development fund and part of the European agricultural fund for rural development. There are seven of these LEPs affected by the Youth Employment Initiative, so they have built proposals for how to spend that money into their overall approach to the structural funds. They have been consulting local partners over the summer about their plans, and they submitted their draft strategies to us on 7 October. We are now working

with them to ensure that their proposals add value to what already exists. We are hoping to see some interesting and creative approaches to tackling this important problem.

The Chairman: Mr Wells?

Bill Wells: That was the only opening statement.

The Chairman: And likewise?

Lindsey Lewis: Likewise.

Q2 The Chairman: One thing strikes me. When you started off, you mentioned €184 million out of €3 billion. How is that sorted out?

Angus Gray: It is based on the analysis of which regions in the EU have youth unemployment of 25% or more. There will obviously be countries with much higher levels.

The Chairman: What is the Government's position with regard to youth unemployment in the UK? What is the role of the devolved Administrations in tackling the issue? You did relate to that up to a point. Who would like to answer that question?

Lindsey Lewis: If I may, Chairman, I will start to answer and then I will ask my colleague Bill to follow. While youth unemployment in the UK is significantly lower than much of the rest of the EU, the Government believe that this is still a significant issue that needs to be tackled. Around 9% of 16 to 24 year-olds are unemployed and not in full-time education; we think this is too high. This is why the Government have implemented a range of policies to address this: those that Angus touched on, the Youth Contract, and the Work Programme in particular.

We are also reforming Apprenticeships to create more opportunities for training via that route. Our aim is to make our Apprenticeship programme the new international benchmark for excellence. We are seeing success. For example, the number of 16 to 24 year-olds who are not employed or in full-time education fell by 7,000 in the last quarter and has fallen by 65,000 since the recent peak about two years ago. I will ask my colleague Bill whether he wants to add anything.

Bill Wells: It is quite important to distinguish between unemployment and other forms of worklessness. Perhaps the best division is between those on jobseeker's allowance, those on other benefits and those not on any benefits. In general, the story is that those on JSA are improving; those on other benefits—primarily lone parent and disability benefits—are at roughly the same level they were at before the recession. The major problem tends to be people who are not on benefits and who are making the transition from education to work. In our evidence, this is on chart 5. These people have not yet moved into the labour market.

The Chairman: Yes, they have moved from one to the other.

Bill Wells: It is important to realise that quite a lot of these people are not on benefits and are quite difficult to get hold of to help.

The Chairman: Why are they not on benefits? It cannot be that they do not know benefits are available.

Bill Wells: This is because it is 16 to 24 year-olds: 16 and 17 year-olds are not eligible for benefits. Also, sometimes it takes a long time either to move into education or employment, or to get involved in the benefits system. That applies equally to people leaving university.

Over the last decade or so, it is taking longer for people who are leaving all forms of education to move into work. In general, the story regarding the other two aspects that I mentioned—jobseeker’s allowance and other benefits—is very good compared with the mass unemployment of the 1980s, and as Lindsey said, for those on unemployment benefits there is now an improvement for those aged 18 to 24.

The Chairman: Could I ask a final question on that? Have you done any work that gives you good evidence of how long it takes for somebody who, say, leaves school to actually get a benefit? I ask because there are an awful lot of scare stories in local newspapers at the moment. The statement was made to me only yesterday that it takes 15 weeks for somebody to get a benefit. If they are not living with their parents and have left school, this is really quite serious. Do you have any idea about this?

Bill Wells: The people from the DWP might want to add something to this, but there is a distinction between whether you are applying, and then how long it takes you, once you have applied for it, to get the benefit. The problem lies in the first of those, not the second, because Jobcentre Plus has targets for how quickly the benefits are paid.

The Chairman: Could you actually tell us what the targets are, once someone has registered?

Angus Gray: I am afraid I have not come—

The Chairman: If you have any solid evidence on that, we would be grateful.

Angus Gray: No, we will have.³³ Certainly, when I was working more closely with Jobcentre Plus, we published data regularly on those clearance times. As Bill says, as well as the potential gap before someone realises there is help available and they claim, in the processing part of the organisation we also face the problem that people need time to respond when we ask for additional information. Sometimes the delay is because they did not provide the evidence we asked for in the first place. The delay quite often starts there.

Bill Wells: Fifteen weeks sounds like an awfully long time to clear the benefit. I would be very surprised if the evidence suggested it was anything like that.

The Chairman: The problem with something like this is that it is always the rogue one that gets noticed; I do understand that. **The question also asked what the role of the devolved Administrations is in tackling the issue. Is it different from the way it is tackled in England?**

Lindsey Lewis: Employment policy is not devolved, except in Northern Ireland. Northern Ireland tends to take a mirrored position to Great Britain. However, related issues such as training, skills and education are devolved issues. All the devolved authorities can choose how they approach those important issues.

Q3 Lord Haskel: Mr Wells told us about splitting up unemployed young people into three: people on jobseeker’s allowance, people on other benefits and people on no benefits. Is there any further disaggregation necessary of the different types of young people and their different needs, so we can ensure the effectiveness of the policies?

Bill Wells: Again, I probably have to distinguish between those on benefits and those not on benefits. The focus of the work on people on benefits is individual-based; it is not based on

³³ Note by witness: With thanks to colleagues at the Department for Work and Pensions: “DWP’s Performance Agreement targets are to process new claims as follows: Job Seekers Allowance (JSA): 90% in 16 days; Employment Support Allowance (ESA): 85% in 16 days; Income Support (IS): 90% in 13 days”.

their characteristics. When they come in, there is a discussion with their adviser, if it is Jobcentre Plus, as to the most effective way to get them into work. There is a jobseeker's agreement, which will take account of individual characteristics: for example, whether a lone parent needs to have a certain work pattern. However, the general policy of the UK in this area is to focus on the individual and not to identify particular groups and treat them as homogenous groups.

Lord Haskel: On the question of disaggregation, when we get the figures quoted they usually include full-time students. You carefully disaggregated the full-time students. How many full-time students are there? What is the real figure?

Bill Wells: I am not sure that I should say this is the real figure, but there are about 950,000 people on ILO unemployment and about 300,000 of those are in full-time education³⁴. The improvement in ILO unemployment, although not substantial, has been greater than among the ILO unemployed who are in full-time education.

Lord Haskel: Do you disaggregate the people as to their capabilities: for instance, into higher skills levels or higher academic levels? Do you judge people and say, "He does not have much potential" or "She does not have much potential"?

Bill Wells: I will let my DWP colleagues talk about this a little. It differs in different parts of the system. If you are going into the Department for Work and Pensions, the disaggregation is based on the most effective way of getting them into work. If you go through the education system, it is based on the best way to get them into education or the best way to get them into training. From an employment perspective, which tends to be my background, the distinction is based on the most effective way of getting people into work.

Angus Gray: That is absolutely right: there is this individual diagnosis. You would tend to give advice based on all sorts of things: ability, but also aspiration and motivation. Often, the problem with young people is getting them focused and interested. At the beginning of entering the labour market, finding something that interests them and that they are capable of is as important as anything.

On your disaggregation point, the only thing I would add is that there is a bit of bias in the system around age. There is a bias towards education and skills the younger they are in this group, and there is a growing bias towards work as they get older.

The Chairman: There is a big focus on NEETs. How useful is it as a category?

Bill Wells: It is slightly unfortunate that everybody collapses it into the word "NEETs", because it is actually "not in education, employment or training", and so, for example, someone who leaves university and might be waiting to take up a job is included in the NEET figures. This is a nightmare, given the different definitions in this area.

There are two definitions I would distinguish between, which might be helpful: one is unemployment, where people are looking for work; the other one is what I call economic inactivity, which is where someone is outside the labour market and not looking for work. The workless include both those groups. The problem tends to be, as I intimated before, among the people who are not looking for work and not looking for education either. It is the workless people who are regarded in the labour-market statistics as not looking for

³⁴ Note by witness: According to the Office for National Statistics, in the three months to September 2013, there were 965,000 16-24 year olds in ILO unemployment of them 301,000 were in full-time education.

work, where the structural problem in youth worklessness, as I would call it, has grown over time. If you do not look for work, you will not get a job.

Angus Gray: Bill's analysis of the numbers is absolutely right. However, you can look beyond the numbers at some of the people we worry about. This is my own word association, but when I think about NEETs I think about some of the most disadvantaged young people. At the younger ages, you might think of persistent truants and people who have chaotic lifestyles at home. You need to find them first, but the focus on them is absolutely crucial, because we are trying to avoid them losing—

The Chairman: The ability to work.

Angus Gray: Yes.

Bill Wells: To pick that up, part of the story is that there is a greater focus within the system on the most disadvantaged people. One of those elements is how long they have been in that situation. The long-term unemployed would receive more direct help from Jobcentre Plus, whereas the expectation is that you get the short-term unemployed to look for work effectively and most of them will find that job within not very long at all.

The Chairman: A lot of these people come from homes where people have never worked; there is no tradition of working. There is more a tradition of, "Well, we will just get by. There is nothing we are skilled for" — depression really. Is that true? We hear a lot of stories about that. Again, this could just be anecdotal.

Bill Wells: It is overstated.

The Chairman: Is it? I see.

Bill Wells: It may be that the numbers do not tell the whole story, but if you look at the stories about two or three generations where nobody has worked, from what we can tell the numbers are quite small.

The Chairman: Do you have any actual evidence of that or numbers you could quote us? It would be great if we could actually make that point in our final report.

Bill Wells: Yes, we do.

The Chairman: Do not worry about it now, but we would be grateful if you could send it to us.

Bill Wells: Yes, of course.

Angus Gray: My understanding is that Bill is absolutely right, but you do get families and communities where there is very little work. Never having worked is quite a high bar. You might have done the odd week or two, and then you are not in the "never worked" category.

Bill Wells: The concentration of worklessness may be an issue, rather than the history of worklessness.

Q4 Lord Fearn: To what extent is the Government's position on youth unemployment influenced by EU policy? How are EU actions to tackle youth unemployment generally being interpreted and delivered in the UK?

Lindsey Lewis: My Lord Chairman, employment policy remains a member state competence, but we do value the opportunity given by the European semester to share experiences with

other member states. For example, we are sending a UK official to a mutual-learning event in the Netherlands in November and we are holding a mutual-learning event here on the minimum wage in April next year. We will take part in multilateral surveillance, as part of the European semester process, where we will be challenged on our performance in this area and we have the opportunity to challenge others.

The Chairman: It is a useful function, is it not?

Lindsey Lewis: I believe so, yes.

Lord Fearn: When this deputation goes, are they going with UK policy on the unemployed?

Lindsey Lewis: The people who are going are policy officials, who are responsible for developing our policy. It should inform policy development going forward.

Lord Fearn: What is the backup from that? Where does it go after that, when they get back from Holland?

Lindsey Lewis: It informs the policy process. It is an opportunity to learn about a number of other countries' policies and the way things work in their systems and to feed that into policy development in the UK. There is no formal product, but it then becomes part of our knowledge base and our understanding.

Bill Wells: There is an important point about how most different countries have different systems. Therefore, it is not a case of, say, going to the Netherlands, seeing the system and importing it wholesale over here. The good ideas of things that seem to work are purloined by us and put alongside ours to see whether we could develop the policy in ways that suit the UK system. Particularly in the employment field, the labour markets tend to be quite different in many of the member states.

Q5 Lord Wilson of Tillyorn: What I was going to ask follows on from that and from what Mr Gray said at the beginning about the EU's Youth Employment Initiative, which has the rather odd acronym of YEI. How does that tie in with our own policies? Let us divide it up, if you would, into the youth guarantee scheme, European alliance for apprenticeships and the quality framework for traineeships. Taking that last one, I notice that the paper from the Department for Business, Innovation and Skills, which I thought was very good, said about traineeships that if some of the Commission's proposals were taken into account it would not actually produce the right sort of answers; it would do exactly the opposite. Could you deal with these three different categories?

Angus Gray: To start with the overall bit about the YEI, the good news is that it is an additional source of funding, rather than a set of activities. Because it fits within the European Social Fund framework more generally, it is for member states to design what they are going to do with the allocation. That very much leaves us free to design interventions that we think are appropriate for our context. However, probably most importantly in England, the challenge for the European Social Fund is always to add value to what already exists. In some of the EU member states, the structural-funds investment is either the only thing or by far the biggest thing that happens in their country on these topics, whereas we already have substantial investment of all sorts. Therefore, what you need to do is make sure ESF is filling the gaps.

We have seen this with some of the strategies that have come back. Often, one of the things ESF can helpfully be used for is preparing people so they are ready for other mainstream provision, if that makes sense. If they are some of the most disadvantaged, finding and equipping them so they are more likely to benefit from a traineeship or an apprenticeship is one of the key added-value actions we can take. In that respect, the YEI is not a separate EU policy that we have to worry about. It is largely a source of money, with which we can do something sensible.

We do have more reservations about the Youth Guarantee, not in its aspiration that you need to help young people with a range of different offers, but more in the insistence that it should be done at the four-month period. As Bill was saying, particularly for those on jobseeker's allowance, people already find work quickly. Over 80% of 18 to 24 year-olds flow off jobseeker's allowance within six months. If you put that kind of mandatory blanket provision in place at four months, you will actually slow that down and hold people back from entering work when they would have done otherwise. It is a cost-effectiveness issue, and the dispute hinges around that four-month threshold.

We have succeeded, at least in our reading of the regulation, in making the regulation more flexible on this point. The release of the money is not tied to the implementation of a Youth Guarantee scheme; it is one of the things you can do with it. There is a clause in the regulation now that talks about including the Youth Guarantee scheme. Clearly, that only applies where regions and countries are implementing one.

On traineeships and apprenticeships, we are very much behind the principle of the European Alliance for Apprenticeships. It is about sharing good practice between countries. As ever, we are slightly sceptical about mechanisms and bureaucracy and whether you need an alliance as such to deliver that, but learning from each other seems a perfectly sensible thing to us. If other member states want an alliance to share it, that is fine. We are still partly reserving judgment on the Quality Framework for Traineeships. Traineeships are something we have started to introduce in England as of August this year; we are relatively new to them. The focus is really about taking people who are not quite ready for apprenticeships and giving them that first intervention to help them take advantage of further help in due course.

Q6 Lord Wilson of Tillyorn: On the traineeships, you are “waiting to see”, more than “already feeling”. It is rather implied by the paper that there are some points in this it would not be sensible for us to apply. I get the feeling that it is too rigid.

Angus Gray: Yes. There was a sense that the definition they are using is much broader than what we would term a traineeship. We are not quite sure whether it is helpful or not.

Earl of Liverpool: On the point you have made, page 27 of the paper you are referring to says, rather strikingly, “As a result, there is a potential for such a measure to exacerbate youth employment rather than reduce it”. That is in paragraph 98. It is quite a striking statement and I wonder whether you could enlarge upon it somewhat.

Bill Wells: I would link this with the four-month issue. Essentially, there is what works and also what you tell people to do. However, in general, the UK's approach is to have a rights and responsibilities agenda, which is about ensuring that the individual themselves tries to take up a job and tries to move into education. There are some sanctions associated with

that. Rather than that, if you pick someone up and put them into something that does not suit them, it may retard their improvement.

It comes back a bit to the focus on the individual and the help and pressure that is applied: that they go for something that suits them, rather than something that is specified on a blackboard.

Angus Gray: There is another point here, which you see played out in other policy debates: one man's quality threshold is another man's rigidity. We are worried that the attempt to impose a quality threshold on traineeships means that the bar is set so high it would be too difficult to get employers involved in offering anything. This is what we are getting at here: if you are not careful in your definition, you preclude all sorts of really valuable activities.

Lord Wilson of Tillyorn: In terms of devolved Administrations, you mentioned having to negotiate how the money is going to be spent with the European Commission. First of all, how does that work in general? Secondly, how does it work when it is a devolved Administration? South-west Scotland would be the only area in question.

Angus Gray: We have layers of agreement with the Commission. There is a partnership agreement, which is at a member state level. We have to make a proposal and get it agreed and negotiated with the Commission; that covers the whole of the UK. Our approach there is to set out an overarching UK narrative about what we think the issues are and what we need to do. There are then chapters for each of the devolved Administrations going into more detail.

You are right: we are treading a line at the moment between the member state being the whole of the UK and some of these issues being devolved. In that document, we try to do that. Beneath that are things called operational programmes, and they are at the level of the devolved Administration. The European Social Fund operational programme will be for England only and there will be a separate one for Scotland. The detail of how they will use the Youth Employment Initiative will be set out in their operational programme, which is for them to design. They separately negotiate that with the Commission.

This will be my first attempt at this; I am not clear what the negotiation will actually look like. We will propose it on paper and they will tell us the things they do not like. My understanding is the hard conversation will be about target levels, as you might expect.

Lord Wilson of Tillyorn: You mentioned a hard conversation. Is it very time consuming? Is it like going to an old-fashioned bank manager who says, "No, you are not going to get the money, sorry."?

The Chairman: He is too young to know about bank managers.

Angus Gray: I have heard of them. My sense is that nothing is absolutely speedy in dealings with the Commission, but it is not supposed to be a lengthy, drawn out process and, indeed, they are committed to getting it done maybe quicker this time than we have managed in the past, because the tripartite negotiations over the regulations have taken time. We are now in October with no regulations agreed, with a January start date. We will need to be swift in our discussions.

Q7 Lord Haskel: Rather than the memory of bank managers, I wish to talk about traineeships very quickly. They are what we used to call sandwich courses, but you are too

young to know that. I would like to know how keen employers are on these various schemes. How keen are employers on having traineeships and putting effort into it? Of course, without the co-operation of the employers, it is all a bit of a waste of time.

Angus Gray: Precisely, yes. I do not know about these precise schemes; they are relatively new. We only launched them in August this year, so we probably do not have any feedback on this particular scheme, but my experience of working with employers in Jobcentre Plus was always that the trick was to speak their language.

If you go with a pre-prepared product that is traditionally bureaucratic and full of detail and requirements, they will push back. However, for their own economic growth and business, they need good people, and they need to take advantage of young people. It seems to me, therefore, that our task in government is to design things that work for them and work of the individual.

Bill Wells: The focus on the individual is partly that the individual gets to the job or traineeship that suits them. If it does not suit them, the employer will not fancy them a lot, because you have two sets of people who are not happy with the arrangement.

Lord Haskel: Presumably, it is a way of employers assessing the abilities of somebody. Then they can decide whether or not to employ them.

Bill Wells: It is one of the benefits of that.

The Chairman: This has been a very useful discussion. Can I just track back for about 30 seconds to the four months versus the six months? This has been a bone of contention for a long time. It was I think the Netherlands that said at a conference I attended that it is only a month or even a week in their experience. Do you have any evidence to give us about the 28 member states and what the comparable figures are? Is it that we are taking much longer than anybody else, or is it that the Commission does not realise the reality of the situation, which is that it is nearer to six months than four months?

Bill Wells: We will have some evidence across the EU, but this is one area where the particular situation in the UK is quite important because, as Angus said, particularly on JSA the outflow rates are so large in the first year that it really is a waste of money parking someone who could be getting a job. Having been involved in this discussion for a number of years, it is really the focus on the individual. We have resisted the four-month period; in fact, we have resisted most of the very short periods. Part of the reason why people do it sooner rather than later is that they sometimes lose the young person, because they are not eligible for the benefit and therefore, when they leave school and go wherever they go into, they say, "Let us get them before they get lost". This is only one of the very many different systems across the EU, and one size does not fit all.

The Chairman: That point obviously needs making, however.

Q8 Earl of Liverpool: We had an interesting discussion about NEETs earlier, but I wonder if I may come back to them for this question. The EU and UK youth unemployment policies place great emphasis on young people not in employment, education or training. Is this emphasis justified or are there good arguments for steering greater support towards more employable young people, given that they might have a faster and more sustainable impact on overall youth unemployment?

Bill Wells: I have touched on this a bit before, in the sense that it is important to realise that NEETs are not exactly the most disadvantaged or the most “unemployable”. They are a range of different people.

In general, the UK policy is not to help those who need the least help; it is to help those who need the most help. Most of the UK system is about pointing people in the right direction and making sure that they behave properly in terms of their rights and responsibilities. However, when that does not succeed—it tends to be either on the education side or the employment side—they get more help from the state.

One of the things I should say is that our labour market is sufficiently flexible that there are jobs for everybody, in the sense that it is very diverse and dynamic. It is actually quite difficult to regard someone as unemployable, because the range of jobs in the UK is quite great. Labelling them as unemployable may have damaging consequences as well.

The Chairman: Do you not think somebody should take that up from a political point of view or at least advertise that everybody can do a job and everybody can get the enjoyment from a job? There are so many different varieties of job.

Bill Wells: Angus might need to finish it.

Angus Gray: In the words “support”, “attention” or “help” lurks a plethora of offers. Actually, even for people who are on the more employable end of spectrum, some of the employers I have spoken to think that one of the gaps is good quality careers advice at the moment. This is quite a theme in the plans that are coming forward. They are saying, “We have some really exciting opportunities coming up over the next few years as we build X, Y and Z”. A good example might be the announcement of the nuclear reactor in Somerset. However, we do not have enough kids coming through the school system who think that is a worthwhile outcome. We need to educate the labour force of tomorrow about the opportunities that do exist in this area. That is not skills help or investment but, as you say, good signposting and good advice to them about what opportunities are coming up and therefore what choices they might make. It is an important part of the system.

Q9 Baroness Valentine: I am trying to join up the dots on some of this. I am chief executive of London First, which is an employer group, so I understand the London dimension of it. Very roughly, the number of vacancies and unemployed used to be about the same. You now have 25% youth unemployment in inner London. I did not quite get what you were saying, but you are saying that employability skills may not be a big problem across that 25%. Then you have lots of low-skill entry jobs. You know the old Prêt à Manger thing, where people go on hospitality jobs, helping as waiters and waitresses—and then you play in immigration as well, obviously, to that. However, I cannot quite get what the spectrum of those 25% youth unemployed is from what you are saying. I can understand that they are all individuals, but what I hear most typically from the employers is that if Hilton advertises a job for a waiter, no local British person applies. Lots of other people apply. There is something going on there.

You also hear that people do not have the employability skills. I am sure you are bored of hearing this. They do not turn up at nine o'clock in the morning and they do not have the work ethic. I then hear these anecdotes that they come from families with three generations who have not been employed and therefore they do not have a culture of

working, but you are saying that that is something of a myth. I cannot make all these things join up.

Bill Wells: Can I have a go at a couple of these? The first thing is that the 25% is not a static group. It is very important to realise that people move in and out of jobs quite a lot. About 6 million people move in or out of a job each year. To some extent, the unfilled vacancies are almost irrelevant, because there is always a range of vacancies available.

The other element about the flows into work—you mentioned Prêt à Manger—is not true. There are lots of young people moving into jobs. A lot of the 25% is a short period of unemployment while they take up the job.

However, the other feature that is real, which we mentioned, is this point about where you lose people from the system and they are not looking for those jobs. The numbers that we quote with some glee about the JSA off-flows do suggest that most people who get on to JSA leave, and leave for a positive outcome, very quickly. There is not the same success with people who we are not in touch with, and they tend to be people who are not looking for work. It is important to focus on the flows in this. There is a set of positive flows, which most young people go through and find jobs across a range of industries. There is then a smaller group who we mostly have not got hold of, who are there for a long period of time.

Baroness Valentine: How would you describe the employability skills of that group you are talking about there?

Bill Wells: We do not know, because we cannot get them. From the surveys, they tend to be dominated by people at the lower end of the employability skills spectrum. However, they are not all in that group. I am less sure about this, but the employability of this group seems to have improved over time. It is the matching of the individuals to the jobs that is really quite important, if we are going to concentrate on jobs. There are similar issues around moving into education and training.

Angus Gray: One of the risks here is that the generalisation of the diagnosis could lead to a generalisation about the solution for the individual. It is one of the things we are always weighing up.

The Chairman: That is life, though, is it not? We all do that.

Angus Gray: What you do not want to do is say, “Everyone has to be at this level before we even allow them to think about going into work”. As Bill says, there are all sorts of vacancies. Equally, I am pretty sure that my classics degree made me less employable. The definitions are key.

Lord Cotter: I have a wee little point. I was very pleased to hear you mention careers advice and guidance yourself. Not to diverge too long by talking about it now, on the other hand it comes through very strongly indeed from employers. It also comes through very strongly in a lot of the written evidence that we have received from all sorts of sources. It comes through very strongly indeed from parliamentarians, and I do not think that the Government as such, without being too specific, are prepared to address that issue. I hope officials will be pushing in that direction.

The Chairman: That is a very good point. Thank you, Lord Cotter.

Q10 Baroness Hooper: There are only certain UK areas that will be eligible to receive the €6 billion earmarked. You said at the outset that those are areas where there is unemployment of 25% or more. If I may be permitted a little personal reminiscence, when the European Social Fund was introduced in the early 1980s, I was a Member of the European Parliament for Liverpool. In Liverpool there was need, but in Liverpool there was also a very well advanced group of civil society representatives. With help, encouragement and information from me, in that first year we received more in social funding in Liverpool than anywhere else in the United Kingdom. My question now is this: what work is being done, and by whom, to prepare and deliver projects that will help with the youth unemployment and be able to tap into this earmarked funding for the 2014-16 period?

Angus Gray: This is very much a joint enterprise. As I said in my opening remarks, we have set local enterprise partnerships the task of leading on the development of strategies for the structural funds in those areas. If, like Merseyside, they are one of the YEI areas, that will include this element, recognising where their skills lie, which is principally in employer led conversations about growth. We have also made clear that they need to develop new strategies in partnership with others. You have mentioned civil society. That is one of the key groups they need to consult and involve, but there are many others, too.

We are currently assessing the strategies, but our first pass suggests that they have mostly done a good job on consultation with partners and they can continue to do that. They are coming up with ideas about how they might use it. It is fair to say they are in high-level embryonic form at the moment, but the common theme was careers advice and guidance, as I have mentioned already. Because they are business leaders, they have an opportunity to display leadership in their area and work with employers to help young people make that transition from education into work.

Whether it is people leaving care or people suffering other disadvantages, the other theme is a recognition that more specialised and targeted help for some of those groups might be necessary. The process we are going through is agreeing those strategies with those areas. It will then become even more of a joint enterprise between government and the area, turning those into more detailed plans that then turn into projects and delivery on the ground to target the individuals, areas and themes that they want us to focus the money on.

Baroness Hooper: Are we prepared to take it up as rapidly as the Commission is advocating?

Angus Gray: There are many nights when I wake up in a cold sweat, and that was increased with the notion that YEI had to be frontloaded in the first two years, until my more experienced colleagues reminded me that because of the European rules on spend, the two years is when we have to commit the money, but the n+3 rule means that we do not have to spend it all until 2018. We have to get our plans in order quickly. We have to mobilise the procurement and project start relatively quickly. However, we have a total of five years to spend the money, which is more reassuring and, I think, perfectly possible.

Lord Cotter: What is the Government's view on the use of the European Social Fund to tackle youth unemployment specifically?

Angus Gray: It has long been a feature of our use of the ESF to focus on young people. As I said earlier, we use it in that way at the moment. This is just a strengthening of that focus. Without the YEI, we would have focused a decent proportion of the resources on youth unemployment. I would be surprised if there were many of the 39 areas that do not have a

focus on youth unemployment, given its current level. In the five areas covered by this, it would simply be an additional focus in order to use the additional funding. The important thing, as I have said a few times, is that we design interventions that fit with what already exists. The notion that we should be helping young people as we emerge from recession must be absolutely right.

Lord Cotter: Local enterprise partnerships have a really strong focus locally in all areas on the point of view of the business side of things. How do you feel you would specifically work through the local enterprise partnerships to advance the sensible use of the ESF? They are rather focused not on social issues but on how businesses are run in the area. They are important from that point of view, of course. How can you use them?

Angus Gray: You are absolutely right. From the point of view of the ESF, this is genuinely both a threat and an opportunity. We have stressed that the LEPs cannot do this alone because, as you say, they have a particular focus. All the boards are a mixture of business and civic leadership—i.e. local authorities. Local authorities clearly have a very keen interest in a whole range of social issues, but particularly youth, because they have a key accountability in relation to young people and raising the participation age, so they are engaged. Even with that, the LEP by itself is necessary but not sufficient. That is always what I say.

This is why we have required them to engage with a wider range of partners locally to get ideas about what should be done. It is also a real opportunity, because although, as Bill says, there are jobs coming up all the time, we also need more growth. Therefore, we would be more likely to engage young people in those upcoming opportunities if we can both drive growth in local areas through these funds and use the ESF to make sure people can take advantage of the opportunities, and make that link between employers and young people, both encouraging them to make opportunities available and, on the issue of careers guidance, having a powerful story about what jobs will be coming up.

Q11 Lord Cotter: Can I pick you up on your words once again? There is a little window of opportunity there. You mentioned relating to young people. Again, this is something that many of us feel very strongly about. Again, quite a lot of the written evidence that we are getting is talking about what is happening in Europe in terms of relating to young people. Quite a lot is done in that direction. There is a concern that perhaps—you mentioned it, so I am picking up on it—there is a great need for young people to be around the table and telling us what they really think about their different areas of experience. What do you think of that?

Angus Gray: What we tend to do, not just with young people, is engage with representative groups. There is a slight challenge here if you are thinking about young people who are out of work who you want to help into work. They disqualify themselves from the organising committee by getting a successful outcome. I am not sure how you would construct that kind of body in such a flexible and dynamic labour market. Equally, we are open to ideas and thoughts about how to make that work locally, because you need to design services that appeal.

The Chairman: We are open if you have further ideas yourself. If you do, please let us know.

Lord Cotter: Yes, please do, because it really is such an important issue.

The Chairman: It is terribly important. Certainly, we have discussed this around this table before now. We cannot ignore these people. We simply cannot do it. It is more important that we really get started on that bottom part while obviously encouraging government.

Lord Cotter: This is such a strong issue. There was a very good debate on Friday about young people voting at 16. A lot of issues came out of that. Please pick up on that and help us.

The Chairman: It is in *Hansard* for the House of Lords last Friday. It was Friday, was it not?

Lord Cotter: It was on Friday.

Q12 Baroness Valentine: You have already touched on best practice from other EU countries. I know you have said that you cannot lift and shift things, but are there examples of things that have the germs of ideas that you would like to see how you can implement or in some way plagiarise in the UK from the rest of Europe?

Lindsey Lewis: We do not have specific ideas, but Europe is a fertile ground to look at what other member states are doing. In the scheme of things, we are actually doing quite well in this area. We have seen lower levels of unemployment than following previous recessions, and we are doing better than the European average.

However, there are European member states that are performing better than us, and some of them are performing better than us because their economy is doing better, but there are others that are performing better but have also had a difficult economic time. One of those examples would be the Netherlands. This is partly why we are going to take part in this event in November to try to explore a bit more what they are doing and what drives their outcomes. However, as we said before, the Netherlands has a structure that is quite strongly based on sector-wide collective agreements with employers, which is quite different from our own situation. How much we can lift directly is not clear, but it should still have some interesting learning opportunities for us.

Bill Wells: As well as that, there are multinational organisations. In our evidence, we mentioned some of the work that is done by places like the OECD. For a very long time, they have considered young people. However, they have also considered best practice across the whole of the labour market. Therefore, we listen to them, partly because they tend to try to evaluate the results and make them generally applicable. Some of our policies have a strong feeling of some of the reports from the OECD.

Baroness Valentine: Can I follow up on that? The OECD sounds like a very good example. This is probably a whole set of prejudices all muddled up together, but my sense is that Germany has training much better ingrained into the private sector and has had that philosophy for many years, whereas in Britain we passed it all over to the public sector for a couple of decades and it is now trying to come back in again. I am interested in, for instance, the German example, or are the lessons more about the broader context in which one does training, rather than specific examples?

Bill Wells: There is a history for this, because our system at one stage looked much more like the German system, albeit quite a long time ago. You are quite right: it is embedded in both the education system and the labour market. The transition for a large part of the youth cohort mostly into apprentices is a big feature in Germany. It is partly the quality of the

apprenticeships, but it is also the links between the education and the apprenticeship and between the apprenticeship and what happens when people leave the apprenticeship.

We may not be able to replicate the German system, but the setting up of the wiring and increasing the extent of jobs with training, particularly apprentices, is something we probably ought to aspire to. We have not managed it for quite a long time.

The Chairman: We have not managed it yet.

Angus Gray: We are probably slow to give credit to where we get our ideas from, but we have been pushing and massively expanding our apprenticeship programme in recent years. We have introduced the traineeships this year. It does not say on the bottom of the tin, “Imported from Germany”, but it would not surprise me at all if my colleagues were learning what worked from them.

Bill Wells: I think we have probably spoken to Germany before.

Baroness Valentine: I am sure we would have spoken to them first and then imported it back. However, your 2020 horizon is almost the kind of timeframe in which there might be a cultural shift. One of the issues we were discussing is that this is not a quick-fix problem.

Angus Gray: It is partly always about the dual system: trying to give equal parity to academic and non-academic routes from 16. That is a cultural thing, and through their long history, in Germany they have that cracked. We do not, yet.

Q13 The Chairman: This is the final question. It will raise a few hares, I think. What is the Government’s view on encouraging the migration of unemployed workers from areas of high unemployment to those of high employment, both within the UK and across the EU? I have to declare an interest. Having been educated in Ireland, I always say that three times in my lifetime they educated people for the emigrant ship, but in fact two of the results were that a much higher skilled labour force came back. It is in the DNA of the Irish to travel the world. It has been since about the fifth century. However, bear in mind that the people we are talking about now think nothing about going off to Stansted and having a weekend in Italy, whereas when I was their age it would never have happened. I wonder whether that comes into your thinking at all. Do the Government actually think in this way? I hope there are no reporters here.

Baroness Hooper: This is being broadcast.

The Chairman: Yes it is, of course. However, they might suggest, “She says, ‘Shove them all abroad’ or, ‘Migrate from the Isle of Skye to the Isle of Wight’”. However, what is the view?

Lindsey Lewis: As you rightly say, there are two aspects to this. There is one about moving within the UK and one about moving within the EU. In the UK, we do already encourage jobseekers to search for work beyond their immediate location. Jobseeker’s allowance claimants are expected to search for work within 90 minutes’ travel distance from their home unless they have a specific issue like caring responsibilities or a physical or mental condition. Jobcentre Plus advisers can also provide jobseekers with support to cover the costs of attending interviews within the UK. There is support and encouragement for moving around.

As regards the EU, the UK supports the principle of free movement of workers within the EU. However, we need to be careful that we do not end up shifting unemployment around

Europe. We want to attract the brightest and best to the UK and we want to use EU workers to fill short-term skills gaps in shortage professions while we train UK workers to take up those positions.

Where there is high demand for labour but it cannot be filled locally, encouraging migration can be helpful. Germany would be a good example. It has labour shortages and it is encouraging migration from member states with high unemployment, like Spain. That could be helpful.

Bill Wells: I had a couple of characteristics to mention about the diversity of individuals and jobs as well. The first thing is that, within the UK, it tends to be that the people who are workless are in the same place as where there are jobs. For example, in London there are 5 million jobs, but there are only around 3.9 million Londoners in work. The rest are taken by commuters, basically. There are opportunities for people who are there. A similar example is Middlesbrough. I do not know whether it is a town or a city.

The Chairman: It is a city, I am sure.

Bill Wells: I am sorry. It is a city that has a major problem, but there are actually more jobs in Middlesbrough than there are people from Middlesbrough who are in jobs. The reason I emphasise this is that there are opportunities.

Moving a bit more broadly to the overall situation, the employment rates of migrants within the EU have moved to be higher than for the domestic groups. That is true whether it is for Polish people coming over here or British people in Spain. If there is a theme for what I am saying, it is that because there are these vacancies, if you can match the people with the vacancies you get very surprising results.

There is a very diverse situation with higher levels of employment than you might imagine in southern Spain among British people who have never been close to speaking Spanish. And vice versa: there is the Prêt à Manger discussion.

Q14 The Chairman: That is very interesting. It has been brought to my attention that the OECD report in the written evidence—the Government seem to emphasise this quite a lot—suggests there is more updated research available, such as Eurofound, which is the work foundation. Why have you taken the old and probably out of date research as opposed to this more recent research?

Bill Wells: I have two comments on this. We mentioned one set of information in the OECD. They have subsequently done quite a lot of work, including on young people. We used this as a summary of what we thought was best practice. Regarding the comparison of Eurofound and the OECD, there tends to be a greater market orientation in the analysis within OECD than there is within Eurofound. It is not that we do not take information from all these elements; it is more that we can recognise some of the features of the policies and institutions in the UK in some of the OECD analysis more than we can in Eurofound's, for example.

The Chairman: I wonder whether it would be worthwhile having a second look at that.

Bill Wells: Yes.

The Chairman: Do not spend much time doing it, but if you could, let us know. I am a bit concerned now that this has come into my brain.

Finally, I always ask our witnesses, if you were in my position, what questions would you have asked that I have not asked and how would you answer them? I do not suggest that you should give me the answer straight away, but again on the basis that we have found this session very interesting and most informative—we want to take the most we can from you, and there might be glaring holes that we have not actually covered—if you could think about that and write to us, we would be delighted.

Baroness Hooper: This may be one of those holes. At the outset, Angus Gray said he was speaking for England, as it were. On the background information, it says “England and Gibraltar”. Given that I have a debate coming up on economic development in the overseas territories later this week, I would be very interested to know if any of this applies to Gibraltar, please.

Angus Gray: Do you want me to answer now?

Baroness Hooper: Yes, because the debate is this week.

Angus Gray: The current ESF operational programme, which I am responsible for, is England and Gibraltar. As you are probably more aware than I am, Gibraltar is a fairly unique place. While they run their own ERDF programme, we subcontract the ESF programme to them. That is not quite the right language, but that is kind of the relationship. I have encouraged them to take fuller ownership of the ESF for next time. It is clearly some extra work for them and a bit less work for me, but that has not been the main driver. The opportunity to integrate what they are doing on ERDF with what they do on ESF is an opportunity I am encouraging them to take.

Baroness Hooper: They are not exactly a high unemployment area in any event, but there could be youth issues that could apply.

Angus Gray: Indeed, yes. The good news is that because it is such a small community, they tend to know the young people who are out of work, and they know which ones who are out of work because their parents are too generous and those out of work because they need help.

The Chairman: That is a new category, is it not? On that happy note, I am sure I speak for all the Committee when I thank you all very much indeed. It has been a most helpful session, but we would like further information from you, if you have it. Thank you very much.

Department for Business Innovation and Skills—Supplementary written evidence

House of Lords EU Sub-Committee B Inquiry – EU Action to Tackle Youth Unemployment - supplementary evidence following officials' oral evidence session, 28th October 2013

Benefit processing times

Between April and September 2013, 92% of JSA claims were cleared within 16 days, with an average clearance time of 9 days.

So the vast majority of claims are being processed in much less than the 15 weeks suggested in the evidence session.

Intergenerational worklessness

It is difficult to assess the scale of the problem of families experiencing multiple generations of worklessness. Research has shown a link between worklessness of parents and their children, so tackling worklessness today may also benefit the next generation. Data limitations mean there is less evidence on whether the link holds across multiple generations.

Specifically, research shows that sons are more than twice as likely to experience workless spells themselves if their father was out of work throughout their childhood.

[Johnson, P., and Reed, H. (1996). Intergenerational mobility among the rich and the poor: Results from the National Child Development Survey, Oxford Review of Economic Policy, 7, 127-42.]

Further research by the Centre for Analysis of Youth Transitions has found that parental worklessness was significantly associated with the likelihood and duration of their children being NEET (not in education, employment or training) in late adolescence.

[Institute of Education & National Centre for Social Research (2012). Intergenerational transmission of worklessness: Evidence from the Millennium Cohort and the Longitudinal Study of Young People In England]

Evidence for a 4 month guarantee

Although we know that over 80 per cent of 18-24 year olds flow off of Jobseekers' Allowance within 6 months, we do not have evidence on what these rates are for other countries. Differences in the structure of unemployment benefits, for example time limiting, make meaningful comparison of off-flow rates difficult. Therefore it is unclear what the 'right' length of time for a guarantee would be. UK government would argue that the concept of a guarantee is not necessarily helpful – it is more useful to find an appropriate opportunity for the individual at a time that is right for them, depending on their specific situation and needs rather than offering a blanket guarantee at a fixed point in time.

Engagement of young people in policy-making

DWP policies are subject to extensive consultation before being implemented. Young people's organisations frequently provide useful and insightful responses to our calls for evidence.

Young people are frequently employed as ambassadors by Jobcentre Plus or linked voluntary sector organisations to help increase awareness. Good examples of this are the Princes Trust young ambassadors who are based at many Jobcentre Plus offices nationwide. A team of these recently visited policy officials within DWP's headquarters to discuss the impact of policy.

The Youth Policy Team and the Youth Parliament:

A primary objective for the Cabinet Office Youth Policy team is to support young people to have a voice – and feel heard - both in the democratic process and in their local communities.

A vital element of this work is the Youth Voice initiative funded by Cabinet Office and run by the British Youth Council. The initiative includes the UK Youth Parliament (UKYP), with democratically elected members aged between 11 – 18 representing and campaigning on the views and concerns of their young constituents.

Each year a national ballot is held for young people to vote on the key issues they want the UKYP to focus on, and this year over 478 thousand young people, more than ever before, have had their say, voting for youth unemployment among their top five issues. UKYP will democratically select one of these top five to become the focus of their campaign for the forthcoming year.

The Youth Voice initiative also provides multiple other youth-led opportunities for young people to influence decision makers and feed-into policy making, including through Focus Groups, the annual Youth Select Committee inquiry and the National Scrutiny Group, where young people scrutinise policy making and delivery.

Traineeships

What is a traineeship?:

In the context of the EU proposal for a Quality Framework for Traineeships, the term is used to cover a range of different models of work experience. The Commission has identified five main types of traineeship:

- i) traineeships during education
- ii) traineeships as part of mandatory professional training
- iii) traineeships as part of active labour market policies
- iv) traineeships on the open market
- v) transnational traineeships

The Commission have indicated that their proposal is likely to focus on open market traineeships (similar what we tend to refer to as "internships") and transnational

traineeships (defined by the Commission as simply those traineeships where the company hires a trainee from abroad).

Traineeships in England:

In England, “traineeship” specifically refers to the new pre-employment scheme for 16-23 year olds, which was introduced in August 2013. There are similar scheme in the Devolved Administrations. This scheme will support young people to develop the skills they need to secure and succeed in employment, including apprenticeships.

The new Traineeships programme in England began in August 2013. This is a skills and work experience programme which is intended to support young people aged 16-23 towards jobs, including Apprenticeships. The core components are work preparation training, English and maths (for those without a Level 2 qualification in those subjects) and work experience.

Further information is available here:

<https://www.gov.uk/government/policies/improving-the-quality-of-further-education-and-skills-training/supporting-pages/traineeships>

Internships in the UK:

In the UK there is no legal definition of an “internship” and so an “intern” is considered in the same way as everyone else with regards to employment law. For example, with respect to minimum wage legislation, if an internship meets the legal definition of a worker, then they are subject to minimum wage legislation and must be paid at least the minimum wage from the start. An employer can only take on an intern on an unpaid or “expenses only” basis where the intern is undertaking work on a voluntary basis or where some other exemption applies.

On the 11th November 2013, Employment Relations Minister Jo Swinson unveiled guidance produced by BIS in collaboration with 4Talent³⁵. The new video and posters will clearly explain to people leaving education and making their first step on the career ladder what their rights are in relation to being paid the National Minimum Wage (NMW), where to go for more information and what action they can take if they feel they have been exploited. Information available to young people will also be boosted online and through social media.

With support from BIS, an updated code of best practice for employers was published in October 2013. The code, produced by a voluntary forum of professional bodies and organisations, describes the core elements of a high-quality internship and explains how to maximise the benefits both for employers and for interns³⁶.

The BIS funded Graduate Talent Pool website aims to encourage employers, especially small and medium enterprises, to offer quality internships to recent graduates. Over 57,000

³⁵ Channel 4's in-house scheme offering internships and apprenticeships for young people looking for a career in the creative industries

³⁶ <https://www.gov.uk/government/publications/providing-quality-internships-code-and-guidance-for-employers>

vacancies have been advertised since 2009, and following the introduction of quality assurance for vacancies, around 98% are for paid internships.

Careers advice for young people and the National Careers Service

In September 2012 a new legal duty for schools to provide access to independent, impartial careers guidance to pupils in years 9 – 11 began, supported by statutory guidance. From September 2013 the duty was extended to years 8 and 12 -13 in schools and colleges. In September 2013 Ofsted's published a Thematic Review of the provision in schools in response to the new duty. In response to this and the National Careers Council's first independent report published in June 2013 the Government published, the Inspiration Vision³⁷ and an Action Plan³⁸.

These documents set out a new direction for careers advice in England, to inspire and motivate young people to reach their full potential. The Inspiration Vision sets out the need for schools and colleges to deliver guidance in new and inspiring ways, with strong focus on making connections with businesses that can help raise young people's ambitions and encourage them to realise their potential. Employers can help pupils gain a 'real world' view of work and help them understand the breadth of opportunities industry can offer. The National Careers Service will work with schools, colleges and employers to take forward the new agenda.

As part of the Youth Contract the National Careers Service provides a careers advice session to any 18-24 year old within the first 3 months of them registering as unemployed with Jobcentre Plus. From April 2012 to March 2013, the first year of the Service, over 182,000 unemployed 18-24 were provided careers guidance, around a third of these were seen within their first three months.

OECD and Eurofound evidence

The OECD jointly hosted a seminar (with IZA) entitled "Reforming European Labour Markets: Stimulating Job Creation and Better Outcomes for Youth" on 3rd-4th July 2013³⁹. This was attended by Bill Wells from BIS. The seminar discussed a range of topics including Youth Guarantees, Apprenticeships and potential policies for the future. Although there is not yet a published output from this event, our assessment based on the content of the seminar is that much of the OECD's seminal work remains relevant to the current policy discussion.

Background to the OECD and Eurofound:

The mission of the OECD is to promote policies that will improve the economic and social well-being of people around the world. The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems. They work with governments to understand what drives economic, social and environmental change.

³⁷ <https://www.gov.uk/government/publications/careers-inspiration-vision-statement>

³⁸ <https://www.gov.uk/government/publications/careers-guidance-action-plan>

³⁹ Seminar details available here: <http://www.oecd.org/els/emp/izaocedemploymentseminar3-4july2013.htm>

Drawing on facts and real-life experience, the OECD recommend policies designed to make the lives of ordinary people better. The OECD works with business, workers/individuals (via the Trade Union Advisory Committee) as well as other civil society organisations. The common thread of the work of its contributors is a shared commitment to market economies backed by democratic institutions and focused on the wellbeing of all citizens.

Eurofound (The European Foundation for the improvement of Living and Working Conditions) is a tripartite EU agency that provides information and advice on living and working conditions and industrial relations in Europe. Eurofound's work often focuses on topics such as collective wage bargaining which is more prevalent in other European countries than in the UK.

13 November 2013

Department for Business, Innovation & Skills—Further supplementary written evidence

Supplementary evidence on the use of EU funds to support Careers Guidance following the Minister for Employment and Minister for Skills and Enterprise evidence session on Monday 3rd February.

Use of EU Funds to support careers guidance in schools

No European Funds are used by the Department for Education or its Agencies to support careers guidance in schools or colleges. It is likely that other agencies such as Local Authorities draw down funds to support local initiatives such as supporting NEETs.

Use of EU Funds to support National Careers Service

Information, advice and guidance is one of the areas which can be matched for European Social Fund monies. The National Careers Service, and its predecessor Next Step, have been drawing on ESF funds for several years to support delivery of additional face to face careers guidance sessions to those aged 19 + (or 18 if unemployed). Table 1 shows the relevant funds for the 2010 -2014 European funding cycle.

Table 1

2010 - 2011 ⁴⁰	2011 - 2012 ¹	2012 - 2013 ⁴¹	2013-2014 ⁴²	2014-2015 ³
£10,070,278	£16,351,581	£11,079,013	£8,500,000	£8,500,000

Differences in expenditure, actual and planned across the 5 years relate to two factors; in 2010 -11 the Next Step service only commenced in August, so expenditure relates to only 8 months; expenditure plans were profiled to respond to other demands on BIS funding for careers advice to establish a more stable overall funding regime across the five years for face to face services.

Table 2 shows the estimated volumes of additional guidance sessions that were delivered using the ESF funds and those that relate to young people aged 18-24.

Table 2

	Aug 2010 - 2011	2011 - 2012	2012 - 2013	2013-2014	2014-2015
Total sessions	111,900	181,700	123,100	94,400	94,400
18-24 sessions	26,900	45,400	33,237	24,600	24,600

February 2014

⁴⁰ Final amounts that have been matched.

⁴¹ Recharge amount, still subject to European audit.

⁴² Budgeted amount, subject to finalising claims, planned future activity and then audit.

**Department for Business, Innovation and Skills and the Department for
Education, Department for Work and Pensions—Oral evidence (QQ 234-255)**

Evidence Session No. 19

Heard in Public

Questions 234 - 255

MONDAY 3 FEBRUARY 2014

Members present

Baroness O’Cathain (Chairman)

Lord Boswell of Aynho

Lord Brooke of Alverthorpe

Lord Clinton-Davis

Lord Cotter

Lord Fearn

Lord Freeman

Baroness Hooper

Lord Kakkar

Earl of Liverpool

Baroness Valentine

Lord Wilson of Tillyorn

Examination of Witnesses

Matthew Hancock MP, Minister of State for Skills and Enterprise, Department for Business, Innovation and Skills and the Department for Education, **Esther McVey MP**, Minister of State for Employment, Department for Work and Pensions, **Bill Wells**, Department for Business, Innovation and Skills, and **Angus Gray**, Department for Work and Pensions

Q234 The Chairman: Good afternoon. You are very welcome, Minister Hancock and Minister McVey. We welcome back Mr Wells and Mr Gray. You must have a lot more to say. Thank you very much for giving us this time. I will now make the usual comments. The session will last for between 75 and 90 minutes. Before engaging with the witnesses, I must outline the following. Members of the Committee with relevant interests will declare these now. Does anybody have an interest? No. Thank you. The session is on the record and is being webcast live. It will be subsequently accessible via the parliamentary website. The

Department for Business, Innovation and Skills and the Department for Education,
Department for Work and Pensions—Oral evidence (QQ 234-255)

witnesses will receive a transcript of the session to check and correct, and this will be put on the public record in printed form and on the parliamentary website.

First, Ms McVey, perhaps you could state for the record who you are, giving your name and official title, because we need to know for webcasting purposes.

Esther McVey: My name is Esther McVey and I am the Minister for Employment.

The Chairman: In the DWP.

Esther McVey: Yes.

Matthew Hancock: I am Matthew Hancock. I am the Minister for Skills and Enterprise in the Department for Business and the Department for Education.

Angus Gray: I am Angus Gray. I am head of the European Social Fund Division in the DWP.

Bill Wells: I am Bill Wells, and I am head of the Labour Market Analysis division in BIS.

The Chairman: Thank you. Do you, the witnesses, want to make a brief statement before we throw the questions at you?

Esther McVey: We do indeed. I was going to make a brief statement, followed by my colleague Mr Hancock.

The Chairman: Thank you.

Esther McVey: The Government welcome the EU's efforts to highlight and prioritise the need for action to tackle youth unemployment. This is certainly a very serious problem in a number of member states. The primary responsibility for tackling youth unemployment rests with the member states. The Government already have a range of help in place, including the Youth Contract, which provides additional support for young people and is worth almost £1 billion over three years. This provides work experience for all young people who want it, wage incentives, apprenticeship incentives and additional support for disengaged 16 and 17 year-olds. The Work Programme offers tailored support for young people who have been claiming jobseeker's allowance for more than nine months. In addition, we are already specifically targeting some of our existing ESF allocation in England on young people who are not in employment, education or training.

We are making positive progress. The ILO unemployment level for 16 to 24 year-olds has fallen this quarter by 39,000. The number of JSA claimants aged 18 to 24 has fallen every month for the past 19 months consecutively, and it fell by 9,100 this month to 315,000. We estimate that the UK's share of the €3 billion Youth Employment Initiative will be €194 million, and it will be shared between five regions in the UK which had a youth unemployment rate of 25% or higher in 2012. In England, the regions are Inner London, Merseyside, Tees Valley in Durham and the West Midlands, and, in Scotland, south-west Scotland. The money will need to be spent by 2018, so the €194 million equates to just under €40 million a year. The money will therefore make an important contribution to our efforts to tackle youth unemployment, but it is dwarfed by the scale of our existing investments. Young people can get into work only if there are jobs available, and that is key to what we are doing.

The Chairman: Thank you. Mr Hancock.

Matthew Hancock: I would like to start by following on from that and making the obvious point that getting the macroeconomic and fiscal framework right is vital for growth and for jobs. We are doing that, and I am sure that it is the study of many other Peers' Committees. Briefly, ensuring that there is a record number of jobs, that the budget deficit is tackled and that the tax framework is attractive to growing the number of jobs is important. I will highlight one item: the recent decision to remove national insurance contributions from those under the age of 21 is one example of elements of this plan.

The primary responsibility for tackling youth unemployment is, I agree, with member states. The focus of action at EU level should be on growth and increasing the competitiveness of the EU through the single market. I know that the EU has a significant role in supporting member states in labour market reforms and in promoting labour market flexibility, not least by exchanging best practice and gathering evidence. I recognise that the treaty provides for this through Europe 2010 and the European Semester process, et cetera.

The evidence to support how we can tackle youth employment is best garnered at a global level. For example, my experience is that the work of the OECD, particularly in the area of education and skills, is of a very high quality. It is more useful because it covers the entire developed world and is, by necessity, less prescriptive. I also value enormously targeted bilateral benchmarking and study visits. Exchanging best practice in this way is very important.

That approach is more likely to bring about positive policy developments than doing things through EU processes and committees, such as those which agree country-specific and Council recommendations in areas like traineeships and apprenticeships, not least because the context for each country is different and so the policy needs to be slightly different.

Of course, we know that EU action over employment policy has been at times controversial, because we need to make sure that employment law is as effective as possible.

My overall impression in the 15 months that I have been the Minister responsible in this area is that in tackling youth unemployment and EU activity in this area the focus tends to be on EU spending programmes rather than the structural reforms that can create the jobs necessary to reduce unemployment. My preference would be for more voluntary policy, competition and co-operation, rather than an attempt to co-ordinate policy from Brussels. Having said that, an understanding of the policy context of different countries and of the positive developments taking place in each is very important in order that we do everything that we can at a domestic level to tackle this problem.

Q235 The Chairman: Thank you very much, Minister. Before we get on to the major questions, perhaps I may make the point that we are of course an EU Select Committee, and we are looking at the whole question of youth unemployment on the basis that changes are going to be made in the funding. We want to make sure that we can participate in that funding as well and help in the five areas that you have already described. The fact that the OECD is better on education and skills is really interesting but not germane to this particular study. We have to say why we object to something or why we really want to embrace it, or whether we think that it is a very good policy but that it should be tweaked in a different way. That really is our focus. If we go too far and spread out into the OECD and get comparator statistics for OECD countries, which, as you know, are not just all the 28 European states, we are going to get distracted. We want to make sure that we come up

with a firm acknowledgment of the problem and, hopefully, ways in which we can solve it. It is almost certainly better to look at best practice in the EU because we have friends there—people who are prepared to give us this help and information on best practice. We have found that quite satisfactory—or perhaps not satisfactory but helpful.

Matthew Hancock: If I may respond to that, I was not suggesting for a minute that the terms of the Committee should be expanded to cover the OECD. I entirely understand that point. I was trying to articulate that, when looking at best practice inside the EU processes, I have found that on a number of occasions questions about how other countries act in this area are looked at through the lens of what is best practice in the EU. That is insufficient because we should have a global view. So it does have an impact on the actions of the EU.

Similarly, in terms of spending, areas such as traineeships and apprenticeships, which are formally skills policies, are vital parts of employment and youth employment policy. There, the principle of subsidiarity is very important because of each national context. Overprescriptive requirements from the centre are unhelpful in making sure that what we do on the ground here is done in the best possible way, and I shall give a further example. We have an English apprenticeship system and we further devolve decision-making to the nations within the UK. That was the context in which I made those comments.

Q236 The Chairman: I can assure you also, to put your mind at rest, that we are probably the worst demons in pursuing subsidiarity issues. Don't you dare try to tackle Lord Kakkar on this because you will lose. We are very aware of that. We are absolutely determined to keep to ourselves what we think we should keep to ourselves.

I have the first question to ask. As you know, we used Twitter to ask the public what they think are the issues in the area of youth unemployment. There was a concern that young people were subject to a shrinking labour market. To what extent is it the Government's view that the key issue of high youth unemployment lies in the demand side from businesses or in the supply side—in the quality of skills and attitude among young people?

Esther McVey: I think that there is a combination of the two there. Of course we have to make sure that a child is educated to a certain standard and that therefore any business would want to accept them as a member of its staff—as an employee. Of course there is a duty on that side but, equally, we have to make sure that there is a job to go to. That is why I do a lot of work with employers of all sizes. We work with large ones to see how we can best ensure that young people leaving school or college are ready to be taken on to their workforce, and we have done very well in that respect with the work academies. Equally, we will work with small businesses and SMEs, whether that is through the FSB or the CBI, making sure that we can support them as best as we can. As Matthew said, it is also making sure that we have the right environment to support businesses and make them grow. Obviously the young people have to be right and the businesses have to be right and then it is a perfect match, or it should be.

The Chairman: To make sure that consumers buy the product.

Matthew Hancock: It is a matter of fact and good news that we have a record number of jobs. My concern is to ensure that young people have what it takes to get those jobs. I entirely agree that it is about both supply and demand. I suppose that the question is: what further action can be taken on both sides, both to make it easier for companies to employ young people and, at the same time, to ensure that young people have not only the

knowledge and skills but the right behaviour in order to take up those jobs, as well as the incentives to take those jobs. It is a combination of all those things.

The Chairman: In other words, make the applicants job-ready. Mr Gray and Mr Wells, do you want to comment on these issues?

Bill Wells: No. I do not think we have anything to add to what we said before.

Angus Gray: I would mention our welfare reforms, which are intended, through universal credit, to make work pay. As that rolls out, that is one side of the incentives.

The Chairman: I think you will find there will be a big question on that to come. Lord Clinton-Davis.

Q237 Lord Clinton-Davis: There is a view that in the United Kingdom we are seeing youth unemployment rather higher than it is in most states, even those with which we are happy to be compared. For example, youth unemployment in Germany, Austria, the Netherlands, the US and the OECD is apparently rather lower than in the UK. I know that you say that comparisons are odious but there is some method in what is being said.

Matthew Hancock: If I said that comparisons are odious, I wish to correct the record. I think that comparisons are absolutely vital but we should make comparisons globally as well as locally. Making sure that we learn from those who do this well, be it Germany, Austria or indeed Switzerland, is a very important task of any Government.

Esther McVey: I would like to add to that that when you look at the 28 states overall and you see that the UK is tenth⁴³, we are actually in the top third. The 20.5% is the broad ILO version of youth unemployment. When you look at the UK's youth unemployment, a third of that is accounted for by those in full-time education. When you take that number out from the 920,000, it comes right down to 8.8%⁴⁴. Yes, that means that Germany would be above us but it would put us at number two⁴⁵. So when you said that that is apparently where we lie in the table, "apparently" is the case, because once you take out full-time students, that fundamentally changes the picture for youth unemployment in the UK.

The Chairman: For clarification, does the OECD include people in education?

Esther McVey: Not that I believe.

Lord Clinton-Davis: How do you think the position can be improved? That is the essential thing.

Esther McVey: Well, we are improving it. As I said, for the past 19 consecutive months, youth unemployment has fallen, and in the past quarter 77,000 young people got a job. I would say that that is down to a combination of factors but perhaps we could look at just one that we have specifically put in place, and that is our Youth Contract. When we put that in place with £1 billion at our disposal, we had a whole palate of things that we thought would incentivise businesses to take on young people. But there was also the question of how to develop their skills, so we had a wage incentive, an apprenticeship incentive, work

⁴³ Ref: EU Seasonally adjusted youth (under 25s) unemployment rate, (per cent), September 2013.

⁴⁴ The 8.8% is not technically an unemployment rate, I believe that it is the proportion of all young people who are not in work or full-time education.

⁴⁵ The UK has the second lowest unemployment rate of the major EU economies – above Germany but below France, Italy and Spain.

experience and work academies, and also engagement with younger people. We gave figures for what we thought would take off, but without doubt it is the work experience and work academies that have significantly helped to bring employers and kids together and give them jobs. We will have 100,000 go through that per year.

The Chairman: Do we have any firm statistics on that? That point about academies and so on is very telling.

Esther McVey: Yes, from the latest figures we have, we know that 113,000 have gone through the sector-based work academies. With work experience, that has had over a 50% success rate. I have recently visited programmes such as the National Express programme, which wants 1,500 people to take on jobs over three years—1,000 have done so successfully and there will be another 500. I have worked with Whitbread to look at what it is doing with the Premier Inn. I have worked with Marks & Spencer and Fujitsu and have seen what they are doing. So, yes, we have had significant uptake with them and at a cost of £325 per work experience. Therefore, we know that that has happened at a very good cost and there has been a significant outcome in terms of jobs.

The Chairman: Do you think you could give us those statistics if there is a whole raft of them in a table?

Esther McVey: Yes. We could provide them separately.

Q238 Baroness Valentine: I just wanted clarification on a point that you made. You were talking about where we are in the league tables with youth unemployment and with NEETs. In paragraph 41 of the BIS written evidence, there are two tables for those two groups where we appear to be roughly in the middle of the 28 states—if you look at NEETs as opposed to youth unemployment. Do you want me to pass it to you?

Esther McVey: I will look at that. You will see that in the UK we are not doing very well with NEETs between the ages of 16 and 18, but when you then look at ages 20 to 24, we are doing incredibly well. The number of people in work moves up to 71%, whereas the EU average is 67% and in America it is 69%. So there is a split between the ages.

Baroness Valentine: We get very baffled with figures. Perhaps we could clarify that point. That ranking looks as though we are roughly in the middle with NEETs but that is for a certain age group.

Matthew Hancock: Yes, this is Chart 2 in paragraph 51 of the BIS evidence. For youth unemployment rates in the 28 EU countries, the UK is 10th from the bottom, and that seems to correspond with the figures that Esther was just reading out. Bill, you wanted to say something on the youth NEET rate.

Bill Wells: Of the two figures that the Minister mentioned, one of them was not a NEET rate; it was the exclusion of the people in full-time education. That is a slightly separate point. I think it would be better if we suggested that we put together all three sets of numbers and gave them to you.

The Chairman: Yes, thank you. That would be very helpful. There are so many figures flying around.

Matthew Hancock: There is a whole series of ways of measuring this. It depends on whether or not you count people in full-time education and whether or not you count people who are on the claimant count. There are all sorts of different ways of doing it.

Baroness Valentine: Indeed, but if we could have our ranking versus Europe on the same basis for each of those, that would be helpful.

The Chairman: Thank you. Lord Brooke.

Q239 Lord Brooke of Alverthorpe: There is no denying that the number of jobs has increased, and we welcome that. There is no denying that unemployment has started to fall, and we welcome that. But it cannot be denied from any of the graphs that you produce anywhere that the NEET figure has been moving in an adverse direction, even under the previous Government. Since 2007, there has been an underlying growth in the number of NEETs. Therefore, there is no room for any of us to be complacent on that score at least. There is confusion about the numbers. We refer to under-25 year-olds; we then refer to figures for 18 to 24 year-olds and then we talk about 16 to 18 year-olds. There really does need to be greater clarity in those areas so that people approaching the subject can get to the heart of what the underlying figures are really about. I do not think there is any dispute that there is a problem with NEETs with the trend going in the wrong direction. We are all concerned about this, regardless of where we come from.

We have taken evidence from a good many witnesses, including employers' representatives in this country, who are in favour of a Youth Guarantee. The Youth Guarantee from the EU is available for all the 28 countries. Twenty-seven have signed up to it, apart from the UK—I think I am correct in saying that. A number of people have taken the view that the UK's Youth Contract, which has been held up as the alternative to the Youth Guarantee, is not proving to be the success that many people might have hoped it would be. How would you respond to the criticisms that have been coming not from us but from the evidence put to us—that we really ought to be signing up to the Youth Guarantee?

Matthew Hancock: Can I just respond to the first part? The Youth Guarantee is Esther's domain in large part, although there is a small part that I am responsible for. Nobody would suggest that any level of NEETs is good news. There is absolutely no doubt that getting the number of NEETs down is vital. For instance, the new UTCs have an almost zero NEETs exit—that is, among those leaving UTCs, which have recently been introduced, there are almost no NEETs. A whole spectrum of work, some of which we have outlined, is going on, from the education system to bring it closer to employment, through apprenticeships and traineeships, through to the sector-based work academies and work experience, and the work of Jobcentre Plus, which spans our two roles through the three departments. However, having said that, it is true that the problem of the rise in the number of NEETs precedes 2010. Indeed, it precedes the crash. The rise in NEETs started in around 2004. The separation of the education system from the system of work—from people going into work—has happened over a reasonably long period of time and is a trend that we are seeking to reverse. However, the fact that youth unemployment has started to fall—and on the claimant count has fallen quite sharply—is good news. It demonstrates that the action that is being taken is starting to work. Of course, the exact degree to which this is happening depends on which set of figures you look at, but nobody in the Government would argue other than that this is a vital problem that needs to be addressed.

The Chairman: Can I just ask for clarification? UTCs are what?

Matthew Hancock: University technical colleges.

The Chairman: Thank you. There are so many acronyms floating around.

Matthew Hancock: I apologise.

The Chairman: That is all right.

Esther McVey: Matthew is right. Youth unemployment is down—we are bringing it down—and long-term youth unemployment is down. That is key. The Youth Guarantee is a non-binding recommendation. It calls on member states to establish Youth Guarantees. What does it say those Youth Guarantees should be for the under-25s? It says they should be a good-quality offer of employment, education, apprenticeships and traineeships within four months of the young person becoming unemployed or leaving school.

Looking at that, we thought: how does it work here; what can we do when our Youth Contract does all those things and works successfully? Looking specifically at what happens in the UK in the four months—this is the key generic issue—80% of young people who have gone for jobseeker's allowance come off it at six months. Therefore, it would be inappropriate to put the support in earlier when it would be a poor use of those funds, which could help more kids later at six months.

The EU has always understood that member states get it right in applying the support in their own countries, and that is why I believe that we should continue what we are doing. We have got it right: youth unemployment is coming down and we are providing that support at the best time possible.

Lord Brooke of Alverthorpe: But we have had a fair bit of evidence saying that people do not feel that the contract has got it right.

Esther McVey: Well, if we look at the numbers and at what has happened and how we have significantly turned things round, I would say that we have. Equally, I would say that countries such as Spain, Greece, Portugal and various others are turning to us and saying, "How have you managed to transform what you are doing?". We are working with them to share best practice from our Youth Contract.

The Chairman: The argument on the Youth Contract has been going round for a very long time. The experience, for example, in Denmark—or is it the Netherlands?—is that they get a job on the contract within two weeks of leaving school. But that is really just an extension of education, where everybody has to go through technical training.

Lord Brooke of Alverthorpe: Holland and Germany are doing it very effectively.

The Chairman: Yes, I see. Thank you. Lady Valentine. Sorry, Lord Cotter.

Q240 Lord Cotter: This is a very quick question. The Youth Guarantee keeps re-emerging. Recently—a week ago—when colleagues went to Brussels, the importance of the Youth Guarantee within the European Union, where it is being fully implemented, came forward once again. It seems to be something that is nagging away all the time. Despite what you said, it is something that we should perhaps ask you to look at again and consider.

Esther McVey: Well, we have. We have looked at it and considered it. We have to ensure that there is a job and that it is a real job. We are looking at a career and a progression, not

something that might take a young person off the unemployment statistics for a short space of time. We looked at what happened with the Future Jobs Fund. Fundamentally, it did not work. Fifty per cent of people were back looking for a job afterwards. Only very, very few got jobs in the private sector, and it cost nearly £6,500 for that six months. We are saying that, having looked at work experience being very much driven by business which wants to give young children a job, we have found that we have better outcomes than that and at one-twentieth of the price just because we have listened to what businesses want. We have delivered that, supported the child into employment and then started them off on a career and a progression. Career progression and moving forward is key, not a temporary job.

The Chairman: I wonder whether you have a statistic that actually says what the take-up of the Youth Contract has been?

Esther McVey: In which bits, because it splits into the sector-based academies? So far we have 100,000 of those a year. Under the wage incentive it has been 21,000 so far.

The Chairman: I will not ask you to give us all the details now of the take-up of the whole thing, but you will be able to supply us with them if you could. Thank you very much.

Baroness Valentine: I wonder whether I could ask for just a small point of clarification about something you said in your opening remarks, Matthew Hancock, because there was a philosophical point which I did not quite understand. On that, I think you were saying essentially that Europe should focus on macroeconomic things that drive more jobs. I was not clear whether, if there were not enough jobs for people, you were essentially saying that it was up to the member states only to do things that respond to youth unemployment, so that there is, in a sense, no role for Europe other than in sharing own best practice. I was not clear whether that was roughly your assertion.

Matthew Hancock: My assertion was more banal than that, I am afraid. It was that getting the macroeconomic and fiscal conditions right is an absolute necessity but not sufficient. Of course, there is a structure for that, on which there are many debates about the UK's participation. I personally am very glad that we have broad control over our macroeconomic policy. I can also see why, if you are inside the euro, there may be a need for more integration in this area, and I am completely neutral on that question. The question is whether it is appropriate, when you have your own macroeconomic control, therefore to have more integration on the question of youth unemployment. So I take the macroeconomic framework as read. Having said that, I have found that the exchange of best practice is best done at an OECD level, and that the policies on youth unemployment are best done at a national level, and discussion with our European counterparts is extremely valuable in the context of exchanging best practice.

Q241 Baroness Valentine: That was an answer to my prior question. We have received evidence from some witnesses that the use of EU funds in England is too centrally directed and delivered, and that this inhibits the development of effective local responses. While local enterprise partnerships should have a greater role in determining priorities for the next programming period, we have not been persuaded that the Government's plans give sufficient powers to act at a local level, particularly when it comes to delivery rather than planning. What is your response to that?

Angus Gray: Perhaps I should answer that only because I think that some of the criticism or encouragement is in my direction when it comes to these local actors, because what I do day

to day is design detailed process and come up with detailed policy. We have frank exchanges of views with others most days. Those criticisms of the current programming period and way we have run the programme to date are absolutely valid. I always point out that all provision is local; individuals are being helped in a city or town or other place to connect to the local labour market. It is true that the approach that my predecessor and I have been managing over the past seven years has been more national than local, but we are changing that for the next programme, as I think I described last time. I am testing the faith of people out there about whether they think I am making the change that I say we are making. I am saying to them, "It'll be fine. Let's get on with it. Let's get it implemented. You will see that what I'm saying is true", and they are saying, "We are not quite sure we believe you, Mr Gray, so can you find other ways to demonstrate that it really will be local?". But it genuinely is the intention to put that kind of power and influence in the hands of local actors, the LEPs, both in deciding the strategy and in more specific delivery elements. It is also true that right now we are in the midst of writing detailed guidance and detailed business process. We are consulting them and are trying to strike the right balance between the powers that I have to hold as the managing authority and the things which it makes sense to have them influencing and guiding exactly what is done in their area.

The Chairman: Thank you very much for sharing that with us, and good luck.

Matthew Hancock: If I could add to that very briefly, in the area of skills the European Social Fund money has now been devolved to LEPs. Maybe we can use that to demonstrate the strength of our intentions in this area. It is true that in many cases funding is demand driven—i.e. when you get an apprenticeship, that triggers the government funding, rather than giving money to an intermediary to then spend in a particular area—so in that sense it is devolved right to the ground: to the employer or to the individual who is doing the training. But the devolution to LEPs of skills training through European funding is well under way, so I am slightly surprised to hear these criticisms, which I have not heard recently.

Baroness Valentine: One of you talked about £1 billion versus £40 million. Presumably £40 million devolved when a shed load of money is coming via a different route means that you do not actually get traction on the mainstream money if you are not careful.

Esther McVey: That is why that £40 million, which is obviously divided between the five areas, has to be in addition to what is going on. When I met the leaders of the 39 LEPs the other week, I said, "Let's look at this as collaboration. Let's make sure that there is joined-up thinking on this so that we get a bigger bang for our buck", as it were, but it definitely has to be driven locally so that the specific needs of an area, which obviously people on the ground will know far better, has to be taken into consideration. It is for the LEPs to come forward with their ideas and their suggestions just to make sure that we are all aligned so that we are not fighting one another and that we really do deliver on a problem and get the best use for that much smaller sum of money, so that it adds to the £1 billion over three years which the Government are putting in under the Youth Contract.

The Chairman: Thank you very much. Lord Cotter.

Q242 Lord Cotter: Thank you. Throughout this inquiry, we in the Committee have been particularly struck by concerns from witnesses about the quality and availability of careers advice and support for young people to make choices for their future, and the recent Ofsted report was very clear about that. So there are major concerns, in our view. Going straight to

the point, what can government do to provide better careers advice, perhaps by using EU funds? There is clearly an issue here, I think.

Matthew Hancock: There are no EU funds available that I know of in this area. It is absolutely vital that we get this right. There is no point in the history of the UK when we have been very good at this structurally. There have been examples of individual good practice on the ground from time to time, but no one can point to a time and say to me, “This is a time when we got this policy broadly right”.

We have been looking around the world at best practice. Indeed, I met Lord Sainsbury today to talk to the Gatsby Charitable Foundation, which is doing some work on where around the world has best practice in this area. The evidence shows that two things are absolutely vital to getting this right. The first is mentoring relationships between young people and individuals who are passionate about the career they are in. There is international evidence on long-term mentoring relationships, such as that between, say, a 14 year-old and a mentor who has just come through their apprenticeship or has just come out of university, who enjoys the career they are in and can stay with them for six or seven years as they go through the difficult choices on that boundary between education and employment.

The second thing is making sure that the advice is inspirational and aspirational and not limited to the world view of the individual giving it. That means having a multiplicity of people giving that advice. We are reforming careers advice in schools. The duty is on schools to provide it, and that is now extended so that everybody from age 12 upwards must receive it. It must be independent and impartial. We will shortly be bringing out stronger statutory guidance to ensure that this is adhered to. I took the Ofsted report very seriously. I was very glad that it did too. It said that from now on the score on leadership and management in a school will take the quality of this advice into consideration. In my experience, head teachers and principals care a lot about the leadership and management score in their Ofsted assessment. I hope that will help.

This is an area where there has been a good deal of focus over the past 18 months or so. I hope that we can come to a system that works well. At its best, it is provided by all sorts of organisations such as careers academies and Business in the Community, rather than in a top-down way from Whitehall. I am sure that politicians are not well placed to give careers advice.

The Chairman: Can I just ask you a question? The National Careers Service has already received funding directly from the EU, and this is directed at adults and NEETs. Where is that funding?

Matthew Hancock: I am sorry, I was referring to careers advice in schools. There is also the National Careers Service, which we instituted in 2011 and which is in the adult space. It is linked with almost every jobcentre and is playing a very important role here. The duty is with the schools and the funding is from schools’ budgets. It is not a separate line item, and there is a good reason for that: we want this to be core to schools’ behaviour.

One further thing on schools is that where they are now held to account by their exam result league tables—exam results are extremely important—in future they will be held to account by published data on that and on destinations: on where their kids end up, whether that is at university, in a job or in an apprenticeship. I hope that that will ensure that the focus is more broadly on where the pupils end up, as of course it is in the very best schools.

The Chairman: Baroness Hooper, you wanted to ask a question.

Q243 Baroness Hooper: Yes, if I may I will pursue that. In the old days there used to be a careers advice teacher. Nowadays, I assume, we wish to broaden it and all teachers should have some component of their training that helps them to give careers advice. Is that being followed through?

A second point is that the introduction from the 1988 education Act of school governors who represented local industry and commerce was intended to open up local industry and commerce to the pupils who attended those schools. To what extent has that been monitored so that we know whether it has worked? Does it work better in some places than in others? Does it work at all?

Matthew Hancock: The Ofsted report was quite clear that there should be much more interaction between local employment and education, but what is interesting is that this is not an either/or with exam results. Very rarely do you get schools that are very good at exam results and poor at local interaction. There are a couple of cases where that is so, especially in very tough areas, for understandable reasons, but, as I say, in the main you get few schools that are very good at exam results and very poor at wider interactions and broadening education; and, vice versa, very few schools that are good at interaction with employers and more broadly but poor at exam results. What tends to happen is that excellent and outstanding leadership improves all these things in schools, and that is why the central drive of the Department for Education is to improve leadership in schools first, second and third, because solving that in a particular school tends to solve an awful lot of problems.

Baroness Hooper: Does that mean that on a teacher training course careers advice is highlighted, or does it come under continuing professional training and development?

Matthew Hancock: Well, it is down to the principal to execute the duty on them, but how they organise it is up to them. Some schools have individuals who are responsible for careers advice. That is—and I hope in the future will be—increasingly about co-ordination with local employers and making sure that the work is closer to the experience that pupils get in school. In some cases, it will be about ensuring that all teachers can provide that advice. But we have to try to break out of the idea that careers advice is something that is taught; it is something that is inspired.

Q244 Lord Freeman: We are a European Union Committee and therefore my question is phrased within that knowledge. Could I ask both Ministers to cite an example where we have learnt good practice from any other member of the European Union and where we have the confidence to export good practice from ourselves? Can I ask each Minister in turn?

Esther McVey: I think that what we are doing with our Youth Contract at the moment is best practice. As I have said before, other countries are coming to us to look at what we are doing. Last week, I met my counterpart from Estonia. They were looking at the support we are now providing with our Disability Confident campaign and our Disability Action Alliance, and at how they could follow that. I have been having meetings on those various things. I guess personally—and this is just a personal view—that we could look to Germany, with its apprenticeships and very practical education and support. If there is one thing that I guess I would like to see, it is real parity between whether people do apprenticeships and

engineering or whether they go via the academic route. I would like to see parity between all avenues that children proceed along, and I think that we are doing that through the route of university technical colleges, which Matthew was talking about.

Matthew Hancock: We are utterly seamless, because I was going to talk about German apprenticeships but now I have to think of something else to mention.

Esther McVey: That was the one upside of going first.

Matthew Hancock: Yes. Of course, there is the German apprenticeship model. However, we should also look at the Swiss apprenticeship model, which in some ways is slightly better, or slightly closer to our context, than the German one.

Lord Freeman: In what way? How would you differentiate the two?

Matthew Hancock: The German model is based more on very long-standing institutions that are essentially non-governmental in their approach. If I could have one thing in the world of apprenticeships, I would like to have the 50 year-old German system of interaction between employers and the education system. Unfortunately, inventing something that is already 50 years old is beyond the wit of any Minister.

The Chairman: If I could interrupt you there, I have been told that it was actually introduced into Germany by the UK.

Matthew Hancock: One of the great disappointments of the 1944 Education Act was that it came forward with three types of school—grammar schools, secondary moderns and technical schools—and I think I am correct in saying that only three technical schools were set up and they soon fell by the wayside. You are shaking your head but there were many FE colleges which predated the 1944 Act but only three technical schools were set up as a result of the 1944 Act that were meant to be separate from the FE system. That is a disappointment and I hope that we are getting round to fixing it. However, it is a bit late and it is a pity that we did not get there 50 years ago.

The one example that I would give on top of German apprenticeships is the recent Polish drive to improve school standards. Poland has been shooting up the PISA tables and is well worth looking at.

The Chairman: Thank you very much for that. Lord Kakkar.

Q245 Lord Kakkar: The funds that become available through European schemes are ultimately taxpayers' money. Is it clear that funds coming through a European route have added value to what Her Majesty's Government are offering anyway on their own account? Might those funds be used more effectively if they are being spent directly in the UK?

The Chairman: Do you want to ponder on that?

Matthew Hancock: I am very clear. The funding in my area of responsibility is important to have but reasonably low in the context of overall spending. The question of whether the same quantum of funds would have been spent better had it been spent directly by the UK Government is very interesting. All I would say is that there would be more flexibility in how to spend it and therefore we would be able to respond better to what happens on the ground.

The Chairman: That is true. If we had—

Matthew Hancock: If we had the same quantum. Who knows how much you would get if it did not go through that route. That is an unknowable, but I do know that money from Brussels comes with strings attached. Our general principle is to try to make the spending as flexible as possible on the ground and then to hold people rigorously to account for what they have spent it on, rather than try to dictate terms on a detailed box-ticking level from a ministerial, or indeed a Brussels, desk, because you can rarely understand the circumstances on the ground.

Angus Gray: First of all, my job is to make the best of the funds that come—not to question where they come from but to make the best of them. But the Minister is absolutely right: the downside of my job is navigating those, at times, rather onerous rules that come from Europe and trying to make sense of them. You get additional problems from the fact that you are managing a separate stream—even simple things like the fact that it is a seven-year cycle that does not match the three-year spending review cycle. Having said that, I think that we do a reasonably good job of making the best of what we receive. But I would say that.

The Chairman: It must seem like white-water rafting at times.

Angus Gray: At times.

Q246 Lord Wilson of Tillyorn: As the Chairman mentioned at the beginning, the Committee did some Twitter inquiring and this is a Twitter-inspired question. But we also got exactly the same thing from the field visits that the Committee made earlier. What more can be done for people who are in rural communities or outside the major city centres in terms of getting access to education and training, and also in getting access to information about jobs and interviews when transport costs are a very large element of that? I suppose that I should wrap all this up by saying: can one look at it in the European context? Is European money coming into that or, perhaps more relevantly, is there any best practice elsewhere in Europe which would be useful?

Esther McVey: What is key there and what I should particularly mention with regard to rural areas is the isolation or the distance to travel and what have you. There are flexibilities within Jobcentre Plus to support people in getting to interviews or to the jobcentre. Maybe people could visit the National Careers Service to go through their CVs and get extra support. Equally, I have seen on the ground in various parts of the country what the local bus service and local travel operators are doing with cheaper youth schemes. That is key. A pilot that we are doing between the two departments is looking at what sort of education and support can be delivered online so that information can be imparted to a community gathered together, whether it is training, education, services or whatever. I think that the future has to involve utilising that technology, particularly when you are talking about a generation that naturally goes to a community online. All that is key. Obviously the basic infrastructure there has to be for education and training and what we are doing with the Youth Contract, while looking at the flexibilities and the geographical differences across the UK. That, again, is where the LEPs come in with their specific proposals for kids. Somewhere in Cornwall, they were trying to put their graduates in business placements. Not only would that help the graduates but it would help the businesses too, which would benefit from new energy and a new way of looking at things. Supporting people in rural areas really involves a composite of all those things.

Lord Wilson of Tillyorn: Just before the Minister replies, are you saying that your department or two departments are encouraging LEPs and local authorities to provide cheap or free bus fares for those who are job-seeking?

Esther McVey: They are already doing that locally, looking at how they can support the youth in those areas. What we were doing together was pilots to find out what sort of learning could be done online and how you could engage with youth in one way or another. The pilots were looking at how you could get people together to teach them various things.

The Chairman: Both those examples need some persuasion from the top. You are a very persuasive lady, so just get at them. We need universal broadband and we need people to subsidise bus transport if necessary. People like me have bus passes. Why cannot these people have bus passes? Are you rising to the bait? It is your job.

Esther McVey: Well, I have seen a reduction in fares in my own area, whether at peak time or off-peak. I see in the Essex district office that the Flexible Support Fund has been used to bring together 20 mopeds that people can use to get around. So from mopeds to the Underground—

Matthew Hancock: I have actually seen one of those mopeds.

The Chairman: Well done you.

Esther McVey: I am glad they exist as I am giving it as an authoritative source, so I am glad you are backing me up there.

The Chairman: And who is going to provide the helmets? I am sorry, Lord Wilson, I interrupted you.

Lord Wilson of Tillyorn: That is all right.

Matthew Hancock: I would just make an observation, which is that most workless people are in cities but most jobs are in cities too. This is obviously a very important area. The flexibility on the ground for Jobcentre Plus is important. I was going to mention the mopeds. I am a passionate supporter of online learning, not only for people in rural areas but across the globe. The improvement in online learning to strengthen teachers and give them more tools is a massive opportunity in rural areas, inner cities and globally. However, we need to be realistic that, while this is important, most workless people are in cities and so we have to tackle it across the board.

The Chairman: Yes, but Jobcentre Plus also demands that they go to interviews. What did we hear in Liverpool? It was something like 30 interviews a week. Some of them are saying that it costs £7 return to get to an interview. So there needs to be some more joined-up thinking around here.

Esther McVey: However, that is where the flexible support fund would come in. People would get money to go to those interviews, so people would not be left out of pocket, and the Jobcentre Plus adviser supports them in that.⁴⁶

Lord Wilson of Tillyorn: Can I make one comment? What you said about being online is absolutely right but there are large parts of the UK where you cannot get online. It just so

⁴⁶ The FSF is paid to those claimants attending interview outside of their usual travel to work area, and would be subject to verification of and the appropriateness of the interview.

happens that I come from Scotland and there are particularly large parts of Scotland where you cannot get online—there is just not the facility to do it.

Matthew Hancock: The rollout of the rural broadband programme is a very important part of our infrastructure. It is as important as roads and railways. We will have 95% coverage in short order. It is something that we are absolutely determined to make happen. But then I appreciate that there are very rural areas, including in my own constituency in Suffolk, that are very hard to reach. We need to do yet more to tackle that.

Q247 Lord Brooke of Alverthorpe: If I may, Lord Chairman, I think we need to remember that we have 1 million people under the age of 25 who are close to unemployment and are not IT literate, and a very big push is required there. We have received a lot of evidence from people in cities—in Liverpool and Birmingham—that they were getting lots of calls to go and see employers but they did not have the money to travel there. A mismatch is occurring somewhere if there is the flexibility to pay them. If we start withdrawing benefits from people in the future, as has been threatened, how will people get to interviews if they do not even have the benefits to help them to travel?

Esther McVey: The first point, when you said that nearly 1 million young people were not in work and then—

Lord Brooke of Alverthorpe: No, I said that there are 1 million under the age of 25 who are not IT literate.

Esther McVey: I do not necessarily—

Lord Brooke of Alverthorpe: Not necessarily all unemployed.

Esther McVey: I do not recognise your numbers either way. Either way, if we were looking at youth unemployment, a third of those would be in full-time education.

Lord Brooke of Alverthorpe: No, I did not say that they were unemployed.

Esther McVey: But I do not know where you get the figure of 1 million young children who are not computer literate. Obviously we are providing a lot of support. We know that a significant number—is it 80%?—can now do benefits online. We are not seeing those numbers.

Lord Brooke of Alverthorpe: We delayed the introduction of the general benefit because of that factor.

Esther McVey: But I can say that with the freedoms of the flexible fund that jobcentres and advisers have, they can and do support people going for job interviews. That is key because obviously we want them to be able to work.

The Chairman: Perhaps it ought to be stressed more heavily to jobcentres.

Lord Brooke of Alverthorpe: They can be sanctioned for not turning up for interviews.

The Chairman: I know; they can. We have had that evidence.

Q248 Lord Fearn: Do the Government have a strategy for reducing the unemployment rate among graduate and postgraduate people? The witnesses we have had so far have practically all said something about the current unemployment situation being distinct from

the situation in previous recessions because it has affected highly qualified individuals. Have you found that?

Esther McVey: I will look at the different recessions in relation to youth unemployment first and then in relation to graduates. When we look at the different rates of unemployment, what I have been most impressed about this time is how employers have kept on their workforces and still offered opportunities. The youth unemployment rate in this recession, taking out those who are in full-time education, is 8.8%. In 1993 it was 12%. 1984 was the worst recession for young people, when it was 14%. So this time we have seen a different view from employers about what they are going to do. Whether that is because this time the employers were the people in the 1980s recession, I do not know, but they have a very different view on how they are supporting their workforces. We have a graduate trainee pool within Jobcentre Plus, and we offer support there. In a way, it is difficult because sometimes when people come out of university they have definite expectations of where they need to go. We are trying to make sure that people get work experience—maybe when they are at university—and that they are ready for the world of work as they come out. That is why we have put in place graduate trainee support in Jobcentre Plus offices.

Lord Fearn: It is good to have graduate training support but—

Esther McVey: I am sorry—that will be the support pool for people who are graduates or postgraduates.

Lord Fearn: Do they still have employers waiting for those graduates?

Esther McVey: An important part of my job is to go out and meet not only the big employers but the small employers. Yes, they have graduate opportunities that they want to take on board, and we are selling that to them as something that could not only help their business but help the young people who are coming out of university.

Matthew Hancock: While I recognise the problem of any graduate becoming unemployed, it is true that in England we have a lower proportion of graduate unemployment than the average across the developed world. In some areas, it is much higher. In Korea, a third of graduates are unemployed, whereas here it is more like 13%. Having said that, this is a challenge that we have to address.

I was talking before about strengthening the link between education and employment. Normally, when we first think of that, we think of it in the context of schools, but it is just as important in universities and indeed in FE colleges, which are probably among the best of all the different education institutions at linking work to employment, although they can still do more.

One of the positive benefits of the introduction of graduate tuition fees is that we are seeing signs that students are being more demanding of their course and more demanding in their choice of course both when they are at university and when thinking about where to go to university. They want to be clearer about what they are going to get out of it and how they are going to get a job out of it. There is a drive in the Department for Business, Innovation and Skills to push universities to be more focused on the employment prospects and skills of their graduates. Sir Andrew Witty recently wrote an excellent report on this subject, and I recommend it to you. It is also a question of linking in the value of business schools within universities and trying to get business schools to support enterprise, not only in the classic

sense of starting up a business yourself but so that students are more enterprising and therefore employable when they leave.

Pure academic study at university is a wonderful and valuable thing but, increasingly, students are looking at how they are going to get a job afterwards, and policy is certainly pushing universities in that direction.

Lord Fearn: So the Government do have a strategy?

Matthew Hancock: It sounds like we have a strategy both at the university level—you would really need David Willetts to get the full flesh on those bones, and I am sure he would be very happy to come—and through having a graduate stream within Jobcentre Plus for those who go on to benefits. A lot of graduates do not go on to benefits if they are short of work. Making sure that they have the capability—the knowledge, skills and behaviour—to be able to hold down a job is an important change.

Lord Kakkar: Are there any European schemes or initiatives that tackle this area of graduate unemployment?

Esther McVey: The example that you gave seemed to be worse than ours, so I could not answer that specifically.

Matthew Hancock: There are none that I am aware of but, if there are, we will write to you.

Angus Gray: Clearly, we could deploy the European Social Fund. Certainly, our attempts to join up the different funds at local level might well lead to some interesting ideas, as we are already seeing in Cornwall with the graduate placement scheme that the Minister mentioned. I am expecting more ideas of that kind. I also think that it partially links to the attempts to improve careers guidance. This is probably not evidence-based but a personal view, but I left university at the height of a recession in 1991 with a Latin degree—not very useful—and went to work for a year building a sewerage works local to home. That was not a career choice but I got a lot from that first experience of work. I think there is a real issue if we let all graduates believe that the only answer for them is something in their niche degree area. There is something about aspiration and attitude, and we need to make sure that people understand that being in work and learning some of those skills in work is valuable.

The Chairman: Lord Boswell, who is the overall Chairman of the EU Select Committee, is sitting in here just to see how we behave.

Q249 Lord Boswell of Aynho: I have come in here basically because these are subjects which are of interest to me and for which, for many years, I had ministerial responsibility. On this particular point, perhaps I could just probe the extent to which you have the take that graduates—and I am not necessarily talking in the very short term of holidays or recesses—are taking jobs which would more typically be seen to be appropriate for non-graduates. The ill that we are addressing is not simply a misfit for graduates but a displacement of others who would otherwise perfectly well be able to get employment.

Bill Wells: Could I link this up with a couple of things that came up beforehand? One area that was asked about was whether there is anything that other countries can learn from the UK. The evidence suggests that our welfare to work policies work quite well on an international level. There will be graduates who do go through the benefits system. For example, the Minister was talking about the JSA numbers. They are close to the pre-

recession level, which itself was close to the level a long time before that. Similarly, the other benefits—the inactive benefits—are the lowest for 20 years. To some extent, it is a case of keeping the link with the individual. You can help those who go through the benefits system to get to where they are, but the bigger issue is probably the people who are not on benefits and whether they are getting help and advice on a continuous basis. Whenever we go abroad to international organisations, they love Jobcentre Plus because it follows the individual.

Moving on to the point about displacement, there is not much evidence of displacement. Essentially, it is about trying to find the job that suits you, and a lot of jobs are coming up all the time, even if employment overall is falling—a point that I made the last time. People get older and retire or move jobs, so there is a lot of turnover, and it is a case of matching the individuals with the jobs. The help for young people who are least able to deal with that is quite important.

Q250 Earl of Liverpool: We have heard quite a lot this afternoon about LEPs and the role that they might be able to play in alleviating unemployment locally, but we have received a specific question from Twitter, and, if I may, I shall ask it. Should local enterprise partnerships be encouraged to link courses, training and apprenticeship schemes to the local labour market demand?

Esther McVey: That is a yes—a simple answer.

Matthew Hancock: And I think that it would fit into 140 characters.

The Chairman: Yes, I think that it would.

Lord Boswell of Aynho: I can claim the prize for having the most succinct answer to my question.

The Chairman: We only did Twitter for the first time last week, so we are finding our way around it, tweeting. Do you want to talk about the theme that there has been throughout the evidence?

Q251 Earl of Liverpool: A theme throughout the evidence that we received was between supporting the supply side of the labour market—for example, the provision of education and training for young unemployed persons—versus the demand side, stimulating the labour market to offer more opportunities. There is also the question of whether such measures should be imposed centrally or localised.

Matthew Hancock: The answer from Ministers on the first point, which I think we covered at the start, is slightly boring: it is both. I think it is also blazingly obvious that it is both. We have to be careful about what we mean by “stimulating” the demand side. Efforts in the past to stimulate the demand side through specific centrally funded programmes have had a poor history—I was going to say a chequered history but I think it is a poor history. It is much better to make it easier for businesses to employ young people, trying to remove some of the excess regulations which prevent businesses employing young people. We have been taking steps to do that, making it clear, for instance, that health and safety legislation applies to all people according to the risks, not according to age, and being clear that people on work experience are covered by employee insurance liability. We have also removed NICs from the under-21s, which I think will be a big step forward. It is about making it easier for

employers, whether in the public or the private sector, to employ young people. I think that we need to think about the demand side in that way rather than in terms of some great big top-down government employment scheme. That links to whether things should be centralised or localised. We have a very clear approach in relation to skills and education, which is to devolve funding, to get it as close to the individual or the employer as possible, and then to hold the decision-maker—the institution that is providing the training—rigorously to account for the outcomes.

There used to be an approach which was abolished by my predecessor: the director of the Skills Funding Agency would be able to direct that there would be more courses in business administration here and fewer courses in hairdressing there. I can understand how that came about because, over time, when there were complaints about skills shortages, the Minister would say, “Well, in that case, there’s a skills shortage over there. Let’s have fewer of these courses over there and fill this skills shortage”. But it became a bureaucratic nightmare and a very rigid system, so we abolished huge swathes of those regulations and, instead, we have a single adult skills budget with which providers can switch between different courses according to demand locally. We then hold them rigorously—and they would say, I hope, very strongly—to account for how well they deliver against that local demand.

Earl of Liverpool: Mr Gray said earlier that you are mid-way through doing some guidance notes on LEPs. I wonder whether you can tell us when those guidance notes, or the report, will come out.

Angus Gray: It is partly a continual process. We had a sounding board session with individual LEPs about three weeks ago and we have another session in February. Once we have it agreed with their man in the commission, we will be making it more widely available. However, the principles have been part of the guidance that we have already published, so I suspect that there will be a continuous stream of information from my team between now and September.

Esther McVey: When I met with the LEPs in order to understand what they want to do locally, it was clear that they understood what Jobcentre Plus was doing nationally. I think that the coming together of the two is important. It is worth looking at the sheer volume of the workload of Jobcentre Plus, their staff and advisers. There are 24,000 people across nearly 800 sites, taking 135,000 phone calls a day and helping 400,000 people a month. You can see the size of the workload, and they are doing it incredibly well—hence the record number of people going into employment. Last week, we heard that there were 280,000 in a quarter, which was a record-breaking number. You need that spine running through the country, but LEPs can do things right down on the ground locally, and you need the two to be meshed in.

Q252 Lord Brooke of Alverthorpe: When you bring the LEPs together—and we welcome the developments taking place there—are you putting any special focus on the five areas of the country where we have 25%-plus unemployment with NEETs, and will money be available, as part of that programme, for perhaps developing some closer collaboration than there has been in the past?

Angus Gray: As you say, those areas are getting extra money. We are working with them on beefing up that part of their plan and making sure that they have clear plans for spending

that part of the ESF allocation, because it needs to be spent more quickly than the rest. My whole ambition in involving the LEPs in this way is to get a much closer connection and collaboration between the players at the levels of the employers, the local authorities and ourselves as the fund managers.

The Chairman: That came through quite well in our evidence in Birmingham, where the local authorities are definitely aware of the power of the LEPs. I know you were wonderful in saying “yes” and “yes”—you got the shortest answer prize—but I repeat the question. Should local enterprise partnerships be encouraged to link courses, training and apprenticeship schemes to the local labour market? You said, “Yes, they should”, but are you doing it?

Matthew Hancock: Yes. There is a role for LEPs, not least in ensuring that local labour market information exists and that the demand from employers is recognised, especially in the provision of FE colleges, where the links across the country are strong and growing. There is no doubt about that. Having said that, I will put in a couple of caveats. The first is that a nationally demand-driven funding system is really important. If a small business does not know about the LEP—God forbid—but still wants an apprentice, I want it to be able to go on to the apprenticeship vacancy website, where 1.5 million people a year apply for an apprenticeship, put up its vacancy and find an apprentice. Frankly, I do not want me or the LEPs to have anything to do with it. It is a flexible labour market and that is brilliant. So I still want it to be demand-driven at the bottom and then essentially I want my funding to follow that deal between the apprentice and the employer.

The second point is about linking courses. It is vital that we improve our vocational course structure in the UK so that we do not have this massive proliferation of 12,000 adult qualifications and more than 2,000 qualifications for 16 to 19 year-olds. When we went through an exercise to introduce the tech bacc, saying that qualifications which had the public sign-off of five companies—a letter saying that this would be valuable to me as an employer—we reduced enormously the number of qualifications that we recognise at ages 16 to 19, which we call “tech” levels. It amazed me that we had so many qualifications available for 16 to 19 year-olds, of which so few could be demonstrated as being of value to employers. That change is important but it is obviously national.

LEPs are doing a great job in many areas but some subjects are always going to be vital. I would just stress maths. We are making huge efforts to require more maths qualifications and to increase people’s expectations. We have this odd thing in this country where it is perfectly socially normal to say, “I can’t do maths”. This is something that you do not find elsewhere in the EU, and it is a cultural norm that I would love to stamp out. It would mean removing ending maths teaching for those who do not get a C grade at GCSE—what is known as a level 2. Ending it at age 16 is very early compared with the situation internationally. We would say that we are now requiring pupils to continue until they are 18 and requiring them to stay in some form of education or training until they are 18 as well. We are improving the situation with regard to maths teachers. We are giving bonuses to graduates who want to teach maths, and we are also putting in place CPD for maths. There is a huge focus on maths, as well as on maths in apprenticeships.

That brings me to a point about international collaboration. Andreas Schleicher has said that the best protection against youth unemployment is to get a maths qualification. That is a very good way of putting it. The spreading of best practice in maths is certainly something

that we have learnt not only from EU partners but from the whole world. It is no surprise to me that, by spreading that sort of best practice, Andreas Schleicher is known as the most powerful man in education. Presumably he has absolutely no formal power but he is impeccably persuasive.

Q253 Lord Kakkar: Do you think it is important that young people are involved in designing the solutions to tackle youth unemployment? Are you satisfied that we manage to do that at a local and national level, and that the views of young people are informing the development of policy at a European level?

Matthew Hancock: It is very important that you listen to the customer, whether that is the employer or the young person, and then take their views into account when designing the system. Policy development is a profession—an occupation—and we have to make sure that we have extremely capable people such as Mr Wells and Mr Gray involved in it. Of course you have to take into account the views of young people in the process, and we have structures in place in order to be able to do that.

Esther McVey: Specifically, when we look at what we are doing or what scheme we are going to roll out, we do it through a pilot. We would roll things out slowly. We would have engagement with stakeholders through which people would feed in. We have seen how our work academies have succeeded, and we have done qualitative and quantitative analysis afterwards. Our new enterprise allowance scheme has, again, been successful in helping people to set up in business—particularly young people—and we will analyse what they felt worked for them and where to go next to accelerate those companies that have grown.

In my previous brief as Minister for Disabled People, what I felt was key there was having young ambassadors, young role models and people who could link to other people and say, “This is what we have done. This is our voice, but how do we link in with you?”. The Disability Action Alliance was really key in that. Having that younger voice come forward and relay personal stories that are relevant today is of course key.

The Chairman: Thank you. I must say that it has been very stimulating for all of us to meet these young people in Birmingham and Liverpool. They had no inhibitions when we said, “Look, we want to learn”. I was a bit staggered at some of the language used but it was great and I came away totally exhilarated. I cannot remember who it was among the Members of this Committee—it was not me—who said, “We must listen to the youth”, when we started off. I think that it was you, Lord Clinton-Davis. Sorry, it was Lord Cotter. It really did open up a lot for us and it made me realise that here in the House of Lords we should be more aware of them. However, I do not think that we are any less aware than people down the other end of the corridor. These people’s futures depend on us getting it right now. It is well worth doing.

Esther McVey: I would add to that that it is very much a two-way street. At Our Club—Morrison’s sector-based work academy—I met all the kids who had been on it and some of them said straight away, “We never thought we wanted to do work experience. We wouldn’t have put ourselves here, but actually now we have it has opened up our eyes in one way and we thoroughly enjoy what we are doing”. So sometimes you need to listen and sometimes you may need to lead, but only through having that discussion that brings both of you in that you can learn from one another.

The Chairman: Yes, indeed. Have you finished Lord Kakkar? Lady Hooper.

Q254 Baroness Hooper: To some extent following on from that, how are the Government supporting a generation of young people in schools to create jobs rather than rely on finding them?

Matthew Hancock: This is a very exciting agenda which is being spearheaded in government by Lord Young. He is shortly to report on the issue of getting enterprise into schools and making sure that young people leaving school, college and, indeed, university have what it takes to start their own business. A couple of things are very important here. The first is what I might call the culture of the phoenix. This is cultural support for people who have tried a business, which has failed and they want to start again. Famously, the Americans are brilliant at this. If you want to be a serious entrepreneur, they would regard it as remiss not to have gone bankrupt a couple of times.

The Chairman: What about the shareholders?

Matthew Hancock: We have a slightly more prosaic attitude here. Many schemes are in place. The Young Enterprise scheme has been going for decades, and I commend it and its work. It is absolutely brilliant. A key part of Young Enterprise is making sure that a business mentor is involved locally in the programme. That not only gives it a degree of realism but ensures that there is informal training from somebody who themselves have done it.

Secondly, we are introducing into the curriculum financial literacy, which is vital for starting any business. We are making sure that financial literacy is taught as part of the maths curriculum. That has not existed before and we are putting it in place.

The third is ensuring that the broader environment for enterprise is as welcoming as possible: making sure that it is easy to take on your first employee, making sure that it is easy to register and start a business, and widening access to angel finance and start-up loans. These loans have been a huge hit—they are flying off the shelf. We have just passed 12,000 start-up loans, and they have been going for just over a year. They were another initiative of your noble colleague Lord Young. It is an area where there is a real vibe in the UK at the moment, and long may it be so.

The Chairman: Would you like to add anything to that?

Esther McVey: When we looked at the number of young people setting up in business, we discovered that there was a much greater appetite for that among younger people than maybe we had seen in past generations. That may be because entry to the marketplace is now a lot easier because you can do something online from your bedroom. This is something that we can definitely try to drive forward. Again, Lord Young was looking at that too.

Matthew Hancock: The new enterprise allowance that the DWP has is an important part of this for unemployed people. The other thing I should say is that, linking this back to your last question in terms of Peers listening to young people, the idea for start-up loans came from a young person talking to Lord Young, who is appropriately named in this respect. They said to him, “If I went to university, you would now be able to give me, on a really good basis, £9,000 a year for three years and I wouldn’t pay back a penny until I earned £21,000, and I would still only pay it off over a number of decades”. The payment terms on student loans are about as good as you can get. That is one reason why, thankfully, participation is at an historic high and the proportion of young people from disadvantaged backgrounds going to university is at record levels, but that is in parenthesis.

Lord Young listened to somebody saying, “Why can’t I have this for a start-up? £9,000 a year for three years on decent terms sounds great”. We have worked it up and the scheme is slightly different, reflecting the fact that the money is going to be used for different purposes, and the payback starts immediately to make sure that good cash-flow and cash-generating practices in business are started early. It is a really good scheme that came from listening to young people.

The Chairman: Great. On that really happy note, we have another question but we will write to you to see whether you can answer it and give us some help. Lord Kakkar.

Q255 Lord Kakkar: I just have a question on the Minister’s point. Are any European funding schemes possibly applicable to the programme that you have just described?

Matthew Hancock: I have absolutely no idea.

Angus Gray: One of the things that we have signalled to LEPs is that we would be very interested to hear good ideas for encouraging self-employment and setting up businesses, particularly supporting business mentoring and so on. I am expecting good ideas to come forward.

Esther McVey: That is the key thing for the LEPs proposals coming forward. It is what they think works in their area that works with what we are doing nationally. It has to be complementary but it also has to be new and different, so a whole host of things could be put forward.

Lord Kakkar: I apologise. I do not want to prolong the meeting but I want to make one very quick point. Our inquiry is into European initiatives to tackle youth unemployment. Is there sufficient flexibility in the funds available at a European level to bring them to bear for what sounds like a very impressive proposal that Lord Young could bring forward?

Angus Gray: Absolutely. There should be. It is a key element of what we have said the funds should be used for—that is, supporting self-employment as well as employers.

Baroness Hooper: This is the Social Fund.

Angus Gray: Yes, the European Social Fund.

The Chairman: Thank you very much indeed. It has been an excellent session and we have learnt a lot. I hope you have realised that we are working very hard to look at European initiatives. We have had an exciting but exhausting series of sessions and we hope that our report will be out in April. If there is anything that you think I should have asked but did not, could you tell me now what it is and give me the answer?

Esther McVey: No. You have chaired it wonderfully. Thank you.

The Chairman: Thank you very much.

Department for Work & Pensions—Supplementary evidence

Supplementary evidence following the Minister for Employment and Minister for Skills and Enterprise evidence session on Monday 3rd February

Examples of sharing good practice between the UK and Member States

- The independent review of Apprenticeships carried out by Doug Richard in 2012, the Department's response to that review and our current Reform Implementation Plan drew on a number of examples of international practice. Our reforms are based on the Government's ambition for a world class Apprenticeship system in England which meets our economic and labour market needs and not simply lifted from other countries systems with a different context and with different drivers such as the German dual system. That said, aspects of the reform principles such as a greater focus on end point assessment have been informed by the system which operates successfully in Denmark and Switzerland.
- England plays a full part in the EU wide apprenticeship exchange scheme 'Leonardo' (The EU vocational learner exchange programme).
- Companies such as BAE benefit from their apprentices spending time in other Engineering employers abroad and from hosting other employers' apprentices here in England.
- The National Apprenticeship Service shares best practise with other apprenticeship bodies through the EU apprenticeship alliance. This forum also allows training providers and sector bodies to share their respective work

How the Government is encouraging LEPs to link courses training and Apprenticeships to the labour market

LEPs are in the process developing their skills strategies which they are developing as part of the Growth Deals process. The expectation is that their plans will set out local skills priorities in stimulating local growth, together with proposals on how LEPs propose to use skills elements of the £2bn Local Growth Fund in 2015/16. In the autumn 2013 Spending Round, the government announced a £500m skills contribution to the Local Growth Fund, giving LEPs control over a significant amount of skills funding.

All LEPs are in the process of developing their Strategic Economic Plans (SEPs), which they shared the drafts with Government in December 2013. All the draft Strategic Economic Plans (SEPs) include consideration of how skills and workforce issues could support local growth. Generally, LEPs are seeking greater influence for businesses over the delivery of publicly funded skills activity so that provision better aligns with business needs of the local economy. The Government is supportive of those LEPs who are seeking to strengthen their influence over skills delivery so as to improve coherence to local skill provision and better alignment with business requirements. However, we do not support proposals for full

devolution of funding to local areas which would have the potential to compromise important reforms to apprenticeships and would be likely to increase bureaucracy and skills system costs.

Guidance for LEP on developing Growth Deals was issued in July 2013, and the expectation is that negotiations on Growth Deal with the LEPs will be completed by July 2014

The guidance on Growth Deal for LEPs can be found at the links below:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224779/growth-deal-guidance-letter-to-leps.pdf

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224776/13-1056-growth-deals-initial-guidance-for-local-enterprise-partnerships.pdf

Published Guidance to LEPs

Angus Gray mentioned that we had published guidance for LEPs to help in the development of their strategies for the European Structural and Investment Funds. This is available at the link below. Annex B of the preliminary guidance and of the supplementary guidance provides more information about the activities we suggested LEPs should consider.

<https://www.gov.uk/government/policies/making-european-funding-work-better-for-the-uk-economy/supporting-pages/european-structural-and-investment-funds-growth-programme>

Q: Angus Grey mentioned a move towards a local approach in the way in which the UK's allocation of the ESF is spent. Would you be able to clarify this (for example will the localisation be at the level of programme management or procurement level – i.e. deciding what kind of initiatives need funding)?

In England, the ESF, the European Regional Development Fund and part of the European Agricultural Fund for Rural Development will be brought together in a single European Growth Programme. The large majority of the funds in the Growth Programme will be notionally allocated to Local Enterprise Partnerships (LEPs) areas. LEPs have been working with local partners to develop strategies that set out their priorities for investing Growth Programme funds in their areas. ESF will be used to address local employment, skills and social inclusion needs identified in these strategies. The arrangements for procuring this provision are currently being developed, including the option to use national programme systems to procure and manage ESF provision against local specifications. A national managing authority will continue to have overall responsibility for ensuring that ESF in England is delivered in line with EU regulations and for accounting for funds to the European Commission. The Scottish and Welsh governments and the Northern Ireland Executive are responsible for the development, negotiation and delivery of the funds in their own areas.

Youth Contract Statistics

From January 2011 up to and including May 2013 there have been:

136,730 starts to a work experience placement of which 112,990 were 18-24 year olds

61,720 starts on sector-based work academy pre-employment training of which 30,040 were 18 to 24 year-olds

Taken from:

<https://www.gov.uk/government/publications/pre-work-programme-support-get-britain-working-august-2013>

**Colleagues in Labour Market Interventions Statistics team have pointed out that there is no way to tell which of these were funded by YC - up until March 2013, they could also be funded by GBW, and there's no way to differentiate them in our data.*

Information on the wage incentive can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224573/Wage_Incentive_payment_adhoc_released.pdf

Q: Does the Government still intend to put forward the youth contract as a youth guarantee implementation plan (YGIP)? Are you able to share a draft YGIP with the Committee at this stage?

The Youth Guarantee Implementation Plan (YGIP) is the report the Commission has asked us to make on our progress to implement the Youth Guarantee (to ensure that all young people under the age of 25 years receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education).

In the UK over 80 per cent of 18-24 year olds flow off Jobseekers' Allowance within 6 months, so it would not be cost effective to implement a 4 month guarantee.

Since the Youth Guarantee is a non-binding Recommendation, we have chosen instead to offer tailored support to young people based on their needs rather than a blanket guarantee.

We intend to report to the Commission on the policies we have implemented to support young people into work by equipping young people with the education and skills they need, by supporting them to secure existing labour market opportunities and by encouraging entrepreneurship and supporting new job creation. This includes, but is not limited to Youth Contract measures. No draft Youth Guarantee Implementation Plan is available at this time.

Q: Are the Government considering using the 10 % discretion in the YEI to help tackle youth unemployment in UK regions with less than 25% unemployment?

The Government is considering the use of the flexibility to move up to 10% of its Youth Employment Initiative allocation to other areas with high youth unemployment. The aim of this flexibility is to provide funds for smaller areas which experience high youth unemployment but which are outside the qualifying NUTS2 areas. The flexibility could therefore be used to help NUTS3 areas with high youth unemployment within NUTS2 areas with youth unemployment rates of less than 25%. The Government will announce its decision on the use of this flexibility in due course.

Q: Does the Government plan to make use of the ERDF to tackle youth unemployment?

EU structural and investment fund resources to tackle youth unemployment will be delivered primarily through the ESF. However, ERDF investments that promote business growth, innovation and sustainable development are expected to provide employment opportunities for young people, and there will be scope to join up ESF funding to tackle youth unemployment with ERDF activities.

EU funding for careers advice

BIS officials will be sending further information on this shortly.

Youth labour market statistics

A separate document provides a guide for understanding youth labour market statistics, as well as the most recent data for the UK only. This data was published on 19th February and is for the three months to December 2013.

A separate excel spreadsheet provides EU and OECD comparisons for various youth labour market statistics and the country rankings for each statistic. It is important to note that the time periods for the comparisons data differ from the time periods in the UK only data. This is because the UK Office for National Statistics (ONS) publishes UK statistics on a timelier basis than Eurostat and the OECD.

DATE

Department for Work & Pensions—Supplementary evidence

Annex 1:

Indicator:	Employment rate		ILO Unemployment rate		Long term unemployment rate (12 months or longer)		NEET rate	
Description:	The number of 15-24 year olds in employment as a proportion of the total 15-24 year old population		The number of 15-24 year olds not in employment who are actively seeking employment and are available to start work as a proportion of the active 15-24 year old population (ILO unemployed + employed)		The number of 15-24 year olds that have been ILO unemployed for over 12 months as a proportion of the total 15-24 unemployed		The number of 15-24 year olds who are not in employment, education or training (full-time or part-time) as a proportion of all 15-24 year olds	
Time period:	2013 Q3		2013 Q4 (shaded cells are Q3)		2013 Q3		2012	
Age group	15-24		Under 25 (seasonally adjusted)		15-24		15-24	
	(per cent)	Rank	(per cent)	Rank	(per cent)	Rank	(per cent)	Rank
EU-28	33.4		23.3		33.9		13.1	
EU-27	33.6		23.1		33.7		13.1	
EU-15	36.0		22.7		33.0		13.0	
EA-18	32.3		23.9		36.5			
EA-17	32.3		23.9		36.6		13.0	
EA-13	32.5		23.8		36.1		13.0	
Belgium	24.6	18	22.9	13	33.4	14	12.3	14
Bulgaria	23.0	21	28.9	21	46.5	22	21.5	28
Czech Republic	26.1	14	18.8	7	28.7	11	8.9	8
Denmark	54.3	3	12.8	4	8.8	3	6.6	4
Germany	47.0	6	7.5	1	21.5	6	7.1	5
Estonia	35.6	9	16.6	6	-	-	12.5	15
Ireland	31.2	10	24.8	16	37.3	17	18.7	24
Greece	12.2	28	58.0	28	53.6	24	20.3	26
Spain	17.7	26	55.1	27	37.9	18	18.8	25

Department for Work & Pensions—Supplementary evidence

France	30.0	13	25.4	18	27.2	9	12.2	13
Croatia	17.8	25	49.2	26	52.2	23	16.7	22
Italy	16.9	27	40.4	24	56.0	25	21.1	27
Cyprus	23.9	19	40.8	25	32.7	13	16.0	21
Latvia	30.2	12	25.3	17	25.6	8	14.9	20
Lithuania	25.9	15	21.6	11	22.6	7	11.2	11
Luxembourg	21.2	22	20.1	9	33.4	14	5.9	2
Hungary	20.7	23	27.0	19	35.8	16	14.7	19
Malta	48.1	4	14.6	5	-	-	11.1	10
Netherlands	63.1	1	11.4	3	18.3	5	4.3	1
Austria	56.5	2	9.2	2	17.1	4	6.5	3
Poland	24.9	17	27.5	20	31.4	12	11.8	12
Portugal	23.9	19	36.4	23	38.9	20	14.1	18
Romania	25.3	16	23.3	14	43.0	21	16.8	23
Slovenia	30.6	11	23.3	14	38.2	19	9.3	9
Slovakia	20.5	24	33.0	22	60.0	26	13.8	16
Finland	45.3	8	19.5	8	4.9	1	8.6	7
Sweden	46.7	7	22.6	12	7.8	2	7.8	6
United Kingdom	47.9	5	20.7	10	27.6	10	14.0	17

Annex 2:

The UK's youth labour market – making sense of the data

As with other age groups, the official ONS labour market statistics classify young people aged 16-24 into one of three labour market categories:

Employed – 3.7 million

This includes employees and self-employed young people as well as those in work-based training, such as apprenticeships, and those on government programmes.

Unemployed (ILO measure) – 917,000

Those actively seeking and available for work

Economically inactive – 2.6 million

Those not seeking/available for work

This breakdown is complicated by the fact that just over 3 million 16-24 year olds are full-time students (FTE). Most are inactive but those who meet the relevant criteria are counted as employed or unemployed. The latest figures show 813,000 full-time students are working and 280,000 are unemployed.

Of those who have left full-time education, about 1.3 million 16-24s are not in work:

ILO unemployed not in full-time education – 637,000 (9% of all young people)

Within this will be most of the 306,000 16-24s claiming Jobseeker's Allowance, a small number claiming other benefits and looking for work, and unemployed people not on any benefit such as those who do not qualify or choose not to claim.⁴⁷

Inactive not in full-time education – 664,000 (9% of all young people)

The largest categories are those looking after family/home or studying part-time. Within the total will be many of the around 380,000 claiming benefits other than JSA, as well as people not on benefit.⁴⁸

Relationship with NEET data

Young people in part-time study are not counted as NEET. So NEET is a subset of the 1.3 million figure that excludes unemployed or inactive part-time students. Separate ONS figures show about 1.1 million young people NEET, or about 15% of all young people.

Unemployment rate and proportion

Excluding students, today's 16-24 unemployed figure of 637,000 is below the peaks of 830,000 in 1993 and 1.1 million in 1984. Unemployed 16-24s not in FTE comprise 9% of the youth population, compared to 12% in 1993 and 14% in 1984.

⁴⁷ A small number on JSA will be working part-time or inactive and so are not unemployed on the ILO measure. This means an exact breakdown of ILO unemployed people claiming and not claiming benefit is not available.

⁴⁸ Small numbers on these benefits will be employed or unemployed rather than inactive. Again this means it is not possible to say exactly how many of the inactive group are claiming or not claiming benefits.

However, higher participation in education means the youth labour force is smaller. Despite there being fewer people unemployed in absolute terms and as a proportion of the total youth population, the unemployment rate – calculated as a proportion of the labour force – is much closer to the peaks in 1984 or 1993.

Numbers on benefits and the claimant count

The claimant count is also used as a measure of unemployment, and measures the number of people claiming job seekers allowance (JSA). For the most part, only over 18s can claim JSA therefore these statistics for young people only relate to 18-24 year olds. Individuals can be ILO unemployed but not be on JSA. However, in theory all individuals on JSA should be ILO unemployed (as they should be actively seeking work). In January 2014, there were 306,000 18-24 year olds on the claimant count.

Other benefits can apply to under 18s if they are eligible. These are not typically used as an outright measure of unemployment.

The difference between UK (ONS), Eurostat and OECD youth labour market statistics

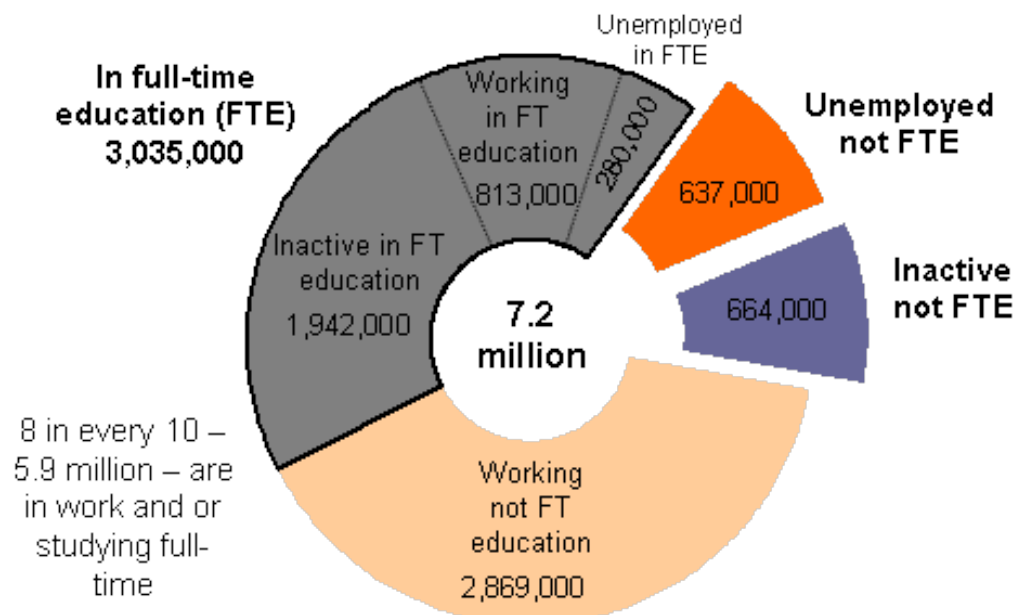
Often the headline statistics reported by each of the key statistical authorities in this area are not exactly the same. Although the underlying data for the UK comes from the same place (the UK labour force survey), Eurostat and the OECD undertake measures to harmonise the statistics with statistical returns from the other countries. For example, the UK Office for National Statistics (ONS) report youth labour market statistics for people between the ages of 16 and 24, whereas Eurostat and the OECD report youth statistics for people of 15-24 years old. Including 15 year olds in the statistics can have a particular impact on rates, as the denominator will always increase compared to the ONS statistics.

UK Youth Labour Market Statistics

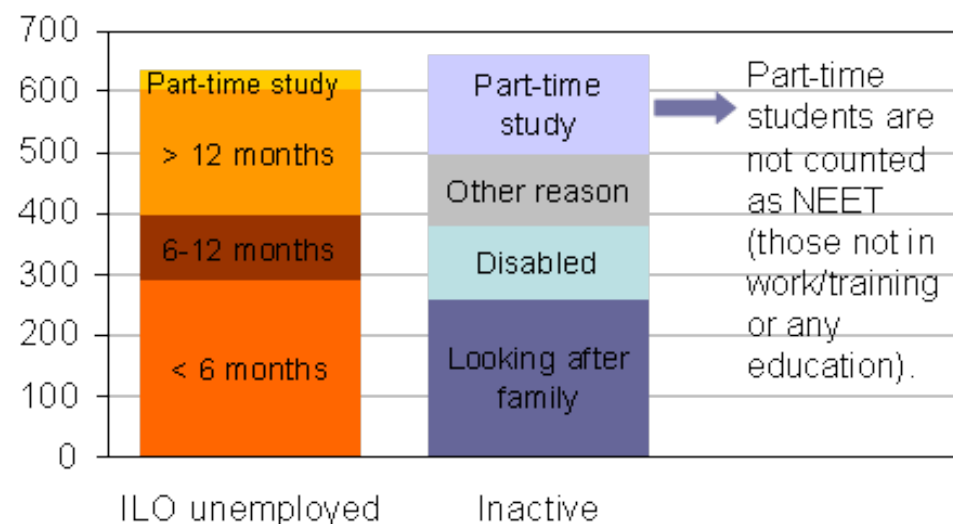
Levels are 000s Changes are 000s and %pts	Latest (Oct-Dec13)	Chg on latest period	Change on year	Change on 2010	Record
Youth (16-24 unless stated)					
Employment level	3,682	+49	-38	-83	HE (92)
JSA claimants (18-24) (Dec 13)	306	-8.1	-111.3	-123.1	20mths ↓
JSA 12mth+ (18-24) (Dec 13)	56.1	-2.2	-21.6	27.8	14mths ↓
ILO unemployment level	917	-48	-58	-27	
ILO unemployment rate	19.94%	-1.0% pt	-0.8% pt	-0.1% pt	
ILO unemployed 12m+	256	-25	-20	+36	
Youth (16-24) excluding full-time education (FTE)					
Employment rate non-FTE	68.82%	+0.5% pt	+0.5% pt	+1.6% pt	
Unemployed non-FTE	637	-27	-14	-26	
Unemployed non-FTE % all 16-24	8.8%	-0.4% pt	-0.1% pt	-0.2% pt	
Inactive non-FTE	664	+16	-27	-74	
Workless non-FTE	1,300	-11	-40	-100	
Workless non-FTE % all 16-24	18.05%	-0.1% pt	-0.4% pt	-1.0% pt	

82% of all under-25s are in work or full-time study, 8.8% are unemployed non-students....

...but 1.3 million have left full-time education and aren't in work...



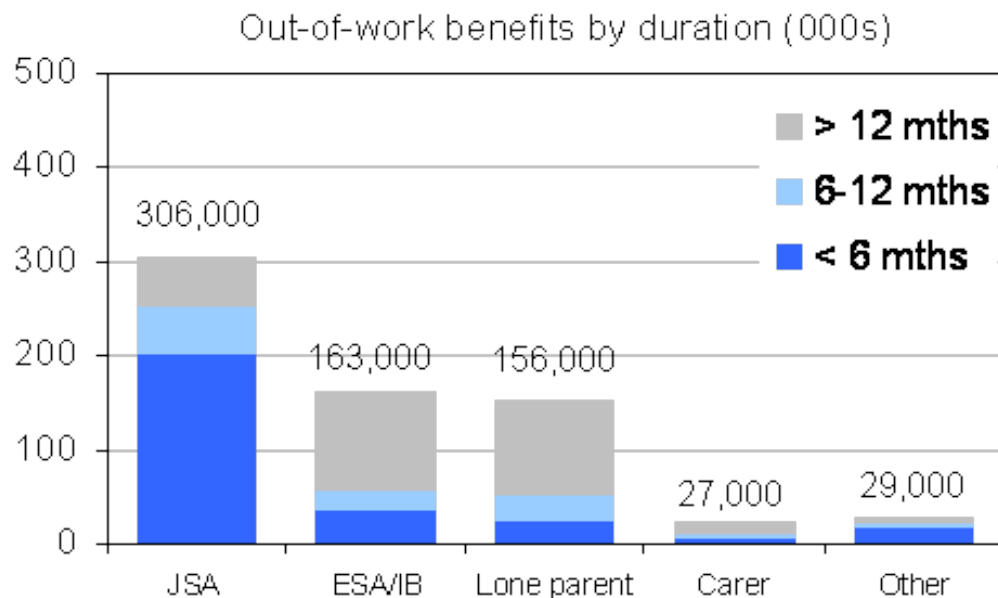
Not in full-time education or work/training (000s)



16-24 year olds

- 1.3 million aren't in work or full-time education – 664,000 inactive and 637,000 unemployed.
- Most are **NEET**, which counts all the above except part-time students. About 200,000 workless young people are in part-time study, but many are not on a specific course.
- JSA caseload 175,000 lower than 2009 peak and 70,000 above pre-recession. Some benefit claimants work part-time or are students, so the figures are not a pure subset of the 1.3 million.

...while about 700,000 16-24 year olds are claiming out-of-work benefits



Department for Work and Pensions—Further supplementary written evidence

Youth Guarantee Implementation Plans—The UK Response

Introduction

1. Following adoption by the Council on 22 April 2013 of a Recommendation on Establishing a Youth Guarantee (2013/C 120/01), the European Commission asked Member States to provide reports describing their plans for putting in place Youth Guarantee schemes. The Recommendation calls on Member States to ensure that all young people under the age of 25 years receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education for all under 25s.
2. The UK strongly supports the aim of the Youth Guarantee—to reduce youth unemployment. However, since the Recommendation is of a non-binding nature and youth unemployment remains primarily a Member State competence, the UK has chosen to take a different approach which the UK authorities consider better suits the national specificities and circumstances faced by young people in this country.
3. Given that over 80 per cent of 18-24 year olds flow off of Jobseekers' Allowance within 6 months, it would not be cost effective for the UK to implement a 4 month guarantee. The UK has done away with one size fits all employment programmes. We have instead chosen to implement a programme of tailored support to young people, based on their needs.
4. This report outlines the strategy the UK is implementing to reduce youth unemployment. It is structured around the axes set out in the Council Recommendations of the 22nd of April 2013.

The UK's Youth Employment Strategy

5. In the UK, youth unemployment amongst 16-24 year olds rose sharply from around 683,000 (13.9 per cent) from the advent of the economic crisis in 2008 and peaked in September – November 2011 with 1,039,000 young people unemployed (22.2 per cent).
6. The Government responded with a 3 part strategy to reduce youth unemployment:
 - A. Equipping young people with labour market relevant education and skills;
 - B. Supporting young people to secure existing labour market opportunities; and
 - C. Creating new opportunities for young people by supporting new job creation.

The UK has implemented and continues to implement a comprehensive package of short, medium and long term measures addressing each strand of the strategy, including:

A. Education and skills

- Increasing the age to which all young people in England must continue in education or training. This means that pupils who left at age 16 in summer 2013 need to continue in education or training for at least a further year until 27 June 2014 and pupils at age 16 or below in September 2013 will need to continue until at least their 18th birthday.
- Removal of the cap on higher education places in England by 2014-15 (announced in the 2013 Autumn Statement);
- Statutory duty of Local Authorities to engage with 16 and 17 year olds NEETs;
- Ongoing reform of the apprenticeship system, as set out in 'The Future of Apprenticeships in England: Implementation Plan' published in October 2013;
- An extra 20,000 apprenticeship incentive payments available, worth £1500 each, taking the total number of Apprenticeship Grants for Employers (AGE 16-24) to 40,000 (from April 2012);
- Traineeships, providing training for 16-23 year olds those who lack the skills to gain an apprenticeship place (rolling out from 2013);
- Funding for a programme to help disengaged 16 and 17 year olds NEET make a sustainable move into full-time education, an apprenticeship or work with training (contracts in place from August 2012 , delivery began fully in September 2012).

B. Securing existing labour market opportunities

- Abolition of employer National Insurance contributions for under 21 year olds, on earnings up to £813 per week (from April 2015, announced in the Autumn Statement);
- Tailored support through Jobcentre Plus, including help with CV writing, careers advice, referral to relevant support including work experience, sector based work academies and skills training (from 2011);
- An extra 250,000 work experience places, including those that offer training and guaranteed interviews (sector-based work academies), ensuring that there is an offer of a place for every 18 to 24 year-old who wants one (from April 2012);
- 160,000 wage incentives worth up to £2,275 each, for employers who recruit an 18-24 year-old from the Work Programme or Jobcentre Plus (from April 2012);
- The Work Programme, a payment by results employment programme, providing personalised support, including to 18-24 year olds who have been unemployed for 9 months or more (launched June 2011).

C. Creating new opportunities

- Encouraging entrepreneurship through the New Enterprise Allowance (providing financial and mentoring support for unemployed people wanting to start their own business – rolled out in August 2011) and Start Up Loans (from May 2012);
- Supporting business growth by removing unnecessary burdens on business, including through the One In, One Out programme, meaning that increases in the cost of regulation must at least be matched by reductions elsewhere (saving businesses over £1 billion per year);

- Supporting business access to funding through the Funding for Lending scheme, a scheme which allows banks and building societies to borrow from the Bank of England at cheaper than market rates for up to four years. This helps them to increase lending to businesses by lowering interest rates and increasing access to credit. (launched in July 2012).
7. Following the Government’s response, youth unemployment has fallen from its peak of 1,039,000 (22.2 per cent) in September – November 2011 to 917,000 (19.9 per cent) in October – December 2013, a fall of 122,000 (2.2 percentage points, a 12 per cent decrease).
8. Although the UK is not implementing a 4 month guarantee in line with the Recommendation, the UK agrees with much of the approach set out within the body of the Recommendation. The remainder of this report sets out how the UK’s strategy fulfils this suggested approach.

Axis 1: Building up partnership approaches

9. The Recommendation discusses the need to build up partnership approaches, highlighting the need to:
- Identify the relevant public authority;
 - Ensure that young people have full access to information about the services and support available;
 - Strengthen partnerships between employers and relevant labour market players;
 - Develop partnerships between public and private employment services, education and training institutions, career guidance services and with other specialised youth services;
 - Ensure the active involvement of social partners; and
 - Ensure the consultation or involvement of young people and/or youth organisations.

Relevant public authorities

10. In the UK, identifying which public authority is responsible for addressing youth unemployment varies depending on the age of the individual.
- For people aged 16-18, Local Authorities⁴⁹ have a responsibility to secure sufficient suitable education and training provision, promote the effective participation of this age group in their area and make effective arrangements to those resident in their area who are not participating.
 - For those aged over 18, significant responsibility is placed on the individual to find work, supported by the Public Employment Service (PES), Jobcentre Plus. Each

⁴⁹ Local Government is a devolved competence and is the responsibility of the Scottish, Welsh and Northern Irish Governments in those nations.

claimant will have a personal Jobcentre Plus adviser who will be able to direct the claimant to training or other sources of support.

11. Public authorities that provide supporting interventions include:

- the Department for Business, Innovation and Skills (BIS)⁵⁰ are expanding their apprenticeship programme;
- the Department for Education (DfE)² under its September Guarantee provides a guarantee of an offer of education or training to all 16-18 year olds, regardless of their level of education on leaving school;
- In Scotland, a dedicated Minister for Youth Employment is responsible for the Scottish Government interventions to address Youth Unemployment;
- In Wales, Local Authorities have been given the Strategic and Operational lead and are expected to appoint a senior leader to oversee the implementation of a Youth Engagement and Progression Framework (YEPF), and a senior member of staff as an Engagement and Progression Co-ordinator to provide operational leadership;
- In Wales, the National Youth Work Strategy is striving to achieve a strengthened relationship between youth work organisations and formal education on both a local and national basis; and
- In Northern Ireland, the Executive and particularly the Department for Employment and Learning (DEL), lead on the provision of services to meet the developmental needs of young people and promote their active participation in the labour market.

Access to information

12. Significant use is made of the internet to communicate employment and training information to young people. The UK government website (**www.gov.uk**) was recently redesigned in order to make it easier for people to access such information, including local Jobcentre Plus services, or the possibility of obtaining an apprenticeship or Traineeship.
13. Vacancies advertised through Jobcentre Plus can also be viewed nationally through the Universal Jobmatch website.
14. Jobcentre Plus has a well known brand and significant branch network across the UK. It provides a highly visible centre which young people access to support their search for work.
15. Local Authorities have a range of methods of communicating with young people, including through their youth and leisure centres. For example:
- The London Borough of Sutton has put in place a new Employment Engagement Worker and web portal to coordinate and share existing advice, information and support.

⁵⁰ In England

Department for Work and Pensions—Further supplementary written evidence

- The London Borough of Lewisham has developed a programme on the use of Social Media for job searches in partnership with JP Morgan.
 - Leeds City Council set up a region wide “five three one” campaign, including more than 270 companies each of which links with different education and training opportunities (e.g. work experience, apprenticeships).
16. Schools and other educational providers are responsible under the Education Act 2011 for providing access to independent, impartial careers advice for all aged 12-18.
17. Mechanisms are also in place to ensure that the relevant authorities have the information available which they may require. Local authorities have a duty to track young people’s participation in education and training and to record their current activity on their Client Caseload Information System (CCIS) which contains information on all 16-19 year olds resident in their area. In order to keep these records up to date:
- Providers of education or training have a legal duty to provide information about their students to their local authority and to inform them if a young person aged 16 or 17 ceases a course of study.
 - The Department for Work and Pensions has arrangements in place to provide Local Authorities with information when 18-19 year olds receive a first payment of benefit.
 - As a condition of receiving benefit, all 16 and 17 year olds must register with their Local Authority.
18. In Wales, information on services is communicated via the following means:
- Schools have a key responsibility for assisting young people to use the common application process and to provide advice and guidance and identifying young people most in need of support from other services such as Careers Wales advisers.
 - Schools also have the critical role in strengthening work with employers and building young people’s understanding of the world of work pre-16 up to the time they leave school.
 - Careers Wales supports the development of new brokerage arrangements, and implements critical data and tracking systems through agreed arrangements with key partners. This is centred around the Careers Wales client information (IO) database.
 - Providers of post-16 employment services have the responsibility of identifying young people at risk of disengaging, and will need to work with Careers Wales and other partners to re-engage young people.
 - CLIOOnline provides young people with a broad range of information locally and nationally.
19. In Scotland, Skills Development Scotland (SDS), the Scottish Government’s national skills agency, is responsible for providing all age careers guidance and career management support to young people in and post-school, through one-to-one support and the My World of Work online portal. In addition, SDS manages the “Our Skillsforce” web portal which connects employers with employment and skills support

Department for Work and Pensions—Further supplementary written evidence

across Scotland. Through the development of Skills Investment Plans for growth and enabling sectors and Regional Skills Assessments, SDS is also working to identify and deliver on local and national employer apprenticeship and skills needs.

20. In Northern Ireland, the DEL's career service offers advice on demand to anyone aged 14 and over. The Careers Service case-manages all young people aged 16 and 17 who do not have a positive destination when they leave school or who drop out of education, employment or training early. The Careers Service ensures all young people have full access to information and relevant employment and training services available.

Developing and strengthening partnerships

21. The Work Programme was set up by the UK Government in 2011 with the aim of helping those furthest from the labour market and makes use of private and third sector providers. Contracts in each region are let subject to competitive tendering, and the successful bidders then receive payments based on their effectiveness in getting people into work.
22. In April 2013, the Building Best Practice Group was established to act as a venue where good practice can be shared between different Work Programme providers, their supply chains and external organisations with relevant expertise. It will review the application of provider's contractual minimum service levels and help ensure that these are transparent and measurable.
23. Local Jobcentre Plus managers can make use of a Flexible Support Fund with a high degree of discretion. This allows funds to be aligned to the needs of the Jobcentre Plus area and partnership working with Local Authorities, employers and social partners is specifically encouraged. For example, in the London Borough of Lewisham, the local authority has teamed up with schools and Jobcentre Plus to develop an "employability passport" to be introduced across all secondary schools. This will record a young persons experience and skills, with intensive and personalised support from the local authority and Jobcentre Plus for those young people who need most help to locate education or training on leaving school.
24. In the period between January 2011 and May 2013 113,000 18 – 24 year old Jobseekers' Allowance claimants started a work experience placement. Each of these placements has been arranged through a direct partnership between Jobcentre Plus and the employer in question. Each employer has a service level agreement with Jobcentre Plus, and Jobcentre Plus provides support to both the young person and the claimant over the period of the work experience.
25. Jobcentre Plus has also partnered up with a wide range of local youth services. Many local colleges, councils and charitable organisations such as the Princes Trust, Barnados and Urban Futures have a presence in local Jobcentre Plus offices. Employers ranging

from the Army Careers Service to the Liverpool Chamber of Commerce can also base themselves in Jobcentre Plus offices.

26. As first mentioned in paragraph 6, the Department for Education has increased the age to which all young people in England must continue in education or training for at least a further year until 27 June 2014 and pupils at age 16 or below in September 2013 will need to continue until at least their 18th birthday. Young people can participate through full-time education, an apprenticeship, or work/volunteering combined with part-time education or training.
27. Private and third sector providers in partnership with local employers are helping young people to meet their duty to participate. For example, in Berkshire a pilot has been set up to achieve better, more effective transitions from schools into continuing education, apprenticeships and other work-based training. It includes the following activities:
 - Testing different support systems, based on a transition key worker model.
 - Development and delivery of a training and support network for the key workers.
 - Production of an effective practice report at the end of the project.
28. The Scottish Government's partnership based approach is set out in its youth employment strategy "Supporting Young Scots into Work"⁵¹. A big part of this is its "Make Young People Your Business" campaign which seeks to persuade employers of the benefits of investing in young people and to raise awareness of the resources available to help them to do so.
29. In Northern Ireland, the Collaboration and Innovation Fund, under which 24 organisations from the community, voluntary and educational sectors have been engaged to support 6,000 young people aged between 16-24 years by March 2015. Interventions include mentoring, vocational qualifications, personal development, motivational and life skills and employability skills.
30. Also in Northern Ireland, the DEL has established partnerships with employers, private and voluntary sector training providers. A good example of which is Apprenticeship NI, which is demand led, with the number of apprenticeships determined by employers recruiting for their future business needs.

Active involvement of social partners

31. The Government introduced the Youth Contract from April 2012, a programme of additional support for young people worth almost £1 billion over 3 years, including:
 - 160,000 wage incentives;
 - An extra 250,000 work experience places;
 - Extra adviser support through Jobcentre Plus;

⁵¹ <http://www.scotland.gov.uk/Publications/2012/06/9210>

Department for Work and Pensions—Further supplementary written evidence

- An extra 20,000 apprenticeship incentive payments for employers recruiting a young apprentice for the first time and;
 - £126 million to support the most disengaged 16 and 17 year olds who are not in education, employment and training in England.
32. Businesses were closely involved in the design of the Youth Contract. It was an employers group who called for a holiday on the payment of National Insurance payments to new employers, which the wage incentive was designed partly as a response to.
33. Employers are also closely involved in the implementation of many of our policies:
- The aim of the new apprenticeship reforms is to increase employer involvement by giving them increased control over financing.
 - The implementation of the work experience, New Enterprise Allowance and Start Up Loans schemes are entirely dependent on a close co-operation with employers as bases for work experience and as mentors to young entrepreneurs.
 - At a local level, Jobcentre Plus forms partnerships with local businesses as a matter of course to provide employment and training opportunities. Much of this is funded by the European Social Fund, one example being the Lancashire ESF NEET programme in which Preston College leads a multi-agency partnership which provides comprehensive support for young people who are not in employment, education or training (NEET). An agreement with local high schools ensures that those young people at risk of disengagement from the traditional learning environment are identified as early as possible. Where appropriate, young people are then referred to ESF-funded support. The college offers various practical courses which feature a strong strand of work experience in real working environments.
34. The UK's approach to national policy development includes consultation with a wide range of stakeholders, these include the social partners. For example, the Trades Union Congress published a detailed response to the call for evidence on the Richards Review of apprenticeships, which fed into the policy development process.
35. Synergies between employers' and Government training schemes are promoted through use of the Employer Ownership Pilot. This scheme includes £340 million of funding that employers can access and use to design their own training schemes. Over 300 bids have been received for this funding.
35. The Department for Education and the Department for Business, Innovation and Skills jointly fund the Traineeship scheme for 16-23 year olds in England. It relies on the co-operation of employers as each trainee will benefit from a high quality work placement with an employer.
36. In Northern Ireland, the Local Employment Intermediary Service (LEMIS) is a community led employment initiative designed to help the "hardest to reach". The organisations involved offer personal flexible advice and mentoring services to clients.

37. The Scottish Government has partnered with the Chambers of Commerce to support graduate jobs. Small businesses that create new graduate jobs will be given a £1,500 (€ 1,785) incentive delivered by the Scottish Chambers of Commerce.

Ensuring the involvement of young people and youth organisations

38. As mentioned above, policies are subject to extensive consultation before being implemented. Young people's organisations frequently provide useful and insightful responses to our calls for evidence.
39. Young people are also employed as ambassadors by Jobcentre Plus or linked voluntary sector organisations to help increase awareness. Good examples of this are the Princes Trust Young Ambassadors who are based at many Jobcentre Plus offices nationwide. A team of these recently visited the offices of the DWP Strategy Group to discuss the impact of government policy on young people.
40. In Scotland, the Minister for Youth Employment has engaged directly with young people to ensure they have an opportunity to tailor services and contribute to new policy developments. This included a National Youth Summit where 150 young people experiencing unemployment took part in a day of discussions with 6 Scottish Government Ministers and employers.
41. In Wales, a number of consultation events took place to consult with young people on a vision for a new national youth work strategy for Wales. Young people were very clear that they wanted youth work provision to continue and emphasised the value of open access provision and diverse opportunities that stretch their horizons and help them to grow.

Axis 2: Early intervention and activation

42. The Recommendation highlights the importance of early intervention and activation, focusing on:
- Effective outreach strategies towards young people; and
 - Providing personalised guidance and individual action planning.

Outreach strategies

43. The United Kingdom focuses its outreach schemes based on the specific needs of the local area. Management of Jobcentre Plus is devolved so that the local officials are able to develop outreach strategies specific to the needs and characteristics of the local area. Good examples of this are:
- Jobcentre Plus in Essex which provides advice on work focussed learning to students based in a local school.

Department for Work and Pensions—Further supplementary written evidence

- Jobcentre Plus in Wood Green (North London) which has some advisers based at the local library and youth club.
 - Camden Into Enterprise is a partnership between Westminster Kingsway College, The Prince's Trust, the London Youth Support Trust (LYST), and the London Borough of Camden. Into Enterprise is a physical hub which provides somewhere that young people can drop into, with access to broadband linked computers, TVs for displays to clients, workspace, and meeting space. The Hub is also starting to be used by local micro enterprises. When registered with Into Enterprise, young people will receive training, advice and guidance, as well as practical work experience.
 - Disabled Peoples Young Ambassadors are present at a number of job centres helping to give advice to disabled people in the period of transition between education and work and seeking to develop the offer according to the specific needs of disabled people.
44. In addition, the Department for Education is supporting disengaged young people to re-engage with education and employment through the Youth Contract. Under this programme, providers are paid on a payment-by-results basis and given complete flexibility to design a programme of support consistent with the barriers facing the young person. Over the period September 2012, to the end of September 2013, the programme has engaged 11,920 young people, 4114 of which have so far re-engaged successfully into a positive outcome of education, training or employment and 489 of which have sustained in the positive outcome for 5 out of 6 months.
45. More widely, Local Authorities have a responsibility to provide for the needs of unemployed 16-18 year olds in their area. Specific duties are to:
- Secure sufficient suitable education and training provision for all 16-19 year olds and for those aged 20-24 with a Learning Disability Assessment;
 - Make available to young people aged 13-19 (and to those aged 20-24 with a Learning Difficulty Assessment) support that will encourage, enable or assist them to participate in education or training;
 - Promote the effective participation of all 16-17 year olds in their area; and
 - Make effective arrangements to identify any 16-17 year olds resident in their area who are not participating.
46. Local Authorities have flexibility over how best to deliver their duties in the manner that best meets local needs. Services may be delivered either 'in-house' or contracted out to an external provider, under a range of local brands. Examples of the services offered include:
- Barking and Dagenham's small business centre provides four day courses on starting up a business, counselling for business plans and marketing, supporting start-ups in raising finance and guidance on accounting and legal issues.
 - Enterprise Enfield is a non-profit making business advisory organisation which aims to be a leading centre of excellence for business support in the area.

Department for Work and Pensions—Further supplementary written evidence

47. In order to assist Local Authorities with their responsibilities in this matter, local education providers have a responsibility to inform their local authority when a young person drops out of learning. In addition, the UK Government runs a system which informs the Local Authority whenever a young person has registered with Jobcentre Plus in their area.
48. As mentioned in paragraph 12, the UK Government has recently updated its website (www.gov.uk) to make information (such as Jobcentre Plus location, government initiatives, support services available) more easily available to job seekers. Information on all of the interventions available is highly visible online and available to young people from a range of sources including local authorities, employment services and educational establishments.
49. In Wales, early identification of young people is at the core of the Youth Engagement and Progression Framework (YEPF), and the Welsh Government has set out core standards for Local Authorities to help them develop their approach.
50. Careers Wales has developed a 5 tier model of engagement which will be used by stakeholders to determine the level of support the young person needs. If a young person is viewed as being at risk of disengaging or has disengaged, they will have access to a suitable “lead worker” who will provide consistent support and help to co-ordinate efforts and refer the client to appropriate services..
51. In Scotland, outreach towards young people is the responsibility of Skills Development Scotland, who provide careers advice to young people in and post school.
52. In Northern Ireland, emphasis is placed on maintaining young people in full time education at ages 16-17, with approximately 85% either still at school or in mainstream further education. Outreach to young people in this context is performed by the colleges, which proactively identify and encourage people from disadvantaged backgrounds to participate. Financial support of £30 per week, and bonuses for attending of £200 per annum are available through the Education Maintenance Allowance for those from low income households.
53. As outlined in paragraph 16, for all those aged 12-18 in England, the Education Act 2011 placed a duty on schools and other education providers to provide access to independent, impartial careers advice. This must include information on all post 16 options, including apprenticeships, starting your own business and university.

Providing personalised guidance and individual action planning

54. Jobcentre Plus provides a core regime of weekly adviser meetings for all 18-24 year old claimants; as well as flexible adviser support and a comprehensive range of further support actions.
55. The adviser can choose from a range of options to meet the needs of the individual claimant following their interview. These options include:

- Careers advice
 - Support with CV writing
 - Work experience
 - Wage incentives
 - Skills provision
56. In order to help further their skills, all people aged 16-23 are eligible for full government funding towards their first Level 2 (GCSE or equivalent) or Level 3 (A level or equivalent) qualification. In addition, claimants of Job Seekers Allowance or of Employment and Support Allowance⁵² (in the Work Related Activity group) are eligible for fully funded training to help them into work, provided this is accredited and on the Qualifications and Curriculum Framework.
57. There has been a clear move away from a nationally determined structure to more locally-determined processes focused on getting claimants back in to work. A big part of this is the Flexible Support Fund, which may be used for a wide range of activities at the discretion of Jobcentre Plus District Managers and Advisers including partnerships with local bodies, training, or to meet specific claimant needs in order to access the labour market.
58. Within the offer to young people, significant emphasis is placed on an expansion of work experience placements. This is based on employer feedback that a lack of work experience was one of the main barriers to people gaining employment. The number of work experience placements between April 2012 and April 2015 was expanded by 250,000, ensuring that a work experience placement is available for every young person who wants one. Analysis of the work experience placements shows that around half of participants are off benefits within 21 weeks of starting the placement and those who take part are 16% more likely to leave benefits than those who do not.
59. Young people who remain on Jobseekers' Allowance for 9 months are referred to the Work Programme. Work Programme providers are free to design support based on individual and local need. They are paid primarily for supporting claimants into employment and helping them stay there, with higher payments for supporting the hardest to help. Providers are paid by results, based on their effectiveness in getting young people back into work.
60. In Scotland, Jobcentre Plus advisers have a separate range of options to offer to young claimants. These include:
- Community Jobs Scotland, which offers a young person a full-time, minimum of 6-months training opportunity with a third sector employer, paid at the National Minimum Wage rate⁵³.
 - A £1,500 targeted recruitment incentive which is paid to those employers able to offer a job opportunity to 16-24 year olds facing particular barriers.

⁵² and partners (where claim is joint and both are subject to work search conditionality)

⁵³ This programme is also open to 20-24 year olds who face particular barriers to employment, e.g. ex-offender, care-leaver, has a disability or long-term health condition.

Department for Work and Pensions—Further supplementary written evidence

- Further recruitment incentives, funded by a combination of Scottish Government and EU Structural Funds, which are available to small enterprises in the private and third sectors to create new youth jobs. Targeted at 16-24 year olds who have been unemployed for less than 6 months, they pay half the salary for the first six months of the job.
 - 3-month paid internships, available to graduates to gain work experience in small enterprises in the private and third sectors.
 - A £1,500 recruitment incentive to stimulate small businesses in the private sector to create permanent graduate job.
 - A placement programme for growth companies which pays half the salary (up to £20,000).
 - Support through the Employability Fund for pre-employability training tailored to individual and local labour market need.
61. In Northern Ireland, the core programme to move people aged over 18 into work is the “Steps to Work” scheme ran by the DEL. This scheme is available to all irrespective of whether they claim benefits, but is mandatory for those claiming JSA, whose benefits are conditional on participation. The scheme is made up of three stages of interventions:
- Step 1 consists of an initial period of advice and guidance, lasting up to 16 weeks, delivered by advisers based in DEL’s Jobs and Benefits offices. During this stage, the participant receives support in their search for work and can also access confidence and motivation courses and other short training courses.
 - Step 2 offers a wide range of longer provision which includes work experience, essential skills training, qualifications, subsidised employment, and assistance with self-employment.
 - Step 3 provides a further 6 weeks of advice and support from the Department’s advisers, during which time participants may access provision not already accessed during the course of the scheme.
62. Additionally in Northern Ireland, young people aged 18-24 can access the First Start Scheme, which offers waged opportunities within the public, private or voluntary sectors. These jobs are:
- for a minimum of 30 hours per week;
 - over a period of at least 26 weeks; and
 - offer participants at least the minimum wage.
63. An additional service available in Northern Ireland is the Youth Employment Scheme (YES). This involves an individual skills assessment, with the advisers then being able to select from:
- Work Experience placements of between 3 and 8 weeks (6,500 available over the 3 year scheme);

Department for Work and Pensions—Further supplementary written evidence

- A Skills Development element involving sector-specific work experience with the opportunity to gain a work related qualification upskilling for up to 26 weeks(3,600 available over the 3 year Scheme); and
 - Full time Enhanced Employer Subsidy opportunities where the employer receives a subsidy of £5,750 (€6,843) per annum (2,500 opportunities over the 3 year Scheme).
64. Importantly, those on the training schemes under Steps to Work and YES receive an additional “training allowance” (£15.38 per week during the Work Experience placements and £45 per week while participating on Skills Development) as an incentive to participants.
65. In Northern Ireland, the “Pathways to Success” strategy sets out a range of interventions that are targeted towards the following groups of people:
- For those under 16 the focus is on work to prevent young people becoming NEETs.
 - For those aged 16-18 the focus is on measures to re-engage young people with education and training, most significantly through the Training for Success programme (TfS).
 - For those aged 18-24 who are job ready, but lack the experience needed to enable them to compete in the job market, most significant responsibility is borne by the DEL, supported by the “Steps to Work” programme.
66. As noted above, in Wales the Local Authority has the strategic lead for youth employment, implementing the YEPP. Effective tracking systems have been introduced which will support local areas in their role as focal points to evaluate whether the support they put in place for young people is working, to support them to make appropriate adjustments and to enable them to hold any providers to account for their performance.
67. The youth employment offer will be delivered and co-ordinated by the lead worker in Local Authorities in Wales, having conducted an assessment based on the 5 tier model to determine the level of support needed by the young person in question.

Axis 3: Supportive measures for labour market integration

68. The Recommendation covers the need to support young people to integrate into the labour market, through:
- Enhancing skills;
 - Promoting entrepreneurship and self employment; and
 - Labour market related measures.

Enhancing Skills

Department for Work and Pensions—Further supplementary written evidence

69. The Recommendation of 20 December 2012 on the validation of informal and non-formal learning, focussed on the need for Member States to provide a method of validating informal and non-formal learning.
70. In the UK, significant progress is being made in validating learning outside of the formal context through the expansion in the Apprenticeships programme. Planned Government funding in the 2013-14 financial year totals £1.566 billion. Of this, it is expected that £802 million will be available to fund 257,000 Apprenticeship places for 16-18 year olds.
71. Apprenticeship training for 16-18 year olds is fully funded by the Government to provide an incentive to employers to take on a younger person, and reflect their relative inexperience in the workplace.
72. The Apprenticeship Grant for Employers (AGE) has been available since February 2012 and offers payments of £1,000 to small firms employing a 16-24 year old Apprentice. It targets employers with less than 1000 employees, who are new to Apprenticeships or haven't enrolled a new recruit or existing employee on an Apprenticeship programme in the previous 12 months. Between February 2012 and July 2013, there were 38,000 Apprenticeship starts for which a payment was made through the AGE 16 to 24 schemes.
73. In April 2011, the Apprenticeships, Skills, Children and Learning Act introduced minimum standards for Apprenticeship frameworks, set out in the statutory Specification of Apprenticeship Standards for England (SASE). At Intermediate and Advanced Level, all Apprenticeship frameworks must include five elements:
- **competence-based qualification** - designed to demonstrate the ability to discharge the functions of a certain occupation, which is typically certified via a qualification assessed in the workplace;
 - **knowledge-based qualification** - provides the theoretical knowledge underpinning a job in a certain occupation and industry. The competence and knowledge elements may be combined within a single qualification;
 - **transferable skills** - English, Maths (and ICT where deemed necessary for the job role);
 - **Personal learning and thinking skills (PLTS)** – this includes independent enquiry, creative thinking, reflective learning, team working, self management and effective participation; and
 - **Employee rights and responsibilities (ERR)** - to ensure that apprentices fully understand their rights and responsibilities in the workplace.
74. These minimum standards for apprenticeships (set out in the Apprenticeships, Skills, Children and Learning Act 2011) require that training includes ICT training as a transferable skill where this is relevant to the job role.
75. The National Apprenticeship Service (NAS) provides all Jobcentres in England with apprenticeship vacancies on a weekly basis. Apprenticeship vacancies are also available

via the Apprentices website, which can be access directly from the Universal Jobmatch website.

76. From August 2013, new Traineeships are now available for young people aged 16-23. This is an education and training programme with work experience, focused on giving young people the skills and vital experience they need to help them compete for Apprenticeships or other jobs. Traineeships will last a maximum of six months and providers and employers will have the freedom to bring these elements together in the best way to engage and support individual trainees. The core content is:
 - work preparation training;
 - English and maths (for those without a GCSE grade A-C); and
 - a high quality work experience placement.
77. Over 500 training organisations have indicated they will deliver Traineeships in 2013/14 and we are expecting hundreds of employers to be offering work experience placements.
78. As outlined in paragraph 31, the Youth Contract for 16 and 17 year old pays providers to support disengaged young people back into education or training. The approach allows providers to design programmes responding to the specific needs of young people and is targeted at those young people who are NEET with low levels of attainment (1 or no GCSEs at A*-C), young people who are NEET and are in care/have recently left care (with 1 or more GCSEs at A*-C) or young offenders who are NEET and are released from custody or serving community sentences (with 1 or more GCSEs).
79. Everyone in England aged 19 and over is eligible for basic literacy and numeracy training fully funded by the Department for Business Innovation and Skills. In addition, those aged 19 to 23 are eligible for full funding for their first level 2 or level 3 qualification.
80. In England, skills provision for unemployed people is funded through the mainstream skills budget. This enables a flexible needs-led approach which allows training providers' greater freedom to tailor training to the needs of the local community and economy. In the academic year 2011/12, 459,100 out of work benefit claimants received training funded by the Skills Funding Agency in England.
81. Jobseeker's Allowance claimants are eligible for fully funded training to help them into work, provided this is accredited and on the Qualification and Credits Framework. To deliver this, the Department for Work and Pensions (DWP) engages with local employers and colleges to find new and innovative ways to support people back to work and ensure that the training provided matches local labour market needs.
82. Other DWP schemes such as Sector-Based Work Academies call upon local skills providers to create bespoke training courses, linked to local job vacancies, to support young people into employment in particular business sectors.

Department for Work and Pensions—Further supplementary written evidence

83. Local Jobcentre Plus offices also work with local employers to create work experience placements:
- entering into agreements with host businesses;
 - identifying and matching eligible claimants to work experience opportunities;
 - providing support to both the host business and the claimant during the placement; and
 - providing appropriate support post-work experience.
84. In Northern Ireland Employer Contact Managers assist Employment Service Advisers to identify work experience placements to meet the employability needs of individual clients. Also, the Managers market the Youth Employment Scheme to employers and when required identify placements to meet the employability needs of individual clients.
85. National Careers Service advisers are also present at least one day a week in the majority of Jobcentres in England, providing a joined-up service for claimants seeking to improve their employment prospects through new skills. Skills assessments, both by Jobcentre advisers and by the National Careers Service, are an important part of the wider skills offer available through Jobcentres.
86. The UK Government have reformed vocational qualifications (VQs) for 16-19 year olds, ensuring VQs will only be recognised in school/college performance tables if they meet new characteristics of quality and design, and are valued by employers, including introducing Tech Levels and Applied General Qualifications for 16-19. Exam boards will need to demonstrate their qualifications' quality by getting sign-up from trusted employers or higher education institutions.
87. In Scotland, the Scottish Government has maintained its commitment to deliver at least 25,000 new Modern Apprenticeships starts each year until 2014/15. In 2012-13 it exceeded this target and within this, 77 per cent of new starts were 16-24 (half were 16-19). The Scottish Modern Apprenticeship programme prioritises support for young people. Additionally to support this, there are various measures in place to incentivise employers to recruit Modern Apprentices, for example, over 2012-2015, the 2014 Legacy Employer Recruitment Incentive offers £1,500 (€ 1,785) to employers taking on a 16-19 year old Modern Apprenticeship in selected frameworks, linked to a sporting or cultural event. Also, a Targeted Employer Recruitment Incentive offers similar support to employers taking a young person who may be facing significant challenges into work (e.g. someone aged 16-24 with a disability, a care leaver or carer, or an ex-offender).
88. Additionally in 2013-14 the Youth Employment Scotland Fund (with support from ESF) will pay half the salary at the National Minimum Wage for the first six months of new youth jobs created. If the employer commits to offering that young employee a Modern Apprenticeship, they will also receive the relevant funding for training the young person.

Department for Work and Pensions—Further supplementary written evidence

89. For those young people who are not in employment in Scotland, the Employability Fund was introduced in 2013 to support activity that will help people to develop the skills needed to secure a job or progress to more advanced forms of training. SDS administers the Fund with services being developed and delivered at a local level to ensure they meet the specific needs of the individual and to compliment, rather than duplicate existed locally funded offers.
90. The SDS has introduced a Certificate of Work Readiness with the objective of helping 16-19 year olds prepare for employment. In order to achieve this certification, young people need to undertake 192 hours of work experience with an employer, for which a training allowance is paid.
91. The Welsh Government plans to develop new and improved qualifications which promote employability as part of a broad and balanced general education 14-16.
92. Through the ESF funded “Jobs Growth Wales” the Welsh Government is encouraging employers to change their recruitment practices and create real, additional job opportunities for young people. Early destination data looks promising, young people who complete the full six month opportunity have a high chance of achieving a positive progression.
93. The Welsh Government also plan to expand their Apprenticeships programme by providing 5,650 additional apprenticeship places of which 2,650 are Higher Level Apprenticeships of Level 4 and above.
94. In Northern Ireland the DEL offers a guarantee of a training place in its “Training for Success” programme for all unemployed 16-17 year olds who do not wish to remain in school or further education. All participants receive an entitlement of up to 104 weeks on the scheme which is provides training to:
 - Address personal and social development needs;
 - Develop occupational/employability skills; and
 - Develop essential skill in literacy, numeracy and IT.
95. Also in Northern Ireland, the ApprenticeshipNI programme, supported by the ESF, offers training and qualifications across a wide range of areas. The programme is demand-led with the number of apprenticeships determined by employers recruiting to meet their future business needs. In return the costs of training are 100% funded by the DEL for the 16-25 age group, and on completion the employer receives a one off payment of £1,500. As at 31 January 2013 there were 10,000 young people on the scheme.

Promoting entrepreneurship and self employment

96. Support to entrepreneurs is provided through the New Enterprise Allowance (NEA) available to claimants through Jobcentre Plus. This provides access to business mentoring and offers financial support to unemployed people who want to start their own business. It is available to people aged 18 and over who are claiming Jobseekers’ Allowance, lone parents on Income Support and ESA claimants who are in the Work Related Activity Group but haven’t yet been mandated to the Work Programme.

Department for Work and Pensions—Further supplementary written evidence

97. The national rollout of NEA was staggered and the scheme has been available across Great Britain since the end of August 2011. Performance data to the end of August 2013 shows that:
- 66,700 claimants have started working with a NEA business mentor.
 - 32,520 claimants have started claiming the NEA weekly allowance.
98. A similar Enterprise Allowance Scheme will be introduced in Northern Ireland in the summer of 2014. It will offer the same range of support as is available in Great Britain. The Northern Ireland Scheme will offer support for 52 weeks.
99. The Government is also supporting the launch of enterprise clubs, which provide unemployed people who are interested in self-employment with a place to meet and exchange skills, make contacts, share experiences, receive support and encourage each other to work through their business ideas.
100. An additional scheme to support entrepreneurship is the Start Up Loans scheme. This provides applicants with a mentor, access to resources (including free accounting software) and a loan. The maximum loan amount is dependent on the business case, with an average amount of £5,400 and a fixed interest rate of 6%. As at 20th February 2014, the Start Up Loan company had lent almost £70 million to 13,719 start ups.
101. The duty on schools to provide access to independent, impartial careers advice highlighted in paragraph 16 must include information on all post-16 options, including starting your own business.

Labour market-related measures

102. From April 2014, every business and charity will be entitled to a £2,000 Employment Allowance to reduce their employer National Insurance contributions bill each year. This allowance will reduce the costs of employment. Up to 1.25 million businesses will benefit, with around 450,000 of these taken out of paying employer National Insurance contributions altogether – one third of all employers. Businesses will be able to employ four adults full-time on the National Minimum Wage without paying any employer National Insurance contributions at all.
103. The Government has increased the threshold for employer National Insurance contributions by £21 a week above indexation in 2011-12. Given the compounding impact of indexation, the number of employees for whom employers pay no National Insurance contributions as a result will rise to 1.2m in 2015-16.
104. Neither of these measures are specifically targeted at young people, but are designed to support employment in general. However, from April 2015, the Government will abolish employer National Insurance contributions for under 21 year olds, targeting further support on young people.

105. The Youth Contract includes a wage incentive programme which was designed following extensive consultation with employers. The programme pays out a rate of up to £2,275 each to any employer who employs an 18-24 year old, who has been claiming benefits for at least 6 months prior to being employed. Between June 2012 and May 2013 there were 21,000 job starts through the wage incentive scheme.
106. In order to ensure that the employment is sustained, the money is paid only after the young person has been in employment for at least 26 weeks. This also helps to ensure the simplicity of the scheme, as it removes any possible need for the DWP to recover funds paid to businesses.
107. The Youth Contract also increased the number of work experience placements by 250,000 over the period April 2011-April 2014, ensuring that there is a work placement available for every 18-24 year old who wants one before they enter the Work Programme. This work experience is targeted particularly at those who want to work, but find their lack of experience a barrier to obtaining employment.
108. The Apprenticeship Grant to Employers was doubled in order to promote the hiring of apprentices. The Grant now provides payments of £1,500 per apprentice to support employers (with up to 1,000 employees) taking on a new apprentice aged 16-24.
109. The UK Government has also trialled day one support to young people which provides specifically targeted support to young people who have less than 6 months work history since leaving full time education. Relevant young people will be assigned to a provider from the start of their benefit claim and will be assigned to a work placement within one day. The provider will be expected to provide them with work search assistance over the course of the placement. The trial is now complete, and we are now analysing the results.
110. With respect to labour mobility, Jobcentre Plus engages closely with the private sector and maintains a large and up to date record of employment opportunities which can be viewed nationally through its Universal Jobmatch website.
111. As mentioned in paragraph 75, apprenticeship vacancy advertisements are available through Jobcentre Plus offices, and can also be viewed nationally through the Apprenticeships website.
112. Job Centre Plus may be able to provide help with travel costs in certain cases while claimants are attending job interviews in the United Kingdom through the Flexible Support Fund (FSF), which can be used at the discretion of Jobcentre Plus Work Coaches.
113. As highlighted in paragraphs 96 to 101, the UK has implemented a range of measures to support and encourage entrepreneurship, in particular the New Enterprise Allowance and Start Up loans.

114. In Scotland there are various measures to incentivise employers to recruit young people:

- The Modern Apprenticeship Programme which provides a contribution toward the cost of industry recognised training which prioritises support for young people.
- The 2014 Legacy and Targeted Employer Recruitment Incentive initiative offers £1,500 to employers taking on a 16-19 year old Modern Apprentice (as detailed at para 86).
- In 2013-14, the Youth Employment Scotland Fund (with support from the ESF) will pay small – medium sized businesses half the salary for the first six month of new youth jobs created. If the employer commits to offering that young employee a Modern Apprenticeship, they will also receive the relevant funding for training the young person.
- Community Jobs Scotland provides full salary costs to third sector employers who provide a six month training opportunity in work for 16-19 year olds⁵⁴.
- The Certificate of Work Readiness provided by Skills Development Scotland is available to 16-19 year olds and is achieved following 192 hours of work experience for which a training allowance is paid.
- For unemployed or underemployed graduates, the Scottish Government funds 3 month paid internships with employers.
- The Scottish Government also offers £1,500 (€1,785) to small businesses who create new graduate jobs. This is delivered by the Scottish Chamber of Commerce.

115. The Welsh Government has also put in place well designed employment incentives, most notably:

- an enhanced wage subsidy of £3,900 (€ 4,641) over 52 weeks for employers taking on young apprentices aged 16-24 through the Young Recruits Programme, this will also be expanded to include Higher Level Apprenticeships;
- a one off payment of £500 (€ 595) for small and micro businesses to cover the time and costs they said were a barrier to recruiting apprentices; and
- £3.4m (€ 4.0m) to support those who wish to complete their training through the medium of Welsh and a commitment to engage more people onto apprenticeships within the STEM sectors.

116. The Northern Irish Government incentive programmes include:

- A one off incentive payment of 1,500 (€1,785);
- All training as part of an apprenticeship fully funded for the 16-25 age group.

⁵⁴ This is also available for 20-24 year olds facing particular barriers e.g. ex-offender or has disability.

Department for Work and Pensions—Further supplementary written evidence

117. The Northern Ireland Youth Employment Scheme offers a subsidy of £5,000 (paid over 52 weeks) to employers offering full time permanent employment to an unemployed young person aged between 18 and 24 years. Eligible jobs must contain a training element to help young people develop their skills and gain a qualification while in employment. The employer can receive a training premium of up to £750 to assist with the cost of training the young person.

Axis 4 :Use of Union Funds

118. The Recommendation advocates the use of EU funding instruments to establish Youth Guarantees, where appropriate to national circumstances. The UK is making use of EU funds to support action to tackle youth unemployment.
119. The ESF complements the overall UK strategy to tackle youth unemployment. For the 2007-2013 ESF programme of £2.5bn (€ 3.0bn), £274m (€ 326m) was specifically targeted in the priority areas of young people who are not in education or employment (NEET), who are at risk of becoming NEET or who face multiple barriers to participation.
120. To support individuals in those categories ESF providers deliver individually tailored packages of education and support. In addition, the Skills Funding Agency, the National Offender Management Service and the Department for Work and Pensions all deliver employment focussed provision for NEETs or those with barriers to participation. As a part of this the DWP finances its wage incentive through ESF funding.
121. Since 2007, there have been 633,925 participants in ESF programmes who are young people NEET or at risk of becoming NEET, and 418,658 were in education, employment or training on leaving. Between November 2013 and July 2015, 33,549 young people will be supported, 90% of whom are expected to complete an individualised programme of support and 80% are expected to progress to a positive outcome.
122. In 2014-2020, the ESF will be part of the new European Growth Programme, along with the European Regional Development Fund and part of the Rural Development Fund.
123. The Government has given Local Enterprise Partnerships (LEPs) direct influence over most of this money. LEPs are working with local partners to develop investment strategies to use the funds to promote growth and jobs in their local areas, with ESF funds being used to fund employment, skills and social inclusion activities.
124. In Scotland, the Youth Employment Scotland Fund (YESF) helps small businesses and social enterprises with a threshold of 400 employees, create new youth jobs by offering financial incentives to take on up to 10,000 young people by September-December 2014. The £50 million YESF is made up of £15 million from the Scottish Government and £10 million European Social Fund, matched by £25 million worth of in-kind support from employers and local councils. Acknowledging that the majority of councils already had schemes in place to provide this type of support to employers,

and conscious of calls from business organisations for practical local responses, the recruitment incentives will be delivered by local authorities building on existing schemes.

125. These incentives are targeted at work-ready 16-24 year olds who have been unemployed for up to six months and have had difficulty in securing work. The funding covers half the salary costs for the first six months of the job which means that, from the start, employers are making their own financial investment in employing the young person. All jobs created will be additional to the existing workforce and should be offered on the basis that the job is sustainable. YESF is available for job starts from 1 April 2013 and will recruit up till 31 December 2014.
126. In addition, the Scottish Government has committed to use the €41m available to South West Scotland from the European Youth Initiative to implement elements of the European Youth Guarantee. This will include improving vocational pathways, interventions with individuals who do not have a positive destination in advance of Work Programme provision and increasing the range of training and employment opportunities available to young people.
127. The Welsh Government is to make full and optimal use of 2014-2020 to support its young people into sustainable employment and will continue to seek support for its highly successful Traineeship, Apprenticeship and Jobs Growth Wales programmes. In addition, it is implementing new projects to support the implementation of the new framework and Youth Guarantee including:
 - Provision that is currently available in Local Authorities is a competing mix of locally and nationally commissioned provision, this can be confusing and may not meet local need. The Welsh Government is asking Local Authorities to map all of the provision in their area, to identify if there is any duplication and what provision is necessary. The Welsh Government believes that Local Authorities should have a stronger say in the provision commissioned through national programmes, and Welsh Government will ensure ESF funded provision is better aligned with local needs.
 - The Welsh Government has identified opportunities in the development and implementation of the 2014-2020 programmes to align ESF investments with the principles of the framework. These include an early identification and tracking system to ensure a consistent approach to identifying those in need. This will also track investment outcomes and map local provision to monitor the added value and alignment of local needs to investments made.
 - The Welsh Government intends to work with a range of partner organisations including Careers Wales and other members of the 'careers family' to develop a strategic project for Employer Engagement and delivery of an enhanced Careers and World of Work programme by schools by March 2014 with a view to attracting ESF funding.
128. The Northern Ireland ESF programme (2007-13) aims to assist unemployed and economically inactive people by helping them to enter, remain and make progress in

sustained employment. It provides support for a broad range of individuals experiencing difficulties in the labour market including people with disabilities, lone parents and young people not in education, employment or training. One of the key targets is to assist 4,500 'NEET' 16-19 year olds over the duration of the programme. To support this, the Executive, using its own funding, has introduced a training allowance designed to encourage young people to participate in and progress within the ESF projects and on to higher level provision.

129. The Department for Employment and Learning (DEL) is currently consulting on the programme for 2014-2020 and this, reflecting EU policy, also has a focus on youth unemployment.
130. The UK Government has asked the LEPs which cover areas eligible for the Youth Employment Initiative (YEI) in England to propose in their strategies how the YEI and equivalent ESF money should be used to tackle youth unemployment in their areas alongside existing government provision. The Scottish Government is responsible for implementation of the YEI in Scotland.
131. All activities will target young people aged 15-24, resident in regions eligible for the YEI and they must be inactive or unemployed. In the UK, 5 regions are eligible for 90% of the £6bn (€ 7.1bn) funding under the YEI. These are Inner London, Merseyside, Tees Valley & Durham, West Midlands and South West Scotland.
132. LEP Strategies will build on and enhance existing provision for young adults, delivering additional value beyond the government programmes already in place. The activities below have been included in the Supplementary Guidance for LEPs:
 - Reducing the number of NEETs and those at risk of disengaging;
 - Additional literacy and numeracy provision for young people;
 - Additional and innovative approaches to support and motivate young people with no or few qualifications into training and the workplace;
 - Innovative programmes for marginalised groups to help bring them to and support them in learning;
 - Providing support to embed programmes for young NEETs; and
 - Brokering opportunities for young people and supporting local employers to take on young people who are NEET.

Axis 5: Assessment & Continuous Improvement of Schemes

133. The Recommendation notes the importance of monitoring, assessment and evaluation of implemented measures.
134. A key element of the UK's actions to address youth unemployment is the Youth Contract, as set out in paragraph 31. A comprehensive evaluation of the Youth Contract is underway, which includes commissioned research, analysis of the impacts,

Department for Work and Pensions—Further supplementary written evidence

and monitoring take up. The evaluation is ongoing, but current findings can be found at the links below:

- Findings from case study research with Jobcentre Plus staff in five districts-
<https://www.gov.uk/government/publications/the-youth-contract-findings-from-research-with-jobcentre-plus-staff-in-five-case-study-districts-rr-833>
- Early Evaluation of the Youth Contract Wage Incentive Scheme
<https://www.gov.uk/government/publications/early-evaluation-of-the-youth-contract-wage-incentive-scheme-rr828>
- Research into the employer perception of Sector Based Work Academies and work experience
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207534/rrep842.pdf
- Youth Contract wage incentive job starts –
<https://www.gov.uk/government/publications/youth-contract-wage-incentive-job-starts-management-information>
- Youth Contract wage incentive payments experimental statistics-
<https://www.gov.uk/government/publications/youth-contract-wage-incentive-payments-experimental-statistics>

135. Similarly, the Work Programme is also under continuous evaluation and improvement, through the collection and analysis of performance data and through the Building Best Practice Group. The latest results for the programme can be found at the link below:

- Work Programme statistics
<https://www.gov.uk/government/collections/work-programme-statistics--2>

136. The Department of Work & Pensions also has an extensive system of evaluation of its studies available at:

<https://www.gov.uk/government/collections/research-reports>

Further studies available include:

- An evaluation of the Work Programme’s commissioning model;
- Findings from the first phase of qualitative research on delivery of the Work Programme;
- A quantitative analysis of the New Enterprise Allowance;
- Evaluation of the European Social Fund Priority 1 and Priority 4 (Employment and NEET provisions);
- The Job Centre Plus Offer, findings from the first year of the evaluation.

137. In addition to the studies of the individual departments, the National Audit Office, independent auditor of UK public sector finances, issues regular studies on the Value for Money of government spending. One of the more recent reports focusing on the

Department for Work and Pensions—Further supplementary written evidence

Jobcentre Plus network concluded that it handled the economic downturn well and represents value for money.⁵⁵

138. The Department for Education is also taking action to monitor the effectiveness of educational establishments by using Destination Measures to help focus accountability on progression as well as achievement. Key Stage 4 and 5 Destination Measures show what proportion of a school or college's students progressed to further education and apprenticeships, in addition to the proportion of young people who become NEET.
139. The UK Government actively promotes mutual learning across the board in its design and evaluation of policy. There are a variety of differing examples of this across Government, but the culture is well embedded and a few representative examples of this are:
- The establishment of Young Ambassadors to promote outreach activities and share expertise amongst the Disabled Persons User Led Organisations who provide services to disabled clients in Jobcentre Plus.
 - The approach taken by the DfE while raising the legal age for compulsory participation included requesting 39 local authorities to feed back on learning points from their own locally led implementation pilots of the increase in the participation age. The resulting document which was shared with the Local Authorities included 5 case studies relevant to early intervention and 26 case studies relating to Employer Engagement in the context of apprenticeships.
 - At a regional level, organisations such as "London Councils" and the devolved governments in Scotland and Wales actively share good practice within their regions.
140. The Jobcentre Plus offer was reformed shortly after the Government took office in 2011, with increased responsibility being shifted to Jobcentre Plus managers and advisers in delivering service. An evaluation of this move found that "the implementation of the Jobcentre Plus Offer has been successful. There has been a clear move away from a nationally determined structure to more locally-determined processes focused on getting claimants back in to work"⁵⁶
141. The capacity of the Work Programme providers is also being increased through:
- The establishment of the Work Programme Building Best Practice Group, as described in paragraph 22;
 - Active contract management to increase the market share of the more effective providers (and reduce the number of referrals to those less effective in securing outcomes).
142. In addition to the timely evaluation of all large and ESF funded programmes the Welsh Government is committed to continually monitor the effectiveness and efficiency of all

⁵⁵ <http://www.nao.org.uk/report/responding-to-change-in-jobcentres/>

⁵⁶ <https://www.gov.uk/government/publications/the-jobcentre-plus-offer-findings-from-the-first-year-of-the-evaluation-rr814>

its programmes to identify and take action to make improvements. Specific actions to evaluate and improve the delivery of the new framework and Youth Guarantee programmes include:

- The Welsh Government intends to hold local authorities and providers to account for the implementation of the framework, as they are best placed to provide the strategic and operational leadership for implementation. The Welsh Government also intends to strengthen scrutiny for improving engagement and progression at a local level.
- The Welsh Government will establish a formal process for discussing Local Authority progress in implementing the Youth Engagement and Progression Framework and the Youth Guarantee on a bi-annual basis.
- The Welsh Government plans to publish comparable performance data by local authority for 16, 17 and 18 year old destinations. Careers Wales’s currently publishes data in the form of a Destinations of School Leavers Survey each year and is working with the Welsh Government and the FE and WBL sectors so that destination data will in future include outcomes for 16, 17 and 18 year olds for all providers and will serve as the main accountability measure for local authority performance.
- The Welsh Government will hold schools to account by developing post-16 Destination Measures, and are committed to implementing measures to strengthen the accountability of schools for the destination of their students.
- The Welsh Government will develop a National Outcomes Framework to demonstrate the impact and outcomes of youth work. This will include demonstrating the impact of youth work activity on reducing the number of young people not in education, training or employment.

Axis 6: Implementation

143. The UK has implemented and continues to implement a comprehensive range of measures to address youth unemployment, as set out in the strategy in the first chapter in this report.

144. The table below sets out some of the measures the UK is already implementing, together with the latest available information on numbers of interventions made:

Implementation date	Measure	Interventions
Additional 250,000 places from April 2012	Work experience	113,000 placement starts between January 2011 and May 2013
April 2012	Wage incentives	21,000 job starts
Ongoing reform	Apprenticeships (under 25s)	165,000 starts, 295,000 participants in 2012/13 academic year
August 2011	New Enterprise Allowance	66,700 people started working with a business

Department for Work and Pensions—Further supplementary written evidence

		mentor; 32,520 people have started claiming the weekly allowance up to the end of August 2013
May 2012	Start Up Loans	Almost £70 million lent to 13,719 new businesses as at 20 th February 2014
June 2011	Work Programme (18-24s)	256,000 referrals, 50,000 job outcome payments to September 2013
September 2012	Youth Contract for 16 and 17 year old (to support disengaged young people).	September 2012 to the end of September 2013, 11,920 enrolments, 4,114 re-engagements into education, training or employment with training, 489 sustained in the re-engagement outcome for 5 out of 6 months.

145. The Scottish Government introduced Opportunities for All in April 2012. This is a guarantee of education or training for all 16-19 year olds who are not in employment, education or training. Significant action has been taken over the past two years to fulfil this commitment to 16 to 19 year olds, and extend it to 20-24 year olds where possible. This includes:

- A new Employability Fund which focuses on training opportunities for developing skills for work or to progress to more advanced forms of training. SDS administers the Fund with services being developed and delivered at a local level to ensure they meet the specific needs of the individual and to compliment, rather than duplicate existing locally funded offers. The Employability Fund is targeted at individuals furthest from the labour market.
- Community Jobs Scotland (CJS) which offers a minimum six-month, paid, work-based training opportunities for 16 to 19 year olds. In its first and second phases, around 60 per cent of participants achieved a positive outcome, the majority from both phases moving onto employment. To date, over 4,000 young people have benefited from a CJS placement and up to 1,200 more will reap the benefits this year.
- Support for young people with disabilities by extending eligibility for CJS places for 20 to 24 year olds who face additional barriers to employment or have physical or learning disabilities. And funding has been allocated for a targeted employer recruitment incentive to encourage employers to create jobs for these young people. Pilots this year will also target support towards young care leavers and ex-offenders.

- Research from the business community last year showed that many small and micro businesses had the desire and potential to support unemployed young people, if they had access to the right support. With financial support from the Scottish Government and the ESF, small enterprises in the third sector and organisations with a threshold of 400 employees in the private sector and third sectors can get half the salary for the first six months of creating a new job for an unemployed young person..
 - The Scottish Government’s expansion of Modern Apprenticeship places has achieved over 25,000 new starts in each of the past two years, and an increasing proportion of these are taken up by young people. 77 per cent of new starts last year were 16 to 24 year olds; indeed half were 19 or younger.
 - As part of the reform of the college sector in Scotland, full-time courses have been prioritised for 16-24 year olds, and this year 70% of college provision is targeted at 16 to 24 year olds.
 - Higher education continues to be free and student support has been enhanced. A range of measures are being supported to help over a thousand unemployed and underemployed graduates. These include high quality work experience through paid internships and recruitment incentives to encourage small companies to create permanent graduate jobs. Over seventy per cent of graduates supported by these schemes secure sustained employment.
146. Starting in September 2014, the Welsh Government will offer a Youth Guarantee to be implemented by Local Authorities across Wales. This will play an important part in the delivery of the Youth Engagement and Progression Framework by implementing more effective and systematic approaches to supporting young people through the key transition from compulsory education into further learning or employment. It will identify those young people who need support, and make sure they get the help they need to get them back on track. Further guidance also sets out the component elements of a system, proven to be effective at increasing youth engagement and progression. Specific actions planned include:
- The introduction of the Youth Guarantee as a first offer, acceptance and commencement of a place on a full or part time course in school, college or a Traineeship or apprenticeship place on leaving compulsory education.
 - Consideration of an extended second offer for those who that require further support early on in their learning programme.
 - The introduction of a 16-18 tracking system (centred around the Careers Wales IO database) to ensure all young people are re-engaged in education or training.
147. The Welsh Government is working in partnership with Careers Wales and other partners to develop a Local Area Prospectus and Common Application Process that will support the implementation of the new Youth Guarantee by enabling schools, Careers Wales and other support services to target any groups of young people judged to be at risk of not making a successful transition.

148. The Pathways to Success strategy, agreed by the Northern Ireland Executive in 2012 is its strategy to tackle the issue of young people not in education, employment or training (NEET). This includes:

- The ApprenticeshipsNI programme, supported by the European Social Fund, offers training and qualifications across a diverse range. As at 31 January 2013 there were some 10,000 young people on the scheme. Annual expenditure amounts to some £25m. A major review of apprenticeships is currently underway and is due to report later in 2013, with a view to enhanced apprenticeships forming a major plank of the 2014-20 Northern Ireland ESF programme.
- The Department for Employment and Learning (DEL) offers a guarantee of a training place through its Training for Success (TfS) programme for all unemployed 16-17 year old school leavers who do not wish to remain in, or are not able to benefit from, mainstream education or further education. This guarantee is extended for young people with a disability or from an in-care background up to the ages of 22 and 24 respectively. Features of TfS include:
 - The Collaboration and Innovation Fund, under which 18 organisations from the community, voluntary and educational sectors have been engaged to support 5,500 young people aged between 16-24 years by March 2015. Interventions include mentoring, vocational qualifications, personal development, motivational and life skills and employability skills.
 - The Local Employment Intermediary Service (LEMIS) which is a community employment initiative designed to help the 'hardest to reach'. With a renewed emphasis on 16-17 year olds in particular, the community organisations involved offer personal flexible advice and mentoring services to clients including individual action plans, motivation and life skills, job search and personal development. The LEMIS providers are currently engaged with 600-700 young people per year.
 - A Learner Access and Engagement (LAE) programme focused on young people who are NEET (also known as the Community Based Access Programme) has been launched in September 2013. It aims to provide support to learners, aged 16 to 18, who are not currently in employment, education, nor training, and who hold no more than one qualification at level 2 or above, to acquire learner support to enable them to progress from entry level/level 1 to level 2 essential skills provision or into mainstream FE or other government-funded training programmes. As such it provides a new pathway for disengaged or disaffected young people back into mainstream further education and training.
 - The Collaboration and Innovation Fund projects and LEMIS activity are underpinned by financial incentives for participants in the form of non means-tested training allowances, on the same basis as those for participants on ESF programmes, of £10-£25 per week depending on the hours attended.
- In direct response to the economic downturn, DEL introduced the **First Start Scheme** in 2012 as a further component of Steps to Work. The Scheme is funded by the Executive's Jobs and Economy Initiative and offers waged opportunities

within the private, public or third sectors for young people aged 18-24 years. First Start jobs are for a minimum of 30 hours per week, provide employment for a minimum of 26 weeks and offer at least the minimum wage of £120-£155 per week depending on the age of the participant.

- Steps 2 Success (NI) will replace Steps to Work in June 2014. Steps 2 Success (S2S) will be an outcome focused programme aimed at helping eligible benefit recipients to find and sustain work, thereby supporting the needs of employers and the economy. The new programme will remove the previous highly prescribed nature of existing employment programmes and allow greater flexibility for providers and clients to do what works to help the client secure employment. The number of hours and days spent undertaking work related activity will vary according to the needs of each client.
- The Youth Employment Scheme was introduced in 2012 under the Executive's Jobs and Economy Initiative. It is specifically designed for young people aged 18-24 years who are unemployed to help them gain experience, acquire new skills and find employment. YES involves individual skills assessment, work experience placements of 3-8 weeks, a skills development element involving sector-specific work experience over a period of 26 weeks months in which individuals can secure qualifications and full time enhanced employer subsidy of £5000 during the first 52 weeks of employment. A premium of up to £750 is also available to assist with the cost of training. YES will offer 2,500 short work experience opportunities, 1,400 skills development opportunities and 1,000 employer subsidies in 2013/14. These figures will rise to 3,000, 1,800 and 1,200 in 2014/15.
- The public sector is also actively encouraged to become involved in the Youth Employment Scheme by offering placements to unemployed young people to enable them to gain the necessary employability skills to compete in the labour market.

Conclusion

149. Although the UK has not chosen to implement a four month Youth Guarantee, we strongly support the Guarantee's aim – to reduce youth unemployment – and agree with the broad approach set out in the Recommendation's text.
150. This report sets out the UK's approach to tackling youth unemployment, demonstrating how this fits with the spirit of the Recommendation.
151. We look forward to continued sharing of good practice with other Member States through the Open Method of Coordination in this policy field.

21 February 2014

Employment Pathways—Written evidence

Submission to the The EU Internal Market, Infrastructure and Employment Sub-Committee of the House of Lords

Questions

- 1. Do you think that the EU should be providing funding to Member States to tackle youth unemployment? Does EU action respect Member States' powers in the area of social and employment affairs?**

Response:

The social implications of youth unemployment represent a pan-EU challenge that does not respect borders, as evidenced by the recruiting of young people from Spain and the UK to work in Germany as apprentices. The political implications are demonstrated by the rise of neo-Nazi organisations in Greece, for example, where young people are recruited into militias. It is therefore incumbent on the EU to provide focused funding which targets specific challenges, with local focuses on where the social/political risks are demonstrably highest. This should be channelled through local delivery agencies which mean that the existence of such funding must be far better advertised than currently. A recent project targeting East Kent youth unemployment was spectacularly under-promoted with many agencies precluded from bidding because they were unaware of the funding opportunity thanks to the inefficiency of the Cabinet Office which was responsible for disseminating the information.

- 2. How do you think that the EU can best 'add value' to Member States' efforts to tackle unemployment?**

Response:

The very existence of EU support needs to be far better promoted. In Wales, the existence and value of ESF Funding is widely known, and has supported a far better response to youth unemployment through apprenticeships and traineeships than in England, as Mr.Vaughn's submission shows. Additionally, EU Funding can be a useful lever to disseminate good practice, especially where states are reluctant to admit that others do it better. There is much good practice in states as different as Wales and Germany that others, especially England, are reluctant to learn from.

- 3. Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as being not in education, employment or training ('NEETs'), support for newly qualified graduates looking for work, and general career guidance?**

There are both commonalities and differences that are to be found in all unemployment situations.

Employment Pathways—Written evidence

Common links are particularly found around issues of employability/fitness for the workplace. The employability deficit is found in both NEETs, graduates and long term unemployed. The differences are to be found in access to opportunities, recruitment barriers, skills acquisition etc, Further complications in England result from the differences (ideological, structural and administrative) that flow from three departments of state with varying degrees of responsibility for the 16-24 agenda. For example, the apparent denial of Job Seekers Allowance by the DWP to young people undertaking work experience as part of their traineeship programme – a BIS initiative. Multiple initiatives to deal with unemployment overlap, conflict and confuse delivery agencies.

This presents a huge challenge to EU Funding, hence the recommendation above that EU Funding should target local issues through local agencies,

4. Are the EU's accounting, monitoring and evaluation procedures sufficient to be able to determine whether EU funded projects to tackle youth unemployment have been successful or not? Are there ways in which they could be improved?

Response:

As with all evaluative procedures, the tendency is to measure that which is easily measured rather than which matters. The EU needs robust criteria that can evaluate both hard and soft outcomes, and these have to be clearly agreed. For example, simply taking someone out of work into employment whilst invaluable needs to be monitored for longer-term persistence in work as well. Was this outcome a result of simple job matching with no input in terms of additional skills or employability training, or was it a result of such training being provided? Clearly the latter approach is better in the long term. Do cash incentives make a real difference?

5. How do you think the funds allocated through the Youth Employment Initiative (YEI) and the European Social Fund (ESF) could best be spent?

The best value for money would be in transforming the skills and employability basis within secondary education, thus attacking the root problem of much youth unemployment. Schools do not prepare young people for the world of work. Schools fail in this regard, and lack of funding is only part of this. Numerous surveys in the UK confirm this reluctance of employers to hire young people.

When such an intervention has taken place, the results are remarkable. Barclays Bank PLC took on 1000 young people last year into their apprenticeship programme without regard to their qualifications or prior experience. With an employability support programme delivered by their training partner, Elmfield Training, Barclays achieved an 85% success record with a cohort that previously would not have made it to the first stage of the recruitment process. I would strongly advise inviting Mike Thompson, who runs this programme for Barclays to give evidence. (email: mike.thompson@barclays.com)

I would strongly advocate the direction of funding at this challenge.

Employment Pathways—Written evidence

- 6. Do you feel that young people (aged 15-24), youth groups and their representatives are involved and consulted to a satisfactory degree in the decisions being made around EU funding for youth unemployment projects, and how they are administered?**

They know nothing about such funding, as I discovered in Kent recently. As I stated earlier, if many agencies are unaware of such funding, how can young people be expected to be aware? A major challenge here!

- 7. Should the EU and Member States take into account the positive and negative socio-economic impacts of youth migration due to unemployment when designing measures to tackle youth unemployment? How might any negative consequences be mitigated?**

My comments above touch on the risk/challenge of youth migration. I believe this has been neglected, certainly in the UK, when we focus far more on migration from Eastern Europe for example.

- 8. How can the EU and Member States embrace new technologies and new methods of working to combat youth unemployment?**

Deploy the technologies that young people use, and ensure that all young people have access to such technologies.

About Employment Pathways

Employment Pathways is a campaigning organisation working with employers, educators, training providers and policy makers to make sure that talent is given a chance in the workplace.

- We work with any organisation or business that is prepared to give a young person that first opportunity or provides support and guidance onto a career pathway
- We work with policy makers to make sure that where policy and practice meets, positive outcomes for young people are the result
- We work with educators to ensure that employability and career skills are embedded within and across the curriculum
- We work with providers to ensure that work-based learning is valued, celebrated and effective

We have provided evidence to the House of Commons Select Committees on Education, Business Innovation and Skills as well as meeting regularly with policy makers from all parties.

21 October 2013

Enterprise M3—Written evidence

1. What have been the responses to the issue locally, and how well do locally designated actions, work alongside national programmes?

We have included Youth Unemployment within our ESIF Strategy. The implementation stage of this is to review current youth programmes that partners are delivering and the duration of these, mapping out key activities and assessing the success of these activities. Identifying gaps and duplications to ensure our ESIF funding is adding additionality to the customer group. This will achieve our priorities and ensure Youth Unemployment is significantly reduced. As a relatively prosperous area, we have the potential to create more opportunities to support the surrounding areas as well and this approach will support the national objective.

2. In relation to the management of the EU funds for tackling youth unemployment in the UK, do you feel that the right balance is being struck between decisions taken at a local level, and those taken at a national level?

Decisions need to be local taking into account all priorities and drivers and ensuring links are made. EM3 will have an appropriate local approach that is relevant to our youth unemployment needs. We are also working with other LEPs across our regional area to support national objectives.

3. How do European funds, such as the European Social Fund (ESF), add something different for the new Youth Employment Initiative programme (with overall design led by LEP's in the UK, and moor co-ordination between ESFG and ERDF) will work to help young people in your area?

We are not eligible for separate ESF YEI funding however as this is a national focus our ESF funding should reflect our youth unemployment need, so when the strategies are assessed the Managing Authority will understand that although youth unemployment is not as big an issue for our area, our funding and focus will reflect the need and support surrounding areas. It is essential that ESF and ERDF are not working in isolation as there are clear links and opportunities of the cross cutting themes.

4. We are interested in the extent to which young people themselves contribute to ideas as to how they might be helped or are consulted about what might be effective. What sort of steps do you take, or are you aware of, to involve young people and with what results?

We continue to work closely with our partners who include Training Providers/FE/HE/Employers/LAs/JCP/SFA/Third Sector to name but a few and we are already discussing with them ideas on engagement, results and input.

Enterprise M3—Written evidence

5. How important do you see sharing of good practice across the UK and the EU as being and, to your knowledge, do local policy makers learn from the success stories in other parts of the UK, or in other countries?

We are one of 6 LEPs, broadly within the Greater Thames Valley area (the GTV6) who are working collaboratively, sharing ideas, successes and efficiencies. We will work together to deliver and celebrative, not just the direct quantitative outputs, but also the success stories behind the numbers to recognise the achievement and inspire others.

14 February 2014

Eurofound—Written evidence

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75, to contribute to the planning and design of better living and working conditions in Europe.

While several matters are addressed, this written evidence replies in particular to:

Question 1: *'Do you think that the EU should be providing funding to Member States to tackle youth unemployment? Does EU action respect Member States' powers in the area of social and employment affairs?'*

Question 2: *'How do you think that the EU can best 'add value' to Member States' efforts to tackle unemployment?'*

Question 3: *'Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as being not in education, employment or training ('NEETs'), support for newly qualified graduates looking for work, and general career guidance?'*

1. Setting the scene

Young people have been hit very hard by the economic crisis. According to Eurostat⁵⁷, the youth unemployment rate in the EU28 was 24.1% in September 2013. The rate is higher than 30% in six countries including Greece and Spain, which report levels close to 60% of their economically active young population.

The highest youth unemployment rates on record have been reported by 19 Member States during the current economic crisis. Among them in seven countries this highest level on record was recorded in 2013: Italy, Spain, Greece, France, Slovenia, Cyprus and even Luxembourg, where youth unemployment was practically unheard of before the crisis.

The youth unemployment rate in the UK was 21.3% in May 2013. This is -0.8% lower than the historically highest level of 22.1% recorded in September 2011, but still 7.7% higher than the level recorded in May 2008, the pre-crisis scenario.

In Europe in 2012, 14.6 million young people aged 30 and below were not in employment, education or training (NEETs). Eurofound estimates that the cost in financial terms of 14 million NEETs to European economies was £129 billion in 2011.⁵⁸ This amount increased to £136 billion in 2012. In the UK, NEETs were recorded to have cost the economy an estimated £18.3 billion in 2011 and £18.7 billion in 2012.

⁵⁷ Eurostat – European Union Labour Force survey estimation as at September 2013.

⁵⁸ Eurofound (2012), *NEETs- Young people not in employment, education or training: Characteristics, costs and policy challenges*, Dublin, available at <http://www.eurofound.europa.eu/publications/htmlfiles/ef1254.htm>.

European societies' failure to reintegrate these young people into the labour market represents an enormous loss of talent now and into the future.

2. Policies for tackling youth unemployment

Fostered by increasingly high youth unemployment rates and the economic and social consequences associated with youth unemployment and being NEET, there is a renewed sense of urgency to develop and implement policies to bring young people (back) into employment, education or training across Europe.

The policies implemented by Member States to ensure greater participation of young people in education and employment involve a wide range of different initiatives. These policies often intervene at different points along a process that can be described as a 'pathway to employment', which involves young people's transition from formal education into the labour market.⁵⁹

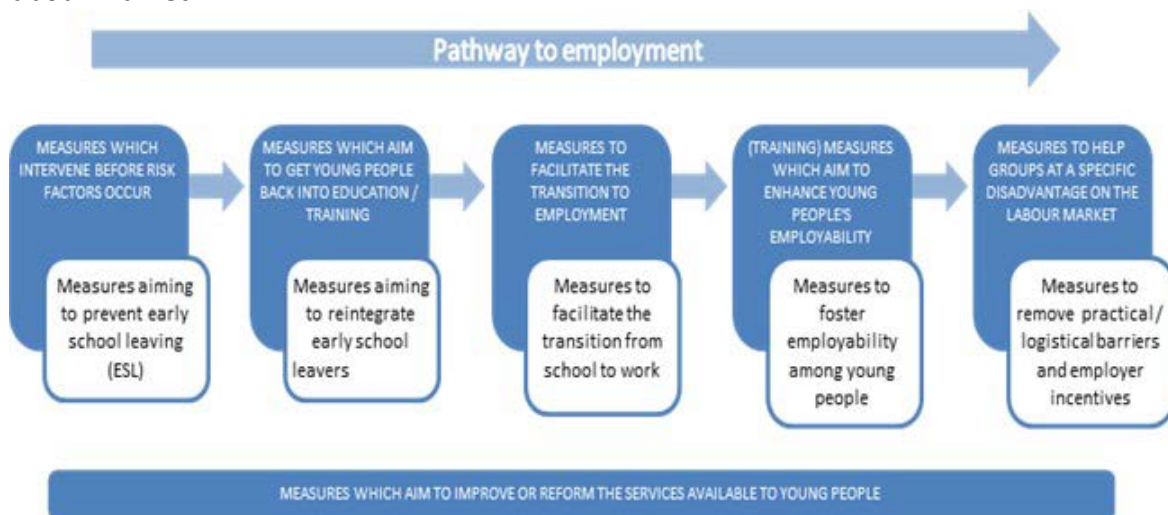


Figure 1: Pathway to employment (Source: Eurofound 2012).

For many young people this pathway from education to employment is not a straightforward one and those who are currently NEETs have diverged from it somewhere along the way. Policies tackling the NEETs problem are therefore either preventative interventions that keep young people from leaving this pathway or tackle the issue of bringing young people 'back on track' in order to re-join the pathway, develop their skills and participate actively in society.

As is illustrated in Figure 1, some youth employment policies seek to intervene in the early stages of the pathway with the goal of tackling the risk factors linked to potential disengagement from education and training as young people with no or low-level qualifications have a higher chance of experiencing unemployment than their skilled peers.

⁵⁹ Eurofound (2012), *NEETs- Young people not in employment, education or training: Characteristics, costs and policy challenges*, Dublin, available at <http://www.eurofound.europa.eu/publications/htmlfiles/ef1254.htm>.

Eurofound—Written evidence

Other policies intervene at later employment-related stages of the young person's pathway to employment.

More specifically, these policies can be grouped into five broad categories, which may partially overlap. Measures to prevent early school leaving recognise that there are 'supports' that can be provided within the school environment, at home or through holistic means that can improve students' chances of staying in education or training. Measures to reintegrate early school leavers seek to provide timely support for those who have just decided to drop out by encouraging and enabling them to continue their studies or to find other, more suitable training alternatives. School-to-work transition policies intervene at a slightly later stage of the pathway as their primary goal is to ease young people's transition 'from learning to earning' and thereby ensure that public investment in education and training is maximised. Finally, measures to foster employability and measures to remove practical and logistical barriers to employment are policy interventions that intervene closer to the labour market entry point, with the former seeking to address gaps in transversal and/or job-specific skills and competences (as well as other labour market abilities and aptitudes) and the latter aiming to address specific barriers faced by young people from vulnerable backgrounds in particular.

3. The role of the EU in employment policies

The responsibility for policies in employment, social affairs and inclusion is shared between the EU and its Member States. This is regulated by the treaties establishing the European Union which define the role of the EU in the field of employment. This role is limited and restricted to coordinating and monitoring national policies jointly with suggesting and promoting the use of best practices in areas like employment, poverty and social exclusion. This is complemented in particular case by the provision of additional funding for the implementation of some initiatives and projects related to employment.

Taking this framework into account, and with the aim of having an immediate impact on youth unemployment, in 2013 the European Commission promoted a number of practical measures and initiatives acknowledging the heterogeneity of youth. The most recent of these was the Youth Employment Package published in December 2012 and the proposal in March 2013 for a €6 billion funding package for the Youth Employment Initiative. Against this background, a newly published communication⁶⁰ highlights steps to be taken without delay to get young people back into work, education or training:

- the implementation of the EU Youth Guarantee through the European Social Fund;
- support of intra-EU mobility with the European Jobs Mobility Portal (EURES);
- action to ease school-to-work transitions by boosting the supply of high quality apprenticeships and traineeships;
- support of job creation, especially by SMEs to incentivise the hiring of young people;
- an acceleration of reforms to deliver a genuine EU labour market in the longer run.

⁶⁰ European Commission (2013) *Working together for Europe's young people. A call to action on youth employment*, Brussels, available at <http://ec.europa.eu/social/BlobServlet?docId=10298&langId=en>.

Eurofound—Written evidence

The heterogeneity of the youth population and its different needs are specifically addressed by the proposal on the Youth Guarantee.

As part of the Youth Employment Package presented in December 2012, the Commission called on Member States to implement a Youth Guarantee in order to ensure that all young Europeans receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of leaving school or becoming unemployed.

4. The Youth Guarantee

The concept of a youth guarantee⁶¹ is not new and acknowledges the heterogeneity found among young people. In order to reintegrate this group into the labour market, the different subgroups, ranging from early school leavers to newly qualified graduates, need a tailored intervention suited to their characteristics and specific needs.

As pioneers in the activation approach to labour market policies, the Nordic countries have attempted to implement youth guarantee schemes for many years. In 1984, Sweden introduced the first genuine youth guarantee, followed by Norway in 1993 and Denmark and Finland in 1996. As some difficulties were encountered in the implementation of these schemes and in maintaining them through the recession of the early 1990s, these measures have been periodically revised during the last decade. A new job guarantee scheme for young people was introduced in Sweden in 2007 while the current Finnish youth guarantee scheme was introduced in 2005 and revised in 2010 and 2013.

The Finnish youth guarantee is based on a two-step approach. Firstly, a jobseeker registered with the public employment service (PES) receives a tailored service where a needs assessment is carried out and a personal development plan is devised. Secondly, there is the guarantee: the intervention judged likely to be most effective for the jobseeker on the basis of their development plan. This can be an offer of a job, a place in education, an apprenticeship, or a traineeship for those who haven't been able to find one.

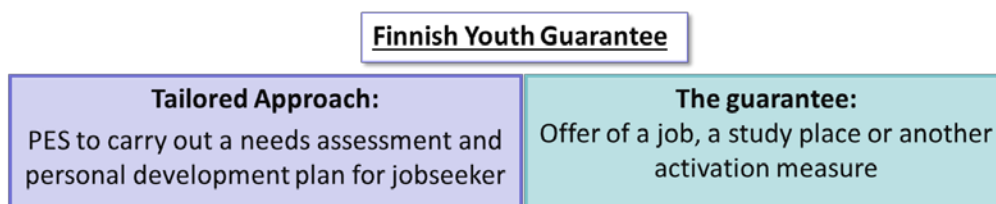


Figure 2: The two-step approach of the Finnish Youth Guarantee (Source: Eurofound 2012^{62,63})

⁶¹ Eurofound (2012) *Youth Guarantee: Experiences from Finland and Sweden*, Dublin, available at <http://www.eurofound.europa.eu/publications/htmlfiles/ef1242.htm>.

⁶² Eurofound (2012), Recent policy developments related to those not in employment, education and training (NEETs), (<http://www.eurofound.europa.eu/docs/erm/tn1109042s/tn1109042s.pdf>).

⁶³ Eurofound (2012), E Effectiveness of policy measures to increase the employment participation of young people . <http://www.eurofound.europa.eu/publications/htmlfiles/ef1260.htm>.

Eurofound—Written evidence

In 2010, the intervention was successfully delivered to more than 80% of the programme's participants. All young people aged 24 or below and all newly qualified graduates aged 29 or below are eligible to apply to the newly reformed Finnish youth guarantee.

The main strengths of this youth guarantee are that it:

1. acknowledges the diversity among young people by providing tailored services to them in the form of personalised development plans. This tailored advice and guidance helps young people to take more informed decisions about their future and is essential to ensure the effectiveness of the youth guarantee by addressing the different needs of the various subgroups. The guarantee (the activation intervention) is chosen and delivered on the basis of the results of the personalised development plan.
2. encourages immediate action against youth unemployment and intervenes before disengagement sets in and thus prevents long-term unemployment. This explains why Finland is the country with the lowest rate of long-term unemployment among young people.
3. ensures that young people are not left alone: the youth guarantee can help rebuild young people's trust in institutions, as is evidenced by the elevated level of trust in institutions among the participants of the Finnish youth guarantee.

5. The implementation of the Youth Guarantee at EU level

Discussion about a European youth guarantee started in 2005 when the European Council agreed that every young unemployed person should be offered a new start within six months of unemployment. In 2008, the Council reduced the time period to 'no more than four months' for young people leaving school. The implementation of a youth guarantee has, however, been very limited despite several calls for its promotion from the European Council, the European Parliament, the European Commission and the European Youth Forum.

In order to help and support young people to enter the labour market, and following the European Commission's youth unemployment proposal of 5 December 2012, the Council of the European Union issued a recommendation on establishing the Youth Guarantee on 22 April 2013.⁶⁴ The priority is now to implement the Youth Guarantee, which will require sustained national-level investment. The recommendation of 22 April develops six axes for the implementation of the Youth Guarantee at the national level (Figure 3): building up partnership-based approaches; early intervention and activation; supportive measures enabling labour market integration; use of EU funds; assessment and continuous improvement of the scheme; and its swift implementation. As such, they address the heterogeneity of the different subgroups of young people by considering their different needs, aiming in particular to prevent early school leaving, as well as enhancing employability overall, including for third-level graduates.

⁶⁴ The Council of the European Union (2013), Council recommendation of 22 April 2013 on establishing a Youth Guarantee (2013/C 120/01), Luxembourg, available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:120:0001:0006:EN:PDF>.

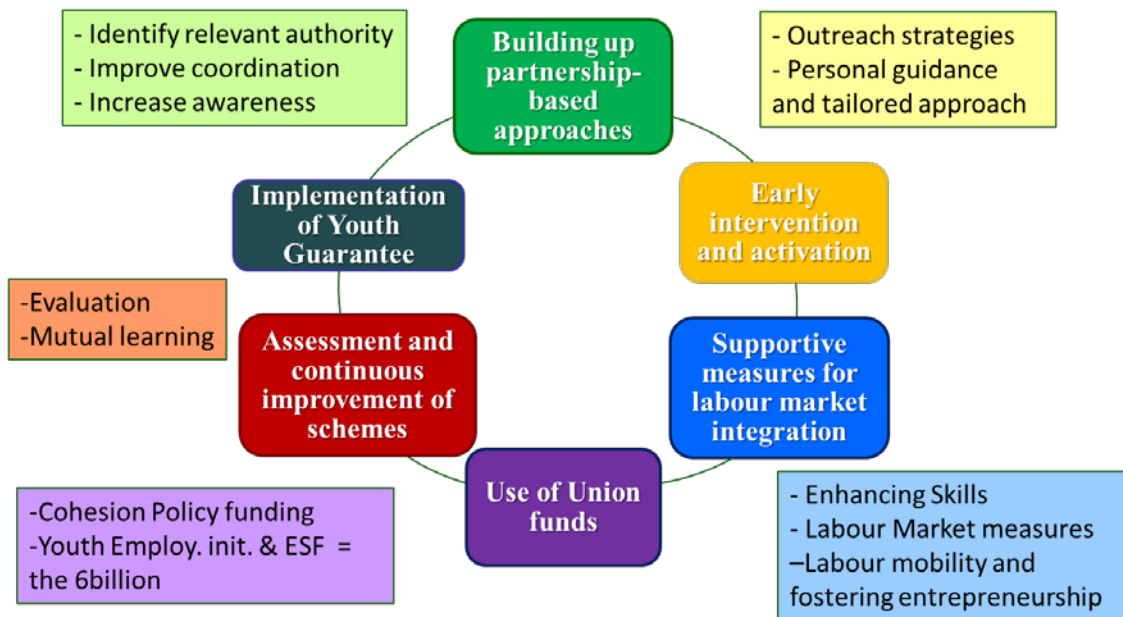


Figure 3: Eurofound graphical elaboration of 6 axes for the implementation of youth guarantee as in the Council recommendation (2013)

In order to monitor and support Member States in their implementation of the Youth Guarantee, the European Commission has called on the Council to adopt the proposed Country Specific Recommendations on the Youth Guarantee and on Member States to quickly implement these recommendations.

Moreover, the European Commission will provide practical support to Member States in the implementation of the Youth Guarantee and will organise mutual learning events where good practices and experiences can be exchanged. Member States with regions experiencing youth unemployment rates above 25% are also invited to submit a Youth Guarantee implementation plan by Autumn 2013. These plans should set out how the Youth Guarantee will be implemented at national level, the role of public authorities, funding, evaluation system and timetable. Other Member States are encouraged to submit similar plans by spring 2014.

6. The challenges of the implementation of the Youth Guarantee.

Together with the Council Recommendation, general literature identifies the following key factors and lessons learnt in the Nordic models that ensure the effectiveness and successes of youth guarantee schemes.⁶⁵

Tailored support: Young people, as new entrants into the labour market, are different from other workers and the PES should provide personalised and tailored services for them.

Partnerships: Successfully delivering youth guarantees requires the mobilisation of numerous actors (such as the PES and youth organisations) and resources towards a common goal.

⁶⁵ Eurofound (2012), *Effectiveness of policy measures to increase the employment participation of young people*, Dublin, available at <http://www.eurofound.europa.eu/publications/htmlfiles/ef1260.htm>.

Eurofound—Written evidence

Engaging with social partners: The involvement of social partners is key for understanding and developing the skills needed in the labour market.

Reaching young people: Developing channels of communication, especially with those who drop out of school, is essential to being able to offer them employment services and guarantee.

Acting quickly: Timely support and intervention is necessary to avoid disengagement setting in.

A flexible and wide range of policies: The ability to adapt to individuals' economic situation and to handle the diversity among young people is important.

Youth organisations: The involvement of youth organisations and their representatives in drafting initiatives is important. In particular, youth work is of particular relevance in order to engage the most 'hard to reach' groups of young people.

Monitoring the implementation of the scheme: It is essential to develop a set of indicators in order to formally evaluate the implementation of the Youth Guarantee. This will allow governments to intervene and to fix possible problems with the newly established framework.

It is important, however, to remember that while its effectiveness is well recognised, a youth guarantee is not a universal remedy and that its effectiveness depends strongly on the factors above.

It is also necessary to highlight the following points.

Youth guarantees alone do not remove structural problems in labour market access for young people, this is of particular importance for those countries with structural problems of labour market access for youth. The success of a youth guarantee is highly dependent on other public policies in place such as the availability of educational places, apprenticeships, internships and so on. Those countries with more structural problems in terms of labour market access for young people need to imagine the Youth Guarantee as a set of different initiatives that acknowledge the diversity among young people and that intervene at the different stages of their pathway to employment.

It is also important to understand that the Youth Guarantee is more than a simple initiative and much more than a guarantee. The Youth Guarantee has to be considered in many Member States as a new, innovative way of thinking and designing policy for young people where intervention is conducted with the jobseeker on the basis of the results of a personalised development plan. The Youth Guarantee is a concept for better coordinated policies for young a person that involves:

- reintegrating early school leavers into education;
- providing advice and job-search support to those who are ready to work;
- providing training opportunities to those with skill gaps;
- providing internships to those who lack work experience;
- providing pragmatic services to newly qualified graduates;

Eurofound—Written evidence

- training and start-up funding for young entrepreneurs.

The tailored approach of the PES and the personalised development plan for registered young people in the first part of the scheme will ensure the right intervention for each jobseeker and will maximise the effectiveness of the Youth Guarantee.

A successful personal development plan and youth guarantee requires a well-developed and capable public or private employment service and a reorganisation of responsibilities for training, education and youth policies following improved partnership and coordination among labour market players and institutions. The International Labour Organization (ILO) has estimated that the implementation of a Eurozone-wide Youth Guarantee⁶⁶ will cost €21 billion, and Eurofound is to publish a new estimate in 2014. In any case, those countries with a high rate of youth unemployment and a poorly developed employment service will have to face particularly high costs in order to implement the Youth Guarantee. These countries will need to adopt a gradual approach while considering an overall reform of the labour market for young people as well as reforms to the current infrastructure of their employment services. Great efforts will have to be made to achieve this considering when the substantial budget constraints these countries may have to face.

In this regard, the role of the EU is fundamental in monitoring the effective implementation of the Youth Guarantee, in supporting Member States with funding wherever possible, in ensuring that the budget for this reform is invested wisely, and in promoting coordinated action and stimulating mutual exchange of good practices among Member States to tackle and redress the youth unemployment crisis.

14 October 2013

⁶⁶ ILO (2012), *Eurozone job crisis: Trends and policy responses*, International Labour Office, Geneva, available at http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_184965.pdf

Mr Massimiliano Mascherini, Eurofound, Ms Kari Hadjivassiliou, Institute for Employment Studies, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125)

Mr Massimiliano Mascherini, Eurofound, Ms Kari Hadjivassiliou, Institute for Employment Studies, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125)

[Transcript to be found at Ms Kari Hadjivassiliou, Institute for Employment Studies, Mr Massimiliano Mascherini, Eurofound, and Professor Robin Simmons, University of Huddersfield](#)

European Parliament's Youth Intergroup—Written evidence

House of Lords Committee on the European Union, Sub-Committee B
Call for evidence: EU action to tackle youth unemployment

Submission on behalf of the European Parliament's Youth Intergroup by **Rebecca Taylor** MEP, Vice President of the Intergroup.

Questions:

1. Do you think that the EU should be providing funding to Member States to tackle youth unemployment? Does EU action respect Member States' powers in the area of social and employment affairs? The Youth Employment Initiative (YEI), together with provisions of the European Social Fund are fully in line with the EU2020 strategy which considers youth unemployment to be one of the main challenges facing Europe. The aim of having at least 75% of the population aged 20-64 in work cannot be reached without strong action to increase young people's participation in the labour market.

The economic crisis has reduced capacity in many EU countries to respond to such a huge problem affecting young people, making the EU budget and in particular programmes such as the European Social Fund important tools in supporting regional authorities in their efforts to reduce youth unemployment and modernize educational and employment services. From a European perspective, investing in these areas makes sense only if there is better coordination of Member States' actions in the field of employment that promote the mobility of young workers as well as improve the overall conditions for young people into the labour market.

2. How do you think that the EU can best 'add value' to Member States' efforts to tackle unemployment? Europe can act as a multiplier and supporter of domestic reforms that need to be followed by coherent and consistent action at all levels. EU action should therefore be aimed at exchanging best practice, and supporting and coordinating Member States' reforms in fundamental fields such as:

- promoting a rights-based approach to youth and employment
- involving youth stakeholders in policy making,
- focusing on access to quality employment, education and training
- assisting Member States in the reforms of their welfare systems
- supporting action against early dropout from school or from training or apprenticeship schemes
- developing comprehensive strategies for young people who are not in employment, education or training (NEETs)

3. Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as being not in education, employment or training ('NEETs'), support for newly qualified graduates looking for work, and general career guidance? Many Member States put forward policies that seek to improve young people's transition from education to employment: some measures seek to prevent early school leaving, while others aim to reintegrate early school leavers. Another important path is seeking to facilitate a smoother transition from education to work, while some interventions strive to increase the employability of young people. The problem today across Europe is the lack of coordination among different schemes and programmes and their links with the existing legislation and other important measures such as labour incentives and industrial policies plans. The EU youth guarantee is a scheme that tries for the first time to coordinate all those actions while also promoting a cultural shift in the way how we design active employment policies for young people.

4. Are the EU's accounting, monitoring and evaluation procedures sufficient to be able to determine whether EU funded projects to tackle youth unemployment have been successful or not? Are there ways in which they could be improved?

All EU funded programmes can encounter problems with monitoring and evaluation. In relation youth employment programmes, establishing consistent and comparable mechanisms for the monitoring and assessment of youth employment projects is one of the challenges for the future, which also has to deal with different evaluation processes in different Member States. However, the EUROFUND report "Effectiveness of policy measures to increase the participation of young people in employment" clearly shows how schemes can succeed in providing valuable assistance to young people including particular target groups.

5. How do you think the funds allocated through the Youth Employment Initiative (YEI) and the European Social Fund (ESF) could best be spent?

Current priorities should be threefold:

- Support the reform of employment services to tailor them to young people's needs;
- The implementation of youth guarantee schemes in line with the EU standards set in February 2012;
- The provision of tax incentives to encourage SMEs to train and recruit young people.

6. Do you feel that young people (aged 15-24), youth groups and their representatives are involved and consulted to a satisfactory degree in the decisions being made around EU funding for youth unemployment projects, and how they are administered?

According to the European Youth Forum: *"the level of involvement of youth organisations at EU level in the creation of policies tackling youth employment has been satisfactory while the level of endorsement of their input has been only partial. In particular, calls for more funding for the youth guarantee, for a European quality framework on internships and calls for relevant investments in long term quality job creation have not been taken into insufficient consideration."*

Finally, the management and the implementation of the YEI at national level has to be conducted with close consultation with youth organisations (as stated in the Council Recommendation establishing the Youth Guarantee) but the picture we have up to now is that of a limited, scarce or absent consultation."

7. Should the EU and Member States take into account the positive and negative socio-economic impacts of youth migration due to unemployment when designing measures to tackle youth unemployment? How might any negative consequences be mitigated? Several Member States have already implemented measures to support the integration of young migrant workers into the labour market. Generally, young Europeans who move to another Member State to find work are highly motivated and may also be well educated and trained, but this should not exclude them from programmes aimed at getting young people into work. In particular, young migrant workers may not always know their employment rights in the country to which they have moved, and can thus be vulnerable to exploitation by unscrupulous employers, for example being paid less than the minimum wage or (unknowingly) doing undeclared work.

In addition, it can be necessary to undertake targeted action for those young people from an immigrant background who suffer the problems of early exit from education and long term unemployment. Getting such young people back into education, training or employment is a valuable investment in societal integration.

8. How can the EU and Member States embrace new technologies and new methods of working to combat youth unemployment?

The EU and Member States can use online resources and social media to promote initiatives aimed at both getting young people into work, or training, and equipping them with the skills needed to find high quality employment through on-line training programmes. One example of this could be for the UK to use online resources and social media to promote EU funded programmes such as ERASMUS, which enables students to spend a part of their course at a university in another European country, or LEONARDO, which offers graduates the possibility of doing a paid internship in another European country. Such programmes are able to provide young people with essential practical and intercultural skills, which are often more valuable than exam results to employers working in a globalised economy. Recent British Council research lamented that that "fewer than 2% of UK students are studying abroad, despite the opportunities it provides."

21 October 2013

European Trade Union Confederation—Written evidence

ETUC position on House of Lords' call for evidence on EU action to tackle youth unemployment

1. Do you think that the EU should be providing funding to Member States to tackle youth unemployment? Does EU action respect Member States' powers in the area of social and employment affairs?

Certainly, the European Commission has funds that may well be addressed to combat the high rates of youth unemployment and the precarious work for young people all over Europe.

During much of its history, the European Union had been the guarantor of a model which fought for social justice and equality through the defence of a strong Welfare State in all its members States. Unfortunately, since 2010 the European Commission diverted from this policy to another which only aim is on fighting the deficit through public expenditure cuts and the reduction of social and labour rights. Many times, these decisions are taken in violation of national powers in these matters. These policies have resulted into nothing but increasing levels of poverty, precariousness and inequality both in the labour market and the society as a whole

The only way to ensure respect to Member States' powers in the area of social and employment affairs while also guaranteeing a comprehensive social policy is through a sound dialogue between social partners and, where appropriate, with other organizations of civil society. This procedure should be followed both at the birth of these measures at European level as well as during the implementation and follow-up of these measures in the Member States.

It is then clear that the ETUC is against the intervention of the Commission in decisions on the national budgets of Member States, especially when this is limited to the obligation of reducing public expenditure on education, health and social services, as well as to deregulate labour relations. This behaviour deserves an even greater opposition when the intervention comes from organizations which are not subject to democratic control (like the IMF). Yet, the situation that we are living in the last time is unprecedented: while this interference occurs (and in a way particularly disproportionate in those countries intervened by the Troika), at the same time it has been beginning to put into question the legitimacy of the European social partners to sign joint agreements which could be later converted into Legislative Directives to be transposed to the 28 countries of the EU. It is important to state that this enters in direct contradiction with the Europe 2020 strategy.

Hence, it is crucial to make a sound statement that European social partners are legitimized by the Maastricht Treaty to make binding decisions on the issues of their responsibility. To block this process, because it comes from the Member States or the Commission itself, is an attack to the rights of European workers and a charge against the democratic bases underpinning the European Union.

2. How do you think that the EU can best ‘add value’ to Member States’ efforts to tackle unemployment?

Here it is important to mention the recently finalized process of European Social Dialogue which ended up with the signing of a *Framework of Action on Youth Employment*. This document contains proposals to combat youth unemployment through four main lines of action: training, transition between the educational system and the labour market, employment policies and self-employment. The document highlights the need of ensuring quality transitions and decent work for young people through a variety of actions to be undertaken by the Member States.

The added value of the EU to this Framework of Action is obvious, since it is a political document which parts from the dialogue and is constituted from the exchange of best practices in youth employment throughout the 28 countries of the Union.

The joint document recognizes that structural labour market reforms alone will not solve the problem of the youth unemployment and that other macroeconomic policies are needed.

Another element which could still further enhance its “added value” would be to make the transposition to the Member States more binding, since the Frameworks of Actions are not that obliged but they are a set of recommendations. The transposition of European legislative initiatives in the field of employment and social policies must be always conducted through a process of dialogue between the social partners and the national Governments, this is certainly another “added value” of the EU which has been deteriorating over time.

3. Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as being not in education, employment or training (‘NEETs’), support for newly qualified graduates looking for work, and general career guidance?

It must be admitted that, at least on the paper, the different measures included in the Youth Employment Initiative (Youth Guarantees, apprenticeships and internships schemes, among others) seem to be tailored to the wide range of social and economic realities of unemployed young people in Europe.

However, a study in greater depth should be carried out on what measures may be most appropriate for each young person according to his level of education and his social background. For example, second-chance schemes for young people who have left their studies in order to retake the education system can be an effective method to help them in their professional career; while the promotion of entrepreneurship – another measure fostered by the EU – may only be useful to a very specific sector of the population (those who have attained a high level of education or are specialized in a very concrete and practical field; but not for any case).

4. Are the EU’s accounting, monitoring and evaluation procedures sufficient to be able to determine whether EU funded projects to tackle youth unemployment have been successful or not? Are there ways in which they could be improved?

The European Union carries out a conscientious follow up of the programs it funds. Either way, greater involvement in the processes of accounting, monitoring and evaluation of the social partners at all levels (European, national, regional and local) – as well as other involved stakeholders – would undoubtedly improve the effectiveness of any European measure.

5. How do you think the funds allocated through the Youth Employment Initiative (YEI) and the European Social Fund (ESF) could best be spent?

Insisting on the idea braced in the previous questions, the European funds could best be spent through the support of those measures which are the outcome of social dialogue. Thus, the different lines of action that the *Framework of Actions on Youth Employment* encompasses would be a good example of policies to be supported by the European Social Fund, to name a few:

Education:

- Contribute to designing and participating in setting up the EU alliance for apprenticeships.
- Promote education which better meets labour market and young people’s needs whilst fostering young people’s personal development and employability.
- Strengthen dual learning elements in existing work-based learning models.
- Contribute to governments’ actions aiming to implement youth guarantee schemes at national level.
- Achieve a lifelong learning culture by informing and advising their members
- Cooperate with governments and education and training institutions to provide young people with targeted information on available career opportunities and skills needs on labour markets, and on apprentices’, trainees’ and workers’ rights and responsibilities.
- Member States should provide effective career guidance within the education systems to help young people make better informed decisions both in lower secondary education and in higher education. Career guidance materials should include clear information about available jobs and career prospects on the labour markets.

Transition from education system to labour market:

- Member States should organise public employment services as effective “transition management agencies”, with the capacity to provide tailored advice to young people to facilitate their transition from the world of education and the world of work and between jobs.
- Member States should seek to prevent young people without any qualification dropping out of schools with measures such as youth coaching and mentoring at

school, compensatory measures such as bridging programmes, and systemic measures such as further training for teachers on the issue of early school-leavers and early warning system.

Employment policies:

- Promote contracts of indefinite duration to ensure that they remain the general form of employment relationships.
- Support mentoring initiatives to allow and recognise the contribution of an older and/or more-experienced worker in transmitting his/her knowledge and expertise to a younger employee.
- Continue to engage at European level in on-going discussions on transparency and recognition of formal and non-formal competences and qualifications, by promoting the development of Europe-wide means of recognition and validation of competences and qualifications across general and vocational education and training systems
- Tackle the causes of bogus self-employment to avoid detrimental effects for both employers and employees.

However, it is worth to draw attention to the need of a substantial change in the macroeconomic policy of the European Union from a strategy focused on austerity towards a “*New Deal*” that wagers on investing in strategic sectors which generate quality employment and on the defence of the Welfare State. Otherwise, any isolated measure that seeks to improve the employment situation of a part or the total workforce will be soon doomed to failure because of the lack of demand and the deregulation of the labour relations.

6. Do you feel that young people (aged 15-24), youth groups and their representatives are involved and consulted to a satisfactory degree in the decisions being made around EU funding for youth unemployment projects, and how they are administered?

Employment policies and social policies should be negotiated by the social partners. Wherever the role of social partners is left aside, measures should be taken to foster their participation in decision – taking.

Young people – either they are working, looking for employment or studying – are represented by Trade Unions as members of the working class.

It is important to note that European Trade Union organisations have organizational structures conformed by young workers in order to defend the interests and rights of young people.

However, as it has been done so far, sometimes the Social Agents can count with the collaboration of civil society organizations (as it would be the case of the *European Youth Forum*), but in any case being appointed as a social agent. The most representative trade unions are those who reach the status of social agent since they are elected through trade union elections that take place in companies and the Public Administrations. The inclusion of

a third group would break this democratic balance in the way it is enshrined in the Treaty of Maastricht.

7. Should the EU and Member States take into account the positive and negative socio-economic impacts of youth migration due to unemployment when designing measures to tackle youth unemployment? How might any negative consequences be mitigated?

The European Union and the Member States must take into account that the immigrant population is the one suffering worst working and life conditions. In this way, measures should be driven to improve the social and labour situation of these young people, with special attention to the case of the young immigrant women.

The defence of a regulated migratory model will not only result in the improvement of the quality of life of the people who come to Europe from other countries, but will also contribute to the economic growth and the stabilization of the population challenges that the European Union faces.

8. How can the EU and Member States embrace new technologies and new methods of working to combat youth unemployment?

New technologies can certainly help to promote faster contact between young people and the Administration at the time of launching initiatives to combat youth unemployment.

However, when designing these channels of communication, it should be taken into account that there are sectors of the population - those living in conditions of social exclusion or risk – which have no access to these technologies. In this way, active policies specifically aimed at these groups should be boosted.

21 October 2013

Syndicat European Trade Union Confederation—Written evidence

ETUC position on House of Lords' call for evidence on EU action to tackle youth unemployment

1. Do you think that the EU should be providing funding to Member States to tackle youth unemployment? Does EU action respect Member States' powers in the area of social and employment affairs?

Certainly, the European Commission has funds that may well be addressed to combat the high rates of youth unemployment and the precarious work for young people all over Europe.

During much of its history, the European Union had been the guarantor of a model which fought for social justice and equality through the defence of a strong Welfare State in all its members States. Unfortunately, since 2010 the European Commission diverted from this policy to another which only aim is on fighting the deficit through public expenditure cuts and the reduction of social and labour rights. Many times, these decisions are taken in violation of national powers in these matters.

The only way to ensure respect to Member States' powers in the area of social and employment affairs while also guaranteeing a comprehensive social policy is through a sound dialogue between social partners and, where appropriate, with other organizations of civil society. This procedure should be followed both at the birth of these measures at European level as well as during the implementation and follow-up of these measures in the Member States.

2. How do you think that the EU can best 'add value' to Member States' efforts to tackle unemployment?

Here it is important to mention the recently finalized process of European Social Dialogue which ended up with the signing of a *Framework of Action on Youth Employment*. This document contains proposals to combat youth unemployment through four main lines of action: training, transition between the educational system and the labour market, employment policies and self-employment. The document highlights the need of ensuring quality transitions and decent work for young people through a variety of actions to be undertaken by the Member States.

The added value of the EU to this Framework of Action is obvious, since it is a political document which parts from the dialogue and is constituted from the exchange of best practices in youth employment throughout the 28 countries of the Union.

One element which could still further enhance its "added value" would be to make the transposition to the Member States more binding, since the Frameworks of Actions are not that obliged but they are a set of recommendations. The transposition of European legislative initiatives in the field of employment and social policies must be always

conducted through a process of dialogue between the social partners and the national Governments, this is certainly another "added value" of the EU which has been deteriorating over time.

3. Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as being not in education, employment or training ('NEETs'), support for newly qualified graduates looking for work, and general career guidance?

It must be admitted that, at least on the paper, the different measures included in the Youth Employment Initiative (Youth Guarantees, apprenticeships and internships schemes, among others) seem to be tailored to the wide range of social and economic realities of unemployed young people in Europe.

However, a study in greater depth should be carried out on what measures may be most appropriate for each young person according to his level of education and his social background. For example, second-chance schemes for young people who have left their studies in order to retake the education system can be an effective method to help them in their professional career; while the promotion of entrepreneurship – another measure fostered by the EU – may only be useful to a very specific sector of the population (those who have attained a high level of education or are specialized in a very concrete and practical field; but not for any case).

4. Are the EU's accounting, monitoring and evaluation procedures sufficient to be able to determine whether EU funded projects to tackle youth unemployment have been successful or not? Are there ways in which they could be improved?

The European Union carries out a zealous follow up of the programs it funds. Either way, greater involvement in the processes of accounting, monitoring and evaluation of the social partners at all levels (European, national, regional and local) – as well as other involved stakeholders – would undoubtedly improve the effectiveness of any European measure.

5. How do you think the funds allocated through the Youth Employment Initiative (YEI) and the European Social Fund (ESF) could best be spent?

Insisting on the idea braced in the previous questions, the European funds could best be spent through the support of those measures which are the outcome of social dialogue. Thus, the different lines of action that the *Framework of Actions on Youth Employment* encompasses would be a good example of policies to be supported by the European Social Fund.

However, it is worth to draw attention to the need of a substantial change in the macroeconomic policy of the European Union from a strategy focused on austerity towards a "New Deal" that wagers on investing in strategic sectors which generate quality employment and on the defence of the Welfare State. Otherwise, any isolated measure that seeks to improve the employment situation of a part or the total workforce will be soon

doomed to failure because of the lack of demand and the deregulation of the labour relations.

6. Do you feel that young people (aged 15-24), youth groups and their representatives are involved and consulted to a satisfactory degree in the decisions being made around EU funding for youth unemployment projects, and how they are administered?

Employment policies and social policies are negotiated by the social partners. Hence, young workers – either they are working, looking for employment or studying – are represented by Trade Unions.

It is important to note that European Trade Union organisations have organizational structures conformed by young workers in order to defend the interests and rights of young people.

However, as it has been done so far, sometimes the Social Agents can count with the collaboration of civil society organizations (as it would be the case of the *European Youth Forum*), but in any case being appointed as a social agent. The most representative trade unions are those who reach the status of social agent since they are elected through trade union elections that take place in companies and the Public Administrations. The inclusion of a third group would break this democratic balance in the way it is enshrined in the Treaty of Maastricht.

7. Should the EU and Member States take into account the positive and negative socio-economic impacts of youth migration due to unemployment when designing measures to tackle youth unemployment? How might any negative consequences be mitigated?

The European Union and the Member States must take into account that the immigrant population is the one suffering worst working and life conditions. In this way, measures should be driven to improve the social and labour situation of these young people, with special attention to the case of the young immigrant women.

The defence of a regulated migratory model will not only result in the improvement of the quality of life of the people who come to Europe from other countries, but will also contribute to the economic growth and the stabilization of the population challenges that the European Union faces.

8. How can the EU and Member States embrace new technologies and new methods of working to combat youth unemployment?

New technologies can certainly help to promote faster contact between young people and the Administration at the time of launching initiatives to combat youth unemployment.

However, when designing these channels of communication, it should be taken into account that there are sectors of the population - those living in conditions of social exclusion or risk

– which have no access to these technologies. In this way, active policies specifically aimed at these groups should be boosted.

9 October 2013

Ignacio Doreste, European Trade Union Confederation, and **Cinzia Secha**, Trade Union Confederation—(QQ 195-05)

Ignacio Doreste, European Trade Union Confederation, and Cinzia Secha, Trade Union Confederation—(QQ 195-05)

Evidence Session No. 16

Heard in Public

Questions 195 - 205

TUESDAY 21 JANUARY 2014

Members present

Baroness O’Cathain (Chairman)

Lord Brooke of Alverthorpe

Lord Freeman

Lord Wilson of Tillyorn

Examination of Witnesses

Ignacio Doreste, Youth Officer, European Trade Union Confederation, and **Cinzia Secha**, Adviser, European Trade Union Confederation

Q195 The Chairman: Thank you very much for coming. You know why we are here and why we have invited you to give evidence. The House of Lords report on youth unemployment will be published in April. We have had a range of witnesses, including youth, and today we have had two very good sessions, with the Director-General and then with the Commissioner, which helped us to put more of the jigsaw together. You are very important here, because we have had questions about trade unions for most of our witnesses but now we will hear it from the horse’s mouth, as we say—that expression means, “The people who actually know”. We are looking forward to this session. You have met everyone, but I think it would be good idea if we said what our experience is, starting from the Member on your right.

Lord Brooke of Alverthorpe: I am Clive Brooke—Lord Brooke. I have been in the House of Lords for 16 years, prior to which I was in the labour movement as General-Secretary of a union that was affiliated to the TUC, and I was a close friend of John Monks as well.

Lord Wilson of Tillyorn: I am David Wilson. I am what we call a Cross-Bench Peer—an independent Peer. I have been in the House of Lords for 22-odd years. I have had a career mostly in public service, including that unfashionable thing, being a colonial governor—quite an experience.

Ignacio Doreste, European Trade Union Confederation, and **Cinzia Secha**, Trade Union Confederation—(QQ 195-05)

The Chairman: I am Detta O’Cathain. I am a Conservative Member of the House of Lords. I have been in the House of Lords for 22 years. I came to the House of Lords through the business route rather than the political route, but I am a Conservative Peer.

Lord Freeman: I am Lord Freeman. I was formerly House of Commons, and now I am in the House of Lords. I have been in the House of Lords now for quite a number of years. I am very grateful from my standpoint that you have come to see us, because some of these questions are really, really important.

The Chairman: Thank you. I shall start. There is a general consensus that youth unemployment across Europe is a particularly serious aspect of the current economic crisis, and while sectors like banking seem to be getting a lot of push and business is beginning to pull up, we are still worried about the effect particularly on the young of the crisis in finding jobs. Could you summarise for us your own view of the exact nature of the current problems and the issues that you are most concerned about?

Cinzia Sechi: I will say just a few words. I thank you for this invitation. It is an honour for us to be able to share our views on youth unemployment in Europe, because that has been one of the biggest concerns of the European trade union movement over the past five years. It is a great opportunity to present you with some of the achievements that we have made with employers’ organisations, because we really believe in the social dialogue at the European level and we will share with you the specific positions of the trade union movement in order to enrich your thinking on this issue.

The questions will be addressed mainly by my colleague Ignacio Doreste. I am Cinzia Sechi. I deal mainly with the European social dialogue, general equality issues and precarious work, while Ignacio is our adviser on youth policies. We will try to complement each other as much as possible, and hopefully will answer your questions in a meaningful manner.

The Chairman: I should have said to you that the witnesses receive a transcript of this session to check and correct. This will be put on the public record in printed form and on the parliamentary website.

Ignacio Doreste: The nature of youth unemployment is actually not that different from what is happening in the banking system and the financial sector. First, we would like to point out that the youth unemployment rate was already high before the outbreak of the crisis. In Europe, this is due to the lack of investment in the productive sectors, which are sustainable both in terms of respecting the environment and in terms of creating quality jobs. That is our main point.

Before the crisis—during the golden years, so to speak—many EU countries were investing a huge percentage of their gross national product in speculative rather than productive sectors. In Spain, for example, the situation is quite dramatic when it comes to unemployment in general but to youth unemployment in particular. I do not want to stick only to my own experience, but Spain is a good example to look at. In Spain, a lot of investment was allocated to the construction sector. It was growing a lot because of the real estate bubble, so with the outbreak of the crisis there was a huge increase in youth unemployment and in unemployment in general. From that moment on, there has been no macroeconomic policy to tackle the origin of the crisis. Even though I have focused on my country, it is applicable to the other 27 EU countries.

Ignacio Doreste, European Trade Union Confederation, and **Cinzia Secha**, Trade Union Confederation—(QQ 195-05)

It might be timely for us to share with you an investment plan, which was approved by the Executive Committee of the European Trade Union Confederation a couple of months ago, through which we are trying to apply pressure to national Governments but especially the European Commission in order to shift from the current situation, in which we are focusing much more on the labour market and the reduction of the public deficit, to a new trend in which we are applying to invest in strategic sectors. We are actually allocating 2% of the European domestic product to this strategy. Maybe Cinzia can complete the presentation of this strategy.

Cinzia Sechi: Yes. It is an investment plan and it is a political document belonging to the ETUC. However, on investments at the European level there are some shared views with employers. We recently addressed a letter to President Barroso and President Van Rompuy on the need for Europe to direct more resources to our industries—this is very much a concern in the business sector and the strategic and public sectors, where it is a specific demand of the ETUC—to boost research into different sectors that could be much more productive, and to boost demand and the number of quality jobs in the near future. We have copies of the document with us and we can provide electronic versions. It is the ETUC's main campaign and involves 85 confederal organisations across 36 European countries, including of course the TUC in the UK. We also have members beyond Europe, in Turkey.

The Chairman: That would be most helpful. Thank you very much indeed.

Q196 Lord Freeman: To what extent is the crisis that affects most European Union members a function of the lack of industrial and commercial demand? We have just heard evidence about the lack of skills, and in some cases the lack of proper education and experience for young people in the sense that they are not qualified or available in the practical sense for work. What is the balance between the demand from industry and the supply of quality and experience of young people?

Ignacio Doreste: That is quite a timely question, which I think completes the previous one. We have been talking about the lack of demand and the lack of investment in strategic sectors, but when it comes to the lack of skills we would point out first that it is agreed worldwide that currently, especially at the European level, the young generation are the most trained and well prepared in European history. There has been a lot of focus on the lack of skills among young people that are needed to meet the demands of the private sector, because this is something that we constantly see when we meet our partners and have conversations with them. Even though we understand that there is room for improvement, especially in the vocational system, we wanted to point out that in the crisis we are facing a lack of demand and investment in strategic sectors. As Cinzia said, this also affects domestic demand.

Again, on skills, together with employers and many other important stakeholders, we have signed up to the European Alliance for Apprenticeships, since we believe that apprenticeships are a compelling way of tailoring the demands of certain sectors to prepare students when they leave the education sector. We have also signed a European charter of apprenticeships, together with employers. This is actually one of the most important milestones of the past eight years when it comes to youth unemployment. We signed up to a framework for action on youth employment, which was divided into four chapters, one of which was training. We are aware that there is room for improvement, even though we

Ignacio Doreste, European Trade Union Confederation, and **Cinzia Secha**, Trade Union Confederation—(QQ 195-05)

considered that the main problem is the lack of demand and the industrial and macroeconomic problem.

It has been said that it is also important to remind ourselves that in the past companies were considered somehow to have an obligation to train their employees. Now, what we hear from our partners is that they are demanding that young people leave the education system with specific skills that are required by these companies. We also think that there should be a balance of responsibilities when it comes to training their employees.

Cinzia Sechi: Briefly, I will complete what Ignacio has just said in answer to Lord Freeman's question. We have always had mismatches between the supply side and the demand side. What is very concerning in Europe is that the size of this mismatch is increasing. The risk is that we will lose a good proportion of the well educated young if we do not react in a timely manner. The so-called NEET generation is probably one of the main concerns at the moment, because it is as Ignacio said: people have probably never been so well educated at the European level across countries, but we are not fully exploiting their potential. This might also explain why the long-term youth unemployment rate is increasing in a number of member states. That will also mean that more resources will have to be spent in the future if we want to attract and retain these people in the labour market. What is not helping at all is the proliferation of typical contractual arrangements. In a country like Spain, the flexibilisation of the labour market has not shown itself able to attract or retain young people in a direct manner.

Lord Freeman: I have a brief supplementary question. There are so many things that you can do in relation to industrial and commercial demand. Should there be greater direction in the balance of skills that young people need to acquire? We live in a digital age, a computer age, but some jobs are more prosaic and less glamorous and are not being filled or are being filled from outside the European Union. Do you feel that not direction but education of young people at school is a more realistic thing to do in terms of employment?

Ignacio Doreste: That is included in the framework of action: that we negotiate with employers. We should identify exactly the sectors where there is no demand and the reasons for the lack of attractiveness for young people, because if it is because of bad conditions, instead of encouraging young people to go into these sectors we have to improve their working conditions. That is our position. Any assessment and policy following that assessment should be done in a way that ensures that all citizens are included when launching the policy. This framework of action on youth unemployment is something that we are going to provide.

The Chairman: Thank you very much. This is the European charter on apprentices.

Ignacio Doreste: It is kind of messy because there are so many different things that we are dealing with, but yes, we have that European charter on apprenticeships and the European Alliance for Apprenticeships.

Q197 Lord Brooke of Alverthorpe: We now move on to talk about how trade unions can work with national Governments to reduce unemployment and how you can work with the EU. There is not as much evidence of the social partnership in the UK as you might find in some European countries. Perhaps you might care to comment generally on what the relationships are like in different countries and how that helps or does not help to solve youth unemployment.

Ignacio Doreste, European Trade Union Confederation, and **Cinzia Secha**, Trade Union Confederation—(QQ 195-05)

Back at home, I will be very frank, people would say that the unions may speak about youth unemployment but they do not actually represent the young unemployed. They represent increasingly a group of public sector workers and a diminishing number of private sector employees, and in a sense the unemployed are excluded from them and cannot get into these jobs, particularly as the public sector is declining. Yet the unions wish to speak on behalf of the unemployed. I wonder if you would care to comment on that, because those criticisms are levelled in the UK. I would like you to give us a European view generally of how you see the nature of the relationship between the EU and the unions and how they would solve the problem. I would like an insight into what may be happening elsewhere, and then, if you like, you are free to comment on the specific UK issues.

Ignacio Doreste: That is quite interesting. In order to prepare for some of the questions, we contacted our colleagues in the TUC.

Lord Brooke of Alverthorpe: We have taken some evidence from them about these issues. They were very good.

Ignacio Doreste: How can trade unions at the national level interact with Governments to tackle unemployment? This is not only about the trade unions themselves. Of course we can do a lot at company and sectoral levels, and when it comes to negotiating with Governments not only the unions but employers are engaged through social dialogue. That is our point. As I just said, we talk with our colleagues from the TUC, and with them we acknowledge the unfortunate lack of social dialogue in the UK.

When it comes to the criticisms of the lack of unions' representativeness of cash workers, young workers, unemployed people, first of all we would like to point out that a lot has been done over the past year within the trade union movement. Right now we have, I think, youth committees in almost every trade union organisation affiliated to the ETUC. We have 85 trade union organisations from 36 European countries, even though there is room for improvement—that is for sure. We also have a youth committee at the European level.

I had the opportunity to attend an assembly of young workers at the TUC headquarters in London a couple of months ago. They tackle the situation from a different perspective, and there are many different things that they are studying—we are studying them also at the European level—in order to improve the affiliation rates of young workers. Ireland is a good example, where they are increasing the affiliation rates of young people. We are studying many different ways, and considering not only campaigning but how to organise the different branches of the unions to better represent precarious workers. There are different systems. Italy, for example, has a confederation that represents all the workers, a federation for the regions and a federation for the sectoral, so they have a federation only for precarious workers. So there are different ways to proceed in order to improve representativeness of these types of workers, and we are constantly examining the different possibilities and interchanging good practices to organise young people better.

The Chairman: Can I interject there? Which EU member states do not have youth committees? Perhaps you need notice of that question, and if you could answer it that would be useful.

Ignacio Doreste: For sure, the 28 member states have youth committees.

The Chairman: All of them?

Ignacio Doreste: Yes.

Ignacio Doreste, European Trade Union Confederation, and **Cinzia Secha**, Trade Union Confederation—(QQ 195-05)

The Chairman: Thank you.

Cinzia Sechi: There might be a difference within the same country. In a country like mine—I am Italian, as you can tell from my accent—there are three confederations. One has a youth structure in place. Others deal with youth issues, not through a specific structure of young trade unionists but through different bodies.

The Chairman: So it is not the trade unions that actually have the other two.

Cinzia Sechi: It really depends on the structures of the confederation. But as Ignacio said, since we have members in all 28 EU member states, you will find at least one confederation with a youth structure in place.

The Chairman: I see. I am sorry to interrupt you, Lord Brooke. Carry on if there is anything else that you want to ask.

Q198 Lord Brooke of Alverthorpe: We as a Committee have found it difficult to arrange meetings with unemployed people. We have managed to arrange some, but I suspect that there are some groups that are hard to reach. You probably have the same problems. With the unions you can have youth groups and youth conferences, but I think they are probably mainly conferences of people who are in employment rather than out of employment. Do you have any special means of making connections so that you can speak representatively on their behalf and fend off the criticism that you are defending the interests of people who are already in work and that you are not really able to speak on behalf of those who are not in work?

Ignacio Doreste: I take your point. Indeed, we represent employed people, but when negotiating better employment benefits with the Government we are defending the rights and interests of unemployed people. It really is a question many times of image and advertising our own actions, but we have to acknowledge that trade unions all over Europe are suffering attacks from certain sectors of the media, which are really not helping us in integrating into society. We are tackling huge problems in many countries. Also, when it comes to organising, we have very good examples of creating platforms with civil society organisations. That is also a very wise way of exchanging views with other stakeholders in society such as NGOs, and even non-organised groups, such as those in my country with all these movements that were created after what happened in Puerta del Sol in May 2011. That is another good example. Actually we are thinking about having a European pathway to deal with civil society organisations.

The Chairman: Just for clarification, would those civil society organisations be NGOs?

Lord Brooke of Alverthorpe: NGOs, yes. They are talking about creating a new pathway.

Ignacio Doreste: Actually, it is not a pathway, but it is common ground: a document, a joint strategy—something in that class.

Q199 Lord Wilson of Tillyorn: You mentioned earlier that you have done some work on apprenticeships and on training. Can I just follow up on that, please? As we have gone around talking to people, we have found it a bit difficult to define precisely what different people in different countries mean by apprenticeships. That is question one. The other question is on training. Do you think that the quality, content and type of training across

Ignacio Doreste, European Trade Union Confederation, and **Cinzia Secha**, Trade Union Confederation—(QQ 195-05)

Europe are what is needed? If not, are there things that should be done about that at a European Union level?

Ignacio Doreste: First of all, it is not only people in general who are finding problems in defining an apprenticeship and an internship but the European Commission itself, because although it launched the proposal for a quality framework for apprenticeships, in that document, which is currently under discussion, it tackled what it referred to before as open market internships. For many years when we were negotiating with employers and talking to the European Commission, we referred to apprenticeships as training schemes within the framework of the education system and to internships as any kind of scheme that is after the education system, more or less. Before negotiating the framework for action on youth unemployment, we set up a joint definition of the different schemes with employers to avoid misunderstandings.

At the European level, it is true that there are wide differences in the quantity and the quality of apprenticeship schemes. In countries like Germany, Austria and Denmark, where they have a very well developed training system, the quality and quantity of apprenticeships provided, especially within the vocational training system, are pretty well recognised by society as a whole. They are quite proud. Trade unions and employers' organisations are also in many cases members of the bodies identifying the companies where students can have apprenticeships. They also assess the quality of the schemes. It is not only a question in many cases of the industrial fabric—what we can find in Germany is completely different from what we can find in, for example, Cyprus—but it is also a question of how these bodies are conformed.

Lord Wilson of Tillyorn: Just to clarify, what would the definition of an apprenticeship be now in, let us say, Spain or Italy? What would “apprenticeship” mean?

Cinzia Sechi: We at the ETUC have just finished a project at the European level. We looked at the quality framework for apprenticeships, and it showed that the definition was a common concern. If you want to find a shared definition at the European level, I advise you to look at what Cedefop has provided as a definition of apprenticeships. Cedefop is a tripartite agency of government, trade unions and employers, and we have expressed our agreement on that specific definition. You will find details such as the fact that apprenticeships should be provided at workplace level, that some education should also be given by public institutions and that a contract should be attached to apprenticeship schemes. There is also a reference to payment, which is not the case for apprenticeship schemes in some member states. Cedefop could be a good starting point. However, as Ignacio said, there is proliferation and a lot of political attention on apprenticeship schemes at the European level, so in different documents and publications unfortunately the definition used is not Cedefop's. There should be a political commitment on the part of member states and social partners to work together towards a shared definition not only at Cedefop level but at a higher level.

Lord Wilson of Tillyorn: I am sorry to interrupt, but what was the name?

Cinzia Sechi: Cedefop.

The Chairman: That sounds very useful. How many other member states would have that and have bought into that, as they say—they have adopted this?

Cinzia Sechi: It has not been formally adopted, but it is common ground, and it is one of the oldest agencies in Europe. It is based, unfortunately, far away in Thessaloniki in Greece.

Ignacio Doreste, European Trade Union Confederation, and **Cinzia Secha**, Trade Union Confederation—(QQ 195-05)

The Chairman: And “encourages” employment, which they need.

Cinzia Sechi: Yes, indeed. Apprenticeship schemes vary too much at the European level, so, again, our political demand is that we should find a common meaning.

The Chairman: This is what we really believe. I am just interested to know how wide the acceptance has been of the 28 member states. How many people know of its existence and how many of them have agreed that it is a good thing?

Cinzia Sechi: I will turn your question around. First of all, the definition of apprenticeships is not codified in all member states.

The Chairman: Yes, we know that.

Cinzia Sechi: Sometimes it is in law, sometimes it is in regulations or collective agreements. It would be interesting to see how many definitions match the Cedefop definition, which matches what they have in Denmark and Germany but not what they have in a number of eastern European countries, for example, where the schemes have not been developed very much. The other main issues with apprenticeship schemes are their quality and their increased attractiveness to young people. We hear a lot from our members that there is a lack of places for apprentices in a number of member states, including member states with a very strong dual system, such as Germany and Denmark. That, again, could have an impact on the schemes in the long term but especially in the short term.

Q200 The Chairman: I really do not want to hog the conversation, but I am very interested in what you have said. You have said that the definition of apprenticeships probably differed from the definition of apprenticeships that other member states have. Is there such a thing as a document that shows the definition of the word “apprenticeship” in each of the 28 member states? We cannot get our heads around that.

Cinzia Sechi: Could you repeat the question, please?

The Chairman: We would like a definition of an apprenticeship. Is there a definition of what an apprenticeship is in each of the 28 member states?

Cinzia Sechi: We surveyed 10 member states and we found that almost all of them had a definition. I was not directly involved, but we found a definition in most of them. This definition is made either under the labour code or by collective agreements. The nature of the instrument codifying the definition differs from member state to member state.

Ignacio Doreste: We worked on this in the final conference that we had in November, so we will provide you with the final document, which is quite handy when it comes to apprenticeships.

I would like to complete this question on apprenticeships, because we may have focused too much on good practice in Germany and Denmark. There are also very good examples in Italy, for example, where employers signed an agreement with three trade union confederations, I think three years ago. I can also provide you with a brief explanation of this scheme, because it was presented as evidence of good practice for the negotiation on the framework for action at the European level. They defined in a very clear way three different apprenticeship schemes. The national framework was completed six months ago, with another agreement reached between employers and the unions on a basic salary of €400 for every apprenticeship, which can be improved at regional level. The €400 is the minimum floor for

Ignacio Doreste, European Trade Union Confederation, and **Cinzia Secha**, Trade Union Confederation—(QQ 195-05)

the company. In some regions, it even reaches €600 or something like that. We will provide you with more information on that.

In order to tackle the wide variety of apprenticeship schemes and internships all over Europe, the European Commission launched the quality framework for apprenticeships. It was presented last December, on the 5th I believe. We can also provide you with the statement that we launched the day after. We agree with the European Commission's evaluation on the quality and quantity of apprenticeships all over Europe, but we were really disappointed with the measure that it was recommending, because it is a recommendation to the Council.

Lord Wilson of Tillyorn: What was their recommendation?

Ignacio Doreste: Actually their recommendation is as basic as saying that any training apprenticeship will do. The only thing they are asking for is for employers to provide a contract, so they are definitely not tackling the quality. Regardless of the conditions of the apprenticeship, they should be registered in a written contract where all these conditions should be known by trainees before they start the apprenticeship.

The Chairman: Lord Brooke, did you want to ask question 5?

Lord Brooke of Alverthorpe: I think it has been covered.

Q201 Lord Wilson of Tillyorn: You touched on the question of best practice, which has interested us quite a lot. How could, and how should, the Commission publicise best practice? One example that has come to us is the various bids for the employment initiative. We are told that every country, except one, which we happen to represent, has put in their bids, but these are not public documents yet, so the question is: do you think that the Commission could do more to publicise best practice? Would you support that, or is it being done enough already?

Ignacio Doreste: First of all, the European Trade Union Confederation firmly believes that the European Commission should go far beyond exchanging practices in member states when it comes to promoting policies. We firmly believe that a common background that is obligatory for 28 member states is necessary. We are not talking about direct implementation. The best way to tailor a European initiative is through social dialogue. We have identified many interesting instances of good practice, which were used, for example, in the negotiations on the framework for action and in the negotiations with the European Commission on the implementation plans of the Youth Guarantee. Many member states are supposed to have already sent their implementation plan to the European Commission. All that documentation is private so far. The European Commission is not discussing those plans even with the member states, as far as we know, or with the European social partners.

We can provide you with some examples of good practice, which were used as common ground to negotiate the four different chapters of the framework for action on youth employment. We can give you some good examples of current good practice on the Youth Guarantee, for example, in Finland and in Denmark, Austria and Sweden. That is a great example because it has been transposed to other European countries. The same applies to the dual training system, which was initially created in Austria and in Germany. We also gave you the example of the Italian agreement for apprenticeships. We have an annexe with something like 20 good practices listed in it, which were presented in the negotiations on

Ignacio Doreste, European Trade Union Confederation, and **Cinzia Secha**, Trade Union Confederation—(QQ 195-05)

the framework for action. I always say that five examples should be selected for evidence sessions, but if it is possible I can send you the whole document.

Lord Wilson of Tillyorn: Let me get this right. When I ask whether the Commission should be doing more, you are doing it. Where are you getting all the information from?

The Chairman: And who is paying you to do it?

Ignacio Doreste: Actually we obtain all this information from our affiliates. During the negotiations on the framework for action on youth employment, the European Commission functioned as a vehicle. It was the employers and the unions themselves that wanted to negotiate the different courses of action, which are included in the agreement.

Lord Wilson of Tillyorn: Should there be more collection of data by member states? Should member states be doing this? Are you really doing this job, and is everyone else aware that you are doing it? Does it get out?

Cinzia Sechi: This is very much part of the European social dialogue. In order to reach that agreement with employers, we first collected evidence that social partners at the national level and at the sectoral level were active in addressing youth concerns. We collected that evidence first, and then negotiated a framework for action consisting of five priorities which we committed ourselves to looking at in the next three years and to continuing to monitor our members and see what they are doing, either together or unilaterally, to address youth unemployment. So to answer your question, we will indeed continue to look at good practice, and at the end of the process we will make an assessment. Hopefully we will also be confronted with a better situation.

The Commission and the institutions are looking at good practice on youth unemployment from a different angle. Of course, they are very much involving Governments, whereas our focus is more on social partners. Yes, we should continue to look at good practice, but we should make sure that this is not only a top-down approach. I agree very much with what you said: member states themselves should start not only putting these good practices into practice but sharing them at the local and the national level. Otherwise this European feeling will be lost. In a top-down approach, the impact of what we were doing would be limited.

Q202 The Chairman: That is very interesting. We have asked about your view as to how the EU initiatives are being used in different states. How do you see the UK's response in comparison to others? You talked about the youth employment programme, the Youth Guarantee and the youth employment initiative.

Ignacio Doreste: To answer this question we contacted the TUC and asked for ideas. The TUC is not happy at all with the fact that UK has decided that the Youth Guarantee will not be implemented in the United Kingdom as the Youth Contract initiative already covers the same objectives. The TUC produced a very interesting statement on its position on the Youth Contract. During the negotiations on the framework for action, the Youth Contract was presented by representatives of the UK employers' organisations as a good practice. The TUC had a sound argument against that proposal, because all the different good practices included in the framework for action on youth employment at the European level did not necessarily have to be agreed between the social partners at the national level. The TUC disagreed with implementing the Youth Contract as a good example. Correct me if I am wrong but I think the Youth Contract was launched two years ago, so the TUC has already been able to assess its outcomes. It has not generated youth employment at all.

Ignacio Doreste, European Trade Union Confederation, and **Cinzia Secha**, Trade Union Confederation—(QQ 195-05)

There is no way of assessing the extent to which companies are using the Youth Contract to replace other formal jobs. Even though it is stated in the political proposal at company level, since it is very difficult to guarantee that formal jobs are not going to be replaced by the Youth Contract, there is no statistical evidence of how net employment is going to be created solely by investing money in the private sector in order to subsidise jobs rather than by investing in economic activity itself. The TUC was also quite critical about the fact that the Youth Contract also makes it possible for companies to have young people in unpaid positions. It also related the fact that the scheme meant that the Future Jobs Fund was set aside when the Youth Contract was launched by the Government.

Q203 Lord Freeman: You have been extremely helpful. Over the last two days we have heard a great deal and had some helpful advice about the supply side coming from the European Commission and from companies. I would like to ask you about trying to understand better the demand side from young people. In your judgment, are there any initiatives that could be taken by member states to understand attitudes to work and how much knowledge there is about employment opportunities or lack of them? Can you think of any initiatives that would help both to educate and to understand the predicament that many young people find themselves in?

Ignacio Doreste: We identified the good practice in the Czech Republic of both employers and trade unions visiting schools at a very basic level in order to share with the students the different prospects that they might expect in their working lives. They tackled the different youth opportunities, mainly in sectors that were identified as being particularly unattractive, such as the energy sector in the Czech Republic. At least, that is what they presented in the papers. They also presented the union side on completing training schemes for students. The unions talked about the specific conditions of those sectors, the collective agreements covering those sectors, health and safety issues, the work/life balance in general, and the sectors that were strong for the students in particular. The European social partners agreed on the importance of that, even though they do not think it is going to be a magic solution for the crisis that we are facing. That is why it was included as a good example in the framework for action.

Lord Freeman: Is that information readily available to us?

Ignacio Doreste: I have it here.

I forgot to add the annexes, but I will send them to you if it is possible, because you will find all the examples of good practice in them.

The Chairman: You are absolutely brilliant. Thank you so much. Lord Brooke, your question is the final one but I want to ask one afterwards.

Lord Brooke of Alverthorpe: You can ask yours now, if you want.

Q204 The Chairman: Right. I am going back to the money. Do you think that the ESF and the additional youth initiative money will be used in the right way? A lot of money is involved and we do not want to throw money at things and find that that has been such a waste, because we will never recover from the opportunity that we have now.

Ignacio Doreste: First of all, when it comes to the money, you are talking about the Youth Guarantee scheme, so I will focus on that. The International Labour Organisation carried out deep research on the funding necessities at the European level of the effective

implementation of the Youth Guarantee. It found that more than €20 billion would be needed. It is important to say that Eurofound states in research, which it launched in 2011 on the NEETs situation, that the cost of NEETs at the national and European level is actually the cost of not acting. If you have people who are neither working nor attending any kind of training, that is the cost to the Government and the European Commission of not acting, which amounts to €160 billion a year, but I still think there is room for improvement in investment. The European Commission has allocated €6 billion for the youth employment initiative, which is a lot and we firmly consider that that money should be spent in a very effective way. From what we have heard from Manuel Hubert from the European Commission, the Commission is going to revisit that aspect when it assesses all the implementation plans and allocates the money to the member states to implement the Youth Guarantee. But it is a question not only of the European Commission auditing the money sent to the member states but of the importance of social partners designing, together with the Governments, the different schemes that are implemented at the national level. That is also going to be a very effective way of ensuring that the money is well spent.

Q205 Lord Brooke of Alverthorpe: You raised the issue of zero-hours contracts earlier in one of your replies. You indicated that you were not happy about them. Certainly the trade union movement back in the UK has been unhappy about them. We have also had evidence from some quarters that, while people may not be enthusiastic about them, they are sometimes a means whereby people can find an entry into the labour market who would otherwise remain unemployed. We heard this morning from the Commissioner that they wanted a meeting with you to discuss their ideas about how they might produce a framework that could be suggested across Europe and that should form a basis for embracing zero hours to some degree. You prefer to have a wider discussion on youth unemployment, rather than focus simply on that topic. Could we come back to it, and could you give us the strongest argument you can that we should in principle be totally opposed to it when some have been advocating them, albeit not with enthusiasm, given the right conditions surrounding them, as a means of getting people into employment? I got the impression that you were saying, “No, we just do not want to embrace them”—unless I am being unfair to you.

Ignacio Doreste: First of all, a framework agreement was signed by the European employers’ organisation and the ETUC, which was later converted into a Directive on temporary contracts. In that legal statement, we both agreed that indefinite contracts should be the rule rather than the exception. Both parties acknowledged that certain forms of temporary contract could be a stepping stone towards entering the labour market. That is something on which there is an agreement between employers and the ETUC.

Having said that, examples of zero-hour contracts are practices that are not the outcome of social dialogue. It is our opinion that whenever we investigate whether a practice might be good or bad for helping workers to enter the labour market, the first thing we should look at is whether that practice was the outcome of social dialogue and whether there was an agreement between the social partners at the national or European level. Fundamentally, in the two cases in the UK that you mentioned, there was no agreement. A traineeship or internship, which is a scheme for when you leave the education system, is definitely not going to be the most qualified job experience of a young person’s life. The trade unions are supporting the schemes, but in order to ensure that they are stepping stones and to ensure that people are not stuck in a vicious circle it is important to define the floor conditions to

Ignacio Doreste, European Trade Union Confederation, and **Cinzia Secha**, Trade Union Confederation—(QQ 195-05)

ensure that it is not going to be possible for companies to make use of that kind of formula, with the same person in that position for a long period. It is also important that these kinds of contracts are covered by the social security system and many other standards.

The Chairman: Let me say a very big thank you to both of you on behalf of us all. I am sure you will all agree that it has been very informative. It certainly makes me realise that we were absolutely right to come here and seek your co-operation, which has been very graciously and generously given. We will send you a copy of the report once we publish it. You will have the transcript to correct or amend. Also, thank you in advance for your co-operation in sending us a lot of background data, which will help us to give some measure of solidity to parts of the report that we might not have been able to do without them. Thank you very much.

James Higgins, European Youth Forum, **Robert Plummer**, BusinessEurope, and **Roland Freudenstein**, Centre for European Studies—Oral evidence (QQ 206-218)

James Higgins, European Youth Forum, Robert Plummer, BusinessEurope, and Roland Freudenstein, Centre for European Studies—Oral evidence (QQ 206-218)

Evidence Session No. 17

Heard in Public

Questions 206 - 218

TUESDAY 21 JANUARY 2014

Members present

Baroness O’Cathain (Chairman)

Lord Brooke of Alverthorpe

Lord Freeman

Lord Wilson of Tillyorn

Examination of Witnesses

James Higgins, European Youth Forum, **Robert Plummer**, BusinessEurope, and **Roland Freudenstein**, Head of Research, Centre for European Studies.

Q206 The Chairman: Welcome, and thank you very much for giving up your time to come and help us in this inquiry. We are making a study of youth unemployment in the member states, following the suggestions from the Commission about the European Youth Guarantee and what to do about it, because obviously the general consensus is that youth unemployment across Europe is one of the major problems facing the European Union. I am going to ask my team to say who they are and what they do, perhaps you will individually introduce yourselves, and then I will tell you the format and we can get on with the questions.

Lord Brooke of Alverthorpe: I am Clive Brooke. Formally I was General Secretary of a British civil service union that represented tax inspectors. I have been in the House of Lords as a Labour Peer since 1997.

James Higgins, European Youth Forum, Robert Plummer, BusinessEurope, and Roland Freudenstein, Centre for European Studies—Oral evidence (QQ 206-218)

Lord Wilson of Tillyorn: David Wilson. I am an independent Cross-Bench Peer. I have had a career mostly in public service, finally in that public service as a colonial governor, and then in some business and some university occupations.

The Chairman: I am Detta O’Cathain. I have been in the House of Lords for 22 years. I came up through the business route but I sit as a Conservative Peer. I have been mainly working in Select Committees since I came into the House all that time ago.

Lord Freeman: Roger Freeman. I have had both a career in the House of Commons as a Minister and now in the House of Lords. I earn my living by being chairman of PricewaterhouseCoopers’ UK advisory board.

The Chairman: You have been 40 years in politics.

Lord Freeman: Not quite that long, no. I am not that old.

The Chairman: I am so sorry.

Roland Freudenstein: Thank you so much. I am Roland Freudenstein. I am the deputy director and the head of research of the Centre for European Studies, which does not sound like anything very particular but it is the political foundation of the European People’s Party, which is not quite as North Korean as it sounds, especially as it leans in the direction of the conservative. Being the head of research I deal with everything, but we have done quite some work on youth unemployment, especially in the context of the upcoming European elections.

Robert Plummer: My name is Robert Plummer. I am an adviser in the social affairs department at BusinessEurope. In that department I am responsible for employment, migration and education issues.

The Chairman: Can you tell us in a sentence or two what BusinessEurope is?

Robert Plummer: BusinessEurope is one of the three organisations at a European level that represent employers’ organisations. It is the largest of the three. The other two represent SMEs and public employers. All are based in Brussels.

James Higgins: My name is James Higgins. I am the policy officer for employment at the European Youth Forum. The European Youth Forum is the European network of national youth councils and international non-governmental youth organisations, so we represent youth right across the Council of Europe.

The Chairman: The Council of Europe, not just the EU? So you have 40 member states instead of 28?

James Higgins: Yes. I think we go right the way to Azerbaijan.

Q207 The Chairman: Thank you. Witnesses will receive a transcript of this session to check and correct. This will be put on the public record in printed form and on the parliamentary website. I think that is probably all I need to say.

Are you aware of any ways in which the perspectives, ideas and views of young people themselves have been gathered to help different bodies like the European Union, national or local governments to design responses to the issue? How does the European Youth Forum help to bring forward the views of young people in this respect? Before you answer that, I should just say that we have had two witness sessions with young unemployed people, one

James Higgins, European Youth Forum, Robert Plummer, BusinessEurope, and Roland Freudenstein, Centre for European Studies—Oral evidence (QQ 206-218)

in Birmingham and one in Liverpool, so we know what the situation on the ground is like, but if you could answer that question, that would be helpful.

James Higgins: Thank you very much for that question. The European Youth Forum has a lot of interaction with the European Commission on the Youth Guarantee and youth unemployment, because this is the level that we tend to operate on. We have interacted quite a lot with the Commission on its proposal, particularly for the Youth Guarantee, and we give our own input and feedback based on the perspective of the youth sector. We were also invited to the Mutual Learning Programme of the European Commission, which was an exchange between member states on their own youth employment policies. We had an opportunity to go on to observe as well as to give some feedback to some of the ministries.

Our level of interaction has been quite good. We felt that what we were communicating as the interests of young people was being taken on board. Prior to this meeting I contacted our national youth councils throughout Europe to find out their level of interaction and consultation. That has been more mixed. We found that despite the fact that in a Council recommendation on Youth Guarantee the role of youth organisations and young people was specifically mentioned to be taken into account, in many member states this was done on a very last-minute basis with Youth Guarantee and communication plans being more shown to the National Youth Council than consulted with.

Other member states have taken more of a proactive approach and tried to engage with youth organisations. Others have interpreted it as just letting them know in advance what their plan is going to be, which would not be our vision of consultation with young people.

The Chairman: Do you personally see young people and the gritty situations that they find themselves in?

James Higgins: We operate in Brussels but we have gone to our national youth councils and events that they have organised. One that springs to mind was an event of Youth Guarantee organised by the National Youth Council under the Irish presidency. It brought in youth workers from Bray, which is just outside Dublin. They talked very frankly about the reality that they work with. They work with young people from a background of perhaps parents with addiction issues or no parents at all, and explained in real terms literacy problems and other day to day realities that they have. The scheme was under a scheme run by the Irish police force for young people who they identified as being on the verge of offending, and they put in youth workers to work with these people. They showed us some of the issues that they come across, and they were questioning what the Youth Guarantee would do for people with these sorts of entrenched problems.

From our perspective the Youth Guarantee is not a panacea to solve all these problems; it is a first step to try to engage with hardcore dysfunctional young people.

Robert Plummer: As has been mentioned, there is the youth forum at the European level, and another organisation representing students called OBESSU, the Organising Bureau of European School Student Unions. I think they have been quite widely consulted by the Commission on the actions that have been initiated at the European level. Beyond that, from the perspective that I can bring, I could not give you a more detailed assessment from the national level of the extent to which young people have been consulted.

The Chairman: So you do not have the same sort of experience that Mr Higgins has in Bray, on the ground, in the sense of knowing what the actual deprivation is?

James Higgins, European Youth Forum, Robert Plummer, BusinessEurope, and Roland Freudenstein, Centre for European Studies—Oral evidence (QQ 206-218)

Robert Plummer: No.

The Chairman: That is fine. I just think that sometimes a lot of people plan for other people way over their heads and do not realise where it is at.

Roland Freudenstein: I can say that the Centre for European Studies has just started an initiative called Up To Youth, which is an internet-based platform where young people, in the run-up to the European elections, can vent their ideas and make proposals on questions that concern them particularly, and of course youth unemployment is very prominent among those. We have had 20,000 participants so far in the last few weeks since it has been up and many more are coming. We have hundreds and hundreds of concrete contributions. We can go into detail on this later on. That is the one interface where we would like to come into direct contact with young people and they can tell us their ideas.

The Chairman: I think it is very important. They are sentient human beings after all.

Q208 Lord Freeman: Do you think it is important to disaggregate young people's ages and maturity: for example graduates, those with no university background at all, those in their mid teens, and those in their early 20s? We are dealing with different categories of problem and different skills and background. How important is it to be so specific in dealing with what I call subgroups of the unemployed?

James Higgins: I think it is very, very important, because when we talk about youth generally at the European level it is young people to the age of 25, but there are vastly different realities in place. For a young person who is 16 or 17, has left school and has no formal education, there is a very different pathway or very different advice on how to find employment than there is perhaps for a young graduate of 25. It is important to categorise. From the research that we have, there is less and less room in the labour market for young people with no formal education or with a low level of skill.

The Chairman: The NEETs.

James Higgins: The NEETs, precisely. We support these people being redirected back in towards education, but for a young person who is perhaps a graduate, an engineer, and the labour market is not appropriate for their qualification, more education is not necessarily what is required. Different solutions need to be found.

An additional point would be that young people, as well as being young, have other circumstances as well. They might come from a background that presents some challenges too. It is important to go into as many details as possible because a blanket solution might not help the situation very much.

Robert Plummer: Yes, I think the point that has just been made about advice and support services is a very important one. There is a need for more tailored advice and support for young people, and obviously the different age categories then come into play significantly. If you have gone to university you have the benefits of in-house career services there. If you have left school at 16 you may not have the same access to them, or if you are trying to enter the labour market directly at 16 or 17 you may not know which direction you want to go in. At that age it is very difficult to identify the pathway that you want to take. That point about tailored support and advice, information services, to young people is very important, and for the different age categories.

James Higgins, European Youth Forum, Robert Plummer, BusinessEurope, and Roland Freudenstein, Centre for European Studies—Oral evidence (QQ 206-218)

Roland Freudenstein: I would like to come back to the original point about whether there are specific problems for young people in the labour market. I would say yes and no. No, because we are dealing here with a huge problem in the labour market, at least in many member states, which are too inflexible. They have to become more flexible. They have to soften the difference between the two sides of what we call the dual labour market. On one side there are the very, very stable, secure, almost lifetime jobs with high benefits and good social insurance and so on. On the other there is a kind of precarious labour market with no firm employment in the classical sense any more.

The paradox here is that tackling those problems would help all concerned, but the victims of this dual labour market in countries like Spain and France—Spain has begun to do something about it but France and other southern member states have not—the real victims of that system are young people because they cannot even enter the secure part of the labour market. If you take the thing to the most strategic level, you need to work on the labour market as such. Having said that, I agree that there are specific problems of access to jobs and especially in addressing the question of skills, where you have to focus on the particular group of young people or even more particular groups within that age group.

Lord Freeman: Can I ask a supplementary question, please? Do you share my view that the seeds of the problem are very often born at the age of 13, 14 and 15? Perhaps there is a one-parent family, disruptive behaviour in school and an attitude towards work and the workplace that is somewhat hostile? I speak with some experience as chairman of a charity in 120 British schools dealing with that age group and trying to teach them some kind of maturity and ambition.

James Higgins: For some young people, yes, I would agree with that. I am speaking more from an anecdotal basis than working with this group of young people, but this is the stage where some of these problems can develop. Another issue is that perhaps there is less social mobility than before. I have a feeling that the decisions that young people now have to make in order to be successful in the labour market they have to make at an extremely young age, and there is a lot of pressure on young people. They feel that if they make the wrong choice and maybe have a couple of bad years at school or are having behavioural issues or whatever, that it might be very difficult for them to get back on track again.

It is really important to work with young people at this age, but it is also really important to try to improve social mobility so that when a young person perhaps discovers more maturity later on in life, they might manage to get themselves on the right course again rather than being locked out.

Q209 Lord Brooke of Alverthorpe: Could I just come back on Mr Freudenstein's analysis? Would you describe the Dutch, the Austrian and the German labour markets as flexible or inflexible? Looking at it from where we come from—we have a relatively flexible labour market in the UK—the German labour market, to me anyway, looks quite inflexible compared with what we have in the UK. Yet when I look at their youth unemployment they do extraordinarily well by comparison with what we do. The same applies to the Dutch and the Austrians.

Roland Freudenstein: Let me talk less about the Dutch and the Austrian case and more about the German one. Germany has been enjoying a very good economic situation for a couple of years now. That and the low youth unemployment are due to measures to make

James Higgins, European Youth Forum, Robert Plummer, BusinessEurope, and Roland Freudenstein, Centre for European Studies—Oral evidence (QQ 206-218)

the labour market more flexible than it has been in almost 10 years. The so-called Hartz IV reforms enacted by the Schröder Government in 2003, 2004, did a great deal: corporate action, corporate downsizing and restructuring, and wage reticence on the part of the unions. All these factors combined created the situation whereby we are now reaping the benefits of reform.

Lord Brooke of Alverthorpe: Can you identify this more precisely for us? One of the issues that we can see in our country relates to apprenticeships. Employers do not participate in the way we see employers participating in Europe: accepting social responsibility for training and putting apprenticeships in place that seem to work extraordinarily well in Germany. We have much freer and looser arrangements. We have the CBI, which is way removed from what happens down the line, and we have chambers of commerce. In fact, we have a very wide variety of chambers of commerce and there is no legislation whatever that controls the way they operate. An argument has been advanced by some people that if they had to accept more responsibilities and were more involved and required by legislation to do it, which is what we see in Germany, we might have better vocational training than we presently have.

Roland Freudenstein: I absolutely agree. One has to separate flexible labour markets from corporate responsibility. Corporate responsibility, or the entrepreneurs' social mentality, is of course another factor that is very important to this. Yes, I agree that Germany has a quite efficient system of dual education and training, where education takes place in parallel to professional training: the German apprenticeship system. Indeed, some of my fellow Germans probably go overboard in trying to export that to other countries.

I think it should be up to the countries concerned to say that this is an element that we can adopt in our own context and that others might not fit so well. I do agree that the vocational training system in place in Germany, and to a certain extent in Austria, seems to be working very well, but it is up to every other country to take things out of there and apply it to their own situation.

Lord Brooke of Alverthorpe: We are trying to look at the countries that have the lowest level of youth unemployment and the factors that lead to it. *Prima facie* there may be a case for liberalisation in the labour market, but there are other aspects of the labour market as well that seem to produce good results, which I think your evidence indicates.

Q210 Lord Wilson of Tillyorn: Just to go on from what Lord Brooke was saying, the general issue is whether the problem lies more with the training of people who go into jobs and their job-readiness, to use that awful bit of jargon, than whether there are jobs available? The implication of what you were saying, Mr Freudenstein, is that in Germany, for example, the training side is well done. The implication is that in other countries that is not so much the case. In general—not just Germany, obviously, but taking the EU as a whole—to what extent do you all see the training and job readiness of young people as a serious issue?

James Higgins: It seems like a bit of a cop-out to say both, but I will explain why I think it is both. A recent report from a US consultancy, I think it was McKinney, showed that in southern European countries there is a huge level of skills mismatch and that many employers cannot get the young people they need in order to fulfil the jobs they have. Even in countries like Italy and Spain with a high level of youth unemployment, this is a battle.

A report from the European Commission in 2012 said that about a third of employees in Europe have either too many skills or not enough skills for their job. So there is a skills

mismatch. I think that young people are expected to have the skills ready before they even try to go for a job and that previously employers perhaps invested more in training a person over a lifecycle. Because the labour market has changed a bit, there is a lot of pressure on a young person to be ready for the position.

But if we put all the emphasis on young people being ready and skilled for the position, that overlooks the huge jump in youth unemployment over the past five years compared with unemployment among older people in the labour market. It seems that another factor is the precariousness of young people in the labour market. When an economic crisis hits, a lot of companies want to make reductions in their costs and sometimes for them the most cost-effective way to do that is the last person who comes in being the first one to leave. Usually that is younger people who have come into the business. It is a mix of both factors.

A quite recent report from the ILO, the International Labour Organisation, showed that even though we are exiting the crisis in Europe and there is some slow growth, it is not being reflected in levels of a reduction in unemployment. There seems to be a bit of a disconnect between GDP and employment rates at the moment.

Lord Wilson of Tillyorn: Since you answered on both, can I just ask you an additional question to that? We talked about job readiness, rather like readiness for food. What about the mental approach? Is there an issue at all of job willingness, to coin a phrase: a division between those who seriously want a job and go flat out to get it, whatever that means, and those who will sit back and say, “No, we are not going to try.”?

James Higgins: Yes, I recognise that some young people perhaps do not have the level of job willingness, as was mentioned, because they had some problems when they were young or whatever, it has knocked their confidence back a bit and they are very far from the labour market. I think it is there but I think sometimes it is overemphasised. We work with young people who are very internationalised but I do not see it in the young people I have met. There is a lot of enthusiasm to get a job. A lot of young people just feel a bit helpless and perhaps lose their motivation even to try. That has been shown. Once you have had a period of employment of more than three or four months, your level of ambition to find a job rapidly deteriorates, and I think we are getting into that situation now.

Robert Plummer: I think that as a starting point there needs to be economic growth in order for there to be job creation, and employers need to have a degree of certainty in demand for their goods and services before they will look to take people on. On the skills side, indeed there are mismatches. I think there are in the region of 2 million unfilled vacancies across the EU at the moment. At the same time, people are as highly educated as they ever have been, and the number of people going into tertiary education is growing all the time, yet we see that in a number of member states obviously there are very high levels of youth unemployment. So there is a question of mismatch.

Employers also increasingly look for people who have some sort of practical work experience when they apply for a job, not necessarily that you hit the ground running but that you have some transferable skills that you might have already picked up from some sort of work experience that you can bring into the position that you are applying for. To help address that I think we need to look at education systems, particularly vocational education and training. You mentioned apprenticeships. With traineeships as well there is a chance to have some practical work experience in combination with the classroom-based elements, and that can help to stand young people in good stead when they come to applying for jobs. As

James Higgins, European Youth Forum, **Robert Plummer**, BusinessEurope, and **Roland Freudenstein**, Centre for European Studies—Oral evidence (QQ 206-218)

part of that I think there is scope to try to better reflect the needs of the labour market within the education system, particularly in vocational education training.

Roland Freudenstein: I will pass on that.

Q211 The Chairman: Can I ask, on a point of interest, about this mismatch of skills? I remember that during the Irish presidency we attended a conference on employment. The point was really made very strongly that it is the IT skills that they are crying out for, and people do not have them. I would have thought that youth would be the IT experts because they are involved all the time with technology whereas the older people in the workforce find it slightly difficult. Secondly, the older people would be delighted to be relieved of the position of dealing with some of these IT issues. What is being done? Is this too general an approach to youth unemployment, or is there a specific target where people, maybe not in our report but later, say, “What about upping the skills of school leavers or even those from 12 onwards and indicate to them that if they really want to get first-class jobs this is what they ought to be doing”? Does anyone have any views on that?

Roland Freudenstein: What you just described might be termed digital literacy and that needs to become part and parcel of education, more than it has ever been in the past. Digital literacy, transversal skills such as creativity, critical thinking, self-learning and communication, with a view to the job market, need to become part of education in all stages. So does vocational training, even to bachelor’s and master’s degree level, as well as entrepreneurship education.

Coming back to digital skills, again referring to the German system here, we need to do away with this black and white separation between education and professional training in firms and to try to see them in a holistic way.

Robert Plummer: I think IT skills, certainly. The latest figure we have at European level is a shortage of between 700,000, up to 900,000 by 2015, or maybe 2020. It is broader than that as well. It is the so-called STEM skills—science technology, engineering and mathematics, of which ICT is part. Employers are increasingly looking for people who are trained in those skills, whether that is at vocational education training level or at higher education level. Those are very much the sorts of areas that employers are looking for.

The Chairman: Mr Higgins, you are agreeing?

James Higgins: I was specifically thinking of the Irish context with the skills in this area, because I think sometimes there is a disconnect between what is emphasised and what is integrated into the national curriculum. In Ireland we have been talking about the development of the IT sector since the late 1990s, but there was not a revolutionary change in the way IT was taught in schools. It can be reflected perhaps that the IT sector is very important for Ireland but from my experience a few years ago the construction industry was where young people went to find employment and now we are going back to the IT sector again. I think a long-term approach to these skills is very important rather than perhaps changing the emphasis on sectors depending on exactly what the timing is.

Q212 The Chairman: We have had about six or seven witness sessions since we came over here yesterday and you are the first people who have mentioned IT skills. Is this because the EU has limited competency in the area of education so they are not going to be specific and say that perhaps one of the big things in sorting all this out is to try to emphasise the

James Higgins, European Youth Forum, **Robert Plummer**, BusinessEurope, and **Roland Freudenstein**, Centre for European Studies—Oral evidence (QQ 206-218)

importance of IT skills or to encourage member states to do something about it? I am just asking you as an aside.

Roland Freudenstein: Education is not only a national competency but in some cases even a regional one. The Länder in Germany even legislate on social policies, education, justice and home affairs and so on. Nevertheless, the European Union can encourage; it can provide incentives, like in all these programmes such as the Youth Employment Initiative within the framework of the European Social Fund. But I think the key is really with the member states. A best-practice model where elements are taken from one country and maybe integrated into the context of another country is the key to success.

Robert Plummer: Exactly. Education is very much a member-state competence. What the EU can try to do is to steer a little bit the—

The Chairman: Perhaps they ought to put in a sentence or two to these. In this situation it strikes me with real forcefulness that this is an area that is crying out for a novel approach, for people to encourage young people to get in there and expand their horizons, be the new Bill Gates or Steve Jobs or whoever. It is a young person's game and I do not think they are really aware of just how valuable they could be or should be or would be.

Lord Brooke of Alverthorpe: I think it is an old person's game for the moment.

The Chairman: Why do you think it is an old person's game?

Q213 Lord Brooke of Alverthorpe: I would like to continue on this theme. I think it is a fascinating point the chairman has raised for us there about the interface between the two and when it comes in. My question is a broad one: what do you see are the roles of the Commission, the roles of national Governments, the roles of the Länder as well, if we take it to a reasonable level, of trade unions, of other partners, and employers, in the issue of solving the problem of unemployment?

When we come here we hear a lot about the social dialogue. That works and it seems to produce evidence and, if we go back to the earlier exchange we had, seems to produce results, yet there are people who say you go so far and you should not go any further. We look at education there and vocational training. Who is responsible? Is it the employer who is responsible or should we now be looking to see that the authorities should be educating in the area of preparation for going into work at an earlier age, which raises issues of competency between the Commission and between the states? Who do you think is responsible and where would you say the social dialogue these days stands? Is it weathering or is it worsening, as we have been led to believe, or is it in fact still producing results in notable areas like Germany?

Roland Freudenstein: The stakeholders are a broad church, so to speak. To be contrary, it is no use for the state to ordain a dialogue of social partners on education or whatever else if the partners do not want to engage, so there has to be some degree of responsibility on the side of the entrepreneurs and the unions and the young people. States and Governments and regional Governments can be a catalyst. They can even be an initiator, but without the co-operation of the other parties concerned it is not going to work. There has to be a complex interplay.

Robert Plummer: At the European level in terms of social dialogue we concluded what was called a Framework of Actions on Youth Employment last June. That document set out a

series of recommendations for actions at member-state level to help address youth unemployment, looking at issues around education, transition into work, and entrepreneurship. That is something that was negotiated with representatives from employers and trade unions at European level. There are now recommendations, and it is for social partners at the national level to look at how they would go about implementing some of those recommendations. We will be doing a series of annual evaluations for the next three years to see to what extent those recommendations have been taken forward in the different national contexts.

In terms of who is responsible, I think it is perhaps increasingly a mix of actors. If you look at school-level vocational education and training, and university level, there is scope there for more involvement of a range of actors, including employers, unions, employers' organisations, education providers and the Government, to try to develop the education systems at the different levels in the best way that they can to facilitate the transition from education at whichever level you might need it into employment.

James Higgins: I think they all play a role and some actors have stepped up more to the role than others. As regards the European Commission, they have already done quite a lot on youth unemployment. I see their role as establishing the overall framework, perhaps the direction, and they have adopted that in terms of the Youth Guarantee; they have said that is the role they want to go down, and also to improve apprenticeships and traineeships. They have set the context and then the implementation ultimately falls on the member states. On that I was quite surprised that there was news that some of the member states submitted their Youth Guarantee implementation plans very late.

The Chairman: Some have not done it at all.

James Higgins: There was a deadline. I would have thought that with the Youth Employment Initiative and with the money that has been made available there would be a scramble to get them in as soon as possible and to do a varying level of consultation, so we were very surprised by that.

On the lower level of implementation I think probably the employment services, business, trainers and youth organisations all have a role to play. We talk about the public employment services adapting their needs for young people. It is a bit of a difficult place to go when you are young.

Even social actors such as youth organisations have a role to play as well. They can engage with young people and can get the hardcore ones who are more marginalised to participate. I was pleased to see that trade unions were mentioned as well, because I think that trade unions have a really important role. Young people are less likely to know about employment legislation, about workers' rights, than other sections of the population. I think the trade unions as well, many of them have not been able to successfully adapt to young people because there has been a decline in many member states of trade union membership, especially among young people. From working with young people there seems to be a disconnect between trade unions and young people completely in many member states, so I think even the social actors need to step up in order to engage with this.

The report showed that in some countries a quarter of businesses could not get the people they needed to fulfil their positions. I do not know if that is some people holding their hands up and saying they cannot get them, or ones that are really, really trying to engage and to

James Higgins, European Youth Forum, **Robert Plummer**, BusinessEurope, and **Roland Freudenstein**, Centre for European Studies—Oral evidence (QQ 206-218)

get young people, but there needs to be this partnership in order to get those young people trained and into the jobs that are waiting for them.

Q214 Lord Wilson of Tillyorn: Could I ask you about training and apprenticeships, and about how much of an issue any of you think the question of the standard of training or of apprenticeships is? If it is, is this an area where the European Union should play a role or not? In other words, should it be the EU doing it, the Commission trying to increase standards, or is that something for nation states? I have another question, but I will come to it in a moment.

Robert Plummer: I will go first. When we talk about the quality or the content of apprenticeships and traineeships, I think the focus should lie on the learning outcomes. That is crucial because it is what you learn through a traineeship or an apprenticeship that will develop a person's skills and competences and help them gain employment.

In that sense the simple answer is that at European Union level it is not a question for the EU to be setting minimum standards or guidelines around traineeships or apprenticeships. This is something that is best left to member states, taking account, of course, of existing regulations, of the vast array of industrial relations systems that there are across the EU and or existing educational practices. For that reason it is best left to the member states.

James Higgins: I think, again, the institutions have an important role in defining the framework. I agree that they cannot go in perhaps to the reserve competencies. We expressed a little bit of disappointment in the quality framework for traineeships that there was no specific reference to reasons in terms of apprenticeships, but we also recognise as well that it would be seen to be overstepping the boundaries to all of a sudden put in some sort of figure—and how would that correspond with minimum wage levels?

I think the issue is that internships have cropped up recently in the past decade and a lot of the legislation of member states has not been able to adapt to that. How does an internship correspond with minimum wage legislation in the UK, where you are supposed to receive money for any hours you work, and if you get to five working hours then you have to be paid? Some member states have adapted to it, some have built in standards and others have not. I think the Commission is trying to react to this and ensure that we are not trying to solve youth unemployment here but also create another entry labour market for young people to go through before they can get into jobs. They have reacted to that to try to address it, but there is still a lot of work to be done.

Q215 Lord Wilson of Tillyorn: The other ball that was going to go with that is what do you think of zero-hours contracts, a contract whereby you have no fixed hours? You have a contract and the person who gives you the contract has certain responsibilities, but you have no defined hours, so you may have no work one day and a lot of work the next day.

Roland Freudenstein: I have no personal experience—neither do I know anyone who has personal experience—but the way it sounds, it fits in perfectly with the demand for greater flexibility and for getting away from the classical, incredibly stiff, 20th century type of labour markets that we have in many member states. Again, if the European Union can act as a catalyst in bringing best practice to all the member states concerned, I think that would be a good thing. That is something where the European level should act, rather than in setting rules or minimum requirements.

James Higgins, European Youth Forum, Robert Plummer, BusinessEurope, and Roland Freudenstein, Centre for European Studies—Oral evidence (QQ 206-218)

Lord Wilson of Tillyorn: You think the zero-hours contract is a good thing, not a bad thing?

Roland Freudenstein: I believe, in the end, it is a good thing.

Robert Plummer: I am sorry to disappoint you, but I do not have anything to add.

James Higgins: We would be very much against zero-hours contracts, firstly because they overwhelmingly affect young people. They are a reason phenomenally for people recently entering the labour market with no guaranteed pension or basic employment rights. It could also entrench intergenerational problems between older people in the labour market perhaps entering at a different time, when there was a more protected and regulated labour market, and young people coming in now.

Also, the question was raised earlier about incentives to work. I think if you bring in a system of zero-hours contracts and a very poor level of social community, you erode the incentive to work. I do understand the argument for flexibility in the labour market but I think that in many member states there already is a very high level of flexibility. In Spain they already had a very flexible labour market. Currently over 90% of contracts created in the scheme are temporary contracts. I think there is an issue of flexibility in certain member states in certain contexts but the overall issue is not to do with flexibility. From our point of view it is to do with quality employment for young people.

Q216 Lord Brooke of Alverthorpe: Before you answer my question, you have a fascinating looking graph in front of you. Is it the result of your Up To Youth study?

Roland Freudenstein: No, these are taken from Eurostat. There are a couple of interesting figures. To give you a couple of examples, the NEET rate—young people not in employment and not in formal education or training—has not changed. In other words, if you look at the 50%-plus unemployment in some Mediterranean countries, there are people who remain in education in some form, although they seek employment. They do not belong to the group not in employment and not in training, they stick with education.

The Chairman: That could be good.

Roland Freudenstein: It could be, but of course it relativises a little bit these horror stories of 50% or 60%. Among these 50% or 60% you have some who have nothing at all and you have others who at least compensate for not finding employment at the moment by doing something useful. It strikes you and it is shocking that we have such high youth unemployment but it needs to be specified, and that is what these figures are for.

Lord Brooke of Alverthorpe: I was just wondering, coming back to the survey work you have done, whether there is anything in there that might be of particular use for us. We would be very grateful indeed to see it if we could, particularly with regard to people who raise the issue on the supply-side, and training.

The main thing from my next question relates to the three major planks that have emanated at EU level for a youth employment programme or the Youth Guarantee, the Youth Employment Initiative that is now working its way through the system, and the decision to encourage a diversion of some of the European Social Fund money specifically to reduce youth unemployment. What do you think about all these initiatives? Do you think they are welcome and we should have more of them, or do you think they are perhaps encroaching in areas where the Commission should not be getting too involved?

James Higgins, European Youth Forum, **Robert Plummer**, BusinessEurope, and **Roland Freudenstein**, Centre for European Studies—Oral evidence (QQ 206-218)

In particular, if we have the time, we are anxious to follow the money, the experience any of you may have had with where the money has been going, who it is going to and whether there is any assessment being made of whether there is value for money being secured. That links in part as well to where we started when we were talking about the needs of different groups of the unemployed.

James Higgins: We support the Youth Employment Initiative in a number of ways. First of all, to focus on regions with a very high level of youth unemployment, over 25%, I think that is the right place to start with the investment. We support the focus. The focus is on implementing the Youth Guarantee, so it is about training, it is about provision of jobs when they are there and it is about getting public employment services ready or better equipped to deal with the needs of young people. We like the focus; we think it is very good. The only issue we have with it is that we do not think it is enough: €6 billion sounds like a lot of money, and it is, but the original estimation of the International Labour Organisation in 2012 on Youth Guarantee was €21 billion.

We know that money could come from national level or it could come from the European Social Fund. The reason that we think there needs to be a higher level of investment is that Eurofound released a report on NEETs in 2011 that showed that €153 billion was the cost in terms of lost tax contributions from youth unemployment. So we think we need a good investment in order to save money in the medium to long term.

On the previous initiatives that went in, action teams were established to help member states spend the European Social Fund that had not yet been executed. I had a look into those reports and it seemed that most of the money went towards small and medium-sized businesses to help them employ young people. What I think is different about the Youth Employment Initiative, and what is perhaps more promising about it, is that it looks better to make some structural reforms if they want to do that, if they feel they need to do that on a local level, and to engage with young people, so the money is perhaps going in a different direction to try something a little bit new.

Robert Plummer: Around the Youth Guarantee we can clearly see that in some member states and in some regions in particular young people are in a very difficult situation and they need some support and the EU can certainly help to deliver that on a short-term basis. I think that with the nature of the Youth Guarantee, it should precisely be short term. In the mid to long term you need to look rather at labour market reforms, and reforms of education systems. We have mentioned apprenticeships, perhaps looking to develop or strengthen apprenticeship systems. That is one of the points that, as employers, we have been making for the European Social Fund: member states that want to should be able to have an allocation of ESF precisely for that reason, around developing and strengthening apprenticeships. In that way, by undertaking those reforms of the labour market and education, you get to the point where you would not need the Youth Guarantee.

As I said earlier, you need growth to create employment. It is not for employers to guarantee work, so we should rather be looking at some of the structural issues that are there in the different member states and in that way overcoming the need for a Youth Guarantee.

One other point I would add is that on a short-term basis the EU can help to seed fund—I think that is the phrase—certain initiatives from a European level, but it is important not to reach a point where EU support is subsidising schemes over a prolonged period of time. It

James Higgins, European Youth Forum, **Robert Plummer**, BusinessEurope, and **Roland Freudenstein**, Centre for European Studies—Oral evidence (QQ 206-218)

should be targeted on seed funding and initial establishment and development rather than over a long-term period.

Roland Freudenstein: Just briefly, I think it is important to see that the Youth Guarantee is not a job guarantee. There is no way the European Union or anyone else can guarantee jobs. The Youth Guarantee is a programme that guarantees that we will make a concerted effort to improve the chances for young people to get employed, but I would re-emphasise what Robert Plummer just said; it is up to reform. Member states have to reform their labour markets; that is the key to everything. Then we need to tackle education systems and increase the mobility of young people, and improve language skills, for example. All these are different issues additional to the digital literacy that we talked about, but reform is the key. The Youth Guarantee is very much a temporary measure.

Q217 Lord Brooke of Alverthorpe: One issue that strikes me that has been emerging and that we have seen back in the UK is the silo mentality that one finds in public services that are providing education and providing jobs. Bringing it together is extraordinarily difficult. Listening to you, I get the impression as well that one of the by-products of all this should be an examination of the public service offerings that then lead individuals into employment—the transition from education into work. Is there any specific work being done in that area into these kinds of topics?

Roland Freudenstein: Do you mean to tackle the silo mentality?

Lord Brooke of Alverthorpe: That is a sense of what we are seeing here.

Roland Freudenstein: Let me give you some of the ideas that the Up To Youth participants put forward. They all tackled more or less this question of how to connect the educational world with the business world or with the work environment. Schools should set up entrepreneurial programmes for young people interested in starting their own company. They could have used the word “entrepreneurship”, it is just that they did not use that term. That is another key. This even goes to popular culture in some member states, rather different from Britain, where entrepreneurship is not considered a particular virtue. Universities should establish stable partnerships with companies in practical work and traineeships, such as legal clinics and laboratories, led by experts and not only professors. All universities should have better officers who will help students find a job, depending on their studies. Also, their programmes should be dynamically attached to what the whole job market is asking for. It all goes in the same direction, precisely as you indicated, and this is what young people are telling us.

The Chairman: We are up against the time. Everybody here except me has to go back on a train.

There are two things: first of all, your last question, Lord Freeman, then there is one I want to ask you, Mr Plummer.

Q218 Lord Freeman: Perhaps we could have just one recommendation from each of you of good practice in any particular country that should be shared with all members of the European Union.

James Higgins: I would say the Finnish example of the Youth Guarantee. As was mentioned earlier, they have a Public-Private People Partnership, they have created various networks and it seems to work quite well—so well that they are going to reinvest in it even more.

James Higgins, European Youth Forum, **Robert Plummer**, BusinessEurope, and **Roland Freudenstein**, Centre for European Studies—Oral evidence (QQ 206-218)

Robert Plummer: I will take it a bit broader and say co-operation between different countries, for example between employers' organisations. If you are looking to develop apprenticeship systems, there is a lot to be learned from Germany and from others.

Roland Freudenstein: I am taking the example not of Germany but of the Netherlands, with the single contact point that centralises all services aimed at helping young people get work, advice and assistance—a one-stop-shop system for young people so they do not have to run around from institution to institution.

The Chairman: Mr Plummer, what do you think is the impact of migration on the EU economic crisis? Is it a help or a hindrance, and what about the brain drain? I ask you this because it looks as though you are conducting research on this and you are probably an expert. Perhaps you would like to write to us on it, unless we have time in the last couple of minutes.

Robert Plummer: Just very briefly, labour mobility we think is an important aspect of employment. It can help address the mismatch of issues that we touched on earlier. Clearly there are issues of brain drain, particularly in the southern member states. It is something that is frequently raised by Spain, Greece and Portugal. Mobility is not a silver bullet, it is true. It can play an important part in addressing mismatches and helping young people get work experience, traineeship options abroad and so on, but it has to be taken together with reforms of labour markets and education systems to help address youth employment.

The Chairman: Can I thank you very much indeed, all three of you, individually and collectively? It has been a great way to end our couple of days of evidence taking in Brussels. It has been a great experience for us and I am sure that the report that we eventually produce in April, of which you will have a copy, will benefit from all of this.

You will get the transcripts and please send them back if there are things that we have misunderstood.

Adam Swash, Experian, Mike Thompson, Barclays, and Dr Peter Kyle, WORKing for YOUth—Oral evidence (QQ 98-108)

Adam Swash, Experian, Mike Thompson, Barclays, and Dr Peter Kyle, WORKing for YOUth—Oral evidence (QQ 98-108)

[Transcript to be found under Mike Thompson, Barclays, Dr Peter Kyle, WORKing for YOUth, and Adam Swash, Experian](#)

The Gilfillan Partnership—Written evidence

House of Lords Call for Evidence - EU Action to Tackle Youth Unemployment

1. Introduction and background: Who are we and what is our experience?

We are not a LEP and we are not involved directly in policy, but we are very interested in this subject and we hope the Committee will find our perspective of some help.

We are a small independent specialist research and evaluation organisation. Our main aim is to support organisations to tackle disadvantage and promote equality. We have been independently researching and evaluating projects and programmes for disadvantaged young people for more than 20 years, both here in the UK and across the EU. EU funding – especially in relation to employment and skills - is another of our specialisms.

We have evaluated many youth employment and skills programmes and projects, from multi million pound national and EU programmes to very small scale local grassroots projects. Here are some examples of our work.....One of our biggest early jobs, for the Department for Work and Pensions (DWP), was to evaluate the GB share of the EU YOUTHSTART Community Initiative in the 1990s. With a £multi million budget, YOUTHSTART's focus was on funding transnational co-operation projects across all sectors which piloted innovative ways of combating youth unemployment; a familiar theme with today's high levels of youth unemployment. Since then, we have evaluated a number of national ESF programmes for relevant government departments, including ESF objective 3, the GB EQUAL programmes I and II. We also produced in depth case studies of the impact of ESF on individual beneficiaries. On a smaller scale, last year (with funding from the EU Progress Programme) we produced 20 case studies of ESF supported projects from a number of Member States across the EU which had been successful in engaging with unemployed young people. We produced a further 20 case studies of ESF supported projects promoting entrepreneurship among unemployed young people in a number of different member States.

In summary, we are very familiar with EU structural funds, both at strategic and at operational, practical levels. We have seen what works in many different contexts. We have a good practical understanding of LEPs (we have done some work for some) and the new arrangements for Structural Funds. We continue to be closely interested, but independent, observers.

2. General comments

Through all the research and evaluation which we have done in this field over the years, we continue to be shocked at the lack of progress in establishing suitable long term support provision for young people who find themselves at the bottom of the pile and who struggle with the transition to the labour market. A similar cohort of young people has continued to exist throughout the last 25 years, although of course their numbers have grown rapidly since 2008. When the labour market picks up the more confident, motivated and qualified young people will move into jobs and training, but there will inevitably remain a large pool of young people who will be left behind either on the dole or in the revolving doors of short

term quick fix schemes. Surely they deserve more than this. They need the best and most support that we can afford, but until now they have continued to receive the least.

Current government programmes to support disadvantaged young people are overcomplicated. Even we, so called experts, are confused by the 35+ national schemes currently available for this age group. Careers and other guidance available to young people after they leave school is too often hard to find or non-existent in some areas.

Our hearts sank when we learned that much of the responsibility for European programmes and for supporting unemployed young people would fall under the responsibility of the LEPs, each of which is developing their individual local plans at breakneck speed. Whilst we applaud the principle of developing local provision to suit local need, we can unfortunately see that this is a case where history will go on being repeated if the lessons from the past are not learned. If LEPs take this on without a good understanding of what has gone before or about what works, they are likely to make a mess of it, at least initially. They will take time to discover what works and the quality of support will be at best piecemeal for some years to come.

On a positive note, we continue to be inspired by organisations which work successfully with young people, often against overwhelming odds. However, the good provision that exists, and it does still exist in pockets, all too often operates at the margins and on short term, shoestring budgets. We hope LEPs can change this but they need to use funds like ESF creatively and with a long term perspective if they are to achieve that.

3. *Our responses to the Committee's six questions*

6. *What have been the responses to the issue locally, and how well do locally designed actions, work alongside national programmes?*

We have no comment on this

7. *In relation to the management of EU funds for tackling youth unemployment in the UK, do you feel that the right balance is being struck between decisions taken at a local level, and those taken at a national level?*

The idea of localising budgets and decision making makes sense in principle. But one risk is that the local decision makers could be equally removed from understanding the realities for unemployed young people as the national level programme planners and designers were, except they have narrower horizons and less breadth of view about what works effectively. That is unless they engage people working with the most disengaged young people on the ground fully in designing their programmes. This does not seem to be happening so far in our limited experience not least because LEPs have been rushed into producing plans very quickly and many of them lack capacity or expertise or awareness to do this properly.

The minimal guidance from government is an advantage in one sense in that it encourages local solutions to local problems. But it is also a potential weakness, with wheels being re-

invented all over the place and LEPs potentially failing to capitalise on the experience of others. We do not advocate a return of agencies such as LSIS or the IdEA, but some focussed resources/sources of information on good practices would probably be really helpful and they do not to our knowledge exist. In the TEC era, funding was made available by the government for the production of a really useful practical Guide to Economic Development, which was rich in examples of how people had tackled issues and of people to speak to who had developed good practices through experience.

8. *How do European funds, such as the European Social Fund (ESF), add something different or valuable? For example, do you think the different way in which EU funds are being organised for the new Youth Employment Initiative programme (with overall design led by Local Enterprise Partnerships in the UK, and more coordination between ESF and the European Regional Development Fund) will work to help young people in your area?*

a. Added value

Previous ESF programmes, for example in the 1990's, saw ESF being an opportunity for organisations which could find match funding to come forward and deliver their own ideas. The result was a mix of provision some fantastic and some not so good. Often these organisations were working with the hardest to reach and most disengaged young people, which we believe should be the recipients of this support. Such organisations could rarely succeed with formal processes, like competitive tendering.

b. Youth Employment Initiative

The initiative has laudable strategic aims but there is no sign from where we are of differences in the way these extra EU funds are being organised except that they provide some extra money for young peoples' programmes in the designated regions where there is above average unemployment among young people.

We do strongly subscribe to one particular objective of the initiative. That is the aim of reducing obstacles to mobility for young people, i.e. funding opportunities for young people to gain work and related experiences in other Member States. We believe such experiences can transform young peoples' view of the world and themselves, giving them confidence and motivation as well as broadening their horizons and delivering other benefits to them and those around them. It would also send a signal that unemployed and excluded young people are seen as worthy of being invested in and that support for study or work abroad is not just for people who go to university (many university students are eligible for support to study abroad under the EU's Erasmus programme). Although we understand that it is in principle possible for LEPs to use ESF to support this kind of approach, we have seen no encouragement for them to do this and without that we fear that they are likely to see this as an expensive luxury add-on. Our understanding is that most other Member States have agreed to set aside a proportion (7%?) of their ESF allocations for such activities but that the government did not subscribe to this approach, preferring instead to leave it to individual LEPs to decide what to do and not to 'top slice' any of their ESF budgets for such purposes.

The Gilfillan Partnership—Written evidence

This is in contrast to Germany, where since 2011, over and above such arrangements, there has also been heavy investment (more than £100million) in a federal government programme (with ESF support) to enable 10,000 disadvantaged and unemployed young people to gain work experience abroad. The mid-term evaluation of that programme (Integration through Exchange - IdA) suggests that the experience has had profound impacts on the participants' confidence, motivation and their lives.

9. *We are interested in the extent to which young people themselves contribute to ideas as to how they might be helped or are consulted about what might be effective. What sort of steps do you take, or are you aware of, to involve young people and with what results?*

We have no comment on this

10. *How important do you see sharing of good practice across the UK and the EU as being and, to your knowledge, do local policy makers learn from success stories in other parts of the UK, or in other countries?*

We think this is very important. Getting it right could save many £millions and improve services exponentially.

A key aspect of evaluation is to capture and spread good practice. All too often we see programmes and projects that have been designed without basic reference to what has gone before or sometimes without even basic exploration of what has worked or not and why? For example, we wonder what, if any, of the painful and costly lessons which came out of the introduction of Training and Enterprise Councils were used to inform the processes of gearing up the LEPs.

There is lots of good practice out there for people to learn from. Some EU (and former UK) programmes are very rich in resources and experience which are intended to be disseminated and exploited, but our questions would be - are the LEPs aware of where such resources are and how they can learn from them?

As evaluators we are concerned about what seems to us to be a lack of more than cursory attention being paid to evaluation in the general rush to get funds to the LEPs and now to spend those funds. In a few years' time we wonder if this lack of attention to evaluation means that nobody will even know if the new approaches have worked well. We wonder if they will care anyway as those responsible design the next set of policies and programmes once more without apparent reference to lessons learned from what has gone before.

Many factors can get in the way of sharing and adopting good practices. These can include lack of experience or time, or capacity or skills, or not knowing where to look. Sometimes, it is also because of a lack of a culture of valuing evaluation or in spreading good practices. Sometimes it is more difficult because mechanisms for capturing or spreading good practices are not easily accessible. Some organisations have what we call 'not invented here' syndrome i.e. they are just not open to outside ideas. The market driven competitive funding environment can also make people less keen to share success with potential competitors.

Our idea would be to take a positive approach and to try to mobilise some small scale resources to encourage LEPs to see the value of evaluation as central to their work rather than as a peripheral add-on. We hope they can develop a culture of valuing and investing in evaluation. We would also advocate that they should encourage, publicise and celebrate success wherever possible. It is difficult to see individual LEPs being able to do this on their own. Equally we do not advocate any permanent agency to ensure they do it. Perhaps some carrots – e.g. in the form of ring fenced funding – might help to encourage them to adopt such a culture and to share with other LEPs as a start.

Annex

Case study: review of Youthbuilding in the UK

One of the most inspiring concepts which we have come across in all our years of research and evaluation is called YouthBuilding. The Committee may be interested as it illustrates some of the issues about support for unemployed young people in England. The initiative has relied heavily on ESF and ERDF support and in spite of being very effective it has never been a comfortable fit with national government funding programmes.

A few years ago we undertook a review into Youthbuilding in the UK. The main purpose of our research was to review the progress and achievements of the 60 or so Youthbuilding projects in the UK which had by then been running for about 11 years.

There were - and still are - a wide variety of projects up and down the country operating under the umbrella of Youthbuilding, being delivered by a wide range of organisations in partnerships involving many different agencies.

The 31 Youthbuilding projects which contributed to the review shared a number of common features;

- All worked with young people who were disadvantaged in terms of labour market entry; usually with few or no qualifications; often with very low levels of basic skills; generally living in run down or deprived neighbourhoods; sometimes with additional problems e.g. a criminal record, history of substance misuse etc;
- Most projects used construction skills training as a vehicle for improving the employability of trainees; usually hand in hand with developing other employment skills e.g. literacy, numeracy, motivation, punctuality etc;
- Most provided a substantial element of on-site training, both to further develop construction skills and as a supported transition into the world of work;
- All provided additional support to trainees to help them overcome their lack of experience, confidence or personal difficulties with moving into jobs, e.g. advice and guidance, mentoring, in work support etc.

We found some key points of divergence between projects, principally between those projects which linked construction training with accommodation and those which do not. Linked projects involved trainees in building or refurbishing homes which the trainees themselves moved into.

The size of projects ranged enormously – from as little as £42,000 for a 15 month project, to over £2.5 million for a project which was by then in its fifth year. Using the total project cost divided by the total number of beneficiaries gave a very crude indication of the unit costs/value for money for projects. These ranged from a low of £1,300 per trainee to in excess of £85,000. However, this indicates only the cost per each trainee during the project lifetime and does not account for the much longer term investments made by some projects. For example, some projects included land and property costs and/or property refurbishment costs.

We found that the complexity of the funding arrangements for many Youthbuilding projects meant that they require a high level of management and administration. Each Youthbuilding project was funded from an average of five different sources Often including ESF, sometimes ERDF and sometimes both – with as many as 14 different funding streams used to support a single project. If the LEPs can find ways to cut through that, they will be doing very well.

Key achievements and benefits of Youthbuilding projects

Of the 1,471 project beneficiaries from the 31 projects which responded to us, 375 had so far gone into jobs as a result of their participation in Youthbuilding projects, representing over 25% of the total number of beneficiaries. That overall job placement rate masked some exceptional achievements in this area – with one project reporting over 70% of beneficiaries successfully placed into jobs. Projects also achieved success in achieving accredited qualifications.

Although it was beyond the scope of our review to assess the wider achievements of Youthbuilding projects beyond their immediate goals of developing the skills and employability of young people, we found that Youthbuilding projects had achieved a considerable range of additional benefits for individual beneficiaries, their communities and the wider economy. These include;

- Building the confidence and employability of young people and empowering them to make choices about their future;
- Moving homeless young people into their own housing (sometimes housing which they had built themselves) and supporting them to live independently;
- Developing new housing and refurbishing existing housing in areas of acute housing need;
- Increasing the supply of skilled labour into the construction industry.

The Gilfillan Partnership—Written evidence

Youthbuilding practitioners had developed a wealth of knowledge and expertise. This would be of potential interest and value not just to other Youthbuilding projects and those agencies thinking of developing Youthbuilding activities, but also to wider audiences with a range of practical or policy interests, including;

- Crime prevention, community safety and reducing re-offending;
- Motivation and empowerment of disadvantaged and disaffected young people;
- Intermediate labour markets and transitions to employment;
- Supporting young people into industries which are non-traditional for their gender, ethnicity or culture.

We found that Youthbuilding projects were successfully ‘joining up’ a range of policies at a local and practical level, pulling together resources and support from across a spectrum of government departments and agencies including those with responsibility for vocational and employability skills development; youth justice; regeneration; social enterprise development; housing; community development; intermediate labour markets; the construction sector; and neighbourhood renewal.

Perhaps the greatest achievements of Youthbuilding projects are the unquantifiable but unarguably major impact which they have on the lives of the young people involved in them. Such projects are changing lives in ways which cannot be quantified or costed but which make a profound and lasting difference. We saw ample evidence of this at first hand when we spoke to participants in the case studies which we produced as part of the review.

11 February 2014

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

Evidence Session No. 18

Heard in Public

Questions 219 - 233

MONDAY 27 JANUARY 2014

Members present

Baroness O’Cathain (Chairman)

Lord Clinton-Davis

Lord Cotter

Lord Fearn

Lord Freeman

Baroness Hooper

Earl of Liverpool

Baroness Valentine

Examination of Witnesses

Clive Richardson, Director of Public Affairs and Research, Go ON UK, **Jane Artess**, Director of Research, Higher Education Career Services Unit, **Joe Billington**, Deputy Director, National Careers and Learner Services, Skills Funding Agency, and **Karen Adriaanse**, HMI, National Lead for Careers Guidance, Ofsted

Q219 The Chairman: Welcome to you all, and thank you very much for taking time away from your busy jobs to come in and see us. The session will last between 50 and 60 minutes, and I should make the point that members of the Committee with relevant interests will declare these now. Are there any interests on careers advice? No. The session is on the record and is being webcast live. Subsequently it will be accessible via the parliamentary website. Witnesses will receive a transcript to check and correct, and this will be put on the public record in printed form. I would ask each of you to begin by stating for the record your names and official titles, and if you would like to make a brief opening statement, that is fine.

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

Jane Artess: I am Jane Artess. I work for the Higher Education Careers Services Unit, which is an educational charity. We are responsible for providing careers information and guidance materials for universities. We work predominantly with university careers advisory services and supply information for use by students and graduates. My particular role is to direct our research work.

Clive Richardson: I am Clive Richardson, the Director of Public Affairs and Research at Go ON UK, which is a national charity that aims to promote digital skills.

Karen Adriaanse: I am one of Her Majesty's Inspectors in Ofsted, and I am a special adviser for further education and skills. I am Ofsted's National Lead for Careers Guidance, which covers pre-16 as well as post-16 careers guidance. I am also the author of the recent Ofsted report on careers guidance, which was published in September.

Joe Billington: My name is Joe Billington and I am the Director of the National Careers Service, a part of the Skills Funding Agency, which in turn is an agency of the Department for Business, Innovation and Skills. We deliver the National Careers Service through contracts with careers service providers. There are 12 face-to-face contracts around the country. We have a national helpline for adults and for young people, and a comprehensive website. These are the main channels through which we deliver careers advice.

Baroness Valentine: I am sorry, but I should declare an interest. The National Careers Service puts money into Skills London; I sit on the board.

Clive Richardson: Go ON UK is a national charity. We work with the Government but we are not part of government.

The Chairman: Am I right that the HECSU is not part of government either?

Jane Artess: We are not government. HECSU is a wholly independent educational charity.

Q220 The Chairman: Thank you very much. We have heard from other witnesses about the vital importance of high quality advice and guidance for young people at key transition points in their lives to equip them for the sort of work that is available. Is your view that this support is available?

Jane Artess: Actually, no. The early indications are that access to advice and guidance is by no means uniform across what we might describe as young people: that is, those aged under 25. There seem to be very different systems of career support in schools, colleges and universities. Added to that are different kinds of advice and guidance systems available to those in employment, whether that employment is full or part time. We would also contend that there are currently some serious deficiencies in access to professionally qualified careers guidance practitioners.

The Chairman: You are not expected to provide an answer to every question. Some questions may be more relevant to one witness than to another.

Clive Richardson: I think I will pass on this one and let my colleagues answer it.

Karen Adriaanse: As I indicated earlier, Ofsted has carried out a review of careers guidance and we published our report last September. For that review we visited 60 schools and were concerned that very few of them provided good careers guidance for all their pupils. Some schools were carrying out lots of different activities, but they were not well managed. We also found that among the young people we interviewed, around 1,000 had a very narrow

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

view of the career pathways that were available to them. In the few schools that we found were doing this well, the careers guidance service was being led strongly by the leaders of those schools. It was a top priority for them and they were prepared to invest in the service to make sure that their young people get the information they need. Overall, however, we are concerned that the advice is not broad enough and that young people do not understand the full options available to them, and we are particularly concerned about the lack of promotion of vocational training and apprenticeships.

The Chairman: That is a worry that we share. Are there any outstanding examples that could be featured as beacons of hope?

Karen Adriaanse: There were certainly a few schools where we felt that careers advice was a priority. One of the things we will be doing is going back to a couple of those schools to identify good practice and publish the examples in the hope that other schools will be able to follow them.

The Chairman: May I ask if the academies, which seem to be burgeoning at the moment, have careers advice on the list of things that they should home in on?

Karen Adriaanse: It depends on when the academies were established. Those that were set up some time ago may not have added careers guidance to their contracts, but I understand the more recent academies do so, and they therefore also have a statutory duty to provide careers guidance. However, it was interesting to note that the few schools that were doing careers guidance well were a complete cross-section. They were academies and schools both with and without a sixth form. Likewise, we did see a few schools with very poor careers guidance, and again there was no pattern in their being academies or schools with or without a sixth form, or in their being in urban or rural areas. But the schools that were doing careers guidance well prove that it is possible to provide good careers guidance provision.

Baroness Hooper: I think it was the Education Reform Act 1988 that brought in the idea of school governors being drawn from the local community, with a certain proportion to come from local businesses and industry. Have you found that there has been much benefit from that, and are the governors working together with the careers advice people?

Karen Adriaanse: It is interesting to note that one of our recommendations was that that should happen more often. Again, in the few schools that were doing this well, there was an employer or business that provided a member of the governing body. We would not expect them to be hands-on as governors in careers guidance, but we would expect them to give an overview and ensure that they could provide accountability in this area.

Baroness Hooper: Perhaps they should also arrange school visits to local industry.

Karen Adriaanse: Yes, they should.

Q221 Lord Cotter: I could go on for ever about the Ofsted report because it was quite crushing about many aspects, several of which I am sure we will look at again in the future. There are many examples. Indeed, the National Careers Service does not seem to come out of it terribly well at all—and it is the lead organisation. Perhaps I may make a comment about careers advice and guidance. All of us would wish to see more one-to-one work, but that does not come out particularly well. Nor, indeed, does the website. The answer to those who said, “We want one-to-one contact”, seemed to be, “Oh, you can click on to the

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

website". Those are discouraging and worrying aspects. The website seemed to be the catch-all, but perhaps it is not as good as it should be.

Karen Adriaanse: One of the problems with the website is that many teachers and staff working with young people seemed to take it for granted that they know how to use it. I think that many young people have struggled to get the full benefit of it. However, that was not so in every case.

The Chairman: Mr Billington, you are on the spot now.

Joe Billington: I thoroughly relish the prospect. I should like to make clear just what the National Careers Service is here to do. The National Careers Service is a big part of the Government's approach to the delivery of careers advice. It was established as the result of a document published in April 2012 entitled *The Right Advice at the Right Time*. The service had a specific remit, working face to face with people aged 19 and over and those who are unemployed at 18 years old, offering telephone support and website support.

The duty for sourcing independent careers advice for young people under the age of 18 lies with schools when they are in school, with local authorities when they are out of school, and with FE colleges and sixth form colleges when they are at college. The National Careers Service does not have a remit to operate specifically within schools. We offer the complementary services of the website and the helpline to assist schools in their delivery. Lots of reports over the past nine months, Ofsted being one of them, have examined how that policy is playing out. The Government are developing a number of strategies to try to encourage schools to adopt some of the ways, which Karen has alluded to, in which schools can work with employers to offer more inspiring opportunities for young people to understand what the world of work is like.

The Chairman: We have some evidence that arrived only today that talks about the website. It notes interestingly that youngsters do not use it very much. They focus on it for social networks, but only one-third looks to the internet for information about education and training or course offers. If we do not enthruse them to look for the information, surely they are not going to benefit.

Joe Billington: There are some challenges around how to use IT to support careers options. One of the things that the Government are interested in doing is encouraging a vibrant marketplace so that there are lots of different ways to engage young people in careers. You will be aware that a number of websites have been specifically designed to encourage people's interest in careers. We do a lot of work on trying to improve our website in order to respond to the feedback we get from young people.

One of the biggest obstacles we encounter is how much people know about us, but when we work with young people on the website we achieve very high approval ratings for it. They appreciate what it is doing, but the fundamental point is as you say: that it is the first point of reference when people come to a website to seek this type of information and advice.

Q222 The Chairman: Perhaps I may ask a general question that arises from one of the other responsibilities of this Committee, which is the internal market. The internal market has what is called a one-stop shop possibility for people who are looking to trade in the chemical industry, the textile industry, the motor industry and so on. Do you think there is any merit

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

in suggesting that perhaps there ought to be a one-stop shop for careers advice for UK students and young people?

Joe Billington: There is certainly value in having a single place to go to that can direct you to the best place for advice. It is harder to suggest one place that will necessarily provide all the advice to all the people. The National Careers Service offers that. Anyone can telephone our helpline, and there will be resources at the end of the telephone to help someone find out who is available in their locality to offer support and advice.

The Chairman: Do any of the rest of you have a problem with that one, or at least a suggestion about it?

Jane Artess: My organisation runs a careers website. Admittedly it is not for young people in school but is aimed primarily at students and graduates in higher education. We have something like 2 million unique users, so we are quite a major provider of information on websites. We have discovered that, increasingly of late, more young people in school are now using our website to see what the job opportunities might be beyond graduation. That is quite an interesting new development.

We are also finding that one of the problems with a lack of face-to-face support for younger people, particularly those in schools and colleges, is that it is very difficult for them to know what kind of questions they want answers to by going on to websites. Some websites, including our own, are very dense in the information they provide. While they are not particularly difficult to navigate, it is easy to miss something if you are not sure exactly how to articulate your questions.

This is one of our concerns around the lack of guidance available to young people in schools and colleges on how to use online resources. There is therefore a tendency for some young people to approach websites in a slightly superficial way. They may not necessarily utilise effectively the resources that are available on the websites because they are not being prompted to do so by professionally qualified practitioners. This is really quite a major issue. Some of the best websites are excellent, and we need to try to find a way of helping young people to discern between a good website and one that has information on it that is inaccurate, not up to date or even factually incorrect. There is grave concern among some of us that a lot of material is available online that is actually wrong and inappropriate. There is an issue around how to steer people towards websites that are what might be called bona fide.

The Chairman: If you have any more ideas, would you please write to us with more detail? This has been put in front of me only in the past few days.

Q223 Lord Cotter: The field we are talking about is very interesting, although I have not looked at it myself. In order to tempt young people to embark on looking at websites, have you considered involving young people themselves in their design, perhaps introducing something a bit punchy so that they can say, "I have looked at this and it is terrific"? I am not being critical, but I think it is important to try to ensure that young people themselves can offer advice and help.

Jane Artess: Indeed we are doing that. I can only speak on behalf of my own organisation, but we undertake a great deal of user testing. We test out with students every change that we make to the website, and we certainly try to make it as user-friendly as possible.

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

However, as I say, our website is primarily aimed at students and graduates in higher education, so it is very information rich. I suspect—this is perhaps what my colleague has been referring to—that we may need different sorts of websites for the different sorts of individuals who use them. However, user testing is crucial and user-centred design is very much to the fore.

Joe Billington: We have had a similar experience, having worked very closely with young people to develop our website. The Committee will be interested to take a look a website called Plotr—it is a website so it could not be spelled normally—which is receiving some government support. It is aimed much more at the dynamic end of the spectrum. We find, however, when we have conversations with young people, that there is a vast range of experience. Some young people find that dynamism quite patronising and they want more content, while others ask why it is so dry. It can be difficult. The model we are working towards, which we intend to implement over the next couple of years, is the very notion of a website that is a bit of out of date. What you really need is applications that work through other sites such as Facebook, Twitter, Pinterest and so on, because that is where young people are all day long. Those sites are open to all and friends will recommend things on them. We are operating much more in that environment going forward.

The Chairman: You will be glad to hear that we are going to be using Twitter for the inquiry this weekend.

Joe Billington: Excellent.

Q224 Lord Fearn: This probably follows on from the previous questions. What is your view of the current ICT literacy of young people, and how do you think this compares with the situation in other member states?

Clive Richardson: The BBC has carried out some research into media literacy across the UK which shows that 6% of 15 to 24 year-olds lack basic online skills as defined by their ability to send an e-mail or share information. That is quite a low bar. As I say, 6% cannot perform those simple tasks. Research by the Prince's Trust shows that 17% of those not in education, employment or training would not apply for jobs that require computer skills, so while it is only 6% overall, within that percentage there may well be groups with a greater or lesser predilection to use IT and apply for things online.

Across the EU, the OECD Survey of Adult Skills, which was published last year, tested people's proficiency at problem solving in technology-rich environments. The UK came seventh out of the EU countries on that scale. We are behind the Scandinavian countries, Germany and the Netherlands. We are in the middle of the table.

Lord Fearn: Sixty per cent is a very high figure.

Clive Richardson: Six per cent.

Lord Fearn: Where does the fault lie? Does it lie with the education system?

Clive Richardson: Whenever we talk about the use of the internet, there is always a bunch of different reasons. One of them could be access, in that young people may not have access to the internet in the home, or they may just not have the skills. However, if there is no access either at school or in the home, those skills cannot be built up. The research does not give

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

any of the details, but access and confidence in one's ability to understand the internet must play a substantial role.

Karen Adriaanse: Ofsted recently published a report that looked at the quality of ICT in 74 secondary schools over a period of three years. Only 29 of those schools, therefore fewer than half, actually had good or outstanding ICT provision. The real problem was that some of the young people, particularly those who were more able, were not being supported well enough to develop their skills and perhaps therefore lost interest. The concern was that far too many students reach the age of 16 without the sound foundation in ICT that is required for further study in related subjects.

The Chairman: How many did you say? What is the percentage?

Karen Adriaanse: I do not have the percentages. We certainly found that far too many young people did not have the basic skills and interest they needed to enable further study.

Lord Clinton-Davis: What is the input, if any, of the European Union as far as this is concerned?

Joe Billington: There are structural funds to support the National Careers Service. We spend in the region of £7 million to £8 million a year enhancing the services we offer, which is primarily the face-to-face service for adults or people over the age of 18. That £8 million is a proportion of the £60 million that we put out as our contracting in total.

Lord Clinton-Davis: Is there any communication between the member states?

Joe Billington: There is some communication in the academic field on best practice in careers advice. There is a research community that looks at the best models to pursue. I am aware that some of our leading practitioners in this country are in frequent contact with other academics and so on, particularly the Netherlands, but that is an international community, not specifically a European one.

Q225 Baroness Hooper: This question has also been touched on already. One development in careers advice has been the increasing use of online tools for young people in place of face-to-face contact. Do you regard this as a helpful development?

Joe Billington: Everyone is looking at me. I think that it is a useful development. As I said earlier, we find that a lot of young people highly value the fact that they can access very detailed information online whenever they want to without having to wait for an appointment. They can research their own stuff and they know how to do it. They can find things out for themselves. In that sense it is a useful development. I think there is also another group of young people who might be able to do all that, but do not do so. They need to be given some encouragement in order to make that first click. That is the point made by the Chairman earlier: young people do not necessarily use IT for this purpose. It is not the first thing they do. The two things still need to go hand in hand.

Karen Adriaanse: One of the problems we found is that even among those who could use the website confidently, they did not have a mechanism for recording their ideas. There was no way they could understand where their thinking was going and then record it to discuss with someone. Most schools did not have a tool for doing that. Certainly in our inspections we looked at records of interviews that career professionals had had with young people, and they were not always as clear as they could be. Such a mechanism is probably missing,

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

whether it is an online tool or not. Something is needed to really support young people, as they go through the different stages of their education and training, and to help them make their career decisions. They need a thorough understanding of the different opportunities that are available.

The Chairman: That is blatantly obvious to any of us, but the problem is that in many cases, particularly among the young unemployed we saw in Birmingham and Liverpool, they do not have people to discuss these issues with. They come from backgrounds that do not understand digital and may not have been in work. The conclusion I am coming to is that those who come from higher social levels have less need of websites because they have contacts. Their friends and parents will help them in looking for a job and so on. The ones who really need the websites have neither the digital equipment at home nor the face-to-face contact. They are therefore blighted. How can we break the cycle because this is the one area where we can see real impoverishment both in the home situation and in where they live—and indeed even in the schools they have attended.

Joe Billington: I shall pick that up. In September last year the Government issued a strategy from Matthew Hancock called the *Careers: Inspiration Vision Statement*.

The Chairman: He will be a witness before the Committee next week.

Joe Billington: The strategy talks about some of the things that the National Careers Service will do and about what other parts of government, and indeed society, needs to do. The vision is very much about getting employers to engage with schools—something we talked about earlier when considering the role of governors. It looks for employers to offer inspiring opportunities to young people so that they can explore what the world of work is like and what a job is really like. I have with me a list of many of the jobs that people search for on our website, but the understanding of what those jobs actually are is often a long way from what they are really like. The vision wants to see direct contact between young people and employers not only in school but by taking kids out of school and bringing them into workplaces, and by offering them have-a-go opportunities to explore what job skills actually are. That kind of engagement opens young people's eyes and may encourage them to explore the opportunity of having that important conversation about what they are going to do next.

The Chairman: Just as an observation, I would say that we do not help ourselves particularly when we consider the titles of some jobs. They give no indication of what they are. What is on that list of the jobs being searched for?

Joe Billington: We have 750 job profiles on the register.

The Chairman: We do not need them all today. Can you let us have a copy?

Joe Billington: I can give you the full list. The top four job searches never change, attracting more than 100,000 views over a six-month period. Those are: teaching assistant, primary school teacher, police officer and social worker. They are always the top four most searched for in the list. We are interested in the IT industry today as well, so I have had those highlighted. Becoming a computer games tester is the 11th most popular search, while computer games developer ranks at number 38. They seem to have gone down the list quite rapidly, but they are up there.

The Chairman: What about construction and engineering?

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

Joe Billington: I am not going to search all the way through the list, but they are there somewhere.

Earl of Liverpool: You also mentioned that we are midway on the league table of other countries in Europe. It would be interesting to have that league table if we do not already have it. We want to see if there is any correlation between those who are higher up the table seeming to have more success in feeding young people into jobs. I do not know whether you can extrapolate that information from your research.

The Chairman: The table shows that we rank seventh, with the Scandinavian countries and Germany ahead of us. It is obvious.

Earl of Liverpool: As I say, it would be interesting to have the league table.

Clive Richardson: The OECD Skills Outlook was published towards the end of last year. It asks about numeracy, literacy and proficiency in IT. That is one of the categories in the survey, but I will happily share it with you.

Q226 Baroness Hooper: Lord Chairman, I believe that another of the witnesses wishes to speak, but perhaps I can put my question as well. I know that the Governments of some countries have pledged that each school child should have a personal computer to use; it is even happening in some countries in South America, and I think it is the case in some Scandinavian countries. Do you see this as being feasible in the foreseeable future? Obviously, if there is a lack of opportunity at home in some cases, the school has to be the alternative.

The Chairman: This cuts back to the digital divide, and our responsibility for the digital economy. We have been pushing on this to ensure that every home in the 500 million population of the European Union has a computer or access to a computer. However, it is going very slowly.

Karen Adriaanse: We have certainly seen a great increase in the use of computers in schools, particularly primary schools. What we are looking for now is something we have not seen so much of, which is not just the use of computers but actually their programming. That is going to be one of the significant skills shortages in the near future. We know that the curriculum is changing, but we will be seeking to make sure that computer programming is taught effectively.

The Chairman: That it is because it is only with a knowledge of programming that young people will understand what a computer can actually do rather than just social networking and finding jobs.

Clive Richardson: Perhaps I can add to that. The provision of kit is obviously crucial, but the ability to understand how to use that kit is equally important. If a computer is supplied for the home, we must make sure that parents also understand what it is for and how to use it. There is also the need to provide an internet connection and there are questions around how that will be funded. The hardware is crucial, but there are other elements: skills and confidence are just as important as the provision of access. It is not just about providing kids with tablets. That is not the end of the story, it is the beginning.

Jane Artess: This point relates to several other comments, so I hope it is sensible to make it at this juncture. We were talking earlier about the way people make career decisions.

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

Something I might suggest is that there is quite a large body of research and literature about how people make career decisions. Relying on putting information before people is nowadays thought of as a slightly weak approach to such decision-making. There is a view now that people's career decision-making is much more complex than simply looking rationally at the situation. People's aspirations have to be considered, along with the kind of fulfilment they might get from a job. The whole area of career decision-making is being seen to be much more embedded within other socioeconomic factors. For example, mention has been made of whether people are looking for information on websites about engineering jobs. Current research literature suggests that young people in particular have a very limited range of ideas from which they choose. They do not choose from all the possible opportunities available to them, but from those things that seem to be appropriate to "people like me". Those whose parents and backgrounds include experience of higher education, for example, will be more likely to see higher education and entering the professions as a route forward than people whose parents do not have such experiences. What I suppose I am really suggesting is that we need to broaden our thinking beyond simply considering what must be done to help people find information. It is much more complex and rich than that.

The Chairman: Surely it is an exercise in self development.

Jane Artess: There is quite a lot of material available.

The Chairman: As you are all experts, can you come up with your ideal plans for what you would like to see being done differently than is the case at the moment? I ask the question because we are spending quite a lot of money on careers advice, and a great deal of brainpower goes into it. It seems to me that the advice is not focused enough, although perhaps that is wrong. Also, the people who really need it are not benefiting from it. If you have any ideas along these lines, again we would be very grateful for them, and we will acknowledge the sources in our report. I hope that that will encourage you.

Q227 Lord Cotter: I think it will be interesting to see in due course the list of particular subjects that people are engaging in in terms of jobs. The UK has been criticised for an emphasis on academic qualifications at the expense of vocational training and apprenticeships. Do you agree that this overemphasis exists, and in your view what effect does this have on the ability of young people, especially those who choose not to go to university, to access the labour market?

Karen Adriaanse: It was clear from the evidence for our report that a low status is given to vocational training and apprenticeships. As part of our survey of 60 schools, we also produced an online survey for parents, to which we had 1,700 responses. Of those, 70% wanted their children to go to university via the A-level route. It might be that they were the parents who could access a computer, but even so, it is a very high proportion. Certainly when talking to young people, their parents and teachers, it is clear that vocational training and apprenticeships are not fully understood. They are seen as a second option. For Ofsted it has become a very high priority to promote the vocational route as an equal route to the academic one.

The Chairman: You mentioned 70% of parents, but how many of the children wanted the same thing? Was the percentage as high?

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

Karen Adriaanse: Talking to children separately, although it would be difficult to match the figures precisely, the indication was certainly that that is what they would like to do. Those who felt that they were not able to take the university route felt that they were failing. The most important gap is the promotion of vocational training and employment at level 2, which is the equivalent of a GCSE, and thus not going up to the A-level route. People can then go into jobs and into training as a positive progression and as an achievement.

Lord Cotter: That information is of great concern. I am a little surprised because I had hoped that the situation was changing.

Joe Billington: Perhaps I can offer the Committee some encouragement on that front. What Karen has said is right, but it is worth being aware of the change that is going on and perhaps putting our shoulder to that wheel. We have seen a doubling in the number of apprentices in the country over the past four years. There were 240,000 in 2008-09, while 500,000 apprenticeships started last year, which reflects a big growth. There has also been a big growth in the number of employers who want apprentices. Indeed, we have seen a 27% increase just in the last year. Employer demand for apprentices is the key element. That is what will drive up the status of apprenticeships and the status of vocational routes to learning. That will deal with the problem. It is all about demand. If the demand is constantly for graduates, university will continue to be the main route.

Karen Adriaanse: I agree absolutely that there are now more apprentices, and last year we noted a 63% increase of applicants who were under the age of 19: that is, applications made by 16 to 18 year-olds. More young people applied last year because they wanted to do apprenticeships, but only 23% were successful. There is a better chance of becoming an apprentice if you are aged 19 or 24-plus. Our concern is for the younger age groups because they do not have the opportunity to join apprenticeships—often because they do not have employability skills. Employers themselves will deem that at that age they are not employable, so that it is why it is really important that schools develop such skills.

The Chairman: Do you think that through these young people, who are now obviously rallying to the call for more apprentices, apprenticeships are commanding more respect? That is missing for this group. They might pretend behind a mask of bravado, but deep down they do not have much self-confidence or self-respect. Do you feel that this could be a win-win situation, where if people take up apprenticeships those around them will think that they are on the right road?

Joe Billington: The Skills Funding Agency includes the National Apprenticeship Service, which has gathered a lot of evidence and case studies of highly admirable individuals who have been through apprenticeships and are now acting as advocates for apprenticeships. That happens a lot. We are promoting young people going into schools to talk about apprenticeships and that route to success. So it is happening, but Karen's point is valid in that it is still only happening in a fairly small way. My feeling is that this is a burgeoning development and that it is growing all the time. People such as you can help with that by continuing to push the apprenticeships route.

The Chairman: We have enough to do without going into schools, I am afraid.

Baroness Valentine: I am not sure that I have understood exactly what Karen has just said. I recognise that employers might say that 16 to 18 year-olds do not have employability skills if they come in as apprentices. Are you saying that they should therefore stay on at school or

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

go to sixth-form college until they are sufficiently confident to move into the workplace, or are you saying that employers should deal with them more while they are in that phase?

Karen Adriaanse: I think ideally we would expect schools to promote employability skills in young people so that when they reach the age of 16 they are more employment ready. We know that the FE sector is providing better training in employability skills, so that young people going into FE can develop these skills more quickly. That enables them to become more employable and secure an apprenticeship. That is also what the traineeship programme is doing. However, it is certainly also the case that employers have a large role to play as well in being able to identify what it is that they are looking for in young people, and in making sure that schools and the FE sector understand what those requirements are.

Baroness Valentine: On the point about employability skills, at the age of 16, even if you have been very well trained, a lot of people are still quite immature, whatever is done. Certainly when listening to FE colleges and businesses talking about this issue, the conclusion I take from them is that trying to put young people into full-time apprenticeships where they are expected to contribute is not a productive way of working with 16 year-olds, however well they have been trained up to that point. They still need a bit more time to grow up in the same sense as people going to university are given time to grow up. That is particularly the case if they are the third generation to be out of work or whatever. I am not clear whether you are advocating employers taking on such people at the age of 16.

Karen Adriaanse: If young people have basic employability skills, it is a very good idea. They can be provided with training and they are more likely to progress. It is up to schools and the FE sector to work with employers to find out what they need so that young people can progress into employment more quickly. That is better than completing a long-term course that might not lead to any employment.

The Chairman: There are some enlightened employers who give young people a day off each week so that they can improve their literacy and communication skills.

Lord Clinton-Davis: Can you give us some idea of the issues raised in the debate about this matter? We have raised the question about the UK being criticised, but there must be another point of view, not simply one point of view. Also, what view has been expressed by the TUC about this, if any?

The Chairman: Perhaps you would like to think about those questions and write to us if you have something to contribute.

Q228 Baroness Valentine: European Union funds have been used in the past to support careers advice, for example the National Careers Service. Could you comment on the value of EU funding in this area? Has it been well used and has it added value? We are particularly interested in the European interventions.

Joe Billington: Shall I start off on this one by talking about the National Careers Service? I alluded earlier to the fact that we spend around £8 million worth of European funding every year on our face-to-face service. The service was launched in 2012, but it had a predecessor called Next Step, which was the adult side of careers advice and guidance prior to the National Careers Service coming in. European funds were first introduced to careers advice and guidance in 2008 as part of the response to the economic downturn at the time. What was then the Learning and Skills Council was running a programme called Response to

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

Redundancy, and that was where lots of European Social Fund money was used. It extended the Next Step offer to people who were not at that time in the priority group. It was formed of people who were in work and doing quite well, but because of the economic downturn many of them were facing redundancy. At the time we added to our list of priority groups a new section comprised of those who were at risk of or facing redundancy. For the past six years the section has remained part of our priority group. Lots of our European funding is focused on ensuring that people who face particular barriers to entering employment are given additional support by the National Careers Service. The European Social Fund has focused on that area and now around 70% of our delivery is made to people in the priority group. Taken together it is broader than the redundancy group. It extends to young people between the ages of 18 and 24 who are not in education, employment or training, people with learning difficulties and disabilities, and ex offenders. There is a list of the priority groups, and that is where the European Social Fund has had its impact.

Q229 Earl of Liverpool: In previous sessions we have heard evidence that suggests that one of the biggest areas where there are skills gaps and therefore potentially jobs for young people is that of ICT. What do you think prevents young people coming forward into this area, and what could be done to encourage more to do so?

Clive Richardson: I will start off on this one. I want to make two points by way of context. The first is the size of the digital economy and its importance to the UK. The digital economy accounts for over 8% of UK GDP. It is larger than the construction sector and the education sector. Some 2 million jobs in the UK are due to business activity delivered through digital technology. The mobile operator O2 has forecast that in the period up to 2017 there could be up to 750,000 more jobs in the UK that require digital skills. It is quite a big deal at the moment and it is growing.

The other point of context is the diversity of what we mean when we refer to ICT. A career as a video game designer is very different from a career working in data security in the financial services industry, which in turn is very different from working in digital advertising. Those three careers all need high-end ICT skills, but in very different contexts. ICT is a limiting description for what embraces a very rich environment of information, but one thing that we can be confident of is the fact that in the future all jobs will require some form of basic digital skill.

I shall go back to the question. I am not sure that it is just about encouraging people to take up these opportunities because skills gaps exist. In Ireland there are currently some 4,500 vacancies in the IT sector, which cannot be filled. Half of all the IT jobs in Dublin have been taken by foreign-born workers because employers cannot get sufficient numbers of people with the skills to fill those vacancies. In the UK, the proportion of 16 to 29 year-olds working in the IT sector over the past decade has declined from 32% to 19%. Why is that? Employers report skills gaps, which goes back to the point about employability skills. While you need to have technical skills, you also need the softer communication, creativity and entrepreneurship skills. It is more about a bundle of skills. Young people leaving school or university often do not have the full complement of skills that employers tend to look for. Another statistic to underline this is the fact that the unemployment rate for IT graduates in 2010 was the highest for all degree courses. There is an issue about making sure that employers are given the opportunity to help feed into course design to make sure that the

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

skills which young people are being taught are actually what employers want, especially in the digital area where the scene changes extremely rapidly.

Earl of Liverpool: Thank you for such a comprehensive answer.

The Chairman: Do you see a role for EU funds in this area?

Clive Richardson: There could well be. One of the short-term solutions is to retrain people who have latent digital skills to give them the full package with business input. Some form of matching young people who are unemployed with employers, including SMEs that require digital skills, would be a useful way of trying to address the shortfall. Some funding could be provided. There is a range of companies which deliver digital skills, some of which I am aware of. They are called Free:Formers, Fluency and Codeacademy. They provide kids with digital skills and then put them into positions that are not just in high-end IT; they could go into digital marketing or advertising. The digital advertising market in the UK is now a lot larger than that for TV, so it is a big deal and it is growing. Some funding could be used for this kind of short-term training of young unemployed people with the input of employers who need certain skills.

The Chairman: Mr Billington, you get funds from the EU, do you not? Are they guaranteed for the next 10 or 20 years? If not, when will they next be up for grabs?

Joe Billington: The next issue is to do with the careers guidance elements of the European Social Fund being forwarded into the skills area. It will be for local enterprise partnerships to determine whether they wish the money that is allocated for their area to be spent as part of the National Careers Service or they want to run their own services locally. We are currently in conversation with all 39 LEPs to determine whether it will be part of the National Careers Service or whether there will be local provision.

The Chairman: Do you find that you get a good reception from the LEPs? Do you find it constructive to work with them?

Joe Billington: There is a wide variety of LEPs.

Jane Artess: I cannot comment on all the engagement with IT, but we have some interesting information from the HE sector. It might be of interest to the Committee to know that of those who have studied software engineering or computer science at university, around two-thirds take up positions as what might loosely be called IT professionals, although that certainly covers a wide range of jobs. What is also interesting to note is that when we look at these destination figures, we realise that people who have studied other subjects are in the same position. For example, around 15% of those who have studied physics also progress into ICT-related jobs. It suggests that the sector is amenable to lots of different subject disciplines, certainly at the higher level, but I would guess at other levels as well.

The Chairman: That is a real inspiration for young people who do not have jobs at the moment. It should be strongly publicised.

Jane Artess: It is one of the features of the UK labour market, particularly at the higher levels, that the subject one has studied does not determine the kind of job one will actually go into. In many countries that is not the case, but it is over here. A lot of our graduates go into all sorts of different jobs.

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

The Chairman: The Civil Service at the top level is full of anthropologists, architects and goodness knows what else. I believe that the classics are particularly well represented, which is great because that demands a mind-training education. This is no laughing matter, actually. The EU encourages young people to consider studying and working in other member states.

Q230 Baroness Hooper: Before I put my question, it occurred to me in the course of the evidence we heard in the discussion about ICT that I ought perhaps to have declared a non-pecuniary interest as honorary president of the British Educational Suppliers Association, whose members include the manufacturers of both hardware and software in this area. The association is also involved in the organisation of the BETT exhibition, which has recently taken place.

The European Union's Youth Employment Package promotes more and better apprenticeships and traineeships, and a Youth Guarantee of work experience or training. How important do you see these as being, and do you think there are other areas where European Union intervention in, I suppose, the form of funding, could help?

Karen Adriaanse: I have already indicated that apprenticeships and traineeships are absolutely critical for young people. It is interesting to note that what is missing is young people's understanding that these schemes can lead to higher education courses and professional qualifications as well. Again, as I said earlier, many of the young people we interviewed had a very narrow view of what apprenticeships are and did not realise their potential.

I have already talked about our concerns around the recruitment of young people into apprenticeships, but we are also concerned that in many areas the quality is still not good enough. They really are not meeting their full potential in providing the kind of training that will form a good basis for future employment. Having said that, there are of course examples of outstanding provision. Recently we inspected an enormous number of apprenticeships up and down the country, and those offered by the Construction Industry Training Board were judged to be outstanding. BT is another example of a company providing outstanding apprenticeships. Any intervention in supporting people to develop employability skills and understand what apprenticeships can do, as well as ensuring that their parents and teachers see the value of them, is to be welcomed.

Q231 The Chairman: Yes, it is very important to keep them all in the loop. I shall ask my question now. The EU encourages young people to consider studying and working in other member states. Do you think that young people are aware of the EU-operated EURES online system to promote this sort of mobility? How effective is it, and are there better ways in which ICT could be used?

Jane Artess: I suspect that young people are not that aware of EURES. My sense of this, in a purely professional sense because I have no hard and fast evidence, would suggest that encouraging young people in the UK to think about being geographically mobile is difficult. In some areas it is difficult to encourage young people to think about applying for opportunities in the neighbouring town, let alone in a neighbouring country. There are some very complex social and cultural norms around how people see their travel-to-work opportunities. We often hear that it is also about a lack of competence in the learning of other languages. I do

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

not know whether that is the case, but intuitively I feel that it sounds plausible. That leads me to think that older and more experienced young people, those who already have experience of holding down a job, might be more amenable to thinking about their mobility. When thinking about this question, I was mindful of whether we do enough with employers and businesses that are transnational companies. Does the structuring of work placements and induction programmes include engagement in other countries, both European countries and maybe wider than that? That might be very useful. However, I suspect that one would have to start up such initiatives very much lower down in school so that it then becomes a possibility rather than something that is remote and detached.

The Chairman: It is a real shame because there are opportunities for young people to go abroad for work, particularly when they do not have too much baggage. Doing so opens up good opportunities for them. Other nations are much more mobile, but the point is that we feel great because we speak English.

Clive Richardson: I am not sure that EURES does a hugely successful job of promoting the idea of mobility on its website. It looks to be a function where you match CVs with employers who have vacancies, but it does not promote the idea that someone might want to go abroad to work. I know that it is being redesigned, because I was looking at it just yesterday, but I think that someone might learn more about what it is like to work in a different country by watching a two-minute video rather than reading through reams of text on the EURES website. I would suggest that the EU should itself do some user testing to make sure that what it is delivering is actually what young people find useful and interesting.

Joe Billington: We have a link to EURES from the National Careers Service website. There may be some very limited statistics on how many people have visited that page which I might be able to find. I do not imagine that the number will be very high. The NCS website is quite large and there is a lot of stuff to look at. You have to go in a long way to find the EURES bit. However, I agree with what Mr Richardson has just said: this reflects our conversation earlier about how the NCS and other websites need to learn about how people interact with IT. It seems that EURES needs to look a little more closely at its website. Going to a website in order to find out about working overseas is not actually the way in which people engage. We need to look more into social media engagement.

Q232 Lord Clinton-Davis: Perhaps I can ask the last question, which flows directly from what you have been saying. People, and young people in particular, are loath to go abroad. Could something be done to encourage such pathways to be followed?

Karen Adriaanse: As has already been mentioned, language learning in this country is seen as a subject in itself rather than as a marketable asset for those who want to do vocational training and move abroad. It is certainly something that needs to be better promoted in schools because it is a means of progressing to other vocational training. When we think of the range of jobs and career pathways that are available to linguists per se, they are not many, but actually those who can speak two or more languages really do have a strong asset that will support them. That is not promoted in schools very well.

Lord Clinton-Davis: Do schools, when they take pupils abroad on school trips, encourage that experience to be followed up?

Karen Adriaanse: There are lots of projects around exchanges, but many of them are not well enough linked to businesses and other vocational opportunities. Again, they are seen as

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

something to help young people learn a language, but there is not enough to help them develop their own career ideas.

The Chairman: The point was made earlier about companies that are really big over here and are probably based in the UK have huge international reach. There might be some merit in schools and universities approaching them—saying that they have young people with talents that can enhance their businesses if they are employed in overseas subsidiaries. The young are mobile. I know there is always a danger that when employers send someone abroad, they think that they will never get them back because they will be poached by someone else, but that is a risk you have to take. It certainly seems a bit sanguine on the part of the British not to do it. I come from a country where we were always looking at the emigrant ship.

Thank you all very much indeed for what has been an extremely worthwhile session. I am going to ask each of you to come up with a question that we should have asked but did not ask, and what the answer to that question is.

Jane Artess: That is a good one. My major concern is to do with the kind of support structures that we are putting into place. We talk a lot about the lack of career guidance available to young people and I do not want to rehearse the arguments we have already heard. However, there are many different ways in which young people can be supported in their career progression. Let us just take the example of encouraging young people to be more mobile. We need to put in place the support structures that will allow people to feel confident that those are the kinds of moves they can make. Sometimes, with the emphasis on skills, employability and qualifications, we can miss some of the softer things around providing young people with mentors or buddies working in friendlier environments in which the art of the possible can become apparent to them. That is something that we need to think about.

Joe Billington: I am very interested in the role and function of cultural role models in this arena. We are conscious of the research that has been done recently showing that the careers young people expect to go into are very different from the careers that the economy expects there to be. There is a big mismatch here. Although it is mostly speculation, a certain amount of research has been done into the cause of that, and I have with me some anecdotes which I think are fairly instructive. A conference was held last week called Inspiring Women. It was all about women and the economy, and no doubt the Committee heard about it because the Deputy Prime Minister's wife was there. One of the questions being put by young women to the National Careers Service people at the conference was about midwifery. I am not sure that 10 years ago you would have found many young women asking about midwifery, but now there is a programme on the telly. Thirty years ago, when I was thinking about a career and some of my colleagues were careers advisers, lots of young women were asking about becoming motor mechanics. Again, you would not expect young women to ask about this career path, but at the time Kylie Minogue was a motor mechanic on "Neighbours". It is worth spending a little time thinking about cultural role models and what they can do. The number of people who expect to work in the media and expect to make it by winning a talent contest is quite high, while planning for what the economy wants is quite low.

The Chairman: What about the dancers?

Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

Joe Billington: I really do not think that I am going to make it as a dancer; I am past that point.

Karen Adriaanse: Very much building on what has just been said, what is missing is good information about skills shortages, where developments are taking place, and then promoting them. It follows on exactly from what Mr Billington has been saying. It is all very well for people to be inspired to do something, but there is no point if there are no jobs in that area. That is why there is a call to the LEPs to work so as to make sure that more information directly from businesses is made available in schools and to training providers to ensure that the training provision really is producing the skills that are required in the economy.

Q233 Earl of Liverpool: Do you think there is a role for Facebook and Twitter in all this? I do not use either of them so I do not know. This question comes slightly out of the left field, but it occurs to me that if we want to reach young people, they are all on these social network sites. I am not sure I would go as far as wanting to see mentors on the Facebook site, but do you think there is a role for Facebook and Twitter in helping the young to find employment?

Karen Adriaanse: I think that this is already happening, but only on a very small scale. When we find it working well on our inspection visits, it is certainly something that we will be able to promote as good practice. It is an area that we are looking at.

Jane Artess: It is already happening quite a lot in higher education. Lots of higher education careers services use Facebook and Twitter to communicate with students. Social networking is definitely replacing e-mail.

Clive Richardson: I shall pick up on the gender divide in digital and look at what more can be done to encourage women to take up science, engineering and tech degrees. Women's participation in technology has been declining over the past few years, so what can we do to champion the role models? They could be Baroness Lane-Fox or Sheryl Sandberg of Facebook. We are working with networks that seek to promote women in technology because at the moment it looks like things are going in the wrong direction.

The Chairman: Thank you all very much indeed. We have had a fascinating evidence session about a fascinating subject. It is also very important, because as a country youth unemployment is one of the most serious areas of concern we have.

Alex Conway, Greater London Authority, Shilpi Akbar, Birmingham City Council and Lloyd Broad, Birmingham City Council—Oral evidence (QQ 30-47)

Alex Conway, Greater London Authority, Shilpi Akbar, Birmingham City Council and Lloyd Broad, Birmingham City Council—Oral evidence (QQ 30-47)

[Transcript to be found under Shilpi Akbar, Birmingham City Council, Lloyd Broad, Birmingham City Council, and Alex Conway, Greater London Authority](#)

Ambassador of Greece, London—Written evidence

1. To what do you attribute the fact that youth unemployment in EU countries such as Greece, Cyprus and Spain, far exceeds the EU average? In your view, is the situation different in this recession than it has been in previous ones?

The financial crisis and the associated prolonged recession period in Greece, but also in other European countries hit by the crisis, in the years 2008-2013, has negatively affected employment. As a consequence, we witness a substantial increase of unemployment, in general, and of youth unemployment in particular.

Already in 1983, youth unemployment in Greece was recorded at 23% while it reached 59% in the second trimester of 2013. In Spain, in 1987 youth unemployment was recorded at about 45% while it reached 56% in the second trimester 2013, never being under 18%. This leads to the conclusion that in both countries, youth unemployment has a structural character and deteriorated dramatically as a result of the financial crisis. In the case of Cyprus, the financial crisis is the main reason of the steep rise of youth unemployment, which reached 40.8% in 2013 from only 9.4% in 2008.

Especially in the case of Greece, GDP has decreased accumulatively by more than 25% in the 2008-2013 period, an adjustment never seen before during peace time. Last year (2013) was the 6th one of continuous recession of the Greek economy. This combined with the European crisis and global economic slowdown of the after-2008 period, makes this recession the most severe one since World War II, both in depth and duration, actually slightly compared with the big recession of the '30's. We do expect that the slowdown of the pace of recession in 2013 and the forecasted return to a modest growth for 2014 will hopefully have a positive impact in fighting unemployment as well as youth unemployment.

2. How are EU funds and initiatives implemented in Greece, and how do they fit in with initiatives at national level?

EU funds have greatly contributed in increasing GDP and in creating jobs in Greece. EU funding and expertise have acted as a catalyst to national efforts for tackling unemployment, including youth unemployment.

Taking into account that public expenditure has been dramatically reduced, national objectives have been adjusted in line with the EU general initiatives and objectives and mainly focus on:

- Preserving jobs or creating new ones by strengthening labor market policies, by contributing to non-wage labor cost or by offering powerful incentives to companies for creating new jobs
- Fostering entrepreneurship, particularly for young people
- Fostering apprenticeships, traineeships and vocational training
- Improving partnership between public and private employment services,

Ambassador of Greece, London—Written evidence

- Tackling early school leaving
- Encouraging local initiatives and social cohesion projects focusing on NEETs
- strengthening young people's ability to adapt their professional qualifications depending on the prevailing conditions in the labor market,
- strengthening occupational mobility of young people and stemming the brain drain

As an example of how EU funds are administered for combating unemployment, we are currently implementing an action plan for enhancing employment and *entrepreneurship* for young people funded with 622 million Euros. This plan has as a target almost 360.000 young persons, including unemployed ones.

Moreover, at the end of last year, we submitted an Action Plan for implementing the Youth Guarantee of a total amount of 340 million Euros, out of which 171,5 million come from the European Social Fund. This action Plan will facilitate 230.000 young people to enter the labor market.

3. How does the Greek government collaborate with social partners and young people on youth unemployment policy and what effect does this have on the outcomes reached?

The Greek Government cooperates closely with social partners (associations of both employers and employees), in designing and establishing social policies. Representatives of social partners participate in designing actions to be implemented by the Organization for the Employment of Labor Force, through their participation in the Board of Directors of the said Organization.

Moreover, a National Committee for Employment was established in 2003, with the aim of promoting social dialogue for policies relevant to the promotion of employment and the combating of unemployment. Social partners have been actively involved in establishing the National Action Plan for implementing the EU “Youth Guarantee” Initiative.

4. How do you think that the EU can best “add value” to member States’ efforts to tackle unemployment?

Coordinated action at EU level can add value to MS efforts to tackle unemployment by further deepening the economic governance rules in the employment sector, including implementation of the social dimension of the EMU. Adopting corrective measures aiming at promoting social cohesion and stabilizing household income, in times of crisis and imposed fiscal discipline, are vital for the Union’s credibility *vis à vis* its people.

The midterm review of EU 2020 Strategy will offer the opportunity of assessing achievements and possibly reorient action in this sector.

Moreover, facilitating access to finance and addressing fragmentation of the market for SMEs are vital for the European economy and for creating jobs.

5. Do you agree with the recommendations that the EU has proposed through its Youth Employment Package? Has the setting up of the EU “Action Teams” in eight Member States, including Greece, proved effective?

The Youth employment package and its recommendations have been positively assessed by involved stakeholders and we look forward to their prompt implementation.

The Action Team’s work is to supplement the designed reform and the structural programme of Greece which is still ongoing. Results will thus be assessed at a later stage.

6. Should the EU and Member States take into account the positive and negative socioeconomic impacts of youth migration due to unemployment when designing measures to tackle youth unemployment? How might any negative consequences be mitigated?

Prolonged recession and related high unemployment or underemployment, impel young people to seek opportunities abroad. Consequently, this phenomenon deprives countries from a considerable potential for growth. Both Member States and the European Union should take this fact into consideration when designing employment policies. However, the fundamental principles of the EU Treaty, principles necessary for the existence of the single market, such as equal treatment and freedom of movement of workers, should be fully respected.

14 February 2014

Heart of the South West Local Enterprise Partnership—Written evidence

1. What have been the responses to the issue locally, and how well do locally designed actions, work alongside national programmes?

Youth unemployment is a significant issue for the Heart of the South West, with a 19.2% youth unemployment rate across the whole area, but rising to 30.8% in Plymouth and 25.5% in Torbay, as measured by the Annual Population Survey. Claimant Count rates also suggest youth unemployment is a significant issue in some of our rural districts, where the sample size is too small to be reported by the APS.

Our Response:

- The Plymouth and SW Peninsula City Deal – A key feature of our city deal is the inclusion of a **'Deal for Young People'**. The Deal for Young People includes the following elements:
 - **Accessing the Labour Market** – Trialling a personalised case worker approach that builds on DWP principles and interventions increasing intensity as the duration of unemployment increases. This integration has been co-designed with DWP and integrated fully into their offer. To address the unintended consequences of DWP 'off-flow' based targets, measuring success of this intervention will include 'off flows' as well as measures of sustained work and earnings progression.
 - **The Youth Gateway** – equipping young people for the world of work and learning through providing tailored interventions and signposting of services for young people as well as independent advice and guidance; This also includes;
 - **Driving up business engagement** – This intervention builds on Plymouth City Council's 1,000 club model (in excess of 700 business members and 1,100 opportunities delivered in less than 12 months). The model is the demand side of our gateway and will better target local businesses with a simple, accessible single offer to encourage engagement and opportunities for young people.
 - **An employability charter** – Our evidence base suggests that there is a vicious circle between young people leaving education 'not being work ready' and employers not being prepared to employ them. To address this we plan to create a Local Employability Charter that will challenge employers to play a greater role in equipping young people for the world of work by working closely with our education institutions. Our primary delivery vehicle for this will be a web-based Employability matching service delivered under the banner of the 1,000 club, matching employers and industry experts with schools, colleges and universities, through a single point of contact.
 - **A Wage Progression Pilot** - This is a unique and exciting pilot project which aims to add value to the Work Programme by targeting a cohort of 18-24 year olds in the work programme with a **progression bonus** on a payment by results basis. The focus is therefore on achieving a better job once the young person has achieved the standard 'job outcome' measure of the work programme, by incentivising the provider. This pilot aims to boost earnings and reduce in work benefit claims in line with the principles of Universal credit.

These examples show that locally, the LEP and partners have been able to co-design solutions with DWP/JCP to address local needs. However, the co-design process required a lot of work and good will from all parties. Barriers to this sort of co-design include:

- Inflexible customer journeys (e.g. difficulties in negotiating a more flexible customer journey that would allow earlier interventions).
- Inflexible outcome measurement systems (e.g. DWP focus on off-flow based targets at the expense of job quality/progression measurements).
- Conflicts between engaging providers at an early stage to support the design process and ensure a scheme that is fit for purpose, and the need to undertake a competitive procurement process.
- Conflicting local and national priorities – in particular to respond to local business needs and recognition of the rural nature of our LEP area and the lack of 'fit' with more urban focussed delivery models

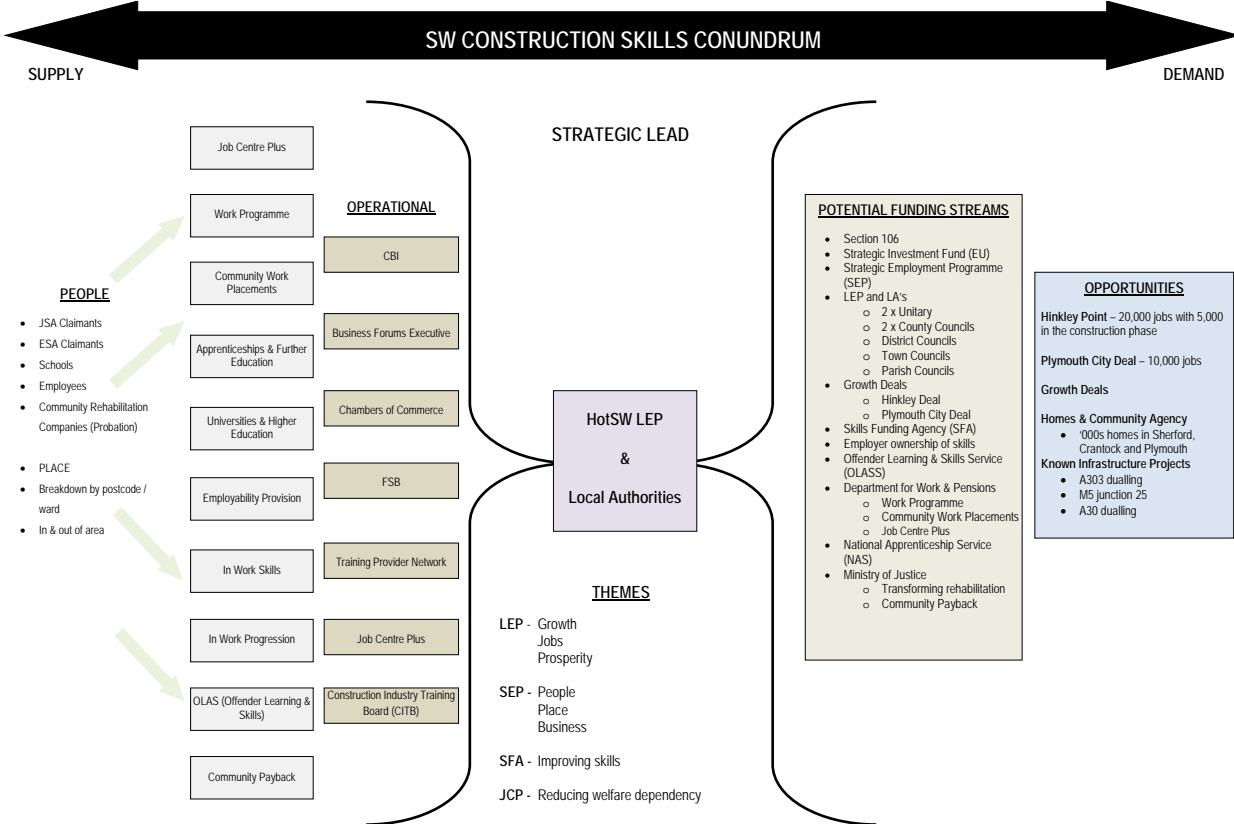
As these are pilot initiatives, it is too early to say if they have worked, however, we will be monitoring progress and look forward to sharing the results nationally.

Our draft Strategic Economic Plan prioritises youth unemployment, as does our EUSIF. We plan to roll-out further initiatives proposed under the city deal, if they are found to be successful.

2. *In relation to the management of EU funds for tackling youth unemployment in the UK, do you feel that the right balance is being struck between decisions taken at a local level, and those taken at a national level?*

At the current time, we think there is scope for better localising and targeting of national initiatives. For instance, our draft Strategic Economic Plan outlines a number of transformational opportunities for our LEP, which we believe have the potential to create both jobs and improved GVA. We would like to be able to bring together the supply and demand for skills with our opportunities, as illustrated in the diagram below.

Heart of the South West Local Enterprise Partnership—Written evidence



To do this effectively will require close working, co-ordination and flexibility across all actors.

3. How do European funds, such as the European Social Fund (ESF), add something different or valuable? For example, do you think the different way in which EU funds are being organised for the new Youth Employment Initiative programme (with overall design led by Local Enterprise Partnerships in the UK, and more coordination between ESF and the European Regional Development Fund) will work to help young people in your area?

- We have answered this question in two parts.
- The value of EU funding** – EU Funding in principle has tremendous potential to add value and do different things, being able to pay for activities that go deeper or target different groups. In practice there are constraints stemming from the shortage of locally available match funding. The lack of significant local match funding means that LEPs must work collaboratively with national providers to deliver joint objectives, skewing ESF provision towards national priorities, which may not perfectly align to local economic conditions. This also tends to bring standardised cost ratios, which tend not to reflect the costs of delivery in an extensively rural area. The Heart of the SW is one of the most rural LEPs in England.
 - The New Youth Employment Initiative** – We recognise that these plans are being developed in accordance with the European criteria i.e. targeting those areas with youth unemployment >25% as measured by Eurostat at NUTS L2. As such, the Heart of the SW does not qualify. However, as our figures show, at NUTS Level 2, part of our area (e.g. Plymouth and Torbay) would qualify. Plymouth and Torbay are also classified as a transition area in terms of the 2014-2020 structural funds, indicating deeper rooted economic problems in addition to the youth unemployment issues described. We

therefore thing there is a case for flexing the criteria for this initiative to recognise a more granular geography as well as the wider economic conditions.

- 4. We are interested in the extent to which young people themselves contribute to ideas as to how they might be helped or are consulted about what might be effective. What sort of steps do you take, or are you aware of, to involve young people and with what results?**

We do not have significant evidence to share in relation to this question.

- 4. How important do you see sharing of good practice across the UK and the EU as being and, to your knowledge, do local policy makers learn from success stories in other parts of the UK, or in other countries?**

We believe that sharing good practice across the UK and EU is vitally important. In designing our interventions and policies for our Strategic Economic Plan, our EUSIF and the City Deal, we have attempted to learn from good practice and current delivery. We feel however, that more could be done to bring together case studies and evaluation material at a national level to allow LEPS and local partners (who have limited capacity and resources) to search by topic, as well as by type of economy. We feel there needs to be a recognition that different approaches will work in different types of area – reflecting their differing circumstances.

10 February 2014

The Rt Hon Lord Heseltine—(QQ 256-266)

Evidence Session No. 20

Heard in Public

Questions 256 - 266

TUESDAY 11 FEBRUARY 2014

Members present

Baroness O’Cathain (Chairman)

Lord Brooke of Alverthorpe

Lord Cotter

Lord Fearn

Lord Freeman

Baroness Hooper

Earl of Liverpool

Lord Wilson of Tillyorn

Examination of Witness

The Rt Hon Lord Heseltine

Q256 The Chairman: Welcome, Lord Heseltine, and thank you very much for making your time available to us. I have to say that we did not think that we were going to ask a Member of the House to give evidence to our inquiry. I do not know why we did not really think about it, but when we went to Birmingham, Birmingham City Council was certainly very anxious that we should talk to you, because obviously you have created a wonderful impression and they value your report and interest. Before engaging with you, any members of the Committee with relevant interests will declare them now. Nobody has. Right. The session is on the record and is being webcast live. It will subsequently be available via the parliamentary website. You will receive a transcript of the session to check and correct, and this will also be put on the public record in printed form and on the parliamentary website. My first question is to ask you to begin by stating for the record your name and official title.

Lord Heseltine: I am Michael Heseltine, Lord Heseltine of Thenford in the County of Northamptonshire.

The Chairman: Thank you. I can invite you to make a short opening statement.

Lord Heseltine: I have no particular statement to make, other than that I am very happy to answer questions. It is, I think, relevant to your report that I produced a report for government called *No Stone Unturned*, which made observations about the structure of government, and whilst it was basically a report designed to promote economic growth there were many overlaps. It is a question of where economics begins and ends. There are quite a few things in my report that I did not really touch on that might broadly draw us into the fields of employment, because of course employment, or the lack of it, is a huge economic commitment. If you can deal with problems to do with unemployment, you might free up resources for other economic purposes.

The Chairman: Exactly. Thank you, Lord Heseltine.

Q257 Lord Freeman: Lord Heseltine, first of all, thank you very much for coming. Members of this Committee have obviously read your reports. My first question is about handing control of economic and social responsibility to bodies at the local level. How do you see issues such as youth unemployment? Members of this Committee have not only taken evidence from local bodies around the country but made visits. Would an issue such as youth unemployment be tackled more effectively by such an approach: in other words, at local level, with appropriate funding?

Lord Heseltine: In my report, I make various substantial criticisms of the way in which this country is managed—on what I regard as a functional and monopolistic basis that is centred on the powers of London. The more I explore the consequences of that on the ground, the more ineffective I find it, the more intense my frustration has become the more involved I become, and the more indefensible, really, the way in which London now takes the decisions, in the most minute detail, and local discretion is very constrained.

I have just taken interest in a subject in which I have no political experience previously: the management of deprived areas. I say that I have no experience; I was involved in the City Challenge in the 1990s, but it was not essentially a departmental responsibility. I have also had the opportunity, in the context of Birmingham, of visiting a deprived area with the Labour leader of Birmingham City Council, Sir Albert Bore, in order to get a feel for the management of the issues and the implementation of it. It was everything that I had found in the broad criticisms that I had made of economic management: huge sums of public money are being used in the maintenance of these areas of deprivation, but there are no ladders of aspiration or management and co-ordination. This rather simplifies it, but we have a lot of well intentioned and hard-working people putting sticking plasters over the problems but not solving them.

Lord Freeman: Are there any parallels with other forms of central government responsibility that should have been delegated that might serve as good examples of how to deal with youth unemployment, or is this a problem right across the board?

Lord Heseltine: I see it much more as a general problem. I liaised with the Secretary of State, Iain Duncan Smith, who was very helpful in making available his officials from the employment services. We organised a meeting at which they were present with many others who were involved in this problem of deprived communities—and of course youth unemployment would have been a central aspect of that problem. The police appropriately came, as did the social workers. But the important thing is that they did not meet regularly. No one was trying to see how to solve the problems of mass deprivation and how to create

ladders of aspiration out of it. Of course there were people dealing with youth unemployment, although it was interesting to note that the nearest jobcentre was two miles away and the bus fare was £2 to get there and £2 to get back. It is a little thing, but it is not a little thing to a guy who is looking for a job.

The Chairman: You are absolutely right, and that was pointed out to us both in Birmingham and in Liverpool.

Lord Heseltine: It was not that there was no local authority facility in the area; it was simply that there was no one in it doing this particular job.

It is a management issue: how you devolve responsibility to the point at which it can have an impact. That is where the problem throws itself: right back to the centre, where there are functional London departments running monopolies, with their staff charged with, and the ministerial careers responsible for, very narrow parts of multiple and complex problems.

Q258 Lord Cotter: I was very struck by the points in your report about government, advisers, and so on and so forth, working together. Following on from localism and such like, would you perhaps agree that it is very important for people who are trying to do this work in the private or the public sector to understand what they are talking about? I am not suggesting that one should be unemployed for a month or anything like that, but they need to be more suited to what is actually happening on the ground, which is your localism theme, is it not? They should know what they are talking about when it comes to people who are actually unemployed?

Lord Heseltine: It is important to be close to the issue and to have an understanding of it. I am not totally persuaded that you have to have been through every human experience to have a judgment. That would rather narrow the political opportunities of my career and other people's.

The Chairman: Do they have the idea, right in the centre of their brains, that they could exploit skills that are there but are being ignored—not necessarily just the youth unemployed but even people within their own staff in these local authorities or in government departments? Do they ever come up with ideas as to how things could be made better for these people? Growth would result.

Lord Heseltine: To me, it is the lack of coherent management. If you had coherent management—an essential ingredient of which is having someone in charge—over the range of services and the totality of the problem, they would think differently. The most significant thing that happened with City Challenge is that we made it competitive—30 authorities were invited to compete and only 10 were going to win. So the officials, who were all disciplined social workers, or involved in housing, employment, roads, transport, education or whatever it was, looking up the career ladder and to London as the source of financial revenue, suddenly had to focus on how to deal with an estate of 10,000 people and what they were going to do to involve the private sector and the third sector in bringing in a competitive solution that would beat neighbouring similar authorities. I remember very vividly that people said to me that it changed the whole atmosphere of the way in which those authorities went about the job that they customarily did, because they had to think about place and not function, and about the community and not just their role in it. That is what is missing.

Q259 Lord Brooke of Alverthorpe: Good afternoon, Lord Heseltine. I was one of those who went to Birmingham, where they spoke most highly of the contribution that you have been making in helping them to find their way forward in grappling with the problems that they still have there and which are, to a fair extent, still unresolved. I have a question on a similar theme to a previous question: devolution. We have heard compelling evidence from a fair number of witnesses that the measures to devolve responsibilities have just not gone far enough, particularly when it comes to the control of budgets and procurement.

My formal question is whether you share that view. I know you do share that view, given what you have already said and what you said in your report, “One Man’s Vision”, but it has been a while since it was published. It was generally very well received, but time has elapsed since then. What do you think needs to be done now to turn that vision into reality, which in turn would have an effect on the issue that we are particularly looking at: unemployment?

Lord Heseltine: You are really asking me how I feel my report has been implemented. I often ask myself that question and, as always in life, there are two ways of answering it. The attractive way is to say that what the Government have done in making available £20 billion over a five or six-year period, on a competitive basis, is a bigger act of devolution in England than anything I have seen from a previous Government in a long political career. That is the easy and attractive way of answering the question. The other answer to the question, which of course I am loath to give, is that I asked for £60 billion, which is the total figure that is actually available in the public expenditure profile for those years. I included in my report a warning that this would not be universally attractive to those administering the central programmes, either politically or democratically. So it has proved. The issue is, “What I have I hold”. Giving up the reins of power is not an attractive thought for anyone who holds the reins. The Government have gone further than any previous Government. I much admire that but they could go a lot further. I have to say there are government departments that are not particularly involved in the process.

I happen to be an admirer of the work that Iain Duncan Smith is doing—I believe I wrote a pamphlet in the 1980s called *No Time for Ostriches*, which was basically advocacy for the American workfare system. I think Iain Duncan Smith is doing a brave and difficult job, but his department is not centrally involved in this devolution issue and has many tens of thousands of employees functionally employed at the centre. The Department for Education is absolutely fundamental to Britain’s recovery—absolutely fundamental. There have been the most depressing statistics in recent years, which merely compound 100 years of similar statistics—it is nothing new. No Government can escape the strictures of criticism about our education system, but it is pretty depressing to find that we are now measured 21st in the world league of education standards. I am a great admirer of what Michael Gove is doing, but we still have too many sink schools; and it is sink schools that produce the 20% of young people—the government figures are well known—who are basically illiterate and innumerate when they leave school. They will not work in tomorrow’s world. If you know about the world of work, you know that if you cannot read and write you cannot even be sent to be a gardener because you do not know whether the label says poison.

The Chairman: This very point is something that has really been bothering me. We have to remember that this is an EU Committee. The people responsible for youth unemployment seem to be those in the Department for Work and Pensions, quite rightly, and in Business, Industry and Skills. We have had evidence from both of those but none directly from the

Department for Education. I have tried to contact Michael Gove but he is obviously extremely busy now. We do not have anybody from the Department for Education, but I am told this is not really in its remit. It really is silo management at its worst. I am just wondering whether anybody is ever going to be able to break this down. Certainly Birmingham City Council and the Local Government Association stressed the view very strongly that there should be much more localism and devolved responsibilities, but is any notice going to be taken?

Lord Heseltine: It is a dramatic and large problem but actually a very simple one. We all know the names of the sink schools, as they are posted on the web. There is no secret; everybody knows them. Anybody who takes the trouble to think about it knows who has the power to do something about it: the local authority has the power to do something about it because it can change the governors; the governors have the power to do something about it because they can change the head teacher; and the Secretary of State and Ofsted have the powers to do something about it because they can, in the end, close the school or whatever. It is not a dramatically complex issue. The issue is, "Why not?". I find that difficult to escape. It seems to me that the first step—I admire many that Michael Gove has taken—would be to say to the 500 underperforming schools, "You have a limited period, three months, to tell us what you are going to do". If they fail to produce adequate answers, then the governors go, the head teacher goes or the school itself is closed, although the latter solution is unlikely. We all know that there is no socioeconomic grouping that is condemned to underperform educationally. We have probably all seen—I certainly have—excellence in deprived communities, and the reason is always the same: the head teacher.

Q260 The Chairman: Can I just talk about the recommendations in your report? I gave you notice of this question. In the group of recommendations from 74 to 88, there are four or five that are particularly important, although they are all important. Recommendation 76 says, "Business engagement should be incorporated far deeper into the school curriculum". Recommendation 79 says, "Local authorities should publish the Destination Measures for all secondary schools in their areas alongside academic attainment", so that parents can make use of that information. Recommendation 80 says, "The existing budget lines for adult careers advice should be included in the single funding pot". Recommendation 83 says, "Action to address NEETs is best taken at the local level". Recommendation 84 says, "Industry Councils should work with the higher education sector to ensure that courses"—are actually thinking about making money and providing growth and opportunities for students once they graduate. Finally, Recommendation 78 says, "All boards of governors in secondary schools should include two influential local employers, at least one of whom should have good connections with the wider business community". Another point of course is whether there is any way for youth to be represented on these boards, either on LEPs or on these influential local business boards.

Lord Heseltine: I feel more strongly about every recommendation that you have read out than I did when I wrote the report. I think I am right in saying that none of them needs legislation. It is not something that I have been able to research, but I am told that it is commonly held locally that there are schools that positively do not like the idea of private sector involvement. That is an intolerable and unacceptable attitude, but the world of work is not just about the private sector; very significant numbers of people who work in the third sector will work in the public sector. What is essential is that the people who run these schools, the governors, should include people from the world of work. Secondly, there

should be a range of experiences—the best schools do it and it does not need legislation or anything like that—when it comes to career opportunities, visits to workplaces, visits into the schools from people in the workplace doing presentations or whatever it may be. There should be a whole range of interfaces between the world of work and the world of education. As I say, the good schools do it, but the good schools are not the problem. These young unemployed have not come from the good schools. We have to grip the issue of the underperforming schools. It will create lots of controversy, but, my god, what is more deserving of controversy than condemning a young kid of 16 to a life of unemployment?

The Chairman: Absolutely, although this is slightly outside the remit of this Committee, where we are mainly looking at and scrutinising European legislation. But it does give us an opportunity to consider this point, or at least to consider your comments. I think we all feel that this is more than fairly important; it is fundamental.

Lord Heseltine: It is not for me to spread revolution, but the peasants' revolt could start in the House of Lords.

The Chairman: We could cope with that.

Q261 Lord Brooke of Alverthorpe: I know something about schools in certain parts of London. First, there is a problem in getting governors, even from the existing cohort of parents. Secondly, it is very difficult sometimes to encourage local employers to get involved: they say they are very busy trying to make money and run their businesses. What does one do when you have the kind of different social society to that of Germany or Austria, where you have participation by the private sector and the third sector on a scale that we have not seen in this country? We have some very good exemplars in this country, extraordinary ones. When we went to Birmingham, we saw how Land Rover is responding with apprenticeships. Equally, there are many that do not respond. What European approach might we think about to try to deliver on a similar basis what we see in the better performers elsewhere in Europe?

Lord Heseltine: You will have noticed that a significant section in my report deals with the representation of the private sector. Of course, on the continent of Europe, the public law status of chambers of commerce means that there are very powerful organisations from the private sector in every municipality. I believe that this is a serious lacuna in our arrangements. There is a lot of work going on at the moment to get the various components of the private sector to come together, and the work of the LEPs in making their proposals for the single pot embraces this issue about local representation. If we could begin to get anywhere near to catching up with what other countries are doing, you would have much more effective private sector representation. But if I lived in such an area myself, I would not wait for that, because my guess is that if you really want to find the right people, you can find them. There are so many examples of deprived communities that have thrown up wonderful schools and had wonderful governors. Of course a really good head teacher would make sure that they had good governors, and vice versa.

Q262 Baroness Hooper: As a preliminary, I well remember the impact of your activities in Liverpool after the Toxteth riots, when I was MEP for Liverpool, and the effect it had on job creation and therefore unemployment. We had particular issues of youth unemployment there at the time. Subsequently, I was one of your City Challenge Ministers in Nottingham and in Leicester. We are, as the Lord Chairman has said, looking in this report to review EU

strategy as far as youth unemployment is concerned. Would you be able to tell us what you think the advantage or added value will be from a better utilisation of EU funds and from following EU initiatives in the area of youth unemployment?

Lord Heseltine: I very much appreciate the comments about Liverpool. I think it is well known that I am a strong believer in Britain playing a positive role in Europe, although that does not mean that I think Europe today is what it should or could be—I do not. There are many things that I would like to see changed, but I would certainly not like to see Britain's removal from the scene. I would be a sceptic about Europe and youth unemployment. How can I solemnly sit here and criticise London for its effect on the provinces and then say we want Brussels to take over? It would make no sense. The essence of everything that I believe and my experience is that these are essentially problems that should be addressed by people who live in an area, know it and understand it. That is localism. Your question, quite rightly, addresses the fact that there are substantial European funds, even in this country, which is a net contributor, available for this. Again, I have not personally had the ability to double-check this but I suspect, and it sounds to me, that the criticism was right. The European view about the use of its funds—the Brussels view—is that they should be generally available for local allocation to meet local problems. But that does not suit the way Britain works. The functional departments have taken their bits of European policy and functionalised them, which fits the way that this country works but of course very significantly limits the discretion available locally. I am told, and I believe it, that the complexity of the sort of wiring diagrams behind this are themselves due to major British involvement and not to Brussels. European funds were part of the package that I recommended be devolved. The very direct answer to your question is: do it. Give them the discretion without the functional departments getting their hands on it. That would then enable people to do what they thought was more appropriate locally. That focus might be on unemployment, although I would not concentrate on one aspect of unemployment, because I think it is a seamless robe. It could be education. Whatever it is, the way to create economic vibrancy, which is what this is essentially about, is to give the local people the opportunity to do that on a competitive basis so that they have to show that they are doing it better than other authorities. That will raise the standards of the best and the others will rapidly follow.

The Chairman: If I can just interject, the EU institutions are prescriptive about the use of the Youth Employment Initiative funds. The funds will only go to an area with high youth unemployment—youth unemployment has to be at 25% or more in the area, to benefit from this funding. There could be somebody with wonderful ideas in a place that did not actually have that. It might have 21% youth unemployment but it would get no funding from the Youth Employment Initiative.

Lord Heseltine: That is exactly the sort of prescription I am talking about. I do not know where that came from and whether it was Brussels or this country.

The Chairman: From Brussels, I am reliably informed. The European Social Funds are available, but are not only focused on youth unemployment.

Q263 Lord Cotter: The words technical and functional come to mind. The EU funds are there and are there to be used. The Government say that the long-term nature of EU funds, covering seven years, is too long and inflexible because our funding cycles are three years. However, others argue that the funds offer an alternative and additional way for valuable work to be done, that new ideas can be tested and that Governments have often tried to

control things too much when they should take a more relaxed approach. Where do you stand on that issue?

Lord Heseltine: I think I have probably answered that question in my last answer.

Lord Cotter: You have. Maybe we can press on to the next one.

The Chairman: I know we are running out of time. This is absolutely fascinating, but we have to obey the clock.

Q264 Lord Wilson of Tillyorn: You touched on this but I think only tangentially. To what extent do you think there are lessons that we in the UK can learn from what has been done elsewhere in the European Union? Of course, it goes without saying that all countries are different and therefore you cannot just pick something up and move it into the UK, but I wondered whether, in the way you have looked at all this, you have come up with things that you yourself feel we could helpfully learn from other countries within the European Union?

Lord Heseltine: When I was doing my report, I had to ask officials from the Department for Business, Innovation and Skills to go to Europe to find out how they did things. I was amazed. The chambers of commerce in Europe are a motor for their economic performance and in many cases for their success, and I found it amazing that I had to tell people from the department responsible for our equivalent to go and find that out. But again, as I said about education, there is nothing new in this. The Devlin report in 1972 said it all about this issue and about the trade associations, which are equally difficult to defend. We are amateurs. The problems are well known and long-standing and have too often been not quite ignored but never properly addressed.

Q265 Lord Fearn: Good afternoon. I was also in Liverpool as a councillor when you were there and was quite taken by the direction and the direct answers that you gave. Some of what you suggested has come to be and some has not. The countries with the best youth unemployment records seem to be those with the strongest traditions of government and of business and union consensus, the most stable training and vocational systems, and the greatest emphasis on social solidarity. Do you think that the UK has lessons to learn from them, and how would you seek to make that happen?

Lord Heseltine: I am a one-nation Tory and you have just defined what I believe in.

Lord Fearn: I know.

The Chairman: He is a one-nation Lib Dem. You are not going to expand on that?

Lord Heseltine: I strongly believe that. I will just say a word about the LEPs, which are in the process of submitting their bids for the single pot. There are 39 LEPs in England. I know many of their members personally because I have travelled around extensively and talked to them. You have the leaders of some of Britain's best companies, the leaders of some of Britain's best universities, the third sector representatives of various sorts and the leaders of Britain's most important local authorities. They have put their best minds to work over a year on deciding what they think is best for their local economic area. In the history of this country there has never been such an agreed consensus about what is required and needed. I can of course make criticisms of what they are saying, and at the moment the process is unfinished. Everybody knows that: it is no criticism, as this is part of an iterative process. But by the

middle of this year, that process will have been completed and the money will be available for distribution, starting next year. It is an unprecedented opportunity to devolve power and opportunities back to where the money comes from, where the people live and work, and where the local problems are. It requires, in my view, a sacrifice of power by central government, which has absorbed, over 200 years, the dynamism that made this country in the first place.

Lord Fearn: The unions were involved in that question. Both here and abroad, do you think the unions are working together?

Lord Heseltine: I took the trouble to address the TUC in my consultation in *No Stone Unturned*. I have asked LEP boards extensively whether they have workers' representation, which does not need to be union representation but representative of workers. The point I put to them is that if a major international company arrived in Xshire today and said, "We are thinking of investing £1 billion in a production line in this area", the guys who had been sent from overseas to make the decision would have a little list—it would not be very long—of what they wanted to know about. Top of that list would be the workforce. Within minutes, Xshire would say, "How do you deal with this?". They would say, "There must be somebody working out there who knows about the shop floor, who is the quality controller for this bit or that company". This guy, to his amazement, would be brought forward and paraded as a salesman for the UK workforce. I asked the LEPs, as their job is to attract inward investment, whether they had thought of having somebody like that on their workforce or LEP board. By the way, I would also say that a very high proportion of our economy, as represented by the LEPs, now consists of immigrant populations. They come from all over the world and there are millions and millions of them. There is within them a talent base and an economic capacity, which we should, in the nicest sense of the word, exploit. Where are they in this power structure that is being created? I can give you examples of what I mean by what I have just said.

The Chairman: Can I bowl one back at you, Lord Heseltine, and say that, yes okay, it is great that you have somebody who has their feet on the ground and knows about this and is then paraded in front of the LEPs, but do you think that LEPs should actually have members of youth unemployed?

Lord Heseltine: I do not, really.

The Chairman: Why not?

Lord Heseltine: You never want committees of more than about 20 people. Would I actually single out that particular group of people in order to put them on to a LEP board? I myself would not.

The Chairman: I would say that the future is growth and employment in this country. We are not going to get anywhere in growth unless we have proper employment. Sometimes—I have a lot of experience of this—you go on to a board of a company and the members are all at least 60, whereas the people we saw in both Birmingham and Liverpool were all as sharp as tacks and they were all able to come up with ideas when you had a side conversation with them. They are aware of what is going on. They are part of a huge cohort of young people, not just the unemployed. I think it is quite important that they should be asked their views to make them feel more confident that the people who are running this country actually

believe in them too. We are indebted to Lord Cotter on this Committee, who suggested that we should look at youth unemployed in the course of this inquiry.

Lord Heseltine: If you had asked me whether I would put young people on the board as representatives, that would not have received quite such a firm answer. I would not regard the unemployed youth as representative of young people.

Lord Cotter: When I was a councillor, we introduced a youth sub-committee of the leisure committee, and perhaps you might agree that that was very useful. At least the council was better informed. I used to chair the committee and we used to listen to young people—that sort of thing.

The Chairman: Lord Heseltine is saying that he would not have the unemployed on such a committee.

Lord Heseltine: I would not single out the unemployed youth as representatives of the youth in this country.

Q266 The Chairman: Can I ask you the final question? This is one of a series, but we cannot delay you. Do you think that youth unemployment is a critical problem right now? If so, what would you do about it?

Lord Heseltine: I would have to repeat a lot of what I have said. It is obviously an important issue, but I would not focus on it as the priority. I would focus on sink schools. That would be my first thing, because of course that is very relevant. The second is deprived communities, where the culture can discourage young people so much because their parents are unemployed or because they do not have parents—whatever it may be. The whole issue of deprivation, the ladders of aspiration, the management of those huge public resources, which in my view are not being properly thought through—that is where my priorities would be. Above all, this is about devolving responsibility and encouraging competition, choice, initiative and discretion between the communities. They will know what needs to be done.

The Chairman: I have to remind you again that this is an EU Committee, so what chance do you think we have of tackling this through EU measures?

Lord Heseltine: As I said, there are two ways of answering the question. I travel with optimism. If enough of us keep saying it and enough of us keep pushing, who knows what might happen?

The Chairman: That is really great, and that is a wonderful note to finish on. I will give you the privilege of asking us the final question. I usually ask whether, if you were in my position, there was a question that you would have asked. If so, could you ask us and give us the answer?

Lord Heseltine: You remind me of my appearance on the “Today” programme. I was never concerned with the questions; I was always concerned with the answers, which I had already written down before I appeared on the programme. You could always tell when I was in trouble, because I would say, “You have asked me the wrong question”.

The Chairman: On that very happy note, thank you very much. It has been a wonderful experience, and you have given us a lot of food for thought.

Lord Heseltine: Thank you very much indeed.

Higher Education Careers Services Unit (HECSU)—Written evidence

1. Do you think that the EU should be providing funding to Member States to tackle youth unemployment? Does EU action respect Member States' powers in the area of social and employment affairs?

Yes.

Yes.

2. How do you think that the EU can best 'add value' to Member States' efforts to tackle unemployment?

It is our view that policy making in this area should be founded on good research evidence. For example, the recent OECD report "Skilled for Life? Survey of adult skills" identifies priority areas for a range of countries to address in relation to developing and using skills. Whilst not exclusively concerned with EU member states, the report provides clear evidence based on robust research. Where the EU can add value, is to support member states to make good use of robust research evidence to help identify local priorities. The EU can also take steps to ensure that comparative research evidence is not used simply to create 'league tables' but instead to enable member states to understand mechanisms within their own economic and skills infrastructures that appear to lead to high levels of youth unemployment. For example, to identify whether unemployment is the result of structural or cyclical change; the result of under-investment in basic education, career information and guidance or work-related skills development; or associated with particular combinations of indigenous or migrant communities, industrial sectors, or social contracts.

3. Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as being not in education, employment or training ('NEETs'), support for newly qualified graduates looking for work, and general career guidance?

There does need to be disaggregation in EU measures given that whilst youth unemployment is a general issue, it is particularly acute in some countries – it is important to tease out why youth unemployment is so starkly differentiated by country. A key feature of turbulent economic conditions is that career opportunities for young people are likely to be subject to rapid change – the 'labour market' is a dynamic notion. For example, it is difficult to predict change and historical data is sometimes an unreliable guide to future employment opportunities. There is a need across the EU for effective careers education and guidance for all and particularly for those most vulnerable in the labour market (inexperienced school or university graduates and those without qualifications).

There is in the UK an inadequacy of general career guidance. Recent changes in the provision of career guidance to young people have effectively removed responsibility for provision of careers education and guidance to schools with insufficient safeguards to ensure quality provision. The first Ofsted inspection of careers information and guidance found many schools struggling to meet their obligations. A recent report by the National Careers Council in the UK calls upon closer working relationships with employers to support schools in their new responsibilities. There is concern that the involvement of schools and

employers in the provision of careers education and guidance is, whilst necessary, not sufficient, and that young people need access to impartial, advice from qualified career guidance practitioners, working to national professional standards. Emphasis should be placed upon career learning, as a process of assimilating information about work, self and opportunities, rather than rational models of decision-making. Up-to-date theorising on the way in which the transition from education to employment and employment to employment is undertaken should be used to inform policy-making. For example, ideas about career trajectories being ‘constructed’ in response to personal and local economic drivers, are gaining ground over former theories of careers as developmental, linear progression.

4. Are the EU’s accounting, monitoring and evaluation procedures sufficient to be able to determine whether EU funded projects to tackle youth unemployment have been successful or not? Are there ways in which they could be improved?

Left blank.

5. How do you think the funds allocated through the Youth Employment Initiative (YEI) and the European Social Fund (ESF) could best be spent?

As might be expected, we would support more research but also using existing research evidence more constructively to target interventions that have impact. For example, we have a good deal of researched evidence that suggests graduates’ transition into the labour market is enhanced by periods of work experience but we know less about the range of pedagogies that facilitates real learning from workplace learning. Thus, it is suggested that research should focus not only on whether (a particular intervention) appears to work but also why it does. This is likely to involve researchers, policy-makers, employers and educational practitioners working more effectively together.

6. Do you feel that young people (aged 15-24), youth groups and their representatives are involved and consulted to a satisfactory degree in the decisions being made around EU funding for youth unemployment projects, and how they are administered?

Probably not but it is difficult to provide the appropriate environment for this to take place. Working with representative groups such as the National Union of Students has enormous value.

7. Should the EU and Member States take into account the positive and negative socio-economic impacts of youth migration due to unemployment when designing measures to tackle youth unemployment? How might any negative consequences be mitigated?

Yes.

It appears that over the last 3-4 decades, there have been a number of initiatives aimed at reducing youth unemployment. One of the characteristics of these has been that they have all been short term – putting in place mechanisms that provide long-term structured support have rarely been explored but perhaps should be now. Another feature of previous initiatives has been to place emphasis on the deficiencies of individuals experiencing unemployment – the expression NEETs is a prime example – and there appears to be far less emphasis placed on the cumulative impact of conditions that are outside the individual’s control (such as lack of mobility, paucity of job opportunities, funding structures that

disincentivise further education and training) or mechanisms to help young people to manage/adapt to change.

8. How can the EU and Member States embrace new technologies and new methods of working to combat youth unemployment?

Social media provides a valuable channel to create a different message – rather than young people (particularly NEETs) being regarded as inadequate, inexperienced or victims of the economy – young people could be promoted positively as a resource of ideas, innovation, energy etc. Changing the paradigm could lift confidence of not only young people but also employers and other organisations. There is risk that some young people may be abandoned rather than celebrated. The EU could lead new thinking about how we conceptualise young people and their economic activities.

10 October 2013

Jane Artess, Higher Education Career Services Unit, Clive Richardson, Go ON UK, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

Jane Artess, Higher Education Career Services Unit, Clive Richardson, Go ON UK, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

[Transcript to be found under Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted](#)

Higher Education Careers Services Unit (HECSU)—Supplementary written evidence

EU Action to tackle youth unemployment

Supplementary notes following the witness session held on Monday 27th January 2014 including Clive Richardson, Jane Artess (HECSU), Joe Billington and Karen Adriaanse HMI.

Page numbers refer to the unrevised transcript of evidence:

Page 8

“The Chairman: If you have any more ideas on this one, would you please with to us with more detail. This has been put in front of me only in the past few days.”

I would like to add, that the reliance provision of careers advice via telephone help lines requires the use of sophisticated interpersonal skills – both in the adviser, in order to tease out what the young person (in this case) needs to know and is capable of understanding, and also on the part of the young person making the call. We know from established research that the experience of unemployment can render people lacking in self-confidence and unsure about how to tackle unfamiliar situations and new people. It becomes quite a ‘tall order’ therefore to expect young (especially disadvantaged) people to engage in meaningful conversations by telephone with those who are in effect perfect strangers. Well trained and supported advisers can achieve a great deal and those providing the telephone help services for Learndirect were such professionals – however, what safeguards do we have that advisers who respond to queries arising from the use of websites are appropriately trained, particularly if their contact with young people is via the telephone.

Page 9 and Page 12

In addition to the Plotr interactive website – the Committee’s attention is drawn to Prospects Career Planner – a device that helps students to identify their skills, motivations and desires and hence generates a list of potential occupations that are associated with those. Please see, http://www.prospects.ac.uk/myprospects_planner_login.htm

“Karen Adriaanse: ...There was no tool for that....”

Certainly Prospects Career Planner does enable a record of ideas (and also actions that result) to be made and its primary use is as an aid for further discussion with (university) careers advisers.

Page 12

“The Chairman:How can we break the cycle....”

As part of ICT education in schools, young people could be taught about more about information processing in the round. i.e. how information is constructed, presented and distributed within our society. They could be taught critical skills which would enable them to evaluate all sources of information – from websites, newspapers, family members, print media, social media, etc. as information reaches them from many more sources than computers. Such a strategy would not necessarily improve their own ICT skills in the short term but could be aimed to enable them to see computers and websites as tools for understanding about their world. It seems likely to me that the networks surrounding disadvantaged, unemployed young people are just as powerful at messaging as those surrounding middle class young people – what is missing for both is the capacity to discern intelligence (by which to act) from the plethora of information resources available.

Page 16

“The Chairman:If you have any ideas along these lines, again we would be very grateful for them ...”

Whilst I would welcome the return to a fully-trained, professional career guidance service to be enabled to work with schools and colleges, to deliver a full programme of careers education, advice and guidance in schools – I know that the resourcing is not available to do so. (Resources have been reduced hugely since the previous Connexions service and the predecessor Local Authority based services.) That being the case, substantial investment needs to be made in teacher education to ensure that young people are not only provided with information, but also with the skills and support to make sense of it. Focussing on young peoples’ skills and the provision of support, seem to be a wiser approach than focussing on information alone (as now) because, labour market information is inherently historical and is not reliably predictive (e.g. who predicted the collapse of Lehman Brothers?) but labour market information can be used creatively by schools to give young people the knowledge and skills to adapt and to change as opportunities become available; they can help young people to differentiate between ‘fact and fiction’ ; they can provide opportunities for young people to learn about economic participation and what having a job(s) can mean for them as individuals and for their communities. Here career decision-making is reframed as ‘career learning’ and career information and guidance becomes the part of the strategies that teachers use to bring about career learning. This approach is not new. In the 80s the National Curriculum Council issued guidance to schools on how to teach ‘careers’ through the subject curriculum. Our current over-emphasis on information (accessed from websites) as a proxy for learning will cost us dear, and those most likely to suffer are the ones from homes where a lively critique of what is happening in the labour market (be it the availability of apprenticeships or other opportunities) does not occur.

Page 28

“The Chairman ...a question that we should have asked...”

Whilst not a question, I did reflect that what I should have responded was, that we need to develop an ethos that every young person has both a right and an obligation to economic participation. The option of non-participation should not be available (except for those

genuinely unable to participate through mental or physical impairment). At the moment, whilst the benefit mechanisms do not encourage young people to 'opt-out' per se, they do in practice because the operation of the labour 'market' stratifies and whilst it does so, there will always be those who are less able to compete. If we could achieve a sea change in the expectations of young people, employers, institutions and career services – everyone accepting a responsibility for their part in enabling universal economic participation (we might need to broaden what this means) – things might change.

3 February 2014

Humber Local Enterprise Partnership—Written evidence

1. What have been the responses to the issue locally, and how well do locally designed actions, work alongside national programmes?

The Humber LEP's Skills Commission has helped to identify and prioritise a number of needs and actions that are embedded within the Lifting the Lid report and these are informing the City Deal, ESIF and Skills for Growth Strategies. Through a series of working groups, the Employment & Skills Board is implementing a range of locally designed responses in support of the youth unemployment agenda such as the Humber Employability Charter and the Humber CEIAG Gold Standard. The ESIF strategy proposes a number of youth engagement activities using ESF in the period 2014-2020.

Talent Match Humber is a £5.2m Big Lottery Fund (BLF) investment for long term unemployed 18-24 year olds, run by Humber Learning Consortium (HLC). It has been carefully aligned with existing programmes (Work Programme, ESF NEET, etc.) throughout the 18-month development phase. BLF requires this investment to be continually mapped against existing and emergent programmes across the Humber in order to achieve its goal of complementarity. As part of this process HLC is developing a sub-regional network of agencies that deliver youth unemployment programmes so that duplication of provision is avoided. We believe Job Centre Plus's recent "building block" mapping of youth-related provision in the Humber is an important starting point in this regard.

Concerns about the high levels of Youth Unemployment in Hull led to a partnership approach to create more employment, apprenticeship and work experience opportunities, simplify the process for employers to recruit a young person and improve the employability skills of young people. 'Future Hull' (now extended to Future Hull & East Riding) is a group of key stakeholders and programme-level managers, which meets regularly to share information, plan activities, and ensures that actions are joined up. The activities of this group have helped to encourage both local and national programmes to respond more effectively to demand and supply-side requirements / issues.

Jobcentre Plus has used their Flexible Support Fund to deliver a wide range of innovative programme aimed at 18-24 year olds. Close working with JCP and the LEP regarding utilising/pooling any future Flexible Support Funds will be undertaken to ensure best use of available funds.

The Close working partnerships between DWP, JCP FE Colleges and other providers/agencies in the Humber to deliver tailor made programmes to support young people into employment, apprenticeships or education/training to develop skills is excellent. This partnership has resulted in a series of interventions including events such as the Your Future: Your Choice event in Hull on the 6th February which engaged young people in attending hands-on taster sessions in key employment sectors and access to Apprenticeship/Traineeship Providers and employers, resulting in 350 attendees. This type

of activity further builds on national programmes, providing a contextualised delivery to meet local need. Other examples of effective partnerships include:

- The Humber Skills Pledge which encourages more businesses to offer work placements, recruit apprenticeship and support the development of employability skills in a broader sense.
- A joint approach to develop the Spring Board Programme, which has arose as part of the bid for the Youth Contact under spend and the City Deal bid.
- The adaption of the Employability Charter, across the Humber based on the seven CBI employability skills which will inform the development of a Humber employability framework.

2. In relation to the management of EU funds for tackling youth unemployment in the UK, do you feel that the right balance is being struck between decisions taken at a local level, and those taken at a national level?

The devolved responsibility of the Local Enterprise Partnerships is greatly assisting in ensuring national guidance is used to inform local decisions. However some challenges remain such as a developing greater understanding with funding agencies in being able to respond appropriately to specialist training needs. The new ‘opt-ins’ may further assist in this development, effective and useful conversations are on-going and we hope this growing understanding will enable further flexibilities to be utilised when a sound body of evidence exists.

We welcome this “direction of travel” towards devolved decision-making at LEP level because it promotes responsiveness to local needs and improves stakeholder buy-in and accountability. It is currently too early to tell whether the correct balance has been struck between national and local decision-making because a number of the locally-derived programmes are only just beginning. The outcomes of these local programmes will be the acid test. The work already undertaken by the Humber LEP and its stakeholders on the youth employment agenda has been positive to date. A key factor going forward will be the quality of the relationships between the LEP and the various managing agencies (via the opt-in approach). To maintain the current trajectory, the LEP will ensure that any youth employment delivery it commissions is complementary to other existing and pipeline programmes. The managing agencies will need to be genuinely responsive to local needs (to secure and maintain buy-in), to work effectively with the LEP to commission and manage provision and, to balance local programmes within the context of their national initiatives and policies.

3. How do European funds, such as the European Social Fund (ESF), add something different or valuable? For example, do you think the different way in which EU funds are being organised for the new Youth Employment Initiative programme (with overall design led by Local Enterprise Partnerships in the UK, and more coordination between ESF and the European Regional Development Fund) will work to help young people in your area?

European funds assist in the support of targeted activity, assisting individuals and businesses to maximise local economic potential. The focus on delivering long-term sustainable change provides a framework that underpins the Strategic Economic Plan and maximises other funding streams.

In the Humber area, the funds are being utilised to support a range of individual and group projects and sector-led programmes that will deliver education and training progression routes into sustainable employment. Co-ordination by a central body, such as the LEP ensures that no duplication exists and resources are maximised to meet local need.

- 4. We are interested in the extent to which young people themselves contribute to ideas as to how they might be helped or are consulted about what might be effective. What sort of steps do you take, or are you aware of, to involve young people and with what results?**

Provider and stakeholder feedback is essential in understanding the barriers that young people face; this is gathered via formal and informal mechanisms such as discussions at the Humber LEP Employment and Skills Board, the Skills Network and in several supporting task and finish groups. It is essential that the make-up of these groups remains representative and has the ability to contribute from each organisational perspective. Young people themselves are supported by a range of agencies that will help individuals overcome any specific and personal need. These mechanisms contribute to a body of qualitative data that is used as an overlay to statistical information.

Young people are centrally involved in the co-design and co-delivery of Talent Match Humber, a £5.2m Big Lottery funded programme run by Humber Learning Consortium. At the co-design stage, over 130 young people ran their own focus groups, participated in surveys, or helped to write the bid. 2 young people have been trained and will be supported to sit on the project steering group with the LEP, Jobcentre Plus and other supporting agencies. A Young People's Partnership (supported by a dedicated worker) will help to commission services and monitor and evaluate provision. The young people participating in the project have a dedicated budget of £30,000 per annum to deliver their own services. Talent Match Humber has been highlighted nationally as a best practice exemplar of user involvement (Connecting Policy with Practice - People Powered Change: Institute for Government, November 2013).

- 5. How important do you see sharing of good practice across the UK and the EU as being and, to your knowledge, do local policy makers learn from success stories in other parts of the UK, or in other countries?**

Whilst it is important to recognise success across the UK and EU, some of the barriers to unemployment are very local, and as such this good practice cannot always be disseminated to the local market. However case studies on innovative and new ways of engagement are welcomed to provide a basis of knowledge and can also be used as leverage in discussions with partners and stake-holders.

Humber Learning Consortium notes that when provider organisations are carefully networked to share best practice around particular thematic areas (e.g. improving user involvement, engaging employers, leveraging labour market information, engaging those furthest from the labour market, etc.) there can be a marked improvement in the quality of both delivery and partnerships. These networks can be, and are, configured at local, national, and transnational levels, in the latter case via the Erasmus+ scheme. However, we believe more could be done to encourage and resource local/national good practice networks. In our experience, government level policy-makers can have a limited understanding of good practice and critical success factors within UK-based youth provision. It is harder to comment on their understanding on EU-based youth employment practice. Having spoken to a wide range of policy makers over the past 12 months (BIS, DWP, DFE, DCLG, Treasury), we believe there is a desire to “get out into the field” and observe good practice, however, capacity constraints and short policy cycles frequently mitigate against this.

11 March 2014

Impetus, The Private Equity Foundation—Written evidence

House of Lords EU Select Committee - EU action to tackle youth unemployment Call for Evidence October 2013

We are delighted that the House of Lords is taking the issue of youth unemployment seriously and looking at ways that this crisis can be tackled across the whole EU region.

Impetus – The Private Equity Foundation (Impetus – PEF) is a venture philanthropy organisation that provides packages of support to high calibre charities which includes; grant funding, intensive management support, and pro bono expertise which helps charities scale-up and have greater social impact. Our areas of focus are educational attainment at secondary school for the most disadvantaged, and work readiness.

In the UK current approaches to tackling youth unemployment are failing. We have a structural issue in this country. Youth unemployment has been on the rise since the early 2000's and a return to economic growth will not be enough to fix the problem.

We believe that fundamentally youth unemployment can only be reduced if we support all young people in their transition from education into employment. This might seem like an obvious point but by focussing on youth unemployment and not the school to work transition, policy often ends up being focussed on the problem rather than the prevention. We want to see policies which are about early intervention.

Young people's time in education must reflect the changing needs of the labour market if they are to make a successful school to work transition, with focus being placed on both achieving better qualifications and having the skills and work experience today's employers require. Qualifications are important. A person who leaves school with 5 GCSE's A*- C will on average earn 20% more than a person who leaves with no qualifications. And, a person who gets a degree will earn on average 105% more than someone with no qualifications. However, qualifications are not the only game in town. Over the last 30 years skills needs have shifted, making it harder for young people to enter the workforce. But the way education and employers interact has not moved with the times. More than 1 in 5 employed young people are in sales and customer service – these employers often expect young people to be job ready from day one – this was not the case when large proportions of young people worked in manufacturing and were trained on the job.

Employers have a central role to play – and most that we talk to understand this although they often struggle to know how or what they can do. We often ask; 'are our young people ready for the world of work?' we should also be asking; 'are our employers ready for young people?'

Although we fully agree that this issue needs to be on the top of the political agenda – politicians alone cannot fix this alone. We believe it is time for government, employers, social sector organisations, schools, parents and young people to collaborate – we all have a role to play.

So what should we do to make the transition from education to employment smoother? Below are five areas that we believe the commission should consider and we would be happy to speak about each in more detail:

1. Sustained support through education and the transition into employment – We need to do more in order to adequately support young people every step of the way; from making the right GCSE choices and into their first job or further learning.
2. All young people must have experiences of the world of work – Quality of provision must be ensured and while at school every young person should be given opportunities to meet and hear from employers, experience different work environments and have high quality work experience.
3. Experiences offered by traineeships and apprenticeships must be valued – Both are expanding, although more needs to be done to ensure young people benefit from these increases. Employers, schools, parents and young people need to be better informed about these vocational routes into work as valuable alternatives to academic pathways.
4. Better integration between schools and their local labour market – Local issues must be at the heart of careers information, advice and guidance. We recommend every school should have a ‘local business governor/adviser’. They could be responsible for building links between local businesses and the school and for providing up to date information to the school about job opportunities and skills, qualifications and experiences required to succeed in the local labour market.
5. Funding must flow to interventions proven to be most effective – Social investment and payment by results are ways to ensure taxpayers are only paying for successful outcomes. Although these are new and not the only answer, they can be effective ways of developing new funding streams and that only successful impact is paid for.

With over one million young people out of work, the UK has one of the highest youth unemployment rates of OCED countries – although we are not alone in the EU, struggling with this problem. This is certainly an issue which requires focus from government, employers, schools and the social sector. However, we strongly believe that by only focusing on the young people who are out of work today, we may omit to fix the entrenched structural issue. For the sake of future generations we must also implement policies that ensure our 14, 15 and 16 year olds are being adequately prepared now for their transition from education into employment.

This is not an either or choice. Yes, support the young people who are struggling to find work today. More employers must be encouraged to take on trainees and apprentices providing qualifications, valuable work experience and a full time job once completed. But, we also need to consider the children within the education system and what can be done now to adequately prepare them for the employment market. A schools primary objective is for young people to gain qualifications and whilst this is incredibly important more surely

Impetus, The Private Equity Foundation—Written evidence

must be done both within school and outside to equip young people with the skills, qualifications and experience today's employers require. High quality, locally relevant and face to face careers, information advice and guidance can play a huge role in helping young people make the right choices about the career path which is right for them.

The House of Lords is right to have raised youth unemployment as an area of concern, we would urge them to also think about the next generation. A clear vision is required of the kind of youth labour market we want, both in the UK and across the EU.

In the UK, Germany is often cited as a great example of what can be achieved, but always followed with; “but we are not Germany”. This must be true of all EU countries who face a youth unemployment crisis. Surely there are opportunities for us to learn from Germany and other member states, however, labour markets especially for the young are very localised. We need to consider who we are as a nation and what kind of youth labour market we want. Our vision is for a UK youth labour market with clear and valued academic and vocational pathways to employment. A system where educators and employers, social sector, parents and young people are collaborators and where as a society none of us are satisfied unless every young person is supported to gain the qualifications, skills and work experience required for them to make a successful transition from education into employment.

Case study – ThinkForward

ThinkForward was created in 2010 by Impetus – The Private Equity Foundation following its research into how to dramatically reduce the likelihood of young people becoming NEET (not in education, employment or training).

The Thinkforward Programme currently operates in fourteen schools in East London and is aimed at ensuring students who are at risk of dropping out make a successful transition from education to employment. It is part funded by a social impact bond commissioned by the Department for Work and Pension's (DWP) Innovation Fund and using a payment-by-results contract.

An experienced coach is placed in the school and using a data driven approach the 10% of year nine pupils identified as being most at risk of dropping out or not making a successful transition from education into employment are, enrolled onto the programme.

The coaches provide sustained support from age 14 to 19, providing continuity through what can be a turbulent time in life. Coaches work with the students to develop an action plan for their future career. Where young people need specific help the coach signposts them to local service providers who are best able to support them. Critical to its success is the way ThinkForward engages employers. Participants benefit from work place visits, careers days, work tasters and work experience placements. All young people spend time with a business mentor, attend skills based courses and receive support as they develop their CV, apply to college or for jobs.

The evidence shows that Thinkforward is making a tangible impact in the schools who are already involved in the project. The programme's annual review for 2012 reports that 98% of

Impetus, The Private Equity Foundation—Written evidence

young people progressed into education and employment during the pilot, 700 new young people have been enrolled, and 100 employees have volunteered on the project. Of the 350 pupils old enough to have taken their GCSE's, 55% have achieved 55% A*-C, beating an original target of 30%.

Success is measured by hard and soft outcomes. Hard outcomes measures include a focus on qualifications, behaviour, attendance and entry into training, learning or sustained employment. To measure the softer outcomes, a personal development tracker tool is used to assess young people's readiness for work in terms of mindset (for example self-belief, aspiration, determination) and employability (for example teamwork, communication, planning and organising) skills. Planned evaluation activities from the DWP and the Education Endowment Foundation include a randomised control trial in four schools focusing on education outcomes, and a qualitative and quantitative study in ten schools looking at both education and employment outcomes.

21 October 2013

Institute for Employment Studies—Written evidence

Select Committee on the European Union

Sub-Committee B - Internal Market, Infrastructure and Employment

Call for Evidence - EU Action to Tackle Youth Unemployment

Response from Institute For Employment Studies (IES) by

Kari P Hadjivassiliou and Stefan Speckesser

1. Do you think that the EU should be providing funding to Member States to tackle youth unemployment? Does EU action respect Member States' powers in the area of social and employment affairs?

1. In view of the very high levels of youth unemployment in the EU, albeit with considerable country and regional variations, there is a need for increased financial resources in facilitating effective youth labour market transitions, to which EU funding can make a positive contribution. For example, the Youth Guarantee (YG) which has proved an effective way of integrating young people, including NEETs, into the market and is currently promoted by the Commission as part of the 2013's *Youth Employment Initiative (YEI)* has a clear fiscal cost to Member State (MS) Governments. Indeed, as has been argued, adopting YG schemes can be very expensive and not feasible in several MS unless they can count on adequate EU funding.
2. Likewise, in view of the great variations in the level of youth unemployment between Member States (and regions), the Commission is also offering targeted assistance to specific countries. Specifically, in February 2012, it set up youth action teams whose remit is to help the eight MS with the highest rates of youth unemployment (i.e. EL, ES, IE, IT, LT, LV, PT and SK) mobilise EU structural funds (including European Social Fund/ESF) still available in the 2007-2013 programming period to both support job opportunities for young people and facilitate SME access to finance (for youth employment) (see below).
3. Although this financial help to these eight MS has already yielded some positive results with tailor-made packages of measures being more effective than single measures, it can be argued that some of the terms and conditions attached to some interventions and programmes, can be viewed as overriding MS' powers in the area of social and employment affairs, e.g. level of trainee compensation, national minimum wage for young people, etc.

3. Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as being not in education, employment or training ('NEETs'), support for newly qualified graduates looking for work, and general career guidance?

4. In the face of a dramatic rise of youth unemployment, especially during and after the Great Recession of the late 2000s, and more recently in a number of MS, e.g. Southern Europe, EU institutions, notably the European Parliament, the European Commission and,

more recently, the Council, have put the promotion of youth employment at the top of the political agenda. Although smooth, stable and speedy school-to-work (STW) transitions has been the focus of EU policies following the launch of the EU2020's flagship initiatives *Youth on the Move* and, to some extent, the *European Platform Against Poverty*, persistent high levels of youth unemployment have given the importance of STW transitions a renewed impetus. This was reflected in a number of EU policies and initiatives such as the European Employment Strategy (EES) and related Guidelines combined with the work of the Employment Committee (EMCO); the 2011's *Youth Opportunities Initiative (YOI)*; the 2012's *Youth Employment Package (YEP)*; the March 2013's *Youth Employment Initiative (YEI)*; and the June 2013's Communication *Working together for Europe's Young People – A Call to Action on Youth Unemployment*.

5. Although the proposed policies and measures in some of these initiatives, e.g. *Youth on the Move* and YOI, in the main address the needs of the general youth population, there has been an increased focus on policy diversification and targeting of specific groups, exemplified by the more recent YEP and YEI together with changes in ESF funding (see below). For example, since an estimated 7.5 million young Europeans are currently classified as NEETs, these are the explicit focus of the YEI which complements the support provided by the ESF for the EU-wide implementation of the YG (as part of the YEP) and is accompanied with extra ESF funding. As EU and ILO evidence from Scandinavia (Finland, Sweden), Austria, etc. has consistently shown, youth well-designed and targeted guarantees can play a significant role in reaching and helping NEETs (and young people in general) enter and/or re-connect with the labour market. Indeed, With the YG in mind, the proposal for the ESF Regulation for the next programming period 2014-2020 includes a dedicated ESF investment priority targeting the sustainable labour market integration of young NEETs (see below).
6. Crucially, in order to maximise its reach and effectiveness, the €6 billion that accompanies YEI will be channeled to EU regions NUTS Level 2 where youth unemployment rate in 2012 was over 25%. Likewise, the YEI implementation will be frontloaded, so that this funding is committed in 2014 and 2015 rather than over the seven year period of the 2014-2020 Multiannual Financial Framework (MFF).
7. The principle of the YG is that within four months of leaving formal education or becoming unemployed, all young people up to 25 receive a quality offer of (i) a job; (ii) continued education; or (iii) an apprenticeship or a traineeship. With regard to the latter, because of the proven benefits of schemes which combine work and study and allow young people to acquire a first work experience, these have become much more prominent in EU's employment and youth policies in recent years. However, since NEETs is not a homogeneous group with diverse needs, it has been explicitly recognised that MS (and regions) must have maximum flexibility in the YG design and implementation. To this end, YEI and related ESF guidelines allow for wide range of activities/interventions which can address more effectively the needs of a particular NEET sub-group.
8. These include (i) outreach strategies and focal points; (ii) personalised/individual action planning; (iii) opportunity of school leavers and low-skilled young people routes to re-enter education and training or second-chance education programmes, address skills

mismatches and improve their ICT skills; (iv) the support for schools and employment services to promote and provide continued guidance on entrepreneurship and self-employment for young people, including graduates; (v) the use of targeted and well-designed wage and recruitment subsidies to encourage employers to provide young people with an apprenticeship or a job placement, and particularly for those furthest from the labour market; (vi) the promotion of cross-border mobility for work and/or learning by making young people aware of job offers, traineeships and apprenticeships and available support across the EU; (vii) greater availability of start-up support services; (viii) enhanced mechanisms for supporting young people who drop out from activation schemes and no longer access benefits; etc.

9. Although the precise measures to be supported through the YEI will be agreed between the Commission and the MS in the context of the ESF programming process, the wide range of activities/interventions eligible for funding mentioned above is expected to allow for the required flexibility and customised delivery and implementation in line with local/regional/national requirements.
10. In general, in the face of tightening public finances across the EU, there is a clear trend to a growing number of programmes which are explicitly aimed at young people at risk of social and labour market exclusion (e.g. AT, BE, BG, CY, DE, DK, EE, ES, FI, FR, HU, IE, IT, LT, LU, MT, SE, SI, SK, UK). For example, active labour market policy (ALMP)-related programmes targeted at graduates such as traineeship/internship schemes which were quite prevalent in the aftermath of the Great Recession are being phased out in a number of MS. In contrast, as the EU-wide review of apprenticeship and traineeship programmes that we (IES) in partnership with Ecorys and IRS Italy have just completed on behalf of the European Commission found, there is a concerted effort to focus on vulnerable young people, including early school leavers and NEETs.

4. Are the EU's accounting, monitoring and evaluation procedures sufficient to be able to determine whether EU funded projects to tackle youth unemployment have been successful or not? Are there ways in which they could be improved?

11. Although there is a growing evidence base of research and evaluation studies of EU-funded projects aimed at tackling youth unemployment, both the Commission's ESF Expert Evaluation Network and the Commission itself, as well as our (IES) own work in this area have highlighted a number of issues which require immediate attention.
12. As the Commission's ESF expert evaluation network's review of data sources used for evaluating EU-funded employment-related programmes found, output data together with other forms of secondary data (monitoring, financial and final recipient contact data) are most commonly used. On the other hand, results based on rigorous evaluation and impact assessment are much less common. Where such results are available, there are considerable variations in sampling methods used, difficulties in securing sufficiently large sample sizes and attrition in cohort studies which could have an adverse effect in their overall validity.

13. The most common approach has been to build on monitoring data and evaluations of management and implementation processes, while evaluations drawing on primary research are much less common. Impact evaluations are rare and where they do exist, these are more likely to be theory-based than counter-factual or other impact evaluations. This, in turn, reflects the difficulties involved in designing and delivering impact evaluations, including accessing data – particularly micro data; identifying, recruiting and sustaining control groups – including data protection issues; and the stage in the programming period with most MS focusing on monitoring implementation rather than evaluating results.
14. Many evaluations do not provide even the most basic information on the results (achieving sustainable job entry) and the cost of achieving these results. Crucially, in relation to employment results, there is very limited information on the sustainability of employment secured as a result of an EU/ESF-funded project/ programme. Instead, in many cases information about employment results was based on monitoring data provided by beneficiary organisations raising issues about the reliability of the data.
15. The above is borne out by the results of our own review of the existing evaluation literature. For example, the availability of existing evaluation data on employment outcomes, and particularly long-term employment sustainability and cost-effectiveness, is very patchy and uneven both between MS and programmes. Where data does exist, it is rarely consistent between MS, and even within some MS. The high level of heterogeneity in the coverage and features of such schemes across the EU also makes the results of existing evaluation studies difficult to generalise.
16. Indeed, the need for more robust evaluation and impact assessment of YEI-related measures has also been recognised by the Commission which considers the requirement for two YEI impact evaluations during a period of nine years as a minimum requirement. To this end, in March 2013 it put forward a list of relevant YEI and NEET-related indicators (immediate and longer-term result indicators broken down by gender) which must be used to assess the take-up and effectiveness of interventions and be included in the annual implementation reports.
17. In addition to the above we would also propose three approaches, how the evidence could be improved: (a) *Obtaining quantitative estimates of programme impacts instead of outputs, outcomes and qualitative evidence*: Implementation of funding for projects combating youth unemployment must comply with standard EU Regulation and evidence the economy, efficiency and effectiveness of the programme. While measures of economy and efficiency are primarily operational indicators on programme costs and output indicators (such as participants or funded programmes), which guide programme implementation, effectiveness is related to the impact of the programme on outcome variables, for example, whether a programme genuinely improved the labour market situation of the participating group.
18. These measures relate to the longer-term success of projects and are more difficult to obtain than operational parameters collected by the ESF Managing Authority (MA). Unlike output measures, impacts cannot be observed and have to be estimated relative

to counterfactual non-participation. This would at least require contrasting programme outcomes for participants to groups of eligible non-participants, for example, earnings or employment one or two years on. Outcomes for non-participants would have to be further adjusted using econometric methods to provide a credible estimate for the counterfactual because participants and non-participants differ in other characteristics (e.g. educational attainment) relevant to labour market success.

19. While programme outputs and outcome indicators for participants are comparatively well documented by MAs, data for a group of non-participants is usually not collected and needs to be constructed by researchers on the basis of other data sources. An example from our work is the 'Pathways to Apprenticeship' programme in Wales: while data on participants can be easily observed, estimating the counterfactual outcome and understanding the programme impact is challenging because non-participants would potentially participate in a variety of alternative programmes. In order to obtain better estimates on the impact of programmes, data for non-participants would have to be collected consistently at the onset of the programme, e.g. for young people deemed eligible based on administrative data (School census, local authority data on young people's activities, destinations when leaving education). It would have to be linked for both groups to outcome measures from surveys or administrative data (HMRC data, DWP benefits, data on further or higher education).
20. *(b) Understanding effects of the programmes beyond participants relevant to programme effectiveness:* In order to make a judgement about programmes effectiveness, it would also be necessary to understand whether programmes – large scale programmes like apprenticeships or traineeships in particular – have an impact on non-participants. Non-participants affected by the programme would no longer be a useful control group to estimate the programme impact. For example, if participants and non-participants compete for training opportunities and jobs, large scale programmes would reduce the opportunities for non-participants, for example, through displacement effects, and non-participants would have lower chances of employment than had the programme not been implemented.
21. Such indirect programme effects would pose a serious threat to the validity of the results of microeconomic studies to inform policy at aggregate level, because the impact of the programme for the participants would be overstated. This may be particularly true in the short run: Part of the difference in outcomes between participants and non-participants is then indeed due to non-participants having lower outcomes than if the programme had not been implemented. At the extreme, a programme could be deemed successful if it has only negatively affected non-participants.
22. *(c) Understanding long-term costs and benefits:* In addition to robust programme impacts, we also see evidence gaps in programme costs and benefits. A successful programme, which reduces youth unemployment, can still be ineffective if, for example, the longer-term impacts (e.g. increased employment rates and earnings) were not sufficient to recover the costs for initial programme spending (i.e. the costs of implementing the programme and opportunity costs). In order to assess this, every programme should be subject to a cost-benefit analysis, which compares the costs of the

youth employment programme (education funding/administration/possible employer costs) today to net present values caused by reduced unemployment and higher incomes in the future.

23. Similarly to cost-benefit studies of educational programmes or apprenticeships, like our recent evaluation of the Apprenticeship Grant for Employers, positive impacts (wage increases and improved employment relative to non-participation) would have to be monetised and aggregated (to span over the whole post-participation life course of participants or to last for a specific period). Subject to a discount factor, cumulative programme benefits should at least recover the costs of programme spending (in present values). If several programmes were operating for the same target group, measures of returns per Pound or Euro invested (i.e. social benefits as monetary returns compared initial spending subject to some programme deadweight) could be compared.

5. How do you think the funds allocated through the Youth Employment Initiative (YEI) and the European Social Fund (ESF) could best be spent?

24. In the face of the dramatic rise of youth unemployment, albeit with significant country and regional variations, the European Commission together with the Council and the Parliament have recognised the need for urgent and immediate action at both EU and national levels. To this end, the Commission has mobilised existing and new funds through financial instruments under the new 2014-2020 MFF. Indeed, the increased importance of youth unemployment and the need to ensure that effective policy measures and interventions are implemented in order to enhance the employment chances of young people is reflected in the way the EU's financial support, notably the ESF, is being used.

25. In its YEP Communication, produced on 5 December 2012, the Commission stressed the important role that EU funds, notably the ESF can play in supporting its proposed measures. Specifically, the proposed ESF Regulation for the next programming period 2014-2020 includes a dedicated ESF investment priority targeting the sustainable labour market integration of young NEETs. MS facing high youth unemployment rates are thus expected to identify young unemployed persons as a specific target group for ESF funding. MS' Partnership Agreements and Operational Programmes for the period 2014-2020 are expected to focus on school-to-work transitions and the possibility to introduce YG schemes, as well as on labour market integration of young people.

26. The greater mobilisation of ESF in the fight against youth unemployment and unstable, precarious and protracted school-to-work transitions has been more recently reinforced with renewed vigour by the Commission. Indeed, as mentioned above, as the *Youth Opportunities Initiative* (YEI) states, the Commission will also support greater use the ESF for youth employment measures, including those aimed at facilitating school-to-work transitions, e.g. apprenticeships, traineeships, transnational mobility, etc.

27. Although the ESF is the main instrument supporting large-scale youth employment measures at EU level, a number of youth-targeted programmes are supported by other EU funds, such as the European Regional Development Fund (ERDF) and the European

Agricultural Fund for Rural Development (EAFRD). For example, it has been suggested that ERDF can support SMEs in providing apprenticeship placements.

28. To date, 21 MS have already redirected significant resources, within and among their ESF, ERDF and/or EAFRD operational programmes, towards measures to boost workers' employability, and to combat and prevent youth unemployment. The priority is now to fully implement the modified funding programmes at MS level.
29. In addition, as mentioned above, in the past 18 months at least €16 billion has been targeted for re-allocation or accelerated delivery in the eight Action Team countries mentioned above, covering for example job subsidies, vocational training, and early school leaving prevention. At least 56,000 SMEs and about 780,000 young people are likely to benefit from these recent adjustments to funding programmes.
30. Although the increased funds earmarked for actions to combat youth unemployment has been welcomed, concern has been expressed about their adequacy to fully meet the challenge of youth unemployment. For example, MEPs in the Employment Committee welcomed the YEI-related €6 billion seven-year budget (as part of the EU's 2014-2020 MFF) that EU leaders agreed at the June 2013 European summit must be used to tackle youth unemployment. However, in line with other commentators, economists and bodies such as the ILO, the Committee of Regions, ETUC, etc., they expressed serious concern about the adequacy of this level of financial support in effectively implementing EU youth employment reforms such as the YG (targeted especially at NEETs). In relation to the latter, ILO estimates that the EU requires an injection of €21 billion which represents around 0.45% of Eurozone government spending. This should be seen against an estimated cost of NEETs in 26 MS of about €156 billion (representing 1.51% of EU's GDP).
31. In view of the above discussion, the best way of using rather limited EU resources in the fight against youth unemployment requires that one focus on specific measures for which robust evidence exists that they are most effective in facilitating school-to-work transitions. For example, long-standing existing evidence as well as the country-specific analysis that we (IES) in partnership with Ecorys and IRS Italy have recently completed for the European Commission has shown that apprenticeships have consistently yielded positive employment outcomes and not only in countries typically associated with the dual training system like Germany and Austria. For most of the apprenticeship programmes reviewed, the majority of apprentices secured employment immediately upon completion e.g. AT, BE, DE, EL, FI, FR, IE, MT, NL, UK; the average proportion is about 60%-70%, while in some cases it is as high as 90%. In addition, within six months to a year after completing the scheme, the proportion of apprentices who secure employment increases even further and is often over 80%. Likewise, well-designed and targeted YGs can be effective in reducing unemployment and discouragement among young people. Indeed, in its both December 2012 YEP and March 2013 proposals for the €6 billion YEI the Commission put forward such measures among the number of practical and achievable measures with the potential to make an immediate impact.
32. Apart from the measures themselves, there are a number of principles that have consistently proved to enhance their likelihood of success. Evidence has consistently

shown that the following factors enhance a measure's likelihood of success: (i) *simplicity* in that the simpler a measure is, the better it is likely to be received; (ii) *transparency* in terms of both ensuring that all the necessary information is available and easily accessible by all the relevant stakeholders, including young people; (iii) *tailored fit and customised approach* in terms of ensuring that the activities involved are tailored to the individual needs and regional/local circumstances. As has repeatedly been shown, there is no 'one-size-fits-all' measure which is effective on a large scale; (iv) *measurability* in that activities should be designed in such a way that their effectiveness and impact can be measured. In addition, it should be defined from the outset what impact is anticipated. As mentioned earlier, this is an area where there is considerable room for improvement, since the availability of existing evaluation data on employment outcomes, and particularly cost-effectiveness, is very patchy and uneven both between MS and measures; (v) *reversibility* in the form of a clear sunset clause in order to prevent the creation of parallel structures and limit displacement and deadweight effects; (vi) *the promotion of social dialogue* since strong support and involvement of social partners and other stakeholders has been shown to enhance the effectiveness and ownership of a measure; (vii) innovation in particular in terms of pedagogical methods, flexibility of delivery, individualization of learning and/or employment pathways, partnerships with key stakeholders, funding mechanisms, and even training environments.

6. Do you feel that young people (aged 15-24), youth groups and their representatives are involved and consulted to a satisfactory degree in the decisions being made around EU funding for youth unemployment projects, and how they are administered?

33. The involvement of young people, youth groups and their representatives in youth employment related decisions, including funding, at EU level has been evolving over time and growing slowly but steadily greater. The European Youth Forum (YFJ) and its member organisations, notably 99 national youth councils and international non-governmental youth organisations across the EU, has been a quite influential lobbying force at EU level, working closely with both EU institutions such as the European Parliament and the European Commission and other EU level stakeholders such as the ETUC.⁶⁷

34. For example, YFJ has long campaigned for and advocated that EU institutions should develop and monitor a European Quality Framework for basic quality requirements for traineeships/internships. To this end, working closely with the European Parliament, ETUC and a broad number of experts and stakeholders including youth organisations, trade unions and other civil society organisations, the YFJ has elaborated a European Quality Charter on Internships and Apprenticeships which was launched in spring 2012.⁶⁸ To some extent, YFJ's long-standing campaign on improving the quality, learning content and terms and conditions of traineeships/internships together with its close collaboration on this issue with the European Parliament have lent impetus to the work currently undertaken by the Commission towards developing a European Quality Framework for Traineeships (QFT). This is one of the key actions of the Youth Employment Package (YEP)

⁶⁷ <http://www.youthforum.org/>

⁶⁸ <http://qualityinternships.eu/>

and the YEI and is expected to be the subject of a forthcoming Commission proposal with a view to having the new Framework in place in early 2014.

35. Likewise, since 2010 the YFJ has lobbied intensively for the adoption of a standardised YG across the EU along the lines of YG that forms part of the current EU's YEI as a way of tackling youth unemployment. Indeed, the Commission itself has explicitly recognised the importance of the role of youth organisations in the design and implementation of YG schemes across the EU by regarding them as vital actors in reaching out to young people at risk of social exclusion, including NEETs.
36. At a more formal level, since 2005 there has also been a Structured Dialogue (SD) in operation between governments and administrations, including EU institutions, and youth organisations and representatives. The Structured Dialogue is now a standard process for participatory youth policy-making in the EU and, although it is widely seen as a useful participatory process, it has also been argued that it requires an improved political follow-up to its outcomes and implementation at both EU and national level in order to improve the involvement of young people in policy formation. As part of this SD, debates are organised at local, regional and national levels. Events where young people can discuss the agreed themes amongst themselves and also with EU politicians are also organised on a regular basis, e.g. 'Youth Events' twice a year, and a European Youth Week every 18 months. For example, reflecting the disproportionate negative impact that the recent crisis had on the young people, the main topic of the structured dialogue in 2011 was 'Youth Employment', while the thematic priority for the current third cycle of SD is the 'social inclusion of young people across Europe'.
37. The European Parliament has for some time worked closely with young people and their organisations, both at EU and national levels. This collaboration has become more intensive in view of the current dramatic rise in youth unemployment. For example, from 6 to 8 November 2013 the European Parliament is hosting in Brussels a Citizens' Agora to combat youth unemployment, where two young people aged 18-30 (one employed and one unemployed) from each MS have been invited. At this event, young people from across the EU will share their experiences, debate with the assistance of experts a number of specific topics related to youth unemployment and come up with recommendations which will, in turn, be communicated to European decision makers. To this end, the issues and joint proposals that will emerge from this event will be debated, in the presence of parliamentarians, at a major youth forum to be held in May 2014.
38. The extent and type of involvement of young people and their organisations in relation to decisions around EU funding for youth unemployment projects should be seen in the light of the above discussion. They take part in both formal consultations and participatory procedures such as the SD as well as in lobbying, awareness raising campaigns and advocacy activities. For example, following the Youth Employment Conference held in Berlin on 3/7/2013, a joint statement of the YFJ and the National Youth Councils stressed that the allocated budget of €6 billion combined with the possibility of using the margins left available below the MMF ceilings was not sufficient to effectively address the currently dramatically high level of youth unemployment in the EU.

39. Some youth organisations have also funded research projects in order to collect the necessary evidence base for specific policies. For example, in spring 2011 the YFJ conducted the first EU-wide survey of trainees/interns to explore the content, quality, terms and conditions and labour market outcomes of traineeships/internships.

8. How can the EU and Member States embrace new technologies and new methods of working to combat youth unemployment?

40. The Commission has started using new technologies and online platforms to communicate with young people and relevant stakeholders (e.g. employers) and, more recently, to combat youth unemployment through transnational mobility for work and/or learning (in the form of apprenticeships and/or traineeships/internships, including Leonardo da Vinci and Erasmus work placements). For example, the Commission's *Your first EURES job* scheme, a targeted cross-border youth labour mobility programme and one of the key actions in the Europe 2020 flagship initiative *Youth on the Move* and the *Youth Opportunities Initiative*, involves the use of online tools and applications, e.g. a dedicated website portal which serves as an online platform for identifying opportunities for employment, apprenticeships and traineeships/internships across the EU.⁶⁹ This is currently being carried out as a pilot project under the form of a Preparatory Action, where activities started in 2012 and so far involve only a limited number of employment services and job offers. The target for 2012-14 is to help about 5,000 young people aged 18-30 fill job vacancies across the EU, while encouraging SMEs, the largest group of employers in the EU, to offer young people work. And/or work placements.

41. Likewise, in April 2012, DG EAC launched the *We Mean Business* campaign which has a dedicated website, which contains information and links on how to organise or find a European placement as part of either the Erasmus or Leonardo da Vinci programmes.⁷⁰ In addition, since the early 2000s the Commission operates *the European Youth Portal* which offers European and national information in 27 languages on eight main themes such as opportunities for education and training as well as employment and entrepreneurship in 33 European countries, including the 28 EU's MS.⁷¹

7 October 2013

⁶⁹ <http://ec.europa.eu/social/main.jsp?catId=993>

⁷⁰ <http://we-mean-business.europa.eu/>

⁷¹ <http://europa.eu/youth/en>

Ms Kari Hadjivassiliou, Institute for Employment Studies, **Mr Massimiliano Mascherini**, Eurofound, and **Professor Robin Simmons**, University of Huddersfield—Oral evidence (QQ 109-125)

Ms Kari Hadjivassiliou, Institute for Employment Studies, Mr Massimiliano Mascherini, Eurofound, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125)

Evidence Session No. 9

Heard in Public

Questions 109 - 125

MONDAY 16 DECEMBER 2013

Members present

Baroness O’Cathain (Chairman)

Lord Brooke of Alverthorpe

Lord Clinton-Davis

Lord Fearn

Lord Freeman

Baroness Hooper

Lord Kakkar

Earl of Liverpool

Baroness Valentine

Lord Wilson of Tillyorn

Examination of Witnesses

Ms Kari Hadjivassiliou, Principal Research Fellow, Institute for Employment Studies, **Mr Massimiliano Mascherini**, Research Manager, Employment and Change (EMPC), Eurofound, and **Professor Robin Simmons**, University of Huddersfield

Q109 The Chairman: Good afternoon, and thank you all for giving up this time. As you know, we have been doing this inquiry for some time and we hope to finish in April with a report, which at the moment is looking very interesting because we have had some terrific witnesses and we are looking forward to what you have to say today.

The session will last for approximately 50 to 60 minutes, and Members of the Committee with relevant interests will declare these now. Any interests? No.

The session is on the record and is being webcast live and will be subsequently accessible via the parliamentary website. Witnesses will receive a transcript of the session to check and correct, and this will be put on the public record in printed form and on the parliamentary

Ms Kari Hadjivassiliou, Institute for Employment Studies, Mr Massimiliano Mascherini, Eurofound, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125)

website. Could you begin by stating, for the record, your names and official title? After that I will ask you to make an opening statement, if that is agreeable to you.

Ms Hadjivassiliou: Good afternoon. Thank you for inviting me to be here. My name is Kari Hadjivassiliou and I am a Principal Research Fellow at the Institute for Employment Studies. I have been working on issues around European employment and education training policies for about 15 to 20 years, and youth unemployment for the last four to five years. My particular interest is school-to-work transitions and the effectiveness of the existing policies around Europe, in particular apprenticeships, traineeships, internships and the like.

The Chairman: Thank you, we look forward to your evidence.

Mr Mascherini: Good afternoon. My name is Massimiliano Mascherini. I am a Research Manager at Eurofound, the European Foundation for the Improvement of Living and Working Conditions. We are an independent European agency, established in 1975, and our mandate is to produce knowledge in the field of employment and social matters.

Professor Simmons: Good afternoon. I am Robin Simmons and I am Professor of Education at the University of Huddersfield. For the last five years or so I have been involved in various research projects looking at the lives of young people who are classified as NEET or at risk of becoming NEET; the research is funded by the Leverhulme Trust and the Joseph Rowntree Foundation.

The Chairman: Thank you. Starting again, Ms Hadjivassiliou, would you like to make an opening statement before we question you or are you prepared to go straight in?

Ms Hadjivassiliou: No, I think I will go to the questions. The opening statement is that the levels of youth unemployment at the moment across Europe, in my opinion, are unacceptably high. I am encouraged to see that policymakers, at both EU and national level, have realised that they have to act as a matter of urgency. Personally, I am not sure that some of the measures proposed are sufficient to address the magnitude of the problem but at least a start has been made.

The Chairman: An opening statement from you, Mr Mascherini?

Mr Mascherini: No. I would like to thank the Committee for the invitation and I look forward to the questions.

The Chairman: Thank you for coming. Professor Simmons?

Professor Simmons: Likewise, thank you for the invitation but I would like to proceed to the questions.

Q110 The Chairman: Thank you. I have to advise the witnesses that some questions will be more relevant to them than others. Each witness is not expected to provide an answer for every question. I think you will probably be relieved to hear that.

A central element of the EU's approach to tackling youth unemployment is the Youth Guarantee. Could you summarise for us your understanding of the extent to which this has been taken up across the EU and whether there are signs that it is achieving any results yet? If there are statistics available, perhaps you could identify the fact that they are and then it would be very useful if you could send them to us as a backup. Who wants to answer that question?

Ms Kari Hadjivassiliou, Institute for Employment Studies, Mr Massimiliano Mascherini, Eurofound, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125)

Mr Mascherini: I can start. The concept of the Youth Guarantee was born in Scandinavian countries in the 1980s and is based on the concept that young people are guaranteed an opportunity a certain amount of time after becoming unemployed or finishing their education. At the European level the discussion about the Youth Guarantee started in 2005 when the European Council encouraged member states to guarantee an opportunity for young people four months after becoming unemployed.

The discussion has gone on for years and the European Parliament realised the need to guarantee an opportunity for young people. In December 2012 the European Commission made a proposal for a youth guarantee to the European Council. That has been endorsed and published by the European Council on 22 April. On the basis of the European Council recommendation, the guarantee is that every young person has to receive an opportunity four months after becoming unemployed or finishing education. That can be an educational position, a study place, an apprenticeship, an internship, training or an offer of a job within four months.

This happened last April. Now member states are required to submit an implementation plan for the Youth Guarantee. The deadline is December 2013 for those member states that have an unemployment rate higher than 25%; otherwise it is spring 2014 for the other member states. The level of unemployment below or above 25% is the condition for accessing funding. In this regard, €6 billion has been made available for those regions whose unemployment rates are above 25%. This is linked to the submission of the implementation plan to the European Commission. This is the status, I would say.

The Chairman: Do you think that it is going to improve? Has it been instrumental in getting a move on in terms of the opportunities for these people who have been unemployed for four months?

Mr Mascherini: Yes. Data is available from the evaluation of the Finnish Youth Guarantee, which is the model that is taken as an example. From that we see that the first development plan was carried out for 93% of young people within two weeks of their registration with the Public Employment Services. After three months, 72% of young people who participated in this programme were no longer unemployed. Half of them were in the labour market, 20% were in education or training, but there is no data for the remaining 30% who have disappeared from the statistics. This is an official evaluation by the Finnish Government, and I would be happy to share the source of that with you.

The Chairman: That would be very kind and very helpful. You feel slightly optimistic but you are still worrying about those who do not have anything.

Mr Mascherini: Slightly above 30% disappear. Further research on those for whom there is no information is crucial in order to fully understand the effectiveness of these guarantees, even though the numbers are positive in comparison to other programmes.

Ms Hadjivassiliou: Similarly to the Finnish results, an evaluation of the Youth Guarantee scheme in Sweden has shown that participants find a job faster than a control group which does not have the support of the Youth Guarantee. We have some data from Austria and, although there is a high dropout rate from their participants, of those who participated in the Youth Guarantee in 2010, about 58% found a job after three months and 63% found a job after 12 months.

Ms Kari Hadjivassiliou, Institute for Employment Studies, Mr Massimiliano Mascherini, Eurofound, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125)

That said, my concern—and not only my concern, commentators have mentioned this—is the amount available, the €6 billion. It is welcome but, given the magnitude of the problem, it is considered in some quarters to be insufficient. For example, the ILO have estimated that for a proper implementation of the Youth Guarantee one would need €21 billion, so you can see the difference.

The Chairman: Goodness gracious, the difference between €6 billion and €21 billion.

Ms Hadjivassiliou: Yes, but that is an ILO estimate. I am just saying that those are the arguments that are out there at the moment.

The Chairman: There is just one point I want to clarify before I forget it. What is the dropout rate? You said the dropout rate.

Ms Hadjivassiliou: I do not have it here but I can send it to the Committee. That was for Austria.

The other thing is that the Eurofound study on the Youth Guarantee shows that there are some critical factors for the success of the Youth Guarantee, one of which is capacity, Public Employment Services capacity, quality of advice and number of advisers. There is a big discrepancy in the capacity of Public Employment Services across the EU, as you can imagine. The Youth Employment Initiative is frontloaded for 2014 and 2015. I do not know whether there is enough space to develop the capacity in member states if it is not adequate.

Also, in a number of member states the Youth Guarantee is delivered through the Public Employment Services. The coverage of young people who are supported by the Public Employment Services also varies across the EU. In Lithuania it is 25% of young people. What will happen to the other 75% of young people? There are these issues. I am sure they are going to be ironed out but those are the issues at the moment.

The Chairman: Do you have anything to add to that, Professor Simmons?

Professor Simmons: Yes. The ILO have done quite a good report on this, called *Studies on Growth with Equity*. They look at the Finnish and Swedish Youth Guarantee and provide some case studies of how that operates. I can forward that to you.

The main thing it is useful to think through is what that guarantee consists of. Evidence shows that if the guarantee consists of labour market reintegration it is likely to be more successful than concentration on education and training. For example, the Swedish and Finnish model concentrates on reintegrating back into the workplace. Further afield there are similar schemes in Australia and New Zealand that concentrate mainly on reintegration into education, and success rates are significantly worse, below 50%.

The other thing that is quite interesting is the delivery models. In Australia and New Zealand that is a highly marketised system, in many ways similar to many of the support services in England, with quite a lot of competition and duplication. That appears to be less successful than the Nordic model with the Public Employment Service.

Q111 Lord Wilson of Tillyorn: In Finland and Sweden how are the jobs created in order to give them to the people who are being looked after? I can see that in education government can do that and in public services government can do that to a certain extent, but how are the jobs created for people to occupy?

Ms Kari Hadjivassiliou, Institute for Employment Studies, **Mr Massimiliano Mascherini**, Eurofound, and **Professor Robin Simmons**, University of Huddersfield—Oral evidence (QQ 109-125)

Mr Mascherini: In the Finnish Youth Guarantee the jobs basically are not created but employers are helped in hiring young people through incentives. Each young person who participates in the programme and is thought to be ready for the labour market is provided with a voucher. It is called a *Sanssi card* and it removes part of the salary from the employer for a certain amount of time. The part that is removed is different for an apprenticeship or a real job. There is data showing that after the voucher expires, most of those who have started a work relationship keep the work relationship alive, so they remain in the labour market after the conclusion of the voucher.

Q112 Lord Clinton-Davis: After the change of Government in Australia, do you anticipate any changes so far as this policy is concerned?

Professor Simmons: It is difficult to say. I do not think there will be radical changes because I think broadly the new Government has a quite similar outlook generally to the old one, so I would not see them shifting towards a more Finnish or Swedish model.

The Chairman: That is an interesting point. Do you think that in even in countries where the Government and Opposition are quite opposed to one another in a fundamental way they come together with youth unemployment because it is a general worry to everybody?

Professor Simmons: I suppose if you look at the Anglophone nations in particular, with varying degrees, largely policies within a neo-liberal framework—and there is the emphasis mainly on supply side rather than demand—the Nordic countries have mediated that to some degree and their policies have stimulated demand more than the Anglophone nations.

Q113 Baroness Hooper: I want to come back to the Finnish example that you quoted and the 30% who did not continue in the scheme, who disappeared from the scheme. What is the difference between that and being a dropout?

Mr Mascherini: There is one-third for which they have no data, so they do not know if they became self-employed or if they are at work but there is no record. This is the difference between the dropouts, because among them there can be a part that is a dropout and another part that maybe is at work but there is no record because data has been discontinued.

The Chairman: The black economy, we call it here.

Lord Brooke of Alverthorpe: Are there any other European countries offering subsidies, effectively? The vouchers are subsidies, are they not?

Mr Mascherini: I think there are other countries that offer incentives or subsidies. One is Sweden and then maybe you have other data. Another thing, for example, is negative incentives. This is a measure that I found in France where large companies need to have 4% of their labour force as apprentices. If they do not have this 4%, if they have a lower share, their taxes are raised for that figure. These are negative incentives that are the opposite of the positive in some sense.

Q114 Lord Fearn: The European Social Fund and the additional funds from the Youth Employment Initiative are the main financial contributions to tackling youth unemployment at a European level. What in your view are the ways in which member states have used ESF to address the current problems and are proposing to use these instruments in the new programming in the new period? What value do they add, if any?

Ms Kari Hadjivassiliou, Institute for Employment Studies, Mr Massimiliano Mascherini, Eurofound, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125)

Ms Hadjivassiliou: The ESF has supported policies targeted at unemployed young people in a variety of ways. The main types of policies can be summarised as those that are aimed at preventing early school leaving. There are some successful examples like the second-chance schools across Europe, and in France in particular that has very good reintegration rates. However, there is concern even from the Commission that the availability of data and monitoring needs to be improved for the policies that target early school leaving. Also we need to know more, even after all these years of doing research in this area, about the drivers of early school leaving.

The other types of policies are to promote the skills that are relevant to the labour market in a variety of ways, like curricula reforms. At the moment Poland is undergoing a major curricula reform to link learning outcomes to employer requirements. Cyprus is undergoing a major curricula reform as well

The other area is supporting first work experience and on-the-job training, for the simple reason that employers across Europe repeatedly say that one of the major barriers to them employing a young person is lack of work experience. There is a big push towards traineeships—internships in the UK; traineeship is the commission-speak for internships and work experience placement—and there is a big push for apprenticeships.

The third one is improving access to the labour market for the first job, through subsidies and voucher schemes, and promotion of entrepreneurship and self-employment among young people. There are a number of programmes supporting this.

You can imagine that the effectiveness is mixed because of this wide range of policies in a wide range of countries. There are some examples where it has been very effective. Apprenticeship schemes, if they are well designed, tend to be very effective in a particular context. We have just finished an EU-wide overview of apprenticeships and traineeships across Europe for the Commission, and we saw that the labour market integration rate ranges between 60% to even 90% in some cases. Traineeships can be effective, but less so unless they are well designed and targeted. Again, the integration rate ranges, but there the lowest is 35% and the highest—if it is to do with graduates, not surprisingly—can be 90%. My point is that effectiveness is not black or white, it is mixed, and it depends on the particular context of implementation, co-ordination and also employer buy-in.

Mr Mascherini: Member states have used ESF, as Kari said, through three main ways. One is investment in education and training that can be preventing or reintegrating early school leavers or providing training. In this regard, from 2007 to 2012 20 million young people under 25 benefited from the ESF through the participation in one of these programmes. In some countries young people account for almost half of all the participants in ESF activities. A good practice in the UK, for example, is the hothouse project in Cornwall that aims at preventing early school leaving.

The other strand of activities is to bridge the gap between education and the labour market through various activities such as individual career guidance, apprenticeship, fostering mobility or through helping young people to set up their own business. These are the sort of ESF activities that have been used by the member states.

In recent years there is evidence that approximately €16 billion has been reallocated in the chapter of employment in order to speed up the access of young people into the labour

Ms Kari Hadjivassiliou, Institute for Employment Studies, Mr Massimiliano Mascherini, Eurofound, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125)

market in training and employment. This is expected to help around 1 million young people in Europe and 55,000 small companies.

Giving a chance to all young people is another area where member states have used the ESF, especially for removing practical and logistical barriers for the most vulnerable, for example the Danish Hold on Tight Caravan project. That helps to support the integration of those with an immigration background into society. This has contributed to a decrease in school leaving from 20% to below 14%, more or less.

Finally, the future. I think that these instruments, the youth employment initiatives and the ESF, will be potentially used for the implementation of the Youth Guarantee because it guarantees a longer-term programme. It is a national commitment, so member states have to finance the Youth Guarantee and the budget. The European Commission can top up the Youth Guarantee through the Youth Employment Initiatives and the ESF. The youth employment initiatives that are the €6 billion will be used for programmes that are linked to individuals, such as vouchers for training apprenticeships or financial support to help young people to set up their own business. Conversely, the ESF still would be used for the individual but also to promote and support structural reform in the countries, for example education, the Public Employment Services and job search strategies, at least in the member states that need it.

The Chairman: Do you think there is a confusion between the two? Is it right to have two or could they not be consolidated? Going back to the question that Lord Fearn asked, what value do they add?

Mr Mascherini: I think the value that they add is that they provide the opportunity to implement the new programmes, for example.

Professor Simmons: I just have a couple of points to add. In some ways it is a difficult question to answer because it is a highly variable situation between different European nations. Success or otherwise relates very much to individual state-level policy. That is one difficulty in answering the question. The other difficulty is that in many ways it is quite early in the process to evaluate it. Traineeships were mentioned earlier. In the UK context in particular, that is a very recent development, so it is quite hard to say.

One general observation is that entrepreneurship and so on has probably been done less well through this initiative than it could be. In particular in the UK context, historically we did this quite well. I am thinking of things like the Enterprise Allowance Scheme, an MSC programme back in the 1980s, that was really quite successful and many businesses that exist today were brought on through that as seed corn. My impression is that that particular element of this initiative is perhaps not as well developed as the education and training initiatives and so on.

The Chairman: It is probably too formulaic and does not allow for the inspiration and the pizzazz.

Q115 Baroness Valentine: Forgive me if you have touched on this already. It is following on in the same vein. All the things you have listed that are being done by member states you would have thought any self-respecting member state would do with or without European involvement. Is there a redistributive point in here? Is one trying to get more cash from the north to the south or the south-west to the east, and/or is there a best-practice transfer? Is

Ms Kari Hadjivassiliou, Institute for Employment Studies, Mr Massimiliano Mascherini, Eurofound, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125)

it just a money point? Are we trying to add some more money to what the member states would be paying anyway, and is that not just pooling the money and putting it back out again? Where is the slice of added value?

Ms Hadjivassiliou: I do not know whether my answer will satisfy you, but it is definitely the case that the user base varies across the EU and for the southern European countries. I am Greek so I should know that. Also for the eastern European countries and some smaller countries like Malta, the European Social Fund in general has been a key driver in developing policies in areas where there was no money or even no policy expertise. So there has been a transfer of learning from countries that are more developed in certain areas to others, especially in the youth employment area and social inclusion. In that sense, there is a transfer of learning. On the other hand, learning is two ways, so I was surprised when I read recently—not for youth unemployment—that the German Labour Inspectorate was totally reorganised after a peer review visit in another country. Learning is two ways. I would not like to think that it is only that the northern European countries teach the other countries how to do things.

There are other kinds of learning, for example through the European Mutual Learning Programme and the peer reviews that exist. There was a recent one in the Hague at the end of November where the countries presented their policies and there was a synthesis paper. There is a lot of interaction in learning so I would not like to minimise the importance of the ESF and the structure of funds, but it is not just the money, it is the whole learning and exchange of experience process that goes with it.

Baroness Valentine: Is there a trend to give the money to the newer countries?

Ms Hadjivassiliou: The allocation of funds depends on the need. Also the ESF is helping the UK. For example, TAPS is an apprentice scheme in the UK that is funded by the ESF, so it is not just that the money goes to the eastern European countries.

The Chairman: You have a huge amount of information available in your head. Do you think that you could share it with us, not now because we obviously have a time limit today?

Ms Hadjivassiliou: Yes, by all means.

The Chairman: If you could give us another example, like you gave us from the Hague, it would be most helpful.

Ms Hadjivassiliou: Yes, we can definitely do that, and I am very happy to.

The Chairman: Thank you very much. Also let me say to the two other witnesses, if you feel that there is some experience that you suddenly think about that could shed some light on this whole thing it would be very useful to have it. We never know the nuggets we have not managed to find.

Q116 Lord Freeman: My question is to Professor Simmons. If we could look back now over the last 50 years—you very helpfully have just mentioned one lesson that we could learn—are there other lessons that we can learn from past recessions and past high levels of youth unemployment?

Professor Simmons: Yes, I think there are lessons that can be learned. Each recession has a disproportionately large effect upon young people. Although it affects the population in general, the effect upon young people is deeper. The way that successive Governments have

Ms Kari Hadjivassiliou, Institute for Employment Studies, Mr Massimiliano Mascherini, Eurofound, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125)

tried to address that, particularly since the 1970s, has been largely through focusing on the supply side. Education and training of various sorts is, of course, very important. However, it is only part of the equation and I think largely the demand side has been neglected. Where demand-side initiatives have been tried, I think they have been relatively successful. I look back to some of the MSC programmes, which at the time were highly criticised. For example, the community programme was a nationwide MSC-funded programme that stimulated the demand for labour and provided work-based learning for trainees on it.

I guess that is the main thing, although the other thing to say is that in some ways it is a false dichotomy to talk about a division between supply side and demand side because the two things interact. Poor-quality work and poor-quality training can have a deleterious effect upon young people and discourage them from further labour market engagement. There needs to be a concentration on quality because poor-quality provision, whether that is in the workplace or education and training, can in some ways be more damaging than waiting for something that is more suitable.

Lord Freeman: Very helpful, thank you.

Q117 Lord Clinton-Davis: You have referred to the situation that persists in other European Union countries. I am concerned about the approach in this country. Do you think what the Government is doing is effective, relevant, can be improved?

Professor Simmons: I am happy to answer that. I think there are some things to be praised, for example the promotion of apprenticeships is broadly a good thing but the way that it is being delivered in many ways is highly problematic. Many of the programmes labelled as apprenticeships stretch the meaning of the term beyond reality and the quality is highly variable. So the principle of increasing apprenticeships is really good but the practice is problematic.

Other than that, I think there are three problems with the UK approach. One I have mentioned already, which is the overconcentration on the supply side and the lack of recognition that supply and demand interacts. Another area that is problematic is a marketised system of delivery, particularly for education and training. For example, within one local authority you could have 100 providers of education and training programmes, public, private, voluntary sector, charitable organisations and so on. I think for young people and their parents that is a very difficult mishmash to see through and to negotiate. Also organisations competing against each other for business sometimes works very well but on the ground that can be problematic for young people who are put on programmes that are sometimes not suitable because the funding is attached to the young person as a unit of resource. So I think the marketised thing is problematic.

Lord Clinton-Davis: Are these points raised in the debates that occur about the issue in Europe? Are we doing something quite unique as far as this is concerned? Is it being followed by other people?

Professor Simmons: I do not think it is unique. There is highly variable practice in the different European nations although in many ways the UK context is more similar to other Anglophone nations, for example Australia and New Zealand. If you look at how well the UK is doing, in a way it is EU average, so okay, but in reality the UK is doing much worse in terms of youth unemployment than the countries that it would traditionally compare itself to,

Ms Kari Hadjivassiliou, Institute for Employment Studies, Mr Massimiliano Mascherini, Eurofound, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125)

particularly Germany. It depends how you look at it but, compared to Britain's traditional industrial rivals, it is doing relatively badly.

The third point is that the other problem with the UK approach is coercion. I think there is a balance to be had between carrot and stick. I am not a hopeless romantic, some young people do need to be robustly encouraged; the minority as well by the way but there are some. However, if they are encouraged into low-quality provision, that will have a further deleterious effect. That would be my overall observation of the UK context.

Q118 The Chairman: Thank you very much. Do you think that the UK approach is consistent in other EU countries, a similar sort of approach, or are we doing things so differently that maybe this is why the differences come up between UK and Germany?

Professor Simmons: The UK system is very different to Germany. For example, I mentioned apprenticeships earlier and people are probably aware of the traditional German system of apprenticeship, and also Austria. Other northern European nations are much more robust than the UK system. I think there are some qualitative differences there.

The Chairman: Going though this today, I have the feeling that there are many initiatives and not all of them can be of the same value. What are the better ones? Lord Kakkar, you would like to come into that.

Q119 Lord Kakkar: You mentioned a few moments ago that the approaches are quite different and youth unemployment has been a particular feature of every recession and the responses are different in different member states. Has the recovery of the youth element from those recessions also been different across Europe? Cumulatively, recession after recession, has the position of youth employment in this country been left at a particular disadvantage in comparison to the rest of Europe as the member states come out of recession?

The Chairman: Sorry, we have not given you notice of that question but I am sure you can deal with it.

Professor Simmons: Again, it is variable. The condition of youth unemployment in the Mediterranean states is much worse than that in the UK. I think that is related to some degree to socio-historical traditions and particular labour markets or the absence of a solid youth labour market that used to exist in the UK. Youth unemployment levels in Germany, Belgium, Finland and so on have held up much better than those of the UK since 2008. There is evidence, looking at all these dimensions, that there is good practice to spread. The evidence is there, but I think it is difficult to get certain Governments to recognise that.

Lord Kakkar: Does that mean that in times of economic growth we have a structurally weaker youth employment market as a result of a previous lack of attention?

Professor Simmons: Yes, that would be my observation. In particular in the UK what we are getting is many adult workers competing for what was traditionally youth employment, so trading down and squeezing young people out of what were, essentially, pockets of the youth labour market. That is a particular feature of the UK that is quite observable.

The Chairman: May I just remind everybody that we are now running out of time. We have about 15 minutes left so would you keep the answers quite short.

Ms Kari Hadjivassiliou, Institute for Employment Studies, Mr Massimiliano Mascherini, Eurofound, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125)

Q120 Baroness Hooper: A quick supplementary, which to some extent we have bypassed: when you first referred to the broad definition of apprenticeships in the UK as being not an advantage, what would be your preferred definition?

Professor Simmons: Just to put a little flesh on the bones, for example calling a six-month programme in a retail outlet an apprenticeship is extremely different to a robust three-year programme with high-level qualifications, let us say within Rolls-Royce or British Aerospace. I think there needs to be a definition about level, length and content. That could be debated but I think at the moment it is too fluid.

Ms Hadjivassiliou: In response to a previous question, a distinctive characteristic of the crisis that we have had in the last few years—and Massimiliano can correct me—is that it affected graduates, highly skilled young people, much more than in previous recessions. I was just checking the latest figures for NEET in Europe and for young people with upper secondary, post-secondary and tertiary education levels—the so-called more skilled than the usual group of NEETs we tend to associate with—over 50% are classified as NEETs in countries such as the UK, the southern European countries, Ireland, Sweden, the Baltic countries, Czech Republic and the rest of it. I think there is an issue around also the highly skilled because the policy focus is usually NEETs and we feel that the general youth population, especially the highly skilled ones, will integrate more easily. But after this recession things are not like in the past so graduates find it difficult to integrate in a number of countries.

The Chairman: The graduates who several years ago knew they had jobs at the end of their degree and that is not the case now?

Ms Hadjivassiliou: Yes.

The Chairman: Yes, I think that we do have evidence of that.

Mr Mascherini: I would like to just briefly enter into the discussion. Responses to youth unemployment have been different in Europe because the problems of the member states are different in Europe. For example, in some member states the crisis has exploded youth unemployment but the labour market was already difficult before for young people. If we analyse, for example, the population of NEETs, they have very different characteristics among member states, even in countries with similar rates. For example, in Spain and Italy—I am Italian—they have similar NEETs rates but the population is completely different. In Spain the population of NEETs has increased as a result of the crisis, so the majority of NEETs are unemployed males with work experience. On the other hand, in Italy the majority of NEETs are inactive females without work experience because there was a problem of youth accessing the labour market even before the crisis. It is more a structural problem than a problem related to the crisis and this has created different responses to the crisis.

Q121 Earl of Liverpool: There seem to be so many different situations in different countries that you are telling us about and obviously there is no one-size-fits-all solution, but we are trying to write a report on how to resolve the situation. If you were writing the report for us, what magic wand could one use to produce an idea to get everybody singing off the same hymn sheet?

The Chairman: A nice quick answer, please.

Professor Simmons: To anybody in particular? I will give you an answer then. There is no silver bullet. However, what individual nation states and the EU need to do is to develop a

Ms Kari Hadjivassiliou, Institute for Employment Studies, Mr Massimiliano Mascherini, Eurofound, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125)

coherent industrial strategy, and by that I do not mean trying to reopen shipyards and coal mines that were closed 30 years ago. There are different ways of doing industrial strategies and different nation states need to think that through. For example, in the UK we need an industrial strategy for green, renewable, high-tech infrastructure projects, housing and so on, so my answer would be for the supply and the demand side to interact. That is far harder to implement than it is to say, but I suppose that would be my vision.

Mr Mascherini: It is a \$1 million question, but I think that we can be as creative as we want with our supply side initially, the training, retraining, fostering apprenticeship or integrating early school leavers and apprenticeship and internship, but if we do not have jobs how, after six months of training, do we tell our young people that there is more training for the next six months? So supply side measures are important as well.

Ms Hadjivassiliou: To reinforce what the previous speakers said, as we are doing this over youth apprenticeships I was speaking to the Public Employment Services in Greece and Cyprus and they said to me, “Apprentices are free to employers. We pay everything”. They do not want them because they are not sure whether they will have a business in a year’s time, and maybe this is the extreme case but this is the need for balance of supply and demand.

The Chairman: Yes, I can understand that. Lord Clinton-Davis, do you want to ask your question? No. If you have an answer to that prepared perhaps you could let us have it because we are up against the pipes, You have just been too interesting.

Q122 Lord Brooke of Alverthorpe: I think my question, which again is about the balance between supply and demand, has been answered to a fair degree already, but I have an additional point to make. One of the traditional ways in the public service in the past in the UK was to retire people at 65 or 60 to create opportunities to bring young people in. Now with the changed legislation on retirement policy and people having to stay longer and older people competing for jobs in the market, we have a difficulty there in the UK. Is that common in other parts of Europe, where I believe they still have rather earlier retirement ages in some of the European countries than we have in the UK, or is there freedom for people to argue that they can stay on as long as they wish regardless of what the public policies are on retirement age?

Mr Mascherini: In most European countries now there is the tendency to increase the minimum age that people can retire at, for budgetary reasons as well. I think that there is conflicting evidence about the effect of increasing retirement age on the share of young people who are at work. We have observed that during this recession older workers have suffered the crisis in a very marginal way in comparison to the other age categories. We do not know basically because, for example, those countries that have a higher share of older workers are also those with a higher share of young people at work, so it is more general and broader labour market participation. However, for certain types of jobs there is no replacement of an older worker for a young worker. For other jobs, as you indicate, there is an increase in older workers being competitive in the labour market, but there is no conclusive evidence on that because we can find studies that indicate opposite directions.

Q123 The Chairman: Can I ask, if the demand side is the answer, what is the responsibility of employers? A quick response, please, or you could even think about it and write to us.

Ms Kari Hadjivassiliou, Institute for Employment Studies, Mr Massimiliano Mascherini, Eurofound, and Professor Robin Simmons, University of Huddersfield—Oral evidence (QQ 109-125)

Would that be all right? I am talking about the responsibility of employers if the real problem is on the demand side.

Professor Simmons: I could give you a very quick response. I think largely employers are the missing voice in this. We talk about education, training, state policy and so on but I think largely the employer voice is missing, with some exceptions, some noble exceptions by the way.

The Chairman: It is interesting you should say that because we have had some really cracking evidence from some employers, but there are always good eggs.

Professor Simmons: Yes, absolutely.

Ms Hadjivassiliou: It depends again which country we are talking about. There are countries where employers are very much present, and I am not going to mention the Germans, who are the usual suspects here. For example, in Luxembourg a very successful traineeship programme, with over 85% of labour market integration rate, was introduced on the initiative of the Chambers of Commerce and it was designed with the Public Employment Services in close co-operation with the employers. I think if employers see young people as the investment for the future then you see the whole thing on a different footing.

Mr Mascherini: There is variability among the member states because, for example, in Scandinavian countries Youth Guarantees are a partnership between public, private and people, and employers play their role. Also in Germany and Austria there is the question, “Why do you offer apprenticeships?” because we do. It is in our tradition to play our role there. This is a complement and it is important.

Q124 Baroness Hooper: I think the evidence base about how youth employment should best be tackled and where the gaps in knowledge are has been pretty well covered, but is there anything you would wish to add, perhaps particularly in terms of gaps in knowledge?

Mr Mascherini: In our studies we found some gaps in evaluation of those programmes that try to involve the furthest from the labour markets, so multiple disadvantages that require a multiple approach that is not just the integration into labour market but also at the beginning management schemes and then labour market schemes. We found a lack of evidence for those kind of programmes in some cases.

Ms Hadjivassiliou: In our overview, it is not about content although content is an issue. For example, existing evidence shows that active labour market policies targeted at young people tend to perform less well in general across the EU than programmes for adults. I think there is a need for further exploration especially with training, but at the more general level, impact evaluations are missing, proper rigorous impact evaluations. We have monitoring data, like so many people took part in that programme, so many people finished the programme, but in terms of labour market outcomes—and I was struck as we were doing the overview this year—I expected to find a lot of impact evaluations and, especially after the six months, how many young people who took part in this programme were still employed. It is very uneven, very patchy and overall there is a big gap there for proper impact evaluations, counterfactual evaluations and the rest of it.

Q125 Lord Wilson of Tillyorn: You have given us a lot of very interesting examples of different practice in different countries in the EU. How valuable is sharing good practice and

Ms Kari Hadjivassiliou, Institute for Employment Studies, **Mr Massimiliano Mascherini**, Eurofound, and **Professor Robin Simmons**, University of Huddersfield—Oral evidence (QQ 109-125)

in the past how effective has it been to do that? A final bit of that, if it is valuable, is what is a way of doing it? Is it useful to pass on good practice? In the past has it been useful? If it is useful, what is the right mechanism for doing it within the European Union?

The Chairman: Do you want to write to us on that.

Mr Mascherini: I can try to answer shortly. There is no need to reinvent the wheel every time. If we have a formal evaluation of good programmes and we know that they work very well, they can serve as inspiration. All member states are different, they have their national context and their own problems, so the successful programmes need to be adapted to the other member states.

How can we learn from each other? The European Commission has peer reviews of most of our learning programme. It has thematic and multiple-learning programme events. There is the database of good practices. In some sense it is a process that is strengthening every year in order to find new ways of learning from each other. For example, an increasing number of member states have reported to have drawn inspiration from each other in the field of small and medium enterprises, education for apprenticeships and youth apprenticeships. This is the whole communication of the European Commission in that direction. This is just one small example.

The Chairman: Quick two-sentence answer.

Professor Simmons: It all depends what you mean by best practice. If best practice means creating highly flexible labour markets and pools of labour to pull on, we have best practice within the UK, because that is what we do. We churn young people through various sites of participation and non-participation. If we are talking about best practice as a model of social justice and high employment, I think we have talked about various examples, various nations where we can draw on good practice. Having said that, I think there is generally a gap between policy and practice.

The EU is a large unit and set of committees and organisations and so. How that drills down to practice on the front line, to careers advisers, teachers, training providers, it is creating that link between policymakers and practitioners that is really important.

The Chairman: That is very instructive. Thank you all very much indeed. You have really given us of your best and it has been most interesting. You are leaving us confused, at least me confused, not the rest of them I am sure. We are very grateful to you for spending the time and thank you. The last thing I do say is that if there is anything you think we should have asked you please answer it and write to us. Thank you.

Local Government Association—Written evidence

House of Lords EU Sub-Committee B – Youth Unemployment Inquiry

On behalf of the Local Government Association (LGA), I wanted to get in touch regarding the above inquiry which your Committee is undertaking. Specifically, I was prompted to get in touch following the evidence session you held on 4 November, when I understand witnesses referred to the LGA's Hidden Talents project, information on which can be found online⁷².

This subject has more recently been brought into the work we are undertaking around economic growth, as part of our *Rewiring Public Services*⁷³ campaign. The premise of the campaign is that, if we are to ensure a sustainable model of local government which can deliver reliable public services for the future, we need radical new approaches in order to survive the unprecedented financial cuts being imposed on local authorities – 43% across the current Parliament.

Generating economic growth has a key role to play and as such has become central to our campaign. Local government is one of the few parts of the public sector that uses its resources to drive growth. We need full financial autonomy to maximise those assets to invest in development, support business, and generate jobs.

Local government regularly identifies the poor responsiveness of the skills system as one of the enduring barriers to local economic growth. The job opportunities for young people in most sectors vary between local economies. However, successive national skills systems have not been able to effectively respond to this demand.

Councils can help improve the return on public investment into skills by empowering employers to take leadership over training. For instance, through the planning system, local authorities are perfectly placed to identify new developments, work with employers to identify their employment needs early on and equip young people with the skills to take jobs.

However central government funding and performance management of colleges and training providers has side-lined councils and employers, making this kind of activity extremely difficult to deliver in practice. The LGA continues to recommend, through our *Rewiring Public Services* campaign, that the Government devolve the majority of 16 to 19 year old, and post 19 year old, skills and apprenticeship budgets to localities. This would enable partners to adapt skills provision to meet local employer demand, as well as to help drive longer-term local economic productivity.

9 December 2013

⁷² Details of our work through the Hidden Talents project can be found at <http://www.local.gov.uk/hidden-talents>

⁷³ Information on the campaign can be found at <http://www.local.gov.uk/campaigns>

Professor Sue Maguire—Written evidence

EU action to tackle youth unemployment

Submission by Professor Sue Maguire, Centre for Education and Industry (CEI), University of Warwick

Questions

1. Do you think that the EU should be providing funding to Member States to tackle youth unemployment? Does EU action respect Member States' powers in the area of social and employment affairs?

The EU should provide Member States with funding to tackle youth unemployment for two reasons. Firstly, given the *scale* of youth unemployment across the EU (and worldwide), this is an EU issue, as well as a country-specific problem. Secondly, in many member states, austerity measures have resulted in: cuts to programmes; withdrawal of funding to support initiatives targeted at reducing youth unemployment; and, crucially, the curtailment of policy development to tackle often growing levels of youth unemployment/disaffection in many Member States.

EU action does appear to respect Member States' powers in the area of social and employment affairs. For example, with regard to youth unemployment, ESF funding is designed to complement interventions that are being delivered at national and regional level.

2. How do you think that the EU can best 'add value' to Member States' efforts to tackle unemployment?

The obvious answer to this question is to say that the EU should offer more funding and introduce programmes such as the Youth Guarantee, to support the efforts of Member States to 'stem the flow' of youth unemployment at a time when many countries are experiencing austerity measures. However, the EU could play another crucial role through appraising the policy development and interventions of individual states, in order to encourage much greater cross-fertilisation of policy and practice. The key questions here would be: what works best, for who, and why? There are numerous examples of Member States 'reinventing the wheel', rather than drawing on the experiences and results of interventions/pilot policies which have already been developed, and either implemented or rejected by other countries. This often creates duplication of effort and is not an effective use of experience or resources.

3. Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as being not in education, employment or training ('NEETs'), support for newly qualified graduates looking for work, and general career guidance?

While the terms youth unemployment and NEET are used interchangeably to quantify levels of disengagement and inactivity among young people, it is important to remember the context in which the terms were derived and the difference between the two 'counts'. The term 'NEET' was coined in the UK in the late 1990s as an identifier of a group which had originally emerged as a result of changes to unemployment benefit entitlement regulations that had been implemented in 1988. Essentially, these changes had removed young people under the age of 18 years from the unemployment statistics. 'NEET' is now widely applied across EU states and OECD countries and covers a broader age spectrum, typically 15 – 24-year olds. In contrast, the youth unemployment rate is a narrower definition, being a percentage of all young people (those aged 15 to 24) who are unemployed compared to the total labour force in that age group⁷⁴. It does not take into account: a) those who are studying or who are training; b) who may or may not be seeking employment; or c) those who are not registered in the unemployment statistics.

An analysis of data in the UK produced by the ONS⁷⁵ on the NEET population among 16-24 year olds for the period April to June 2013 shows that there were:

- 1.09 million young people (aged from 16 to 24) who were **NEET**.
- 586,000 **unemployed** young people (aged from 16 to 24) who were NEET (approximately half of the population were actively seeking work).
- 151,000 **economically inactive men** aged from 16 to 24 who were NEET, and there were 355,000 **economically inactive women** aged from 16 to 24 who were NEET.
- 239,700 male compared to 126,700 female **JSA Claimants** aged 18-24 years⁷⁶.

Economic inactivity measures people not in employment who have not been seeking work within the last four weeks and/or are unable to start work within the next two weeks. There are two issues here:

- a) Why are nearly half of 16-24 year olds NEET inactive in the UK?; and, crucially,
- b) Why is the number of young women who are NEET inactive significantly higher (more than twice as many) than the number of young men who are NEET inactive?

It may be both opportune and productive to question whether 'NEET', as currently defined and applied, is appropriate. Is it now applied too casually, with the result that it masks rising and unacceptable levels of inactivity among young people? If so, do we need to re-appraise the phenomena and issues we are seeking to address, and then re-think our definitions and, crucially, our policy responses.

4. Are the EU's accounting, monitoring and evaluation procedures sufficient to be able to determine whether EU funded projects to tackle youth unemployment have been successful or not? Are there ways in which they could be improved?

⁷⁴ <http://www.ilo.org/public/english/employment/yen/whatwedo/projects/indicators/2.htm>

⁷⁵ Office for National Statistics (ONS) (2013), Statistical Bulletin 'Young People Not in Education, Employment or Training (NEET)', 22 August.

⁷⁶ Office for National Statistics (ONS), (2013), Statistical Bulletin 'Labour Market Statistics, 11th September.

I have no expertise in the EU's accounting, monitoring and evaluation procedures, although my experience in conducting evaluation of UK government policy interventions would suggest that, at an early stage, too much emphasis is placed on trying to 'prove' that the policy works, in terms of securing hard outcomes i.e. placements into education, employment and training provision. For many young people, especially those with the greatest barriers to participation, policy success needs to be measured, in the first instance, in terms of achieving 'soft' outcomes such as encouraging participation or building self-confidence, before hard outcomes can be achieved. Otherwise, the policy intervention and its recipients, i.e. young people, are too quickly labelled as failures. Also, the criteria for payments to training providers, such as payment-by-results delivery models, can create perverse incentives and encourage them to recruit young people who are easy to reach/easy to help, rather than identifying and supporting the hardest to help/hardest to reach to achieve success outcomes.

A 'one-size fits all' approach to policy intervention to tackle the NEET 'problem' is inappropriate, and doomed to failure due to the lack of homogeneity in the NEET population. Rather, there needs to be a greater depth of understanding of its segmented nature, particularly among the over 18 group, and a tailored suite of policy intervention. Consequently, accounting, monitoring and evaluation procedures need to be adapted accordingly.

5. How do you think the funds allocated through the Youth Employment Initiative (YEI) and the European Social Fund (ESF) could best be spent?

There could be more emphasis on sharing good practice between projects/initiatives.

6. Do you feel that young people (aged 15-24), youth groups and their representatives are involved and consulted to a satisfactory degree in the decisions being made around EU funding for youth unemployment projects, and how they are administered?

I am not aware of the level of engagement that young people currently have in decision-making.

7. Should the EU and Member States take into account the positive and negative socio-economic impacts of youth migration due to unemployment when designing measures to tackle youth unemployment? How might any negative consequences be mitigated?

It should be borne in mind that, for the majority of young people who become NEET, in particular among younger groups with limited qualification attainment and low socio-economic status, the structure of opportunities available to them is defined by their local environment. The majority will remain locked into their local labour market, reliant on family support and lacking the resources and independence to move elsewhere. Therefore, youth migration is a largely subsidiary issue when discussing measures to tackle youth unemployment.

8. How can the EU and Member States embrace new technologies and new methods of working to combat youth unemployment?

Young people's attachment to, familiarity with, and extensive use of social media and its attendant technology can be exploited, initially to engage, and subsequently to inform their aspirations and decision-making. However, research evidence from a longitudinal study of an intervention which offered targeted support, tailored learning and financial assistance found that identifying and securing the support of some groups of young people was hampered by their lack of engagement with support agencies and their confinement to their home environment. This was closely linked to their attachment to social media as the only form of interaction with the outside world. Indeed, cases of agoraphobia were commonplace and, in some areas of England, this posed the greatest challenge to the engagement of some young people.

18 October 2013

Professor Sue Maguire, Professor Martyn Sloman and Dr Paul Copeland—Oral evidence (QQ 15-29)

Evidence Session No. 2

Heard in Public

Questions 15 - 29

MONDAY 4 NOVEMBER 2013

Members present

Baroness O’Cathain (Chairman)

Lord Brooke of Alverthorpe

Lord Cotter

Lord Fearn

Lord Freeman

Lord Haskel

Baroness Hooper

Lord Kakkar

Earl of Liverpool

Lord Wilson of Tillyorn

Examination of Witnesses

Professor Sue Maguire, Centre for Education and Industry, University of Warwick, **Professor Martyn Sloman**, Visiting Professor, Kingston Business School, Kingston University and **Dr Paul Copeland**, Lecturer in Public Policy, Queen Mary, University of London

Q15 The Chairman: All three of you are very welcome. Before I engage with the witnesses, I want to make a few points. The Members of the Committee with relevant interests will declare these now. Does anybody have a relevant interest? We always seem to skirt over this one. I take it that they have not. The session is on record and is being webcast live and will be subsequently accessible via the parliamentary website. The witnesses will receive a transcript of the session to check and correct and this will be put on the public record in printed form and on the parliamentary website. For the record, would each of the witnesses begin by stating their names and official titles?

Professor Maguire: My name is Sue Maguire. I am a professorial fellow at the Centre for Education and Industry at the University of Warwick.

Professor Sue Maguire, Professor Martyn Sloman and Dr Paul Copeland—Oral evidence (QQ 15-29)

Professor Sloman: My name is Martyn Sloman. I am a visiting professor at Kingston University and an extraordinary professor at North-West University, South Africa.

Dr Copeland: My name is Paul Copeland and I am lecturer of public policy at Queen Mary in London.

The Chairman: Thank you very much. Does anybody want to make an opening statement before we go into the questions? Lord Brooke, you have the first question.

Q16 Lord Brooke of Alverthorpe: Welcome. Good afternoon and thank you for the written evidence that we have had, which is interesting. One of the problems that I have in trying to get to the heart of this issue is the terminology in the field of unemployment, which to an outsider can be somewhat ambiguous. What do you think is meant by youth unemployment as opposed to worklessness and the other category of NEET that is increasingly used throughout the whole of Europe as well as the UK? For example, if a young person has left school with no job and is then put by a government programme on to a short-term training scheme, where do they crop up in these figures? What are the real figures and how do we get a better understanding about the real unemployed?

Professor Maguire: You have picked up on a very key issue. If we are famous for anything in Britain, we are famous for defining the term NEET. We created the term and it was created in the late 1990s following concern about the growing number of young people whose destination was unknown. Prior to 1988, all young people in England were eligible for income support or unemployment benefit when they left school. That was terminated in 1988, so 16 to 18 year-olds were no longer classified as unemployed. The only group of young unemployed that we had were the post-18 group and they were young people who were claiming benefit and actively seeking work. We had this group of young people who were operating under the radar and who had no official connection to any agency. Towards the end of the 1990s, there was growing concern about this unknown group and who they were and, more critically, how many there were. Their official status was zero in the unemployment count because they were not classified as unemployed. So we coined the term NEET—not in education, employment or training—to get a handle on this population of under-18s who were not participating in education, employment or training.

The distinction is very much, in my mind, that the under-18s were NEET and the over-18s were those who could claim benefit and were actively seeking work. Those two definitions have become rather blurred and the NEET definition is used now more widely to incorporate both young people who are actively seeking work, the unemployed, and the non-active group, the NEET group. Within that NEET group, we now have over a million young people in England. We have these strange definitions and terms, but if we want a classification of just unemployed, they are the young people who are actively seeking work and are claiming benefit. The NEET group are far more difficult to quantify in number and purpose.

The Chairman: Just for clarification, the NEET group, as you now describe them, do not get benefit. They could be looking for work, of course.

Professor Maguire: Of course they could, yes. The unemployed are a sub-group of the NEET group. We have half a million in England who are unemployed and the rest are classified as inactive. We have “actively seeking”, but that is a much more accurate count, because they are counted in the unemployment statistics.

The Chairman: They are registered in the jobcentres and so on?

Professor Sue Maguire, Professor Martyn Sloman and Dr Paul Copeland—Oral evidence (QQ 15-29)

Professor Maguire: They would be registered in the jobcentres and within the labour force survey. When the labour force survey is conducted, they declare themselves as actively seeking work. The inactive group are far more difficult and the problem of quantifying them is greatest within the 16 to 18 group because they have no natural entitlement to income support until the age of 18.

Lord Brooke of Alverthorpe: Do you think it is important from society's viewpoint that we should find some mechanism whereby we can stick with them and know of their existence, where they are, what they are doing? Has anybody done any academic work to try to follow a cohort of them for a number of years to assess their cost to society or to themselves in terms of health, perhaps criminality or other areas of social problems that might arise from being in that category? I do not wish to blame anybody in any sense, because a lot of people have problems that lead to the difficulties they encounter, but I wonder whether we follow through what the true cost is when we start talking about them not having anything at all from the state when in fact they are costing the state a lot.

Professor Maguire: The figures for the unknown group were very small, but over the last couple of years they are rocketing because the infrastructure has been withdrawn to map the NEET population. So we have a growing problem with the unknown group and who they are or what they are. We cannot assume that they are NEET, but we do not actually know who they are. Some work was done a couple of years ago by the University of York and the National Audit Office looking at the cost to society of being NEET, so the costs of being NEET have been quantified.

Q17 Lord Brooke of Alverthorpe: Do you have any ideas about whether it would be right that we should try to track them, as we could prior to 1988?

Professor Maguire: I think it is crucial that we track them, because if we lose young people and they have a destination unknown at the age of 16, we know from the figures that they emerge at the age of 18, having been lost for two years. They turn up at 18 because they can claim benefit and in our eyes they have been left for two years with nothing to do. The problem is far greater to fix if you have left someone for two years, or perhaps longer, than if there is instant intervention at 16 and they are supported and tracked and monitored through the system. We have disturbing numbers of unknown. I have some figures with me that show that the unknown figures since 2010 have doubled or trebled in some areas.

The Chairman: Would it be possible for you to send them to us?

Professor Maguire: I will send the figures to you.

The Chairman: Thank you very much. Professor Sloman, would you like to add to that?

Professor Sloman: Can I defer first to Dr Copeland? I think this is a little more in his area. I will then I come back, if I may.

Dr Copeland: Here is hoping. Maybe I should mention this definition of worklessness or joblessness. This is an interesting one and is even more recent than the NEET classification. Worklessness is an EU-wide definition, and within the literature you will see a flipping between worklessness and joblessness, but it actually means the same thing. The definition here is individuals who are working less than 16 hours a week, so these individuals are still employed albeit working part-time or below 16 hours a week. The definition of worklessness or jobless households, for example, very much features in Europe 2020, the EU's new reform

strategy and successor to the Lisbon agenda, which attempts to define poverty as individuals living in jobless households and is supposed to pick up on issues of economic inactivity.

The problem with the definition is twofold. One is that individuals are still working, albeit for 16 hours or less a week, and the second is that the definition itself picks up all economically inactive people, such as those on disability benefits and pensioners. There is a real problem with using a worklessness or joblessness definition to look at the youth unemployment problem. It does not give you an accurate picture of what is really happening out there.

Professor Sloman: Could I make some general comments first, my Lord Chair? I was very pleased to be invited here, but perhaps I should position myself. I am basically a training manager in organisations. That is what I have come through. I have held director roles as head of training in organisations, so I have looked at this problem from a slightly different perspective from the definitions. I would make two very general observations and point you in the direction of something.

First of all, this is about the most confused area for vocabulary that it is possible to look at. The definitions of categories seem to vary. You cannot tie them down, and there are multiple schemes and acronyms, all with strange-sounding names. My view is that you have to define the problem before you can comment on the solution. The challenge facing us is whether the problem is one of youth inactivity, a problem of a lost generation, or a problem of a lack of skills for the future through training. Those are quite different problems, but we need to determine which of those we want. With the metrics reporting and definition, it is more important to start with the problem than to try to drill down through definitions.

Something that attracted my attention when I was looking at this problem was a Local Government Association report called *Hidden Talents*. That argued, very powerfully, for a scorecard for local areas, if you could agree a scorecard, because you have three government departments, Education, Business, Innovation and Skills, and DWP, each producing different figures and definitions and each focusing on different areas. I fear that is not an answer to your question but I hope it is an observation that might help the Committee.

Q18 Lord Cotter: You have spoken about skills, and this is something that is raised time and time again when people come to Parliament—the lack of engineers and the lack of having anticipated this years back—and it can be very much applied to youngsters who perhaps need to roll their sleeves up and do things.

Professor Sloman: We have a very important dialogue going on in this country about the skills of young people at present, and it is very hard to disentangle it. Again, I do not know whether this helps the Committee or not. I live in Norfolk, and Norwich is the nearest place. We have a very serious structural problem there, and it is not untypical. In the 1930s, 30% of girls and 25% of boys went into the boot and shoe industries in Norwich, so you could talk about the skills of boots and shoes. That has totally disappeared. Last week in the *Eastern Daily Press*, which is our local newspaper, the head of Start-rite—I do not know whether you remember Start-rite, the children's shoes that used to be made in Norwich—said that he would like to bring it back to Norfolk if he could but at present they are mainly manufacturing in Portugal and Italy, I think from memory, or it might be Portugal and Spain. Are we going to invest in boot and shoe skills in Norwich in the hope that something happens? The answer, of course, is no.

Professor Sue Maguire, Professor Martyn Sloman and Dr Paul Copeland—Oral evidence (QQ 15-29)

We need to get our young people into work as quickly as possible because it is work that produces the skills. People learn skills from work. I can expand on this by all means. What we have at present in Norfolk, which is occupying a lot of my time, is a totally bogus propaganda campaign without any substance, Norwich for Jobs, which masks the real problem. The real problem is not enough jobs at present in the English economy for young school leavers who are not sure what they want to do, and who does at 16. Does that help?

Lord Cotter: Very much, thank you.

The Chairman: I was going to ask you when the issue of skills came up, because surely it has been for ever thus, right from the beginning of the 20th century. How did people become motor mechanics, because there were no motor cars? The skills had to follow the new inventions. I keep coming back to the point that nowadays we say that we are in the digital age and IT is supposed to be the great answer to everything, but the IT skills are more talked about than real and there is a huge gap of people who claim to be skilled and those who are truly skilled in IT. I think this is one of those things that people could major on.

The clerk has just asked what we think are the most helpful statistics to look at when we are considering the whole issue of youth unemployment. We are being bombarded by statistics from everywhere. Can I ask the three of you not necessarily to give us the answer to that now but to think about it and see if you can help us through this? Maybe it is OECD, maybe it is the British Government, maybe it is a red book or a green book or a yellow book or something, but we really need to know because I think we are in danger of confusing and comparing unlike with like, so to speak. That is just as an aside.

Q19 Baroness Hooper: On that issue—I realise this might come up later on the question about the historical situation—there was a time when with national service all young men went into the Army and very often they learnt a skill in that way. Nobody is going to reintroduce national service, I suspect, but perhaps there could be some sort of community service, as in Switzerland and other countries, that could fill that sort of gap. Is this being looked at at all?

Professor Maguire: There is a national citizenship programme that was launched a couple of years ago that offers young people citizenship training over the summer period.

Baroness Hooper: That is not a skill.

Professor Maguire: It is just a programme.

The Chairman: A social service initiative?

Professor Maguire: I think there is huge potential. If we think about the numbers of people ageing in society and the growing loneliness that is reported, we have all these people who are in need and all these young people with the capacity to give. It does not seem a bridge too far to join them together.

Lord Kakkar: I find this a rather interesting discussion and I just want to be clear. Are we saying that there is no clear definition of this problem at a European level? If that is the case, how can you have reasonable policy and determine whether that policy is being effective if you do not have a clear definition of the problem and are unable to see whether that policy is actually affecting the numbers if they are changed from time to time because the definition changes?

Dr Copeland: There is an EU-wide definition of youth unemployment that captures individuals from 15 to 24. An issue is that some countries, even the UK, will give slightly different age parameters. In the UK it is 16 to 24, I believe. What normally happens with EU documentation is that they differentiate between youth unemployment and NEETs, just to show you some of the variation and the problems within those statistics. At EU level I think there is an awareness of these problems that we are talking about, but in terms of EU policy and how that affects member states, the EU's role is very much to guide member states to their own solutions, so there is no top-down, homogenous way of doing things.

The Chairman: I have just been reminded that Professor Maguire could probably give us a quick answer about the best statistics to look for.

Professor Maguire: The statistics that I would look at for the UK are the ONS statistics. The most recent were published in August. They give our figures for 16 to 24 year-olds. There is a statistical bulletin that is published every three or four months. I can send you the link. They would be the figures that I would use.

The Chairman: Thank you very much for that, and thank you for reminding me that we should get the answer now.

Q20 Lord Fearn: In your view, what is the nature of the current problems with respect to youth unemployment across Europe? Are the key concerns related to the numbers, who is affected, and where are they located across Europe?

Dr Copeland: I may overlap between questions 2 and 3 here, so do excuse me, but I see them as linked. I think it is important to note that youth unemployment is not a recent problem or a recent phenomenon. Back in 1994 the European Commission noted that youth unemployment across the EU stood at 20%, so that is quite high. Of course, in the early 1990s we had the recession, but when you compare the EU to its then main competitors in the early 1990s, the USA and Japan, Europe has had a long-term youth unemployment problem. If we take the current situation in the UK where youth unemployment is at approximately 20%, and we look back at the 20-year period, we will see that 10 years prior to 2008 it was still at 10%, so it is still considerably higher than the then level of general unemployment.

Why exactly is this the case? I am of the persuasion that that 10%, that kind of drag on unemployment, is a complex problem. It is for numerous variables to explain this situation, so it is not just a case of individuals with poor training skills. There may also be some social issues involved in that problem. The reasons are clearly not the same as in some other European countries. Our current level of youth unemployment, although it has increased, has not increased as much as other European countries. Our long-term rate of youth unemployment has not been as high as some European countries. When we look across the EU, we see that long term it is the Mediterranean countries that have had a problem here, and we include France within the discussion. These Mediterranean countries have had much higher levels of youth unemployment than the UK and this is because they have often operated dual labour markets, so younger generations find themselves on contracts that are less generous than older generations. It is much easier to dismiss a young person off these contracts, so younger generations get made redundant much more easily. They have this dual labour market system.

We started from a situation before the crisis where youth unemployment was high already, and it has increased since 2008, but we think of the problem countries as being those in the Mediterranean because of the downturn. The problem in the UK is similar in the sense that youth unemployment has sky rocketed because there is a lack of jobs. We can talk all day about skills, and skills are fundamentally important, but if you train and retrain the UK's young and there is no job waiting for them at the end, this is just a waste of money. If you look at northern European countries since 2008, the economies of the Scandinavian countries, Germany and Austria have boomed and their youth unemployment has fallen. I think that serves as a good indicator of the real problem. We have an issue of skills but we have an issue of a lack of jobs, so you have to take a much broader and more holistic perspective on the problem.

The Chairman: Is there not a mismatch? Not everybody who is unemployed can go into these jobs. There are an awful lot of employers looking for people but they cannot take them because they do not have the skills, so it is the mismatch between what the employers think these people are capable of and whether they are capable of being trained in a period of, say, three or four months.

Dr Copeland: I think that long term there is some mismatch, but I do not agree that there has been such a mismatch since 2008. In some instances there have been over 100 applications for one single job. That is not a mismatch of skills; that is a lack of jobs in the economy.

The Chairman: Can I follow that one through? We all know the story about the 5,000 people who applied to Rolls-Royce in Derby to get apprenticeships. It is not that they could not get jobs elsewhere but they have targeted Rolls-Royce because they know that they are going to get terrific training and great skills. That does not mean that all those 5,000 people are not going to get jobs elsewhere. They have just all focused on Rolls-Royce.

Dr Copeland: I still think those numbers are ridiculously high: 5,000 applications for one job.

The Chairman: That is what we have been told.

Professor Sloman: Apprenticeships are something I know a great deal about. That 5,000 is right because it is a very well known, attractive scheme and you would get that. A well structured apprenticeship scheme wherever will get eight or nine applicants, and probably more, for every position. One of the things that concerns me, and I want to put this on the record—I do not know whether it is permissible to produce written material afterwards but I would certainly be keen to do so on this point—

The Chairman: Yes, please.

Professor Sloman: What concerns me is that we are using loose vocabulary to define a problem. On Monday last week the Government announced their new policies on apprenticeships, or at least half of them, and that word is now losing its meaning. The word “apprentice” no longer means what it is considered to be in popular parlance. My father was an apprentice. He was a coachbuilder apprentice for five years. He started off on very limited pay, went through and left with a transferable skill that could be taken anywhere else. Now, the term “apprenticeship” is being used to describe a job with training in a framework defined by the employer. I used to run the graduate investment banking training scheme for NatWest Markets. I could easily, on that definition, call it an apprenticeship and increase the

figures. We are setting a target, arbitrarily, for the number of apprenticeships, believing that we are solving the problem, or, bluntly, pretending that we are solving the problem.

The most depressing thing is that the announcement last Monday, which was one of the most significant and important announcements in skills training in Britain, passed without any public debate or any mention in the newspapers. It was not mentioned on the news, it did not feature in the serious papers, and yet it is the most profound change in our attitude to skills training in Britain.

Professor Maguire: I think there are two causes of youth unemployment. It is either down to structural changes or a labour queue hypothesis. Structural changes to the youth labour market were most dramatic in this country in the late 1980s and 1990s when the manufacturing sector diminished, and therefore the traditional youth labour market that existed for school leavers was decimated. That damage to the youth labour market has never been repaired because that infrastructure does not exist. After that we went towards encouraging increasing numbers of young people to remain in full-time education as an alternative to finding work. I think we are picking up the consequences of those policies now.

We are talking about a broad spectrum of 16 to 24 year-olds, including graduates and young people, who are leaving learning without basic literacy and numeracy, so we cannot group them all together. They have very specific needs and very different skill levels. I think we have to be quite honest here and say that we have not had a real commitment to placing young people in employment for many years, particularly the younger groups. The focus has been on increasing rates in full-time learning, and it is only when young people have emerged from that and that has coincided with a recession that we are suddenly screaming about youth unemployment. I think we have to be honest and say that that has not been a policy priority in this country and in many other countries, unlike Germany, which has always sustained a healthy apprenticeship programme that is well supported and, as such, has never experienced high levels of youth unemployment since the war.

The Chairman: That is very useful indeed and very sobering.

Q21 Earl of Liverpool: I refer to an earlier point made by Dr Copeland. I believe you said that there is a severe shortage of jobs available. This comes back to the confused mixed messages we are getting within this Select Committee. Mr Wells from the Department for Business, Innovation and Skills told us something very different last week. He said, "One of the things I should say is that our labour market is sufficiently flexible that there are jobs for everybody in the sense that there is a very dynamic and diverse range. It is actually quite difficult to regard someone as unemployable because the range of jobs in the UK is quite great". How do we square this circle?

Dr Copeland: In the UK we have issue with skills, and retraining is necessary. I strongly believe, however, that since 2008, if you look at the statistics, there has absolutely been a shortage of jobs. For example, research published in April 2013 by the Department for Business, Innovation and Skills was rather critical of the lack of lending for small and medium-sized enterprises since 2008. I wonder whether anybody has actually spoken to anyone between 16 and 24 years-old and asked them about their experiences of employment or trying to get a job, whether they are 18 or after university. I have very first-

hand experience of graduates trying to get a job within the sector that I am employed in and I can tell you they face much more difficulty now than they did five years ago.

In any kind of analysis of youth unemployment, we can look at the statistics but we also need qualitative accounts of individual experiences, and there is a north-south divide. It is much easier to find a job in the south-east than it is up north. Spend a day in Manchester or Sheffield and you will soon see that the disparities are huge and that if you are a young person in those cities you face much more difficulty than you do in somewhere like London.

Professor Sloman: Can I add something on that? It is not simply a north-south divide. It is also a rural-city divide as well. I live in rural Norfolk. I do not know who your expert witness from the Department for Business, Innovation and Skills was but I would very much welcome him to visit north Norfolk. First of all, young people are now entirely dependent on getting to work by some sort of transport, which is enormously difficult anyway. The key thing for them is passing their driving test and having someone who has the money to give them a car, because there is no transport.

Lord Brooke of Alverthorpe: And pay for the insurance.

Professor Sloman: And pay for the insurance, absolutely right. Yes, that is the big thing. In our little market town, there is a computer shop and I have got to know the fine young woman who is working there. She has a 2:1 degree in criminology and wanted to work with young offenders, and if there is one thing we are not short of it is young offenders. There is plenty of material there for her to work with. She has a record of applying for 20, 30, 40 jobs. Famously she tells the story of applying for one job at Aviva Norwich Union at 6 o'clock one evening and getting an automatic response back at 8 am the following morning from the computer telling her she was not good enough. She has been in touch with the probation service in Norfolk to try to get voluntary work in that area and she says that the problem has been that they are so overwhelmed with young people trying to get job experiences of any sort that the probation service is unable to cope with sorting between people who have some particular interest, a law background or interest in working with young people, and decent young people who are just desperate to get anything on their CV.

That is the situation that we are facing, and I firmly believe that it is a structural issue that is a reflection of the world economy and certain jobs going. It applies throughout the whole of Europe. It is more acute in places like Greece and Spain, we know that, and it is less acute in the Netherlands, Austria and Germany, we know that, but it is certainly, most disturbingly for us, a problem that is not moving at all in Britain. However you define it, and I do not have the expertise of my two colleagues, the significant thing about the figure of 958,000 unemployed which Sue referred to is that quarter on quarter it has shifted by 1,000 in 958,000. The 1,000 improvement was entirely in female unemployment. Male unemployment went up in that 16 to 24 category. That is correct, is it not?

Professor Maguire: Yes, but there is a hidden issue around that. It looks as though we have a particular problem with male youth unemployment but that is because we have 355,000 young women between the ages of 16 and 24 who are classified as NEET inactive, so they do not actually appear on the unemployment statistics at all, compared to a figure of 130,000 males. I find it very disturbing that a third of a million young women between the ages of 16 and 24 have been written off already and do not even appear on the unemployment statistics because they are classified as inactive, therefore they are not even picked up by

the agencies and are not eligible for the Work Programme or the Youth Contract. I find that quite disturbing.

The Chairman: It is indeed. A lot of what we have unearthed today seems to be disturbing, but we have to crack on a bit I am afraid.

Q22 Lord Wilson of Tillyorn: I wanted to follow up on that, but we are moving on. Looking for help from history, if we can, how does what we face now compare with historical experience, either in boom or bust times? Are there lessons that we ought to be able to learn from either good or bad times? When we are trying to look with our telescopes towards the future, is there anything that we can discern coming up as a result of experience we have had in the past?

Professor Maguire: I think it is probably best to look back to the late 1970s and early 1980s when the huge structural changes occurred to the youth labour market. The intervention then was the Youth Training Scheme, which we will all remember, probably, for its label of slave labour, offering young people pittance wages and employers exploiting them for six months, and things like that. I had the opportunity to look at the evaluation of the Youth Training Scheme a few months ago, and I think that if we had that amount of money and that amount of commitment now we would be rubbing our hands together with glee because it looks like a great programme compared to the opportunities and interventions that are being created for young people currently.

What we need to learn from the 1980s experience is that we had young people who were subject to long-term unemployment and the effects of that on their re-engagement and ability to find a job were long lasting. The idea of a scarring effect was born from that experience. If we learn anything from that, it would be that we should be intervening sooner rather than later, that those interventions should be employment, training and education, not just one or the other, and that we should stop blaming young people for this problem. It is society's problem and we should embrace it and not blame young people because they cannot find jobs. It is impossible for some young people to find jobs.

Lord Wilson of Tillyorn: Could you flesh out very briefly the Youth Training Scheme? You say that it was much abused at the time but that actually we would love to have it now if we could. What were the key elements in it?

Professor Maguire: It was a point I made earlier: that at that time we were still tuned into the requirement that young people should find work rather than keeping them in learning, and therefore we understood employers' needs much more, how they might use young people and in what kind of capacity. We had a much better grip of where young people fitted into the labour market. I am not certain that we would know that now. We know where they go to learn and we know what qualifications fit together, but I am certainly not convinced that we know where young people fit into the labour market in this country. I think we need some intelligence as a base in order to develop policy from that.

Professor Sloman: May I build on that a little? I agree with a lot of what Sue was saying, but I think that we are in a different situation from the situation historically because of structural changes in employment, particularly as they affect young people, and the sort of skills that people need at work are changing. This is one of the reasons, Lord Wilson, why so many young people who do find first jobs find them in either the retail sector or the hospitality sector where the skills needs are pretty easily recognisable, if I can put it that way without

diminishing the high quality of training that goes on. I do not think we are going to find a solution in the current cocktail of policies or the traditional cocktail of policies.

One thing is certain now: we have far too many schemes. A Select Committee of the House of Commons looking at Jobcentre Plus had evidence from an expert witness who said that they had counted 48 separate schemes in the UK affecting youth unemployment. I read the minutes today and I can reference it. The Local Government Association has identified 35 separate schemes. I do not think there is going to be a solution on schemes. I think we need more radical solutions now.

We need to understand, and we can, what drives employers' training. I am quite happy to say a little more about that. I know a little about what determines that decision to train. I advocate in fact a change in the Companies Act legislation. I do not think we will solve this problem without requiring companies to accept wider social obligations. That is pretty radical but that is where I am coming from.

Q23 Lord Wilson of Tillyorn: You have rejected a couple of cocktails. Your cocktail is a sort of single drink, the Companies Act?

Professor Sloman: No, it is not. I have a cocktail of four I can offer you. Very quickly, they are a change in the Companies Act, more devolution to local government because there are three Government Departments involved, a change to the role of UKCES towards honest reporting, and some sort of charter for the protection of young workers.

Lord Wilson of Tillyorn: Sorry, CES?

Professor Sloman: The UK Commission for Employment and Skills, which has become the scheme promoter. I think we need more honest reporting. We need it to have the sort of role that the financial one has, an Office for Budget Responsibility-type role. Finally, there should be a charter. I will put these in writing.

The Chairman: That would be wonderful. I was about to ask you that and I wondered whether I had the nerve to do so.

Professor Sloman: That was garbled. I apologise.

The Chairman: No, that is really helpful. Lord Wilson, do you have a supplementary question?

Lord Wilson of Tillyorn: I have, but do you want to say anything on the earlier point, Dr Copeland?

Dr Copeland: Yes, building on what my two colleagues have said. I will be brief. Sue was talking about the 1980s, but if we look at the 1990s as well we will see that the trends in statistics show some kind of hangover of youth unemployment that lasts for about eight to 10 years, so it can take a good decade for this to actually come down. The interesting thing about earlier peaks in youth unemployment and the current situation is that then we did not have welfare to work, which we do now, which I think has been successful in some respects in getting some individuals back into the labour market.

The problem I have when looking at youth unemployment and this idea that it will take about eight to 10 years for youth unemployment to come back down to its pre-recession level is the social consequences of that. We know that when individuals are outside the labour market for a long period, whether they be youth unemployed or general

unemployed, they often need much more than something like A4e to get them back into work. There was discussion in the media last week that they could develop physical or mental health issues that cannot be tackled in the more conventional sense and they often require more social intervention. Thinking about this long term, we need to broaden the way that we look at getting people back into work.

Baroness Hooper: May I pick up a point made by Professor Sloman when he said that we have far too many schemes? We are looking at EU action to tackle unemployment and we are talking about far too many schemes in the UK. If you look around the European Union as a whole, how many does that add up to and how are we finding out what is best practice in relation to what is going on in other countries?

Professor Sloman: As I understand the European youth guarantee and what they call the youth employment initiative, it is meant to be an umbrella commitment with local interpretation. That is probably the correct approach there, given the multitude of schemes that exist. As you can see, I am much more of a commentator than an academic, coming from a practitioner background. The problem is that we cannot say, “Would we not like to be like Germany was 50 years ago today?”, and build on that. Germany has achieved what it has through a variety of circumstances and accidents. Other countries have achieved what they have or what they have failed to achieve through a variety of schemes, but I think it comes down to something pretty basic, and this is where the 48 or the 35 schemes confuse.

There are three things. You can act on the supply side, which is that you can try to get more young people to have better skills to begin with, and that is a wide gamut: it is maths and English, very specific skills, communication skills and technology skills. You can act on the demand side by subsidising employers in some way or another to create more jobs, and the Opposition are talking about using public procurement. You can do something on job matching, which is trying to ensure that there is a better match between the market, that the careers service works more effectively, that they get more careers advice, that you get businesses going into schools, and so on, so the market for clearing becomes more efficient. When it comes down to it, those are the three things that you are basically doing, and you can put in the schemes on all that.

Where we have suffered is that we insist on overselling whatever the latest scheme is. They have stopped doing it now but I used to read the Business, Innovation and Skills regular update of the schemes, and in one month I counted the word “celebration” used 38 times⁷⁷: “We have celebrated the success of this scheme, we have celebrated the launch”. We have nothing to celebrate.

The Chairman: I think you have made that quite clear. It is a rather confused basket that we are looking at. We have to crack on because we have a lot to get through.

Q24 Lord Cotter: Thank you very much for your robust contributions. They are very welcome. There are far too many schemes. What do you think about the evidence from the Government suggesting that the position in the UK is rather better than the rest of Europe? Are the Government talking about our actions or the level of unemployment? You are saying a lot about the array of different initiatives. What do you think about this evidence from the Government that we are much better positioned? If so, in what way?

⁷⁷ Note by the witness: This was a mistake on my part, I should have said used 9 times not 38.

Professor Maguire: I do not think we should be celebrating the fact that we have 1.09 million young people who are classified as NEET and another percentage who we do not even know where they are. In particular, the latter is very worrying. Yes, we are not as bad as Greece and Italy, but we have an unacceptable level of youth unemployment and we need some action. We particularly need to tackle the younger age group, between the ages of 16 and 18, where the cuts in services mean that the entitlement to careers guidance and access to support for those young people who are NEET is of grave concern and hence why we have this growing unknown population. We need early intervention to curb a worrying trend of protracted lengths of youth unemployment. I do not think we have much to celebrate. We have a lot to act on.

Professor Sloman: All I would add is that we are mid-table in most of the OECD rankings, which if you are a Norwich City supporter is pretty good going but it is not good news at all. What is worrying is that our situation is deteriorating and the raw figures are not shifting month on month. I keep coming back to that. Whatever we are doing, we are not moving that problem. Youth unemployment now is up there with the care of the elderly or affordable housing in the south-east, which is seen as a critical social problem affecting our development as a society that shows no sign of shifting.

Lord Cotter: I think the overselling of interventions is emerging. I have a strong feeling about the political overselling of things and you seem to be saying the same sort of thing. The youth guarantee scheme has one or two different points and a stable situation. Thank you very much for that. I do not know whether to ask you any more, but I think you have answered with what you have said up to now that perhaps we are overselling things and we need to be more stable and consider the points you are making.

Professor Sloman: We need to get a better information base too about what we are concerned about. Apprenticeships are a good example to take. The number of apprenticeships is going up, but do apprenticeships mean what they used to mean, and all those sorts of things. These become propaganda figures if we do not watch it.

The Chairman: Dr Copeland, were you about to say something?

Dr Copeland: No. For issues of time, I agree with what they—

The Chairman: No, come on.

Dr Copeland: I would like to reiterate the point about the Government saying that the UK position is rather better than the rest of Europe. Youth unemployment in Greece is 65%, so if you compare the UK situation of course it is much better but it is certainly not much better than other northern European countries, echoing the point made by Professor Sloman.

Q25 Earl of Liverpool: Could you let us know your view on the effectiveness of the actions that have been taken at the EU level so far, such as the youth employment programme and the youth employment initiatives? Are there other ways in which the EU might take more effective action? Before you answer that, could I say that I have read Dr Copeland's very helpful report that you gave us before the meeting and, reading the last paragraph, I think you are probably going to say something about supporting entrepreneurships.

Dr Copeland: In answer to the first part of the question about how effective have actions been so far at EU level, such as the youth employment programme and youth employment initiatives, I think it is too early to tell. These initiatives have only come forward in the last

couple of years. I daresay that in some member states they have not even been acted upon, so it is still too early to make a judgment on the outcomes of EU activity, but I reiterate the point that the EU does not give a policy prescription here for what member states do with regard to youth policy. It very much supports, whether it be by funding or the sharing of best practice, what is going on in that member state. Any EU initiative is then only as good as what is happening at each member state level and the activity and impetus at each member state level.

I would say something else about EU activity since 2010. There is an awful of grumbling, particularly in the UK, about how much money the EU wastes—whether that is true or not is of course debatable—particularly when we think about funds for the common agricultural policy. Here we have an example of the EU ring-fencing €6 billion to do something to specifically help its vulnerable. I think the EU is doing something absolutely right here and is not wasting money. Again, member states can do with that at local level how they see fit as long it fits within the parameters of what is prescribed.

Are there other ways in which the EU might take more effective action? This is a tricky one because the EU is constrained in what it can do for EU youth policy. We can come up with all sorts of amazing ideas of what the €6 billion could do, but according to the treaty it can only spend the money on education and training. Articles 50 and 126 of the treaty specify that the EU can play a co-ordinating role for youth and education. With the recent initiatives, the Commission and the EU itself has very much fitted in with that legal framework, so we struggle when we want to go beyond it.

One idea that I thought would fit in with that framework and could complement some of the activities at EU level is building on some of the initiatives that the EU has done in the structural funds with regard to hub activities, specifically focusing on the EU's young and helping them to set up their own businesses. That is one thing the EU could do and should do more. We have seen that lending to small and medium-sized enterprises has contracted massively. That is where a lot of jobs and growth will come from in the economy, and there are a considerable number of young people out there who may have ideas and may want to set up their own business, but the resources are quite limited. You could package that in terms of training and so forth. That is one possibility.

Earl of Liverpool: Are you saying that that is not currently possible within the remit of what the European Union is saying it is trying to do with education and training?

Dr Copeland: I believe that within the education and training remit, the recent initiatives of the EU are not doing that to tackle this youth unemployment problem. In the past the structural funds have funded particular regional activities for these hubs, which are usually located close to universities to set up entrepreneurial activities, but I believe that it has not targeted it towards the current set of problems.

The Chairman: Following on directly from Lord Liverpool's question, we have known about this €6 billion up to 2016 and then €8 billion to 2020 for a very long time, at least it seems a very long time, but we have had very little information about how much of it has been spent, what has been done with it and what the results are.

Professor Sloman: Can I try to clarify a bit and test my understanding? In preparation for this, I tried to dig a little deeper from my position. As I understand it—and I know you have had evidence from the department—they have to present an implementation plan by

Christmas. This is the key thing. They are very helpful at the Commission. They have sent me all the documents on the implementation plan, the templates that you have to put your material in, and it covers a wide variety of headings. I am interested from a professional point of view now in how much variance there will be if they publish those implementation plans, different approaches being used across Europe. It is too early to judge the effectiveness of that.

If I can pick up the Earl of Liverpool's question, one thing I would like to see that could be done at European level—and I defer to my professional colleagues on all this—is some sort of protection for the young employee in charter terms. One of the effects of these famous 48, 35 or however many schemes is that there is plenty of evidence now of small-scale abuse, and when there is it is quite serious and disturbing. We have a labour market for young people where employers can take advantage, and there is anecdotal evidence and precise evidence. Let me give you just two examples. Jobs have been advertised on the Government's National Apprenticeship Service website at below the minimum wage. This is well documented and I will put it in my evidence. Another employer, whose name you will all recognise, advertised on the National Apprenticeship Service for a 37 hour a week trainee unpaid. I think we are at the stage where generally we ought to be thinking about some sort of charter or protection for young workers.

The Chairman: Yes. I am sure you are right. Do you feel that the response at UK level, such as the youth contract and payment by results in the welfare to work area, is pointing in the same direction as EU initiatives, as other member states' initiatives?

Professor Maguire: I do not think they are, no. The youth guarantee is giving an offer of a job or training place within six months and the €6 billion has to be applauded as a step in the right direction for tackling youth unemployment. Whether that is enough is debatable. I would bring the Committee back to a point I made earlier, which is that you can only give somebody an offer of a job or a training place or an education place if you know they exist, so I think we have to get a handle on the population and be in touch with the whole population in order to implement that policy. In my view, the offer of a job or training is not enough. We have to support and protect young people to make sure that those transitions are sustained, and I think that is where we move on to look at the Youth Contract in this country.

I am involved in the evaluation of the Youth Contract for 16 and 17 year-olds and it is not just about engaging young people; it is about supporting their transitions into a successful outcome and for six months beyond that so that they are sustained in that outcome, because we know that, particularly among the vulnerable groups within the NEET population, there is a high churn, that they are prone to drop out. There will be churn, so we need more than an offer. We need sustained intervention and I think the Youth Contract and the principles that underpin that have got that right.

Q26 Lord Freeman: We know that dealing with youth unemployment is a matter for member states, essentially, with Brussels holding the purse strings, or at least holding substantial reserves of money that might be deployed in this field. Do you think there is any initiative that we can take in the United Kingdom to encourage Brussels to circulate to all member states best and successful practice in this field? For example, in the United Kingdom, to my own practical knowledge, we are looking at success by charities in trying to provide life skills to the 14 to 16 year-olds and then comparing that with whether they

become NEETs in due course. I am very attracted to the idea in Germany of employers receiving a state subsidy so long as there is shown to be success in making sure that the young people employed by companies with state subsidy end up in full-time employment. My question is very simple. Do you think that we should be recommending to the UK Government, and through the UK Government to Brussels, to circulate best practice in all nations?

The Chairman: I see two nodding heads. Dr Copeland, you are the odd man out.

Dr Copeland: The circulation of best practices has long been a banner for EU level activity, whether it be in youth policy or elsewhere, but we think more about the employment strategy, for example, where the more active labour market policies that we have in place at UK level came from other European countries. I believe that active labour market policies, or flexicurity as it was termed then, originate from Denmark and Austria and there was that sharing of best practice at EU level. My understanding of EU-level activity and the sharing of best practice is that some platforms for this are already in existence. The Europe 2020 youth on the move initiative, for example, has an annual conference that brings together representatives from the different member states, where different cohorts of the EU's young will talk about their experiences but different charities and organisations go along and share their experiences and best practices. I believe that in 2011 the UK declined to send representation to the conference in Poland at the time.

Lord Freeman: Why?

Dr Copeland: You would have to ask the Government.

Lord Freeman: You must have some inkling.

Dr Copeland: Euroscepticism, I should imagine. That would be my gut instinct. Since the coalition Government have taken office, they have withdrawn from some of the softer EU governance processes, whether it be in Europe 2020 and the youth on the move initiative or refusing to set a level of unemployment in the employment strategy of Europe 2020. The reason may be more complex than the one that I suggested, but there definitely are platforms for the sharing of best practice at EU level, and our Government have been rather reluctant more recently to engage in those platforms.

Professor Maguire: To be fair, I represented the UK at a policy exchange in 2011 in Wroclaw in Poland. It was a ministerial conference about policy exchange, and I went and talked at EU level about the implementation of the Education Maintenance Allowance so that other countries could learn from that experience. It may be limited but it has existed. Having said that, it was a bit ironic because the EMA had just been withdrawn in England and I had to stand up and say that, but it was about the policy design and its impact, and other member states were very interested in using financial incentives. There is a missing link in that there does not seem to be any follow-up to see how much progress has been made and whether anyone has moved forward. There was lots of talk about different policies, but I have not heard anything from that meeting in 2011 about whether anyone has taken anything further or implemented it.

Dr Copeland: I think there is a separate issue, which is that the Government more recently have seemed reluctant to send official representation to these meetings of exchange of best practice, for example.

Professor Sloman: Can I add something on this question? One of the queries I have is how the Government feel about this European youth guarantee. You have had the witnesses, I have not, but from the information I have had I do not get the impression that they are feeling very positive about it. It seems to me that this is quite a well designed platform for sharing good practice, the structure and the way it is implemented.

I want to make one other small point on the sharing of best practice that has been a concern of mine for some time, having been a training manager. A lot of the implementation is done at the micro level. The policy and the sharing are at the macro level and it comes down to the training managers and so on. We have initiative fatigue and permanent attempts to try to get training managers of organisations to come along to the conferences, to attend these launches and so on. There is also fatigue in the system now when it comes to sharing good practice, and technology is not helping.

Q27 The Chairman: Do you really think that this fatigue, as you call it, is actually preventing best practice being taken up, because there is a lot of it around?

Professor Sloman: Yes, I think there is. You are absolutely right. We have got to the situation now where employers are trying to avoid being engaged in many of these initiatives because they have seen so many come and go.

The Chairman: They have just had too many of them.

Professor Sloman: I do not know whether you are familiar with train to gain. There was a sudden knock on the door on train to gain. There was a knock on the door on the pledge, so you would sign the skills pledge and then that disappeared, then there were foundation degrees, and so it goes on and on. I was a training manager and I learnt a way of coping with that. Our chief executive would be buttonholed by someone who mattered who said, "You must sign up to whatever it is". He would ask the person down the line to come and see me. It would mean some sort of change that we probably would not want to make anyway and probably would not be acceptable by the time it had gone back up. If I am bluntly honest, the best I could hope for is that it would be forgotten about. It was quite often as crude as that with the training and enterprise councils, the sector skills.

Since I have depressed you, however, there is some very positive good practice out here. You mentioned the charity sector, which is doing some outstanding work in this area, as indeed are various religious bodies in that broad area, the churches of various sorts, but some of our sector skills councils are also taking the agenda forward very capably. I am very impressed with Cogent, which is the sector skills council for the chemicals industries. They are doing various good things, but they have built up that relationship of trust over years with the employers, the trade unions and the employees in their sectors, rather than changing the goalposts and the name and suddenly deciding that we have the great revealed truth, "This is what we need to do".

The Chairman: And have another logo.

Professor Sloman: Let us have another logo, another campaign.

The Chairman: Before we leave that, Professor Maguire and Dr Copeland, what do you think about this best practice? How can we unpick it or at least make it move?

Professor Maguire: I would reiterate what I have said. There are meetings. Perhaps we do not have the official representation, but I think that we should have more follow-up and

more action following it. It is all right having a conference to share good practice, but what happens after that? We have a lot of intelligence in this country, for example about the NEET population, its definitions and different segments, and we have a lot to share there across Europe. I think we have a lot to give, and that should be actively encouraged.

Dr Copeland: We talk about the sharing of best practice. We look for short-term immediate results, but all the research on EU-level sharing of best practice talks of a much longer-term impact. The sharing of best practice does not manifest itself within say six or 12 months. It can take four, five, sometimes even 10 years. If we think how employment policy has changed across the EU over the last 15 years, it changed in different countries at different times, albeit all moving towards the active labour market policies, but that sharing of best practice took longer than a couple of years. I just err on the side of caution that with the sharing of best practice we are not looking for immediate tangible results. We need to think slightly more long term.

Lord Wilson of Tillyorn: Could we get Professor Sloman to give us a list of these things that have worked? I would be terribly keen to see examples of things that actually have been positive.

The Chairman: Yes, that is a good point.

Professor Sloman: Yes, of course.

Q28 Lord Haskel: We have had quite a lot of discussion about the supply side and the demand side. You have raised it. You have told us about job matching. But most of the discussion has in fact been about what the EU and the Government can do. What can employers do? You have told us about the sector skills councils. I think most of them have been abandoned, mainly due to arguments over poaching, on my experience. Employers have a great interest in this because they are saying that they want to bring back the shoe business to Norfolk, as you were saying, but they do not have any people to make the shoes. Are they going to get robots instead of humans to sew the shoes?

Professor Sloman: Incidentally, just for the record, it was the industrial training boards that were abolished, not the sector skills councils. The sector skills councils are still very much there and some of them are very effective indeed.

Lord Haskel: That is right, yes. I mean the sector training boards.

Professor Sloman: Incidentally, Lord Haskel, might I say that in the new apprenticeship arrangements White Paper that was published on Monday last week, the sector skills councils were not mentioned at all. It was direct to employers.

The answer, of course, is that employers can do an enormous amount. People learn their skills at work. Communication and team-building skills are learnt at work and people learn their skills through having a decent developmental manager who will point out what is going wrong, assist them and spend a bit of time with them. That sort of thing is resource intensive and any particular training scheme is also resource intensive. The problem we have as far as the employer is concerned is that skills development is a third-order decision. The first-order decision is what business are you in, so the question is how you compete, how you deliver the service. The second-order decision is how you organise the work, how the work should be organised. Skills are the third-order decision. This is a simplification, I know, but I believe it to be fundamentally correct. Once you decide how you are going to compete, it is the work

organisation, and skills come third. It takes an enormous amount of energy and effort to think outside that model and it takes resources.

Lord Wilson talked about my cocktail. The first element in my cocktail would be a change in the Companies Act legislation to ensure that employers meet the social obligation for the development of our workforce in future. That is very controversial, but I do not think we will find a solution within our existing framework while the level of overall demand, and in particular the structural demand as it affects young people, is at the level it is. We will continue to live with a 20% unemployment rate and run the risk of some social disruption. So I think employers need to be fundamentally obliged to do it. That is not popular but that is what I think.

The Chairman: I think a lot of good employers have a very highly developed sense of social responsibility and outreach in the areas from which they operate.

Professor Sloman: Yes, they have. That is absolutely right.

The Chairman: Again it could be the sharing of best practice and more publicity being given to people like that. We have run out of time, unfortunately, but Dr Copeland and Professor Maguire, would you like to add anything to what Professor Sloman has just said?

Q29 Lord Brooke of Alverthorpe: Before we get to that, could I ask one urgent question? Given that we read in the paper that some major employers are already busy recruiting in Bulgaria and Romania, how do we balance this?

The Chairman: Yes, indeed.

Professor Maguire: I think we have to come back to the policy obsession that there has been over the last 10 to 15 years about retaining young people in education. We have not really engaged with employers about young people to the degree that we should have, and I think we need to be honest about that and to start acknowledging that with employers. I did some research about 10 years ago in Leicester and employers were saying, “We cannot get our hands on young people because they all stay on at school”. We have to be honest and say, “We need your support now. We have a youth unemployment problem. How can we work with you to sort this out?”. We have to be honest and say that we have not done that to a satisfactory degree in recent years.

Dr Copeland: What I wanted to say has been covered by Martyn and Sue.

The Chairman: Thank you all very much indeed. It has been a riveting session. I know I could have gone on for another couple of hours. There are lots of things to ask, particularly on this last point, but I am not going to develop it, and on the point that 50% of all children should go to university and the question of what skills they get at university. All that is part of it, but it is a diversion. We have a very serious position facing us, but I am old enough to remember a very serious position in the 1950s and 1960s, and these things do come round. They always said that recessions showed the brightest ones who had the emotional intelligence to do something about it rather than think that they were going to be making shoes for the rest of their lives and not realising that things like Crocs and trainers got in the way. Thank you very much indeed. You have given up valuable time, but I can assure you it has been very valuable to us.

Tanith Dodge, Marks & Spencer, Terry Morgan CBE, Crossrail, and Jez Langhorn, McDonald's—Oral evidence (QQ 84-97)

Tanith Dodge, Marks & Spencer, Terry Morgan CBE, Crossrail, and Jez Langhorn, McDonald's—Oral evidence (QQ 84-97)

[Transcript to be found under Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer](#)

Emma McClarkin MEP—Written evidence

Call for Evidence: EU action to tackle youth unemployment

1. Do you think that the EU should be providing funding to Member States to tackle youth unemployment? Does EU action respect Member States' powers in the area of social and employment affairs?

I am supportive of existing funding programmes which help entrepreneurs in our small and medium sized businesses to grow, such as the Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME).

The programme will run from 2014 to 2020, with a planned budget of €2.3bn. While funding can be slow and the procedures bureaucratic there are strong advantages of COSME in terms of growth and jobs and this is where I think the EU should focus its attention on funding for employment.

However, this is a problem which Member States should be tackling themselves. Additional funding that has been carved out for tackling youth unemployment will mainly be going to countries with much higher unemployment than the UK so it's debatable if this is a fair distribution of UK taxpayers' money.

2. How do you think that the EU can best 'add value' to Member States' efforts to tackle unemployment?

Youth unemployment is an important area, worthy of consideration at EU level and where we would like to see cross-border cooperation in highlighting this as a priority. However, EU action in this field can only be beneficial where it compliments action at Member State level. For example, it is hard to understand where the advantages of the European Youth Guarantee lie.

The scheme is designed to guarantee that anyone under the age of 25 shall receive an offer for a job, an apprenticeship or further training within four months of unemployment or completed education, but which runs contrary to the existing "youth contract" in the UK.

There are other actions that could be undertaken to realise more job creation. For example the services industry accounts for the largest part of the EU economy representing nearly 70 per cent of GDP and two-thirds of total employment in Europe. Full implementation of the Services Directive could result in economic gains of €60 - €140 billion and generate more than 600,000 jobs, which represents a growth potential of between 0.6 and 1.5 per cent of GDP⁷⁸.

Rather than agreeing any additional legislation, Member States need to first better promote the investments they have already made due in the Services Directive so that businesses can

⁷⁸ Source: http://ec.europa.eu/internal_market/services/docs/services-dir/explanatory/economic_benefits_en.pdf

be made aware of how much easier it is to sell cross border now and access a market of 500 million consumers than previously. All Member States should make the necessary adaptations and changes required including setting up the Points of Contact and this should be re-iterated constantly.

There could be further liberalisation linked to regulated professions, where some Member States are disproportionately blocking access to professions. As a result, the European Commission should be pressed to ensure consistency between the peer review under the Services Directive and mutual evaluation under the Professional Qualifications directive. Getting qualifications recognised across Europe and getting our citizens more mobile to move for jobs available across the EU.

In 2011, around 6 million people worked in another EU Member State than their own. The recently updated Directive on Mutual Recognition of Professional Qualifications aims to further enhance, simplify and speed up the mobility of highly qualified professionals across border, while ensuring safety checks are in place for health professionals. It was included in the Single Market Act as a top priority to boost jobs and growth.

It is estimated that four million jobs are currently vacant throughout the EU due to a mismatch between the skills of the unemployed and the skills required for available jobs. Europe can play a role in reducing high levels of unemployment particularly youth unemployment by encouraging Member States to invest in human capital to address new skills needs, to support business start-ups and improve access to finance, by cutting red tape, and by encouraging young people to take full advantage of the single market.

Enhancing the employability of young people and making sure they have the required skills which can be transferred to a working environment is essential in tackling unemployment. In this regard, businesses should be consulted and liaison between academic institutions and businesses should be stepped up. University-Business dialogue is a useful tool in helping to achieve this.

Finally, there are some EU programmes such as Erasmus, for its educational and societal benefits and Creative Europe for helping to create opportunities for young people in the Cultural creative sectors. However, each national economy is different and matters to do with employment are largely for the Member States and we must be careful not to cede any more power in this important area.

3. Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as being not in education, employment or training ('NEETs'), support for newly qualified graduates looking for work, and general career guidance?

There are EU measures addressed at all of these issues but in my experience I have found that most of the measures focuses on higher education and not enough on further education or targeting NEETS specifically. But there is a move to recognise more vocational training going forward. However, I feel that a more important question here is identifying how and where the programmes proposed can add value to actions already being taken at a Member

State level. With tightened budgets it is important that we focus funding on the programmes which add the most value to alleviating youth unemployment issues and less on costly programmes such as Jean Monet which is of little use to the average EU citizen. (The Jean Monet funds the College of Europe and training of European Institutional civil service i.e for a small elite.)

4. Are the EU's accounting, monitoring and evaluation procedures sufficient to be able to determine whether EU funded projects to tackle youth unemployment have been successful or not? Are there ways in which they could be improved?

Previous Court of Auditors Reports on the effectiveness of EU funding have found that "controls" over 86 per cent of the EU budget were only "partially effective" and in many cases found that EU money did not hit its targets. At a time when national public spending is being cut, it is crucial that EU funding is spent more efficiently and in a targeted manner.

It would be useful if the Court of Auditors Reports were published in a timely manner in order to have greater impact on the discussion between Member States and the European Commission, thus informing the process before programmes are automatically renewed.

Enhancing performance and creating EU added value is of utmost importance when assessing the effectiveness of EU funding. The availability of up-to-date and reliable data is essential to monitor the achievement of objectives and the outcome of the measures of publicly-funded programmes, and that all Member states continue to comply with reporting obligations. The status quo is to believe everything has value and we need to continually add more money and more EU projects. There needs to be a stricter results driven assessment of EU investment to ensure its truly delivering on their objectives.

5. How do you think the funds allocated through the Youth Employment Initiative (YEI) and the European Social Fund (ESF) could best be spent?

Primary responsibility for youth employment programmes rests with Member States, but over the years the European Social Fund has provided resources to supplement those programmes. The YEI should reinforce the resources available from the European social fund to address growth, employment and skills need and contribute to the EU2020 strategy.

The ESF should raise employment and skills levels and complement Member States' domestic programmes to improve value for money. It should help to tackle poverty by targeting the most disadvantaged groups, according to labour market needs, in order to improve their employability and skills. Most importantly, Member States should have the flexibility to deliver ESF and YEI in a ways that is consistent with their employment and skills policies and systems. In England, Local Enterprise Partnerships (LEPs) must be given adequate flexibility to identify how the money can best be used to tackle youth unemployment in their areas in a way that complements our existing policies such as the Work programme and Youth Contract. That will ensure that the youth employment initiative adds value to existing provision in the eligible areas. Most importantly the YEI must respect the principles of subsidiarity and proportionality.

6. Do you feel that young people (aged 15-24), youth groups and their representatives are involved and consulted to a satisfactory degree in the decisions being made around EU funding for youth unemployment projects, and how they are administered?

Generally I would say no. But as the youngest MEP for the UK I endeavour to represent their views in the committee. When I worked on the Erasmus + I was contacted by many organisations representing the civil society. I am often out speaking with young people in my constituency, organising events to meet them and to hear stories I can bring back to my work within the European Parliament. I also invite universities and schools to visit Brussels and the European Parliament. But it is true that generally youth policy is sculpted by old politicians and civil servants and we could do more at EU and Member State level to improve consultation. But the Youth Unemployment fund is the EU's response to a youth problem so they want to be seen to have listened and responded.

However, in order to get the maximum benefit from EU funding, it is important that our Local Enterprise Partnerships (LEPs) engage with groups or parts of their area not currently represented on the Local Enterprise Partnership Board which may be relevant for some kinds of activity supported by the ESF and YEI (e.g. civil society, universities, schools and youth organisations). There are existing networks that would be well placed to work in partnership with LEPs to ensure their EU investment strategies take into account the full potential of the local area.

7. Should the EU and Member States take into account the positive and negative socio-economic impacts of youth migration due to unemployment when designing measures to tackle youth unemployment? How might any negative consequences be mitigated?

Youth migration is certainly an important issue, but we should be careful not to confuse different policy areas too much. EU Member States need to cooperate and exchange best practice when it comes to their different experiences with youth unemployment. Migration is certainly an element of this. However, while this is an important issue worthy of some cooperation, we must be vigilant that dealing with the consequences of youth migration lies primarily at a Member State level.

However, migration of young people can open up valuable opportunities, it is important that we take the appropriate measures to ensure that migration leads to their human development as well as contributing to the development of both their home and host countries. Free movement of workers and peoples is a founding pillar of the EU and people should be encouraged to take advantage of the ability to move for work, however, we should always be mindful of problems of social inclusion and acceptance of migrant workers across Europe.

8. How can the EU and Member States embrace new technologies and new methods of working to combat youth unemployment?

I believe we should encourage young people to take advantage of the Single Market of 500 million citizens by becoming entrepreneurs and setting up their own businesses. I am working on an EU level on cutting red tape for SMEs to enable them to start up, grow and

Emma McClarkin MEP—Written evidence

create jobs. The promotion of the possibilities given with the Single Market and all the help out there for young people is important. E-commerce is also an area I have worked on helping businesses to trade cross-border within the EU but also globally.

Another area I would like to raise is the knowledge triangle. We have often led calls for more use to be made of the knowledge triangle and for there to be a focus on using research, innovation and education policies together in order to generate jobs and growth. On this aspect, the creation of a well working mobility of researchers is vital.

On sport, although only indirectly related to unemployment aspects, we have long argued that sport and exercise need to be given more careful consideration as a tool that can have an impact on local communities and help address societal challenges facing youth. This is one area, which when taken together with the broader youth strategy, can help tackle some of the longer term social issues related to low levels of employment and help create a healthy workforce both mentally and physically.

25 October 2013

Heather Cousins, Northern Ireland Executive, and Brian Smart, Northern Ireland Executive—Oral evidence (QQ 61-69)

Evidence Session No. 5

Heard in Public

Questions 61 - 69

MONDAY 18 NOVEMBER 2013

Members present

Lord Wilson of Tillyorn (Acting Chairman)

Lord Brooke of Alverthorpe

Lord Clinton-Davis

Lord Cotter

Lord Fearn

Lord Haskel

Baroness Hooper

Lord Kakkar

Earl of Liverpool

Baroness O’Cathain (Chairman)

Baroness Valentine

Examination of Witnesses

Heather Cousins, Deputy Secretary, Resources, Department for Employment and Learning, Northern Ireland Executive, and **Brian Smart**, Head of NEETs Strategy, Department for Employment and Learning, Northern Ireland Executive

Q61 The Acting Chairman: Hello, good evening and thank you very much for coming. I am sorry if we have kept you—you were at the back, so you were not hanging around in the corridor. In case you were not here at the beginning of the session, let me explain the form that this takes. We will take about 45 minutes or even less, if we want to get you off by 6 o’clock. Members have already declared their relevant interests. The session is on record. It will be webcast and subsequently accessible on the parliamentary website. You will get a transcript of everything that is being recorded and you will have a chance to correct the transcript. When it comes back corrected, it goes on the public record and is on the

Heather Cousins, Northern Ireland Executive, and **Brian Smart**, Northern Ireland Executive—Oral evidence (QQ 61-69)

parliamentary website. Please could we start with you explaining who you are and what you do?

Heather Cousins: I am Heather Cousins. I am Deputy Secretary in the Department for Employment and Learning. I have responsibility for resources in the department and I have policy responsibility for higher education, NEETs and the European Social Fund. I have been in my post only for a month, so I have brought along my expert, Brian Smart—my left-hand man on this occasion—who will be able to answer any detailed questions for which I do not have the information.

The Acting Chairman: Thank you very much. After a month is when you write a book on the subject. Mr Smart?

Brian Smart: Yes, I am Brian Smart. I currently head up the policy and strategy branch, which has particular responsibility for the NEETs question within Northern Ireland. Prior to that post, which I have had for about a year now, I was head of the European Social Fund Managing Authority and I currently have responsibility for the ESF Certifying Authority within Northern Ireland.

The Acting Chairman: Thank you very much. Do either of you want to make an opening statement or will you just take the questions?

Heather Cousins: I will just briefly say thank you very much for the opportunity to give evidence on the actions that we have taken in the devolved Administration. I think that in some ways size enables us to trial things and see what works. It is also useful to have in the one department the higher education institutions policy, further education, skills and the employment programme. The fact that that is all in one department means that we can have the co-ordination and collaboration that I think is essential for success. That is all that I wanted to say as an opening remark.

The Acting Chairman: Thank you very much indeed. Brian, do you want to add to that?

Brian Smart: No, I am fine.

Q62 The Acting Chairman: Shall we start off with the questions then? I think it is generally agreed that youth unemployment across Europe is a particularly serious aspect of the economic crisis that we are facing at the moment. Could you summarise for us your view on exactly the nature of the problems as they affect you in Northern Ireland? Who and what groups are affected and in what particular ways?

Heather Cousins: It would probably be helpful if I started off with some background statistics on the extent of the problem of youth unemployment within the context of the European Community and then Brian will take the issue of the measures that we are taking and so on. Here are some summary figures regarding 16 to 24 year-olds. As far as the unemployed in that age group are concerned—that is, those who are claiming unemployment-related benefits—there are 15,970, which is 7.2% of the age group. Of those, 2,305 are long-term unemployed—those who have been claiming those benefits for over a year—which is 1% of the age group. The number of NEETs who have been identified using the Labour Force Survey, however, is estimated to be around 46,000. The information coming out of the 2011 census of population would indicate 33,516 individuals who are either unemployed or economically inactive. The difference is accounted for by those who are in part-time education.

Heather Cousins, Northern Ireland Executive, and **Brian Smart**, Northern Ireland Executive—Oral evidence (QQ 61-69)

It is evident from these statistics that youth unemployment has been persistently high, ranging from 8% in 2002 to 20.3% in the second quarter of 2013. It impacts, obviously adversely, on the lives of those affected. When we look at the various causes and so on, we see that there has been a lot of good work on ensuring that people leaving school have five or more GCSEs and there has been a lot of good work on improving adult literacy skills, particularly at the lower levels. However, we are still struggling with the economy. Certainly our economic recovery is slower than that in the rest of the UK. The sectors where traditionally we have had youth employment are still struggling—construction and so on. That really is the context. Our level of youth unemployment between 18 and 24 year-olds currently stands at 24.7%, which is below 25%, but it is up on the previous quarter and up by 5.5% over the year, despite our significant efforts to arrest its growth.

Lord Haskel: Is this the 16 to 24 year-olds?

Heather Cousins: That was the 18 to 24 year-olds.

Baroness O'Cathain: I thought I heard you say that benefits were given to those between the ages of 16 to 24.

Heather Cousins: No, sorry, the benefits are for the 18 to 24 year-olds.

Brian Smart: Sixteen to 17 year-olds had benefits taken away in 1986, I think, so they have not had them since.

Heather Cousins: There is a confusion with the NEETs category being between 16 and 24 and the unemployed category being between 18 and 24.

Q63 The Acting Chairman: Thank you. Brian Smart, do you want to add to that?

Brian Smart: What I want to go on to say further is that the size of Northern Ireland means that, as Heather said, we have the unique situation where we have one government department that can cut across quite a number of the issues that many of these young people encounter. Last year, we set about looking at the whole issue of youth unemployment by establishing a cross-departmental, cross-government committee, which established what was called pathways to success. We have six key elements to that. First, within Northern Ireland, we have the youth guarantee, which is available to all young people aged 16 and 17. When they come forward, we will provide them with a place in training, further education or employment where possible. Currently about 7,000 places are provided for that—this is up to 30 April 2013.

Pathways to success have, as I said, six key elements. We realised that 46,000 young people were choosing not to engage in our mainstream programmes. Therefore, it was incumbent on us to research why that was and then to come up with a new method of trying to engage these young people. We established a collaboration and innovation fund of £9.2 million to give 24 organisations across the voluntary community, business, local councils and health trusts an opportunity to have funding for a two-year period to look at new, innovative and collaborative ways of engaging with these young people, the expectation being that, based on that and based on the evaluations, we would take those parts that were working and build on them and not use those parts that were not working. That is an important programme. It is providing 6,400 places over the next two years.

Alongside this, you have the troubled families initiative. We call ours the community family support programme. In Northern Ireland, we have set aside £4 million. It has also been

Heather Cousins, Northern Ireland Executive, and Brian Smart, Northern Ireland Executive—Oral evidence (QQ 61-69)

established as a delivering social change programme by the Office of the First Minister and Deputy First Minister, which is contributing half the funding to it. We are going to engage 720 families in association with social services through our health trusts as well as through the Probation Board and the Department of Justice. We are bringing families together who have NEETs young people, who have intergenerational unemployment and whose life chances are marginal. Many of these young people have younger siblings who would be destined to become NEETs. It is a major intervention from us working with families to try to get families as a unit to work together in order to be able to listen, to understand, to be more tolerant and to deal with issues around money management, health and nutrition. That is a major programme.

Alongside that we have introduced an educational maintenance allowance for 16 and 17 year-olds. You may well be aware that 16 and 17 year-olds cannot in the current system claim unemployment benefit unless they are care leavers or they have other particular circumstances that allow them to claim funding. We have introduced a non-means-tested EMA, so that if a young person comes to us in one of our programmes for 10 hours or less, they get £10. Crucially, that attendance also allows them to have their child benefit reinstated, so that young person, if they are the first young person in a family, will get £10 for attending our course plus their parents will get £20.40 because their child benefit is reinstated. If they come to us for more than 10 hours, we give them £25, and if they come and work full-time they move on to £40 a week—if they are 16 or 17 years old, they maintain their child benefit. That is unique to Northern Ireland and it is something that has been very, very beneficial in reconnecting young people. We also have a local intermediate employment service working in communities and run by community organisations to reconnect these young people. Overall, we are spending £25 million over the next two years on what we think is a fairly comprehensive approach to looking at innovative ways to tackle the problem of unemployment.

Within that, we also have the Northern Ireland European Social Fund, which funds organisations to provide 4,500 places for young people who fall into the NEETs category. We set a target back in 2007, when we were designing our operational programme, and we have identified 4,500 places—roughly 3,000 of those have been filled, but the programme has another couple of years to run. We feel that we have taken a fairly comprehensive position in relation to youth unemployment and in engaging employers. As part of our European Social Fund, there are three priorities. Priority 1 is largely for the voluntary and community sector. Priority 2 is for government-led programmes. We have put 47,000 young people through apprenticeships over the five years of the programme, at a total cost of £57 million, 40% of which is paid for by the European Community, with 60% paid for by the Northern Ireland Assembly. We feel that we are off to a good start. It is a difficult issue. These young people very often have left school early. They have numeracy problems, literacy problems or behavioural problems. Many of them do not feel comfortable in the formal sector and prefer the informal sector, and that is the basis on which we have been taking forward our approach to this problem.

The Acting Chairman: Thank you very much. If you have a whole lot of statistics, you may find it easier to give us a piece of paper afterwards.

Brian Smart: We will, yes.

The Acting Chairman: Otherwise we will get drowned in statistics. We will come to other questions, but some of the things may have been covered.

Q64 Baroness Valentine: Yes, I think that you have pretty much answered the beginning of my question, but perhaps you could answer in particular the end of it. Could you summarise for us the steps that you are taking to tackle youth unemployment and say why you have chosen these? More particularly, can you contrast them with measures in the rest of the UK and the rest of Europe? What is best, and if necessary worst, practice transfer? Also, can you comment on your degree of ability to determine your own priorities and programmes in this field? You appeared to be commenting on the fact that you could put things together in a way that a less devolved Administration would find more difficult, so can you comment on that as well?

Brian Smart: Northern Ireland, as you can probably appreciate, has had considerable funding from Europe for many, many years, not only structural funds but peace funding. A lot of that funding has created an infrastructure within communities that is sustained to this day, and it allows people within what you might call a large estate with multiple problems. There is a community presence there, and there is perhaps a community house or a repository of people working with young people within a European context. That is important to us. Equally, we within Northern Ireland are very much involved in transnationality across Europe. Quite recently, we won a contract to do a piece of work on empowerment and social inclusion. We worked with Greece, Portugal, Lithuania, France, Spain and a number of other countries to look at the particular problems that they were experiencing and contrasting them with our own situation. That is very helpful as it enables us to locate the activities that we are engaged in against others across the European Community.

I accept your point that we in the devolved Administrations are probably able to respond more quickly to emerging crises. However, we have the added difficulty of our land border with the Republic of Ireland and the particular economic turmoil that it has experienced as a result of the banking crisis. You will see that there has been a major slump in the economy down south in the Republic of Ireland and mass migration on a scale that is almost twice what it is within Northern Ireland. I believe that we can respond easier and quicker without having to cope with a lot of the bureaucracy that some of the other larger devolved Administrations might have.

Earl of Liverpool: Can you tell us how your position compares with that of the Irish Republic, particularly on the issue of outward migration and what you are doing perhaps with the Irish Government on joint initiatives?

Heather Cousins: This is another area where we can give you a lot of statistics, but I will not. We will send you the statistics that we have. I can summarise them by saying that there are more young people in the Republic of Ireland. Its outward migration is greater than ours, and some of that outward migration might come to the north. We have particular issues with the participation of young people from the Republic of Ireland at our colleges of further education. We have estimated that at the moment we are paying to the tune of £8 million for educating people from the Republic of Ireland. The issue of whether we can collaborate has been discussed at the recent North South Ministerial Council in the context of youth unemployment. They obviously have access to the European money to deal with the regions where youth unemployment is over 25%. We are just under that figure, and we do not have

Heather Cousins, Northern Ireland Executive, and **Brian Smart**, Northern Ireland Executive—Oral evidence (QQ 61-69)

access to that money. We are looking particularly at whether there are border areas where we can collaborate and have joint initiatives.

Brian Smart: There is a particular issue in that the employment rates within Donegal, for example, are running at around 49%. Therefore there is a capacity issue for local provision at FE level, because they come across the border to us.

Q65 Lord Kakkar: I just want to come back to the assessment that you have made of the value of various EU initiatives—the youth guarantee, for instance, or the Social Fund—to Northern Ireland currently and potentially in the future, and to your assessment of their value more broadly across the Union—if you have made that assessment?

Brian Smart: In terms of finance, it is probably worth about £400 million to us over the next ESF period. That probably represents about 7% of the departmental budget. It is a niche amount of money, but it allows us to be fairly flexible, because while EU funding is a reserve matter we can nonetheless write the operational programme to suit our particular needs within Northern Ireland. We have also been able to demonstrate a degree of flexibility in ERDF funding, which has provided us with additional money on the European Social Fund side, particularly to deal with NEETs in this last period. We had a transfer of €20 million to deal with the youth unemployment problem.

More widely within Europe, clearly we would like to see more money coming to deal with youth unemployment if we could. Heather has already indicated that we are on the cusp of the threshold to receive youth employment initiative funding. We currently have unemployment at 24.7%, 25% being the point at which the funding is triggered.

Lord Clinton-Davis: Can you repeat that?

Brian Smart: I am saying that we currently have 24.7% unemployed among the 18 to 24 year-old group. Under the new initiative which the European Community is bringing forward to address youth unemployment, the sub-regions of Member States that have 25% or more unemployment can apply to get funding from that fund. We unfortunately are not in a situation where we can apply for it, on the grounds that we are 0.3% off. However, at a sub-regional level, perhaps in some of the counties in the north-west, we are probably at more than 25%, but it is not available at a sub-regional level. That is one of the discussions that we are having with the European Community and our colleagues in the Republic of Ireland: whether or not the north-west region of Ireland, which straddles the border, can be regarded as eligible for that funding.

Baroness O'Cathain: There is a precedent there, though, is there not? You will remember, Lord Brooke, the three regional development funds. Cornwall, for example, was able to get funding, and parts of the north-east as well I think, so there are precedents that could be called in. I think that is a very good idea.

Brian Smart: As I say, it was raised at the North South Ministerial Council just last week, and it is something which the Taoiseach was keen to take forward as well.

Lord Haskel: You are straddling two Member States.

Brian Smart: Yes, of course, but we are part of the wider European Community and we have to bring forward meaningful arguments that allow us perhaps to cut through some of the bureaucracy, or at least to change minds and maybe even hearts.

Baroness O'Cathain: That is absolutely right. You should try to change the bureaucracy, because we are trying the same old ways, such as not getting the SMEs involved. We have to think outside the box. This is too serious a problem.

The Acting Chairman: Good luck with it. Lord Haskel.

Q66 Lord Haskel: This problem has been around for an awful long time, and a lot of good work has been done on it, as you have just told us. There has also been a considerable amount of evaluation as to the best practice and how to help young employed most effectively. Indeed, Northern Ireland has been an effective participant in many transnational programmes, so if so much is known, why is the problem of youth unemployment so intractable? What could we practically do to improve our collective performance? How can we do better?

Brian Smart: You are absolutely right. There is no question about that. In Northern Ireland, we have already stated that we have been recipients for many a long period of both peace funding and EU funding. However, with the unprecedented nature of the economic collapse and the banking crisis, the Republic of Ireland, our neighbour, gave a guarantee in relation to all banking deposits, which meant that it had to go to the troika to borrow lots of money. We are seeing it from both sides: there is not only a general downward trend in economics but particular circumstances in the Republic of Ireland, which again are unprecedented.

We are not experiencing the same levels of youth unemployment that you are seeing in Spain, Greece, Portugal and many other regions, because of our investment over the years and because of wise investment of European funding, I would suggest. We have managed to keep the lid on it. In the Labour Force Survey, we are sitting at roughly 20%—between 16% to 24%. We have not done badly in relation to that. Equally, as I said earlier, about 7% of our departmental budget is equivalent to the ESF funding that we get over seven years. Alongside that, we are spending almost two-thirds, or £450 million per year, on young people in further education colleges, at universities, in apprenticeships or in training, but we need to work harder and smarter in order to ensure that we do not have it. We need to work closely with employers on what their needs are and to ensure that we can keep young people in employment so that they can complete their apprenticeships.

One of the things that we did three years ago when quite a lot of young people were being made redundant because of the downturn and were apprentices who were maybe two years into their three-year apprenticeship was to introduce a programme-led apprenticeship using European funding in order to ensure that the previous two years invested by the young person were maintained. We then allowed them to finish their apprenticeships through the FE sector, so that they had a qualification in advance of the upturn.

We are always striving to do new things. If you are an advanced capitalist country you are always going to experience unemployment at various levels. It is an economic measure that people introduce in order to cope with a downturn. Equally, when there is a boom you have skills shortages. It has been around a while, as you say, but with careful consideration as well as being innovative we can make sure that we do not have the same levels of unemployment that there are in Portugal and Greece. Twenty per cent is regrettable, but it could have been a lot more without the interventions that we have had.

Lord Haskel: So we can work more closely with employers and we can provide continuity to apprentices if their schemes are disrupted. What more can we do?

Brian Smart: That is a major philosophical question. In terms of where we are at the present time, who could have foreseen the economic decline and the banking crisis? Maybe one or two commentators did. We have now seen closer regulation and closer controls to ensure that risk behaviour that threatens the economy can be marginalised or at least regulated better.

Lord Kakkar: One final point. If I understood correctly, you described the fact that you had maintained youth unemployment at around the 20% level compared to other European Member States, and that that was partly attributable to the fact that you had mechanisms in place over a period of time before this big crisis hit us to ensure that as it came to the fore you could do as much as possible to prevent this problem from expanding and larger numbers of youth becoming unemployed. Do you think that European schemes did enough previously to emphasise that need to prepare for crisis rather than deal with it?

Brian Smart: I suppose that is a difficult question in that each member state's economic development will be at a different stage. In Northern Ireland, we have traditionally had high levels of unemployment, but we significantly reduced those in the 10 years previously. However, that is against the background of a construction sector collapsing by almost 40% and retail sales and retail jobs down by 10%. That is directly about people either having the confidence to spend and to go out and generate economic activity.

As far as the European Union's funding is concerned, because it represents only 7% we have to look at it in a niche way. That is what we have done: we have largely used ESF funding through priority 1 to maintain the voluntary and community sector, the third sector, because they are the people who we feel are best placed to deal with the particular problems that the young people who are unemployed and NEET young people are experiencing, because those young people do not by and large come into the formal sector unless they are mandated through jobs and benefits. If you are a 16 or 17 year-old, you do not get any funding in any case. We will provide with them an EMA, but sadly that cannot be paid for out of European funding, because you cannot pay training allowances out of the European fund.

Q67 Lord Brooke of Alverthorpe: You mentioned migration earlier. As we all know, there has been massive migration from the Republic. I wonder whether, maybe separately, you could tell us the extent to which migration has changed in the past four or five years in Northern Ireland, and the extent to which that might have impacted on the numbers who are unemployed. We can deal with that separately if you would write to us, please.

What is your view of the role that employers play, be they private or public, and the extent to which they are involved in tackling the issue? What you have been describing to us is very impressive. However, the Government have undertaken much of that. Could you talk about what the private sector's role has been, the plans for the future and the extent to which changes in the public sector are impacting on Northern Ireland?

The Acting Chairman: Before you answer that, could you reply in writing to Lord Brooke's first question? If you do not mind, could you keep your answers brief now? We do not want to keep you long beyond your scheduled time.

Heather Cousins: Again, I would point to the issue of the small size of communities. We have very good relationships with employers. We are continually asking employers about skills which they require us to be providing for them. Having that in the one department is very important. We have various programmes, such as Steps to Work, youth employment

schemes and the ESF programme. There is a lot of private sector support. Equally, the public sector has been providing placement opportunities. We are looking at offering placements in the Civil Service, and many of the local councils provide work placements and paid employment schemes through our pathways strategy. We have just completed a major review of apprenticeships with a view to looking at apprenticeships going from level 3 to level 8 in the future, and expanding that provision.

Brian Smart: Alongside that, it is worth mentioning that the careers service is also part of our department. It is not like local government and it has not been privatised. It remains with the Department for Employment and Learning. Interestingly, it provides ongoing mentoring, help and support for young people within secondary schools. More importantly, it also contracts our NEETs people, because we have unique learning numbers within Northern Ireland. It is the same within the United Kingdom as well. They are case-loading roughly 1,500 young people who are currently NEETs, who they are mentoring and seeing. The other thing is that the careers service is now doing more work with employers by way of spending two weeks in areas of growth within the economy, so that they can talk much more meaningfully about the types of jobs that are coming forward and the changes within the Northern Ireland economy. We have a very good working relationship with employers. We do not always get along with the employers' organisations, but we certainly have a useful dialogue with them. It is not polemical; it is more dialogue.

The Acting Chairman: You mentioned pathways just now. Earlier, there was point about the large number of people who were not on the pathways programme. Can you explain what happened to those people? What are they doing?

Brian Smart: As I said, pathways to success has six elements to it. One of the programmes that we tried focusing on was the collaboration and innovation fund, which has 6,400 places in the next two years. We started that programme in February of this year and we already have 1,400 people going through it. We believe that we are on target, which is roughly 3,000 per year. Those young people, had they not come on to the collaboration and innovation fund, may well have just been at home. Interestingly, I always think about young people and every one of them has a mobile phone; there are not many who do not. Maybe they cannot always pay for the phone by top-ups. One of our organisations provides them with a SIM card for the month. If they turn up, that is fine; if they do not turn up, the SIM card is cut off. There are lots of incentives there and innovative ways of looking at how you incentivise these young people. Having a mobile phone, and one that works, is very important.

Q68 Lord Clinton-Davis: I want you to elaborate on young people. How do you think the position can be improved by involving them rather more?

Heather Cousins: We have involved young people in the development of pathways to success. A young person's version of the consultation document went out when the strategy was being designed. There was a NEET strategy forum, and specifically a youth development officer within that and youth forum to inform our development of policy. This week we are having a major EU conference that is specifically focused on NEETs. The young people have been involved in designing that conference. They had what was called a fringe event last week, the outworkings of which will be workshops on the Thursday afternoon of the conference this week. We have also done various SurveyMonkey questionnaires, which have elicited views from young people about what they need, what works for them and how they can be more involved in the decisions that will affect their future. We have regional focus

Heather Cousins, Northern Ireland Executive, and **Brian Smart**, Northern Ireland Executive—Oral evidence (QQ 61-69)

groups for those who have not been able to be involved in the fringe event, for example. We have various voluntary organisations, such as one called Youth Action Northern Ireland, which have organised these events for us to ensure that we can hear the voice of young people. Specifically for this conference, a group of young people have been offered WorldHost training. They will be meeting and greeting the 300 delegates who will be attending this conference. We have participation from all over Europe at this conference. We have the deputy-director general—

Brian Smart: DG Employment.

Heather Cousins: —coming along to speak.

Lord Clinton-Davis: That is all very well, but what has been the reaction of the younger people? You are saying that certain things have been offered to them, but how are they reacting?

Brian Smart: A few years ago they came and demonstrated outside our building and said, “What are you doing for us?”. That was the start of a dialogue with these young people. We were not complacent by any stretch of the imagination. We also have established a NEET strategy forum, which is a voluntary organisation that has come together. It has 65 members from across all walks of life in Northern Ireland, from voluntary and community sectors, employers’ groups, parenting groups, educationalists and various other people. They came along and lobbied the Minister. We have given them some money and organised them. They act as a sounding board for a whole range of different organisations that work with young people. More importantly, five of the people who are on the NEET strategy forum were elected to represent them on the ministerial advisory group on NEETs, so they have a voice right at the heart of government. They are there to challenge us as civil servants, and others, at these meetings about the strategy’s progress. We have a young person’s voice on that advisory group as well. We believe that we engage quite a lot with young people, and with those who represent their views. We could always do more, I am sure, but what we have done to date is a fair representation of useful engagement, and it has borne fruit.

Lord Brooke of Alverthorpe: Is anybody doing similar things elsewhere in the UK that you know about?

Brian Smart: I think we have borrowed some ideas from other parts of the UK in the way in which, for example, libraries engage with young people. Some of the research work that has been done in the Midlands and around Birmingham and Sheffield is quite interesting. We always keep up to date with what is happening. I come back to saying that the unique circumstances that we have in Northern Ireland, the fact that we have one department with control over quite a number of functions which would fall under several different departments in the English model, provides us with a critical mass and the ability to be able to react where necessary with resources, and to go out through competitive tendering in order to secure contracts for people to deliver products for us. We have a very strong governance and accountability that goes along with that. We should be public money ambassadors.

The Acting Chairman: You mentioned a young persons’ version of a consultation document. Could you send us a copy, please?

Baroness O’Cathain: That was one of the things that I was going to comment on. Lord Brooke mentioned the other parts of the UK having that face to face with NEETs et cetera.

Heather Cousins, Northern Ireland Executive, and **Brian Smart**, Northern Ireland Executive—Oral evidence (QQ 61-69)

What about other Member States? Do you know if this goes on in, say, Poland, Spain, Greece or Lithuania?

Brian Smart: I am certainly aware, for example, that in Germany their apprentices go and spend some time in other Member States as part of the funding which they get, not only in order to experience another member state but to develop their language skills. I am certainly aware of that. Beyond that, I have no other particular examples.

Q69 The Acting Chairman: I will ask you one very quick thing and then we must let you go. How do you rate, in terms of accessing EU funds, in comparison with other the other devolved Administrations?

Brian Smart: The funding is made available to Westminster and then we argue, so we do, based on a number of different factors. Obviously there are a lot of statistics. The last time we got slightly more than what should have been available to us. Under this new programme we got an extra €50 million, so I think we are doing okay.

The Acting Chairman: All right. That is a good final point. May I say, first of all, thank you very much for coming. Secondly, if you have thoughts when you go back which you would like to pass on to the Committee to help us, could you please write? That would be extremely helpful.

Brian Smart: Yes, sure.

The Acting Chairman: Thank you very much for coming. It has been very useful to have you here.

Brian Smart: Thank you.

Jez Langhorn, McDonald's, Terry Morgan CBE, Crossrail and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

Jez Langhorn, McDonald's, Terry Morgan CBE, Crossrail and Tanith Dodge, Marks & Spencer—Oral evidence (QQ 84-97)

[Transcript to be founds under Terry Morgan CBE, Crossrail, Jez Langhorn, McDonald's, and Tanith Dodge, Marks & Spencer](#)

Anthea McIntyre MEP (ECR, Deputy Co-ordinator, UK)—Written evidence

EU action to tackle youth unemployment

- 1. There is general consensus that youth unemployment across Europe is a particularly serious aspect of the current economic crisis. Could you summarise for us your own view of exactly what the nature of the current problems are, what issues are you most concerned about?**

Unemployment, particularly youth unemployment is the biggest social challenge facing Member States. In July 2013 the unemployment rate for the EU as a whole was 11%, and for a number of Member States was over 20%. Achieving growth, productivity and jobs in Europe relies on Member States managing and investing in human capital. It is important that we remain competitive and in order to innovate we need the right skills.

There is a clear trend towards more skill-intensive jobs. Almost 90% of the jobs that are expected to be created or become vacant by 2020 will require medium or high qualifications. Europe's education and training systems are not adapted to companies' skills needs. In 2015, the estimated shortage of qualified ICT staff in the EU will rise to somewhere between 384,000 and 700,000. More generally, the supply of science, technology, engineering and mathematics skills will not match the increasing demand of companies. It is important therefore, that we put labour market needs at the centre of our education systems.

- 2. What are the different issues for different types of young people, for example graduates as opposed to disadvantaged young people without qualifications?**

Businesses can only create jobs and recruit more people if the market allows for it and if they can rely on a qualified workforce. This affects both graduates and disadvantaged young people without qualifications for different reasons.

On the one hand, the EU is faced with serious skills shortages and skills mismatches which are acting as a break on economic growth. Over 4 million jobs across the EU are vacant because of skills mismatches. A recent Eurofound (European Company) Survey, published in November 2013, indicated that in the midst of the current recession, 40% of all EU companies have difficulties in finding workers with the right skills and for innovative companies this is even more challenging. At the national level, it is essential to give education and training systems greater relevance to labour market needs in order to bridge the gap between graduates and job vacancies.

On the other hand, for young people without qualifications the challenge is helping them gain access to training and employment opportunities. In order to create these opportunities we need to ensure that we create the right environment for businesses to create employment opportunities in the first place. Member States should also be more responsive to labour market needs by fostering work-based learning and apprenticeships. Many Member States, including the UK, have already put in place

comprehensive initiatives including expanding apprenticeships and investing in training, designed to help young people get the help they need to get into the labour market.

3. To what extent to you see the issue as being about the demand side (the availability of jobs) and to what extent the supply side (how well young people are prepared for the labour market) with regard to their skills or employability?

Both issues are inextricably linked, without demand there are no opportunities and without a qualified workforce businesses cannot hire. However, we must remember that it is businesses, particularly SMEs that create jobs, not EU policy papers. For this reason it is crucially important that Member States and Europe in particular avoid creating an over regulated labour market. Growing international competition driven by increasingly skilled work forces have left the EU facing serious skill shortages and mismatches which are acting as a break on economic growth. Our ability to remain competitive relies on skills. The EU 2020 strategy has set a target for Member States of 75% in active employment by 2020, if we are to have a realistic chance of reaching this target, we need to focus on how we can create the right environment for businesses and start-ups to create jobs and make the world of work more attractive.

For example, in the UK there are nearly 30 million people over 16 in work, which is up by 275, 000 on the previous year. Since May, 2010 the private sector has created 1.4 million jobs in the UK. It is flexibility in the labour market that has helped to achieve low levels of unemployment including the use of part-time and temporary contracts, which can act as a stepping stone for young people and the unemployed to enter the labour market.

4. What role should different stakeholders play in tackling youth unemployment - for example the Commission, national governments, businesses or trade unions?

Urgent action is needed to combat youth unemployment at national, multi-lateral level and, where appropriate, by the EU. The Commission has a role to play in facilitating multi-lateral dialogue and exchange of best practice among Member States and providing a forum for dialogue on how best to addresses unemployment levels, skill shortages and businesses needs across the EU. However, attempts to reconcile the needs of each Member State at EU level in the form of blanket laws or initiatives are impractical and inefficient. It is important that EU action does not overlap with the good work already being undertaken by national governments.

Actions to tackle youth unemployment are better and more efficient if they are delivered by national governments and, where appropriate, with the support of the EU. More often than not national governments are best placed to identify and meet the needs of young people. In fact, the UK government has already taken concrete measures to tackle youth unemployment through the 'youth contract', where the government has made a commitment of almost £1bn. Recent figures (January 2014) in the UK have shown that the number of young people in work has increased by 77,000 in the last three months, while youth unemployment fell by 39,000 and the number of young people claiming Jobseeker's Allowance fell for the 19th month running.

- 5. The EU level has three main elements: the Youth Employment Programme, which promotes a Youth Guarantee in particular; the Youth Employment Initiative, which allocates money to areas with the biggest problems; and the new European Social Fund programme, which now has a greater emphasis on working with young people. Could you comment on each of these, in relation to how valuable they might be and what would be needed for them to have a good impact?**

The European Commission is currently assessing the Youth Guarantee Implementation plans that have been submitted and will be giving feedback directly to Member States in the coming weeks. Therefore, at this stage it is difficult to assess its impact.

By far the largest source of funding comes from the European Social Fund (which also supports the Youth Guarantee and Youth Employment Initiative) which is projected to be worth more than €10 billion every year from 2014 - 2020. How this money is spent and how effective this will be has yet to be established.

The Youth Unemployment Initiative will concentrate on regions experiencing youth unemployment rates above 25% and on young people not in employment, education or training (NEETS). As Member States' implementation plans are still being submitted to the Commission it is difficult to assess its effectiveness or how valuable it is.

However, the underlying principle should be that any EU initiative should provide Member States with the flexibility to address their own policy bottlenecks. In addition to this, EU action must complement and not contradict the work already undertaken at national level.

It is also important to note that previous Court of Auditors' Reports on the effectiveness of EU funding have found that "controls" over 86 per cent of the EU budget were only "partially effective" and in many cases found that EU money did not hit its targets. Therefore, it would be useful if we could learn from past mistakes and ensure that the Court of Auditors' Reports were published in a timely manner in order to have greater impact on the discussion between Member States and the European Commission, thus informing the process before programmes are automatically renewed.

Enhancing performance and creating EU added value is of utmost importance when assessing the effectiveness of EU funding. The availability of up-to-date and reliable data is essential to monitor the achievement of objectives and the outcome of the measures of publicly-funded programmes.

- 6. Is it appropriate for the EU to have a role in youth unemployment and if so why?**

EU action in the area of youth unemployment, like other social policy areas, must be complementary to the work undertaken at national level. As mentioned previously, attempts to reconcile the needs of 28 Member States can result in the introduction of stringent blanket laws or initiatives that with the best of intentions will have limited positive impact and can have serious unintended consequences.

In general, any action in the area of social policy is better and more efficient if it is delivered by individual Member States through their own social policy programmes working with regional and local authorities who are best placed to identify and meet the social needs of their citizens.

7. What can you tell us about how these EU initiatives are being used in other Member States? How do you see the UK's response in comparison to other countries?

On 15th January, 2014 the European Commission announced that 17 out of 28 Member States had submitted their plans to implement the Youth Guarantee, while 11 Member States (including the UK) are still preparing their strategies to deliver a national Youth Guarantee scheme. In addition to the Youth Guarantee, 20 Member States are eligible for additional funding for the Youth Employment Initiative due to their high unemployment rate (more than 25% in at least one region). As the practical measures for implementation are at an early stage and the impacts of such initiatives are not yet evident it is difficult to compare how Member States use such EU initiatives.

8. Are you aware of any ways in which the perspectives, ideas and views of young people themselves have been gathered to help different bodies like the EU, national or local governments design responses to the issue?

There are numerous local, national and pan-European organisations that all bring together the concerns, needs and perspectives of young people.

20 February 2014

Anthea McIntyre MEP and Pervenche Berès MEP—Oral evidence (QQ 144-152)

Anthea McIntyre MEP and Pervenche Berès MEP—Oral evidence (QQ 144-152)

[Transcript to be found under Pervenche Berès MEP and Anthea McIntyre MEP](#)

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), **Rachel Wenstone**, National Union of Students, and **Chris Neal**, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), Rachel Wenstone, National Union of Students, and Chris Neal, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 126-143)

Evidence Session No. 10

Heard in Public

Questions 126 - 143

MONDAY 16 DECEMBER 2013

Members present

Baroness O’Cathain (Chairman)

Lord Brooke of Alverthorpe

Lord Clinton-Davis

Lord Fearn

Lord Freeman

Baroness Hooper

Lord Kakkar

Earl of Liverpool

Baroness Valentine

Lord Wilson of Tillyorn

Examination of Witnesses

Hushpreet Dhaliwal, CEO, National Association of College and University Entrepreneurs (NACUE), **Rachel Wenstone**, Deputy President, National Union of Students, and **Chris Neal**, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)

Q126 The Chairman: Good afternoon. Thank you very much for coming. I know you were sitting at the back for some of the last session, which is pretty exhausting, but you can see how enthusiastic the Members of the Committee are to try to get ways through all of this. The session will last approximately 50 to 60 minutes. Members of the Committee with relevant interests will declare them now. Does anybody have any relevant interests? No. The session is on the record and is being webcast live and will be subsequently accessible via the parliamentary website. Witnesses will receive a transcript of the session to check and correct

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), Rachel Wenstone, National Union of Students, and Chris Neal, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12

and this will be put on the public record in printed form and on the parliamentary website. To help the transcribers, please state your name and official title.

Chris Neal: I am Chris Neal. I am a trustee of the British Youth Council. As part of that role, I am also the UK's representative at the European Youth Forum.

Rachel Wenstone: Rachel Wenstone, Deputy President of the National Union of Students UK.

Hushpreet Dhaliwal: I am Hushpreet Dhaliwal. I am Chief Executive of the National Association of College and University Entrepreneurs.

Q127 The Chairman: That sounds very impressive, and thank you very much for your time. I would like to invite the witnesses, individually, to make an opening statement if you wish to. You do not have to, but is there something burning that you want to say before we get into the question and answer session?

Chris Neal: The BYC welcomes any attempts to address the issue of youth unemployment. Youth unemployment has been around for a number of years. Young people have been dramatically affected in the austerity period and I think it is great that the House of Lords are taking the opportunity to explore the idea, especially with the new direction around the European funding, the Erasmus programme, education and change in state education in the UK. On behalf of BYC, I welcome this investigation into the issues.

The Chairman: Thank you very much. Perhaps I ought to clarify the situation. We will be advising our Ministers on what we think should be done, and that is why we are doing this scrutiny. Our role is scrutiny.

Chris Neal: That is fine.

Rachel Wenstone: Looking at youth unemployment has been a new area of work for the NUS in the past couple of years. We have taken on some serious pieces of research and some of the results of that research and reporting have been quite frightening: the extent of youth unemployment, the feeling of disempowerment, disenfranchisement, the way that it stops young people progressing to the next stages of their life—moving out of the family home, for example—can have such a huge impact and the belief that young people have that the Government is not looking to solve this problem.

It is important to look beyond the headline numbers—for example, at the differences between the unemployment rates of young black men in comparison to young white men, between disabled young people, between the progression rates for young women and also the regional disparity between employment and progression. Employment is only the tip of the iceberg when it comes to youth unemployment. In reality there are lots of related issues such as underemployment, the shape of the jobs market, the ladder without the middle rungs that we describe, or the hourglass shape, and we need to look beyond just unemployment to underemployment and progression.

Finally, it is so important—and I am so pleased that we are represented here today—to involve young people and students in the solutions to youth unemployment. Some of the solutions that the Government have proposed I do not think you would have young people

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), Rachel Wenstone, National Union of Students, and Chris Neal, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12

proposing in a million years. So I think it is great to have the opportunity to make this representation.

The Chairman: That is very kind of you, but I just say that the week before last a group of us went up to Liverpool and spoke to unemployed people and we got fairly rough treatment in some cases. Tomorrow a group of us are going off to Birmingham to do exactly the same. It was one of our Members who said, “What about youth? We have to find out what they really think rather than the people who run these organisations”.

Hushpreet Dhaliwal: I do not have an opening statement so much as to reinforce that we perhaps come at this from a slightly different angle. We are an organisation that was launched by students four years ago and our focus is job creation through entrepreneurship and getting young people to set up businesses. We operate at 80 universities and 110 college campuses and it is all run by students and student networks.

Q128 The Chairman: That sounds wonderful. Thank you. What do you think the impacts of youth unemployment on young people are and do you think that this issue affects particular types of young people more than others? Can we have quick snappy answers? I think most of us have some idea now after all these witness sessions, but could you answer that one please?

Chris Neal: Young people face a number of challenges when they are unemployed. BYC did a consultation of around 800 and 1,000 young people recently, which we submitted direct to the European Commission as part of a process they do to engage with young people. As part of the consultation, we found five key things young people face when unemployed. They suffer mental health issues, depression, a feeling of worthlessness—“I have these skills to bring but I cannot give them to anybody because nobody will accept what I am looking for”. It also causes some issues at home; if you are living with your parents, it causes tension in households. Also under-support and things around debt, because you are unemployed, you are not earning an income, right through to drug and alcohol abuse and that feeling of worthlessness. The second point is that numbers of young people over time, different groups, have experienced unemployment in different ways. Rachel was talking about underemployment and there are a lot of young people who are qualified but cannot get the jobs that they are qualified to do. They are pushing those ones that are not as qualified out of the job market because they are fulfilling jobs that they are not qualified for.

Rachel Wenstone: We did some research with students—the most privileged group of potentially unemployed young people—and even within that group there is anxiety and a high level of stress about finding a job, finding a well paid job and a job that matches their skill level. It is important to say that education is the silver bullet to lots of these issues in that if you have no qualifications unemployment is around 33% in comparison to 8% for graduates, but there is a big disparity within that. If you look at, for example, different types of graduates, those from Russell Group institutions are more likely to be able to access higher-skilled jobs than others. There is a stark difference even between no qualifications and the lowest level of qualifications. So for a young person with level 2 qualifications, five GCSEs, there is an unemployment rate of about 12%. That is compared to no qualifications of about 33%. Going through some level of education is very important.

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), Rachel Wenstone, National Union of Students, and Chris Neal, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12)

The hourglass economy, the missing middle bit, means that often graduates are forced into underemployment, into lower-skilled jobs, and that forces those without qualifications out of the bottom of the economy and into unemployment. It is worth saying it has serious consequences for the future UK jobs market when we lose highly skilled people to retirement in the next 30 years. There will not be people to replace those jobs and that is quite serious.

In terms of different types of unemployed people, half of young black men are unemployed in comparison to a fifth of young white men. I think that is something we should take really seriously. Disabled people are 30% more likely to be unemployed and young women are more likely to be in employment but often stagnate at the lowest level of pay on the lower skill level. I think these are very serious issues.

Hushpreet Dhaliwal: There are a couple of things here that are really different from unemployment in comparison to the way it has been in previous years or previous decades. One of the key things at the moment among graduates is that there are 115,000 graduates now who have been unemployed for in excess of two years. These people are not getting experience and training, and there is a bit of expectation management to do with the employers who are expecting people straight out of education or straight out of another job to join their workforce. They are not calling in people for interviews who are not employed or are underemployed for the best part of two years and that is a problem. There is expectation management to do there.

I think the big issue, though, is mismanagement of aspiration. There is real lack of understanding among this generation and some serious confusion of the opportunities that exist for them in career planning and ending up in a job. Every year the FE sector generates more hairdressers than there are currently hairdressers. It absolutely does not make any sense. We are not giving the right advice when trying to negotiate with a young individual and deciding on their career path. A plumbing job today could get you £70,000 a year; £70,000 a year you could earn being a plumber.

The Chairman: From plumbing?

Hushpreet Dhaliwal: Absolutely, and yet we have a deficit of those skills in the marketplace because we are not managing that. So there is that area.

When I look at the people who are most at risk it is probably those who are in training for jobs that do not exist or jobs that will not exist going forward. It is those who are on an educational track that is tied to attainment of education versus skills and training. The idea still that individuals with degree-based education get preference over those who come out of colleges and so on is a big problem. There is a cultural shift that the UK needs to undertake in understanding that training via other means is just as valuable for the kind of economy we are building.

The other thing that I would point out is, of course, regional. There is a deficit of opportunity depending on where you are raised, access to opportunity if you are born in certain parts of the UK versus others or have access to certain parts of education versus others.

The Chairman: Thank you. That has been well researched. Did you want add something?

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), **Rachel Wenstone**, National Union of Students, and **Chris Neal**, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12)

Rachel Wenstone: Yes. I disagree with the idea that students and young people are training for the wrong jobs. The diversity in the amount and types of education that people are coming into the labour market with is far greater than the diversity within the labour market itself. Young people are presenting the labour market with a high level of skills in different areas and the labour market is not reacting. One area where it has reacted is the creative arts industry. Ten years ago people reacted to so-called Mickey Mouse degrees and these are the degrees that are now going on to make this recession-busting industry. I think we have to be careful about fixing education for the labour market when the labour market is not moving around different types of education. Ultimately it is give and take; it is not one way or the other.

Hushpreet Dhaliwal: It is give and take, yes, both ways.

The Chairman: Does anyone want to join in on this? I shall move to the next question.

Q129 Lord Freeman: The public sector, whether it is the British Government or the European Union, has a whole number of initiatives. I have two very simple questions. Which initiatives are the most effective, in your judgment, and to what extent are young people aware of the most effective initiatives?

Chris Neal: We welcome any measures that Governments in the UK or the European Union decide to implement to support young people. BYC has not undertaken great research into this area. My personal perspective of it is that the most effective systems are the ones that engage with young people. If you can engage with young people, they want to engage and they want to participate and they become very active in what they are doing. If you say, "This is what you are going to do, get on with it", it is not going to happen. What you need to say is, "As a partnership agreement, what do we need to do? What is the end goal? What are we trying to achieve together?" I think there is great stuff; the youth contract is a way forward to do that. There is the development of the Erasmus programme moving into the next budgetary period. There are some great ideas and I think it is how you promote to young people as well.

There is stuff around formal education and the view that the way forward is that all young people will engage with a formal education. That is not right. Some people go to colleges, some people are out of the education sector, and it is how you get to those groups outside of the education sector to promote the resources to. It is okay targeting the normal channels, but we need to start to think differently and outside of those normal channels to engage with young people who get lost in the system.

Rachel Wenstone: We agree with the idea of the youth contract and the principle of it. What has really worried us is the take-up of the youth contract. I think there has to be greater engagement from universities and colleges with employers as opposed to expecting employers to be able to reach out to young people and young people to know where those opportunities are.

With the work programme, however, I have real concerns with a programme that forces a young person to languish in unemployment and take jobseeker's allowance before help is available to them. Where young people are asked to create the solutions to youth unemployment they probably would not say that forcing them to be unemployed for nine

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), Rachel Wenstone, National Union of Students, and Chris Neal, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12)

months first would be the solution. That is where it becomes very obvious that we need to engage with young people more.

The information, advice and guidance available to young people are absolutely atrocious. When the Government cut Aimhigher and Connexions, they cut a lifeline to many young people. We know, for example, that those people graduating from further education rely much more on their social networks and their local connections to find work. That means that they are relying on locally available work, on the social capital that comes with that and on the perceptions and expectations of them that exist. They are not looking beyond the opportunities available to them.

Of course, not having centrally funded, centrally administered information, advice and guidance to young people means that you are relying on schools and colleges to provide that. It is often underfunded and undertrained. It comes with people's own perceptions of what is right and wrong. There are all sorts of things that force schools to make different decisions. For example, you have schools deciding to push people towards higher education because they get moved up in the league table because of that. You do not get moved up the league table if you go into an apprenticeship, even if it is a high level apprenticeship, so there are difficulties there.

For the opportunities available through Europe, again it is an issue of information, advice and guidance. We send half the number of students that we take in on the Erasmus programme. There are all sorts of issues about what is expected of you when you go to Europe. Lots of people think that they need a second language, when you do not, and language provision in schools, particularly in poorer areas, is often awful, so again that comes with all sorts of social barriers. Ultimately jobcentres and careers advisers are not set up to give people the opportunities available to them in Europe, which is a great shame because there are an awful lot of young people losing out on opportunities available to them.

The Chairman: Do you have anything to add to that?

Hushpreet Dhaliwal: Only to reinforce that I think a lot of support and guidance that is received by young people is based on the competencies of local infrastructure, like Jobcentre Plus and other delivery bodies, and that is a real problem. When we speak to our network, there are real disparities between individuals. Certain universities and colleges have a clear understanding of what programmes like Erasmus expect of them versus another. That is not even just on the student side; it is also on the SME side. We speak to SMEs who say, "We do not understand how to engage with things like work incentives".

Chris Neal: Can I add one further point? The education maintenance allowance was a backbone for young people to go, "Okay, I have reached 16. I am going to leave formal education. I might not want to then get a job. I want to go and study". For some young people, great, it still exists. For wider than that it is terrible for young people to think, "I do not want to leave education but I feel I have to leave education because my family background, social background, cannot keep me in that place". I think there is something about how that could address the issue of unemployment and giving young people the security while they continue to develop their skills for employment.

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), **Rachel Wenstone**, National Union of Students, and **Chris Neal**, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12)

Q130 The Chairman: Yes, I am sure. How useful do you think EURES is, or have you come across it?

Rachel Wenstone: We would have to ask our members, but I doubt very much they have come across it. We had an anecdote from a member of our staff who went into a Jobcentre and asked for the EURES programme. The adviser had to go and ask her manager because she had never heard of it. We would have to ask our members, but the likelihood is that they have never heard of it.

Chris Neal: I had not heard of it in the four years of working with the European Union.

The Chairman: Would we be wrong to come to the conclusion that there is so much on offer but it is not co-ordinated in a way that is getting the people into employment?

Rachel Wenstone: I agree, but I do think there is also recognition of the underlying structural and stereotypical barriers that stop people from accessing those things. You have to have a certain amount of confidence and family support to think that you can go and move country, and that needs to be considered. It is not just a matter of information and availability of that information. It is about the financial support and confidence that comes with that.

Chris Neal: I think the concept is great, delivery is poor, and there is a need for some sort of portal of information that is youth friendly, whether it covers work experience, employment opportunities, paid internships. A central portal that young people know they can get to and it is communicated clearly would be quite a good resource.

The Chairman: There is a huge job for entrepreneurial youngsters to set that portal up. How about it?

Hushpreet Dhaliwal: Also a huge job, because of course Government over the last five years has tried to set up all sorts of websites that act as hubs and portals. It is a massive undertaking. What we really need is local ownership of that issue.

The Chairman: I do not think we are going to get involved with Government and its successes and failures in IT.

Q131 Lord Clinton-Davis: In your view, do young people have sufficient say in whether the measures that are designed to support them are effectively engineered?

Rachel Wenstone: I would say not at all, and it is probably as simple as that.

The Chairman: You have never been asked?

Rachel Wenstone: The fact that this is a new area of work for the National Union of Students speaks volumes. We have been talking about education for an awfully long time. If we did not start talking about youth unemployment, I think we would have to reassess what our purpose was.

Ultimately a great example where young people are not asked is with apprenticeships. We have thousands of young people taking on apprenticeships at all levels. We were pleased to see in a recent BIS report that they expected more young people to be taking on apprenticeships to be spoken to, to set up some sort of democratic representative structure, and we have begun to do that. No, absolutely not, young people are not asked what the solution should be.

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), **Rachel Wenstone**, National Union of Students, and **Chris Neal**, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12)

Lord Clinton-Davis: What is their reaction?

Rachel Wenstone: Yes, and we are very pleased for that.

Lord Clinton-Davis: What is their reaction?

Rachel Wenstone: It is interesting, having started to do this research. They tell us how important the balance between on-the-job and off-the-job work is in apprenticeships. Again, we begin to understand what makes a quality apprenticeship in a way that we have never had insight into before. We understand that the quality and length of training, their ability to advocate their own skills, and the ability to advocate on behalf of themselves are really important but we have never known that before because we never had that conversation.

Q132 Lord Brooke of Alverthorpe: Does the NUS recruit apprentices?

Rachel Wenstone: Yes, we do, and we have one of our first apprentice sabbatical officers in Wales at the moment, which is exciting.

Lord Brooke of Alverthorpe: What facility do you have for following people who graduate and then do not get jobs?

Rachel Wenstone: This is the area of work that we are looking into at the moment. We have done a big report with the New Economics Foundation into youth unemployment. In reality we have to go back and do more, but this report talks about the shape of the labour market, the regional disparity, and also looks at different types of qualifications. I think what is quite important is that often people come to the youth unemployment question as being about no qualifications and graduate unemployment, but in reality there is a big swathe of other people who are not being reached.

Q133 Lord Wilson of Tillyorn: I think what is said about young people going on to the market is that they are not sufficiently trained or do not have the right attitude, and some of that is just anecdotal. Is that right? If there is anything to it, what is there that should be done about it?

Chris Neal: Can I add a point to the previous question? I did not catch your eye, sorry. I tend to disagree slightly. I think the Government is intending to try to listen to more young people but not on key policy areas, say through the Positive for Youth policy area. There is some great work going on with the Cabinet Office or the Department for Education, but the Department for Work and Pensions do not engage with young people. There is a huge amount of work and there is a bit of disparity. Within government, where does youth policy sit? Where does youth actually sit? Does it sit in the Cabinet Office, the Department for Education? Where should it be? It has got lost in the mirage of government to the detriment of young people.

The Chairman: You are not unique in thinking that. I asked myself what Cabinet Ministers we should have. There is BIS, the Department for Work and Pensions, the Treasury and the Department for Education, and they all have responsibility. It is what I should not call, but I do call, silo management. The problem is we are not talking about the things in silos like grain; we are talking about people's futures, careers and well-being. It is something we have to do something about.

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), **Rachel Wenstone**, National Union of Students, and **Chris Neal**, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12)

Chris Neal: It is not just about people. It is about the future of the British economy, if you invest in young people today.

The Chairman: But it is people first.

Chris Neal: Of course. If you invest in young people today they are 100% of the future.

The Chairman: Exactly right.

Q134 Lord Wilson of Tillyorn: Would it be helpful if I repeated the question?

The Chairman: Yes, sorry about that.

Lord Wilson of Tillyorn: It is about skills and attitude, those two things. Are skills adequate; are attitudes right? Some people say they are not. Do you agree? If there is anything to that, what could be done about it?

Rachel Wenstone: I think the idea that young people are underskilled and lazy and some of the narratives around that is categorically false. I think it is quite dangerous in how it sets up the employer and employee relationship. We have the evidence to prove it. We did a piece of research with GTI Media and Step and asked small employers about their experience with graduates: 82% of small employers were happy or very happy with the graduates they had taken on and half the respondents said that graduates were better than they were five years ago. So it is not true. It is not to say that there are not serious issues. There are not the jobs out there and ultimately there are not the jobs for the skilled graduates in the market, so it is not a skills deficit, it is a jobs quality deficit. I think that is important to emphasise.

At the moment it feels like the responsibility only flows in one direction. It flows from the student, it is the student's responsibility, it is the young person's responsibility to be work ready. Twenty years ago these people were not ultimately work ready but there was an expectation that they went in at mid-level jobs, they would be trained in the job, they would understand the cultures of the workplace and they would become work ready. To expect young people to present themselves on the first day of work, or even before that at an interview stage—and there is all sorts of cultural norming as well that goes on around that, around the expectation of how young people dress or speak, the background that they come from, the social capital that they bring with them. We need to be quite explicit about tackling some of those stereotypes and cultures if we are going to tackle these issues.

There is a group of young people who lack training. They are the group of people that Chris was talking about, those people who have been unable to stay in training because of the lack of support financially through the education maintenance allowance and so on. It is not to say that everybody is work ready, but ultimately again they have been let down by the system.

Chris Neal: I think it is quite a bad situation when employers have a monopoly on young people. Young people cannot defend themselves when there are 100 young people applying for one job from an employer. It is hard for young people to go to a job interview. For example, my personal experience is that I finished uni and I was out of work for eight months. I went to jobs, got interviews and was told, "Sorry, you are underqualified. Sorry, you are overqualified". It is that balance, that I do not have the experience or the knowledge

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), Rachel Wenstone, National Union of Students, and Chris Neal, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12

or whatever that employer is looking for, which they can use as an excuse not to employ you.

I think a lot of young people have the right skills but, as we said earlier about underemployment, they are working in jobs they are not trained for. They do not have the education to support them. Only in November the UK Youth Parliament sat in the House of Commons and they were talking about the curriculum for life. Young people want an education that prepares them for employment and work and real life. This is the second year that they have talked about it and discussed it and debated on it. There is a campaign running now in the Youth Parliament about the fact that young people want to get engaged in education and they want education that will develop their skills to go out into the economy in the future whatever it looks like, whether it is green jobs, infrastructure jobs, IT jobs. They will be ready and prepared to go into employment. As Rachel said, there is a small group of young people who do not have the skills, but that is a very tiny minority. Many young people want to get out there and work and contribute to society.

Hushpreet Dhaliwal: In terms of attitudes, certainly not. In the light of this statement, our group are incredibly enterprising, incredibly fierce and completely aware of what the job market looks like, and so they are trying to get as many experiences under their belt as they can at a very young age to make sure that they are work ready. At the Royal Agricultural College some guys are running a business that bottles and distributes local beer. They have just expanded to jams and chutneys and they employ students on campus to run that business, to market it and sell it across the country. At Barking & Dagenham College you have 16, 17, 18 year-olds who run an on-campus business that generates £110,000 a year. They save the college £60,000 in procurement costs. These are young people who recognise that they have to do more than just follow their mainstream education tracks and try to find other opportunities for development.

In terms of attitudes, absolutely not. In terms of skills, to a degree I can empathise. I can empathise with employers because, as to Rachel's point, if those mid-tier jobs are gone, that means there are a whole raft of young people going to jobs where there are currently no training schemes and programmes to get them work ready as there would have been traditionally. Today 47% of graduates are in non-graduate jobs—half our graduates. That means that they are going into work placements or the world of work where they do not already have programmes set up that will take them through that two, three, four-month journey to get them ready to then deliver value to that business. We really have to talk about who the employers are. If more of those employers are looking like SMEs and small businesses, then we have to start asking the question: who owns the runway to get the young individual work ready and able to add value to that business?

Rachel Wenstone: I think that some employers are taking advantage of the fact that these middle jobs do not exist any more. You have an increase in unpaid internships where people are expected to work for a year or two years without pay and other examples of really exploitative, I would say, work regimes but it is not work because you are not being paid for it. I think you are right that it is important to look to small and medium businesses to fill that gap because so far we have seen big employers just take advantage of that gap.

Q135 Baroness Valentine: I should probably declare at this point that when I am not here I am Chief Executive of London First, which is a business-sponsored organisation. I recognise a

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), **Rachel Wenstone**, National Union of Students, and **Chris Neal**, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12)

lot of what you are saying from the point of view of how it feels for those seeking employment, but if you look at inner London, which has 25% unemployment, and we have whatever economy we have at the moment, if there is only one for every 100 applicants then there is only one job for every 100 applicants. I am trying to get under the skin of what you are saying. I certainly recognise employers saying that the people they employ do not turn up for work on time and do not seem to be applying themselves to the job in hand. There are lot of leisure and hospitality jobs in London but typically they do not go to Londoners. They go to the people coming through London. Can you give a little bit more feel as to what is going on with this? Certainly the employers would say a graduate immigrant from Poland will be more work ready than a non-graduate Londoner.

Rachel Wenstone: I think we have to pick apart what we mean by work ready. It is one thing if you are talking about the skills, aptitude and ability to take on that task. If you are talking about the willingness to work on poverty pay, below London living wage for example, and take on a task that you are overqualified for when you have been promised, “Stay in education, get a degree, get a good qualification, you will go and get a good job”, that is something quite different.

Baroness Valentine: But at the moment there are not all those jobs that we would like to have for those sorts of people.

Rachel Wenstone: No, but then I find it quite difficult to have the conversation that students and graduates and unemployed young people are not ready to work if the jobs just do not exist. We are asking young people to be more competitive, to take on experience, often unpaid, to do more and more and more, and compete and compete and compete to get the jobs available, but those jobs are not available in the first place. We are almost lying to young people twice. We are saying, “Stay in education and you will get a job, and while you are there you need to work harder and harder and harder, and we promise you will get something”.

Baroness Valentine: There are obviously different types of jobs that we are talking about, so there are a lot of leisure and hospitality jobs that you might regard as poorly paid and therefore not appropriate for the graduates that are becoming available. If in practice we have that mismatch, I am not quite sure where we are going with that conversation.

Rachel Wenstone: Then I think the labour market has to react better to the types of education and skills that people have. Your organisation is a key example of where that exists. The creative arts industry is the perfect example where people were quite snobby towards Mickey Mouse, new media, creative arts type degrees and yet computer technology, for example, and games technology is vast and it is growing on a day-to-day basis. We are world leading in computer games technology. Ultimately the labour market has to do more to react to the skills that graduates and young people are coming out with as opposed to expecting young people to just take the work that is available. Our jobs market will stagnate and go backwards 20 years as opposed to moving forward and creating new industries and innovative ways of creating employment.

Chris Neal: On something that Rachel was saying, it is about the national minimum wage. Most young people fall out of the national minimum wage. You are expecting young people, as you say, to continue to devote their life to education and to work hard and they will get a good job. We are lying to young people. Apprenticeships are about £2, £3 an hour. That will

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), Rachel Wenstone, National Union of Students, and Chris Neal, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12)

pay for their travel and food for the day. What is the point of them putting their effort into an apprenticeship and going to that apprenticeship and getting paid a wage that they cannot live on?

Hushpreet Dhaliwal: If I can answer your question from a slightly different angle, one in four graduates post-university flock to London.

The Chairman: Is that UK graduates?

Hushpreet Dhaliwal: UK graduates. That is why youth unemployment in the capital is so hard to shift, because we have young people leaving Leeds or Huddersfield and thinking that the opportunity lies in the capital. To speak to Lord Heseltine's point of view, we need to be able to create local jobs. We need to be able to bring transparency to the local economy of the jobs and opportunities that exist.

One of the things we are doing is taking the careers fair concept and touring it around the country and doing the alternative careers fair where we bring SMEs on to campuses. BIS did an excellent review of this, that SMEs are quite timid about the idea of coming on to campus and displaying themselves as a place where young people can launch their careers. On the other side of it, graduates think that SMEs are not the place that they should be launching their careers and instead they get jobs where they are underemployed and wait another year for the milk run to come round. What we need is for people to stay in Leeds and Huddersfield, create value locally, either by starting a business or joining local small firms.

Q136 Lord Brooke of Alverthorpe: I think we have had one answer to this already, but do you think support is available to young people at the moment that enables them to make a successful transition from school, and I think I will add to that university also, through to a good job and a career? Rachel said earlier it was atrocious, so she has given an answer already. If she has, could she tell us then what in fact should be happening to put the problem in its proper context? Following that through so that Hushpreet can come in with it too, do you think that being an entrepreneur is an achievable career option for young people? How could the UK or the EU work to help young people to fund and start up their own companies and go into business on their own? There are two questions there, please.

Rachel Wenstone: I think to bring back centrally organised careers advice, to bring back Aimhigher and Connexions. It is fascinating when you talk to universities now, dealing with the deficit in careers advice in schools, the answer they will always give is, "What we need is some sort of regional or nationally funded careers adviser", and we had that. I think honestly the only solution really is to bring back what we had, Aimhigher and Connexions, but there is a regional point as well. For example, the universities in Liverpool have worked very well together to keep graduates in the city and to provide them with opportunities, and for them to understand the opportunities that are available to them. There is the need for a national careers advice framework, information, advice and guidance, but what institutions, colleges and universities can do with local authorities to keep young people in the local area and create employment I think is huge.

There is a point I have to make, and it links to the question before. Most graduates in our research said that they would like to work for the public sector because of the job progression, the pay and the security. Places like Newcastle, for example, used to have two-thirds of its job opportunities via the public sector, which no longer exists. It is no

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), **Rachel Wenstone**, National Union of Students, and **Chris Neal**, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12)

wonder that people are looking to move out of those areas if the jobs simply do not exist. Liverpool University is a good example of where they work together with colleges and the local authority to create those opportunities.

Hushpreet Dhaliwal: No, there is not a clear pathway and the problem is that schools, colleges and universities are incredibly disconnected. It is a very disconnected journey for a young individual. We are entering an era of lifelong learning where people are constantly going to have to skill up and top up. Every couple of years our skills sets are going to become outdated in parallel to the changes in technology and what is happening and the way that global talent will compete. We are just not set up to respond to that. The greatest disconnect is that journey for a young individual who is trying to map and route their career and does not quite understand where those opportunities lie.

One of the best things that we could probably do about that is start speaking to the LEPs about creating local boards. When we start talking about things like student voice, every single LEP should have a student or youth board that helps guide their enterprise programmes and development of their enterprise programmes. Every single LEP needs to have a youth entrepreneurship strategy, absolutely. We also need to task local organisations to start acting as conduits and the hubs for local support. This is not about building heavy national infrastructure programmes. This is about well done dissemination locally, and that really varies per region, per county and being responsive to that.

Chris Neal: From our perspective, the simple answer is no. We consulted 500,000 young people—we are willing to share the report with the Committee—and after a curriculum for life that prepares young people, they told us careers advice and work experience are a very shoddy, ad hoc approach across the country, and young people are falling through the cracks because the right support and advice when they need it is not there.

Rachel Wenstone: To add on that as well, it is worth saying that there is one remaining national careers adviser and that is Inspiring the Future, which promotes apprenticeships, and that is doing good work. It is important to promote and fund that further if we are going to be serious about balancing the opportunities that are available to young people. So there is one that still exists.

Q137 Lord Brooke of Alverthorpe: Thank you. Do you have any links with similar organisations in Europe so that you can get some experience about what kind of guidance and careers assistance they get?

Rachel Wenstone: Yes. We are a member of the European Students Union. We join about 40-odd other national student unions there, and it is something we can ask them to get back to us on.

Chris Neal: We work with around 40 other national councils across Europe and with the European Students Union, as well as other international student bodies, so we can ask that question as well if that is needed.

Hushpreet Dhaliwal: We have set up an organisation to mentor 20 other nations on how to create a NACUE-like student-led model in their countries, and we are happy to do that. In terms of international comparisons, UK students, according to GUESS surveys, have the most favourable attitudes to setting up businesses. There is something that is really happening

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), **Rachel Wenstone**, National Union of Students, and **Chris Neal**, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12)

when you get a cohort of young people who are saying they are pro the idea of starting a business but then it does not come through because they do not have enough support networks, once they engage with the idea of setting up, to launch and establish a business.

Q138 Earl of Liverpool: Given the fast pace of change in ICT and technology generally, what opportunities or problems do you think that brings to young people as they try to make the transition from education into work?

Chris Neal: I think the issue does not lie with young people. I think it lies with society, government, business to adapt. Young people engage with social change. You saw the development of mobile phones, tablet computers, wireless internet; the world is changing and young people stay engaged with it. I think big institutions like government do not actually develop and change. Like I said before, if you stay engaged with young people and understand where they are coming from and the society that they are around in, it can work. There is also a need for education to develop and change. There is no point teaching young people the abacus when they can use a calculator, and society has changed. We need to keep changing in line with technology and I do not think that all just lies with young people.

Q139 The Chairman: Can I interject here? It is striking that in all our evidence—and we have not asked the questions, but the only time IT was mentioned today was about the gaming industry, and yet we are told at European level that there is a huge problem developing in terms of globalisation skills in Malaysia, Korea, China and so on, and we do not seem to have cottoned on. Everybody around this table has a computer and we think we are computer literate. I remember at one of the conferences we went to one of the countries that has a presidency—I cannot remember which—said that if every person in youth unemployment in that country just developed better IT skills there would be jobs for them. What are you, as youth, trying to do to encourage people to be the Steve Jobs and Bill Gates of 10 years hence?

Rachel Wenstone: We run a project called Changing the Learning Landscape, which is about the use of technology in learning and in the curriculum, and it has a high take-up from our student unions. The pushback is their institutions who will not react quickly enough to deal with some of the changes in technology. There are some great examples, such as at university where students are able to do chemical experiments online. They can do group work in between theory and practical work, so they are not wasting materials, and they are able to start to change the way in which they learn through technology, but the take-up has been slow from institutions. If you look at the web portals for most universities, they are embarrassing in comparison to what we would expect from businesses.

The Chairman: Universities?

Rachel Wenstone: Yes, and what we would expect from people every day. A good example of the way that we talk about IT proficiency is the question on a job application, “Are you IT proficient?” You used to be able to show that through a qualification. Now I think for most young people filling in that job application it would be more the question, “What do you mean by this? Can I use a word processor? Yes, of course I can, but what else?” So there should be an understanding of that. There is a point that links to what you said before about this being an issue of retraining and reskilling and the opportunity for lifelong learning that comes with that, but also recognition that there are young people out there who do not

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), **Rachel Wenstone**, National Union of Students, and **Chris Neal**, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12)

have access to educational equipment at a very young age—young people in rural areas who do not have access to the internet, for example. I suppose it cannot be taken as a given that young people have access to those things. I think that the structures that they work in are normally more hesitant to react to these things than the young people themselves are.

Hushpreet Dhaliwal: I agree with the point that Rachel has just made. There has been a balancing out of opportunity because there are young people carrying around 3G phones more than there ever has been. You have an interface that you can engage with to prevent people dropping out of the system and that is something that we need to begin to utilise better. The other interesting thing is that I was recently talking to a careers department and they were questioning what their role now is in the age of more self-education. In an age where any young person can access as much as they want about absolutely anything they want in relation to their careers and career planning, what does that then mean the role of the institution is? It is pretty concerning that there are those kinds of questions happening at the careers department end of it, because young people need guidance. There is a whole raft of programmes that are not suitable or that are misleading. There is a whole raft of opportunity and what young people need today more than ever is guidance about what is most appropriate.

The Chairman: Who is going to provide the guidance?

Hushpreet Dhaliwal: I think it needs to be institutions. Schools, colleges, universities are the local hubs that have touch points with these young people. They have to be the people who say, “No matter what you encounter out there in the world of work, whatever extracurricular opportunity you are engaging in, we are going to be your hub. We are going to be the institution that you reflect first as to whether or not it is right for you”.

Chris Neal: There is also a need to remember that not every young person is in some form of education where they have those touch points. To make them as successful as possible, there are youth centres or community centres where young people are involved in extracurricular activities such as the Scouts, Guides, whoever that body is, and they need to be accessible to young people and not just those in education.

Q140 Baroness Hooper: The EURES network issue was raised earlier by the Lord Chairman since it is intended, in theory at least, to give young people contacts for jobs within the European Union. Do you think this is helping in giving opportunities? Can we improve on the communication about it, which seemed to be the problem? Do you think migration of labour is a help or hindrance?

Rachel Wenstone: I think it is a huge opportunity lost for most of our young people. You have people from the continent who are able to come here and train and skill and understand different work cultures and take those skills back to improve their labour forces and job markets, and our young people do not take up those opportunities. They do not take them up because they do not know about them, but they also do not take them up because of, as I said before, the social barriers that exist that stop people doing that, the confidence issues, the financial support, understanding that you have parents or guardians that will be there when you get lost in a foreign country to pick up the phone. There are real issues around the culture in the UK of thinking that we do things best. There is an awful lot to learn from the

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), **Rachel Wenstone**, National Union of Students, and **Chris Neal**, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12)

continent and it is something we should be proud to do and proud to support young people to do. But the first issue is that people just do not know about those opportunities.

Chris Neal: I fully agree. I had never heard of the Erasmus programme until I had finished university and had a job, so that is quite concerning. The idea, the concept is great. It is more about delivery. Is it something that young people can look at? Is it something that is detailed in text? Is it interactive? But also is there an opportunity to develop it further? Is there an opportunity to not just put jobs on there but develop it into a work experience portal, an internship, paid internships and, as I said before, create almost a hub for young people? If they are looking for something particular, they can use it to broaden their experiences overseas. Rachel is right. There are lot more young people who know about things like Erasmus overseas and coming to the UK than UK groups. There is an opportunity for organisations like BYC, NUS and other partners to be used to promote the opportunities that are out there, because we have networks of thousands of young people and young adults. We do not sometimes get the message to them in the right way and I think the message delivery needs to massively improve.

The Chairman: Did you want to add something?

Hushpreet Dhaliwal: Only that immigration largely, I think, is a good thing but we have to accept that, given the numbers of youth unemployment, we are starting off on a bit of a back foot. How do we get young people ready for what will be a more competitive market, a marketplace that they will learn from if they are given the opportunity to engage with it?

Q141 Baroness Hooper: May I ask a supplementary? I happen to know that the UK quota of jobs in the European Commission is not filled by quite a large percentage because of the lack of language skills. I know you said earlier—I think it was Rachel—that that is not really an issue but I think it is, certainly for the better jobs and the more skilled jobs. Can you, as young people, do anything? I am certainly campaigning for more language teaching in schools and better levels of language teaching. Is there anything that you think you can do to fill that particular gap?

Rachel Wenstone: Often the provision of language skills is better in private and independent schools. If you are coming from a local state school, from an underprivileged area, the provision of language is not something that is seen as necessarily important or something that is prioritised. It has implications, of course, in the way that people engage with English. It is not just having to engage with foreign languages. I think if people understood the opportunities available to them outside the UK more and that was ingrained at an earlier age, they may prioritise learning foreign languages. It is the point I made before, that the expectation that you must speak a foreign language well in order to take up an opportunity in Europe is not always necessarily the case for all of the opportunities available, and having that honest conversation with people about what is expected in order to be able to take up these opportunities and how you can help yourself do that through your education.

Q142 The Chairman: Thank you. Does any Member of the Committee have a burning question to ask? No? I want to ask one. What do you feel about zero-hours contracts? Do they help or hinder young people? One of the witnesses suggested that flexibility is helpful. We have also heard evidence to the contrary.

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), **Rachel Wenstone**, National Union of Students, and **Chris Neal**, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12)

Chris Neal: Our members have not told us their views on that. My personal opinion is it can be balanced either way. I have been on a zero-hours contract. It was great because I had the flexibility, but also there was the insecurity of not knowing what I was working from one week to the next. I think for some young people it is great but there need to be some tighter controls around how they are managed and developed. It is not just about zero hours. It is about all the other rights that go with employment and young people need rights when they are in employment.

Rachel Wenstone: I agree. An exploitative employer is going to be an exploitative employer whether it is a zero-hour contract or not. They will find a way to get around that. I think zero-hour contracts create the basis for exploitation, and we have to be quite careful about that. Flexibility and listening to people's needs and care and responsibilities, for example, is important in the workplace, but exploiting them and not giving them job security is not helpful.

Hushpreet Dhaliwal: Work experience in any form and some sort of positive engagement in work is a good thing, but it is a real problem when you operate on a zero-hours contract where you do not know from one day to the next when you are going to be called in. Young people cannot plan around that kind of short-notice employment.

The Chairman: I do not think older people can either.

Hushpreet Dhaliwal: Sure, no, but it is about the ability to create value in other ways. They need to be able to know so that they can engage in voluntary opportunities or set up businesses.

Q143 The Chairman: Yes, indeed. You have been great witnesses, thank you very much, but would each one of you like to think of a question that we should have asked you and we did not? Ask us now; tell us that and then answer it.

Rachel Wenstone: I think it would have been interesting to pull out a little bit more about the role of apprenticeships and traineeships, the quality and support of apprenticeships, and some of the cultural norms around apprenticeships and the way that this country often reacts to vocational opportunities very differently from the way that they react to academic opportunities.

The Chairman: I think there is a generational issue here. When I was your age apprenticeships were terrific and great and people that I know who started off with apprenticeships ended up as heads of big corporations, but then something went off the boil. We had evidence last week about Barclays creating 400 apprenticeships, but the problem there was—and I heard this during the weekend from another area—that they had to make sure that the people could read and write and were capable of doing maths. This can be overcome too by having a day off in local colleges. Away from London, I know that that is happening. I think you are more afraid and unaware of what apprenticeships can be and I think it is a huge opportunity, but that is only a personal view and I should not be expressing a personal view. What other questions do you think we should have asked you?

Chris Neal: I think from our perspective it is about the role that different aspects of education can provide. We touched quite a lot on formal education but not remembering what is learnt through non-formal education, also informal education. What soft skills do

Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), Rachel Wenstone, National Union of Students, and Chris Neal, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12)

people learn at home? What soft skills do they learn while they are doing the shopping? Also things that come from organisations like the Guides, Scouts, and NUS: what do they learn when they are part of an organisation? I think focus needs to be moved away from formal education to more non-formal education and learning.

The Chairman: It seems sad, does it not, with all the 24-hour TV that people can use. When I was growing up there was no TV. We did not think that we learnt anything, but we did learn a lot. Maybe it is information overload.

Chris Neal: It could be.

The Chairman: It could be. What else, because this is your last chance?

Hushpreet Dhaliwal: That was my question word for word.

The Chairman: I am not putting you on the spot. If there is anything you think about when you walk away from here, just write. We welcome your input and we would like more of it. I am so glad that you congratulated us on inviting young people in. That was not my idea. It was a Member who is not here at the moment. Thank you very much.

Chris Neal: A final comment from us. It is great that young people are being talked to and not talked about or talked at, and young people are being engaged in conversations about real issues that affect young people, so we welcome that very strongly.

The Chairman: Good. Perhaps we could start something new. Thank you very much indeed.

Rachel Wenstone, National Union of Students, Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), and Chris Neal, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 12

Rachel Wenstone, National Union of Students, Hushpreet Dhaliwal, National Association of College and University Entrepreneurs (NACUE), and Chris Neal, British Youth Council (BYC) and UK Representative for the European Youth Forum (EYF)—Oral evidence (QQ 126-143)

[Transcript to be found under Hushpreet Dhaliwal, National Association of College and University Entrepreneurs \(NACUE\), Rachel Wenstone, National Union of Students, and Chris Neal, British Youth Council \(BYC\) and UK Representative for the European Youth Forum \(EYF\)](#)

Karen Adriaanse, Ofsted, Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, and Joe Billington, Skills Funding Agency—Oral evidence (QQ 219-233)

Karen Adriaanse, Ofsted, Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, and Joe Billington, Skills Funding Agency—Oral evidence (QQ 219-233)

[Transcript to be found under Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted](#)

The Prince's Trust—Written evidence

EU action to tackle youth unemployment

1. The European Social Fund is being used across Member States (MS) to tackle youth unemployment. In England, for example, the Skills Funding Agency has matched ESF funds with its own allocation and commissioned a number of rounds aimed at moving Neet young people into education, employment and training. The Prince's Trust has delivered a number of these projects. In addition, we have funded business start-up and self-employment provision through ESF, for example in Wales. For some geographies and for some client groups in particular, self-employment is one of the few positive options open. Youth unemployment is a major structural issue facing all MS to some degree; it therefore makes sense for the European Union to devote significant resource to one of the most challenging problems of our time.
2. The 'added value' of EU funds will depend upon the extent to which suitable initiatives are already in place. In April 2013 the European Council made a recommendation that MS implement a 'Youth Guarantee' of which would include a job, traineeship or other 'offer' to all young people under 25 years who have been out of work for at least 4 months. A number of these initiatives are already in place in the UK in one form or another. Demand-led initiatives (which take labour market demand as their starting point) are delivered in the UK, including work experience as part of the Work Programme or Mandatory Work-Related Experience. A delegate from The Prince's Trust recently attended a Mutual Learning Programme in Brussels on the implementation of the Youth Guarantee. It was evident that some MS were behind the UK in this regard and tended to focus on supply side interventions. Therefore in the UK, European funding would be best used helping to prepare young people for Traineeships and also to tackle Early School Leaving and ensure that the benefits of the Raising of the Participation Age in England are fully realized. They should also be invested in preparing young people for the kinds of personal and workplace skills they will need to meet the economy of tomorrow. This would add value to UK provision, which is focused on shorter term goals of getting young people into work and training.
3. No response submitted
4. As a provider we recognize that a proper audit trail for the defrayal of public funds is necessary. There is a view that European funding involves a disproportionate focus on auditing expenditure and not enough focus on monitoring outcomes and impact. (It is unclear whether this derives from Europe or gilt-edging /risk averseness on the part of the United Kingdom). We would welcome a 'black box' approach which gave providers greater freedom to achieve desired outcomes using techniques and methods which they felt best suited to their client group. This could include Payment by Results models, although these models would need to be structured so as to allow the voluntary sector to participate more actively than they have on the Work Programme. There has been some discussion about establishing a common cost base for various outcomes which might reduce audit requirements. However the extent to which this

The Prince's Trust—Written evidence

methodology will be adopted is unclear; for example is there a conflict with the need to tender open and competitively? At the Mutual Learning Programme, the Commission impressed upon MS the importance of building monitoring and evaluation into the Youth Guarantee implementation plan. It would be beneficial for MS to establish a metric of impacts, for example net value to the economy of a job, the cost of out of work benefits etc so that the impact of expenditure could be better evaluated. This would need to be done on a MS basis.

5. The Youth Employment Initiative will have relatively little impact in the UK as most geographies have less than 25% youth unemployment. It would be useful if the bar could be lowered to enable more young people to benefit from this initiative. YEI funds need to be committed in a shorter period of time; it therefore suits projects which are more or less shovel-ready. We would suggest that they are suited to demand-side initiatives, for example leveraging job outcomes from housing market renewal, retrofit and infrastructure projects. On the other hand, ESF funds are aligned to the 2014-20 EU budgetary period and will entail programmes aimed at structural reform, innovation and filling the gaps between statutory provision. Some of them should be spent on helping people furthest from the labour market, for example those for whom the Work Programme might not be effective. This includes people with multiple needs, who may have been in trouble with the law. Other ESF funds should be deployed in structural initiatives, for example bridging the gap between young people's skills sets (or lack of) and the sectors (such as science and technology) where there are likely to be jobs which create wealth. A recent OECD report highlighted these challenges for the UK. There needs to be careful thought in use of these funds and programme design. Most of these funds are devolved to Local Enterprise Partnerships in England; these bodies are currently drafting their Business Plans and explaining how they will invest EU Structural Funds.
6. The Prince's Trust, along with other organisations operating in this market, put a high premium on youth consultation and where possible involvement in governance. We would welcome an opportunity to involve our 'young ambassadors' in assisting with any plans being drawn up by the UK government.
7. No response submitted
8. MS would do well to consider the importance of how they get their message across to young people, for example using social media and 'location' services to direct young people to their nearest support. At the same time, not all young people are engaged with technology, and many of those who do, engage in limited ways (for example they are able to use Facebook but couldn't submit an online CV). The Prince's Trust has identified a need to embed the use of technology in its programmes and is devoting resource to doing so. In terms of new ways of working, we would recommend the importance of working with employers, engaging them not only in the design and delivery of work experience programmes but also in measures which will improve the prospects of young people more generally.

25 October 2013

Rosemary Watt-Wyness, The Prince's Trust, Michael LARBalestier, Prospects, Jenny Cryer, Prospects, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

Rosemary Watt-Wyness, The Prince's Trust, Michael LARBalestier, Prospects, Jenny Cryer, Prospects, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

[Transcript of evidence can be found under Michael LARBalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone](#)

Prospects—Written evidence

Prospects—Written evidence

Call for Evidence on EU action to tackle youth unemployment

1. Background

1.1 Prospects is a leading education, employment and training services company, working nationally and internationally. We estimate we help more than one million people each year, through a range of high quality services. We are one of the first and largest new public sector mutuals, with shares owned by managers and staff.

1.2 Our services include:

- Careers services for adults and young people, including the face-to-face element of the National Careers Service in three regions and careers advisory services for young people in fourteen local authority areas.
- Advice and guidance for offenders in Greater London and Yorkshire & Humber, delivering the “in custody offer”.
- Youth Justice Service in Gloucestershire.
- A range of sizeable ESF funded programmes, mainly for young people.
- The Work Programme, the government's major initiative to help long term unemployed people back to work, in the South West and London.
- Ofsted Early Years Inspection Services in the Midlands and North of England.
- Youth Contract, targeted support for NEET (Not in Education, Employment or Training) young people in the West Midlands, Yorkshire and Humber and London.
- Apprenticeship Training Agency operating nationally in England.
- A range of education consultancy and school improvement services.

1.3 We are recognised for our expertise in event management, recruitment, community regeneration and educational resources. Gabbitas, the independent education consultancy, is part of the Prospects Group.

2. Introduction

Prospects—Written evidence

2.1 This paper from Prospects is in response to The Select Committee's call for evidence on EU action to tackle youth unemployment. We are pleased to contribute evidence to inform the Committee as it influences the development of policy in this critical area.

2.2 The problem of youth unemployment is complex. While there is a "conveyor belt" of established support for those heading towards university education, there is no similar mechanism for half of the population who can't or don't wish to progress to higher education. It is also worth noting that the difficulties young people face in the labour market don't disappear as soon as they start work. Many young people find themselves locked into insecure or precarious employment, suffering low wages, zero hour contracts, and poor terms and conditions. Many find themselves working without real opportunity to develop and progress in their careers.

2.3 Youth unemployment rates across Europe remain worryingly high and we believe that measures can and should be implemented to ensure more effective approaches are put in place to achieve faster reductions in youth unemployment levels. We hope that this contribution is of value and would be happy to answer further questions or present in person to provide more detail on any aspect that is of particular interest to the Select Committee.

3. Responses to Select Committee questions

3.1 Do you think that the EU should be providing funding to Member States to tackle youth unemployment? Does EU action respect Member States' powers in the area of social and employment affairs?

3.1.1 We agree that the EU should be funding Member States to tackle youth unemployment and providing leadership to members. We believe it does respect each Member State's powers.

3.1.2 EU funding needs to be better targeted so it better meets the needs of regions and individual Local authority areas. Ironically in some parts of London, there are too many different funding streams. These essentially target the same groups with similar initiatives, approaches and support mechanisms. For example Youth Contract, Education Funding Agency, local authority targeted support contracts, Greater London Authority programmes for young offenders and those with learning difficulties and disabilities as well as Fast Forward ESF. Meanwhile, NEET who have qualifications are rarely supported through any of these funding streams.

3.2 How do you think that the EU can best 'add value' to Member States' efforts to tackle unemployment?

Prospects—Written evidence

- 3.2.1 Added value arises where it is permitted that EU resources can be spent flexibly to compliment rather than duplicate a Member State's spending in this area. The EU can provide leadership, and facilitate the sharing of good practice.
- 3.2.2 EU funding should focus on high impact, innovative programmes. In our experience initiatives can connect and strengthen local partnerships to create cohesive programmes.

3.3 Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as being not in education, employment or training ('NEETs'), support for newly qualified graduates looking for work, and general career guidance?

- 3.3.1 It does seem that disaggregation falls to Member States rather than the EU. Government agencies such as the Skills Funding Agency (SFA) are making decisions on the target groups and format of projects tendered. We trust such decisions are being based upon objective evidence. Whilst the NEET group is well recognised and defined the graduate group is less visible within EU measures and has not been targeted to the same extent by EU initiatives.
- 3.3.2 We would like to see funding targeted at:
- 16 to 19 year olds with qualifications who do not meet the qualifying criteria for existing programmes.
 - Young people dropping out from courses early with qualifications.
 - 17 year olds on one year courses who are not offered a second year (There are 100 young people in this position in just one college in East London).
 - Careers guidance for 14 to 19 year olds in schools, or resident in local authorities which do not commission any services.

3.4 Are the EU's accounting, monitoring and evaluation procedures sufficient to be able to determine whether EU funded projects to tackle youth unemployment have been successful or not? Are there ways in which they could be improved?

- 3.4.1 It is quite right and proper that projects delivered using European public funds should be fully and properly monitored and evaluated. We would argue that existing procedures are stringent and sufficient.
- 3.4.2 EU monitoring, evaluation procedures and funding tend to focus on eligibility and the minutiae; the paper evidence can on times stifle innovation and taking risks, with people focusing funding on young people who are eligible but often easier to help and for whom there will be a full suite of EU paperwork. This skews the evaluation of the effectiveness of the funding.

Prospects—Written evidence

- 3.4.3 Undoubtedly some projects are more successful than others and it is important that learning which results from evaluation should be widely shared among those delivering similar work in the EU. We would point out though that the procurement practices of some government agencies can inadvertently jeopardise the success of projects. For example SFA ESF NEET projects should have started delivery on 3rd September this year but have effectively lost at least two months delivery time because the proposed preliminary meeting in London could not be held until 11th November. We would welcome greater efficiency in EU procurement processes.

3.5 How do you think the funds allocated through the Youth Employment Initiative (YEI) and the European Social Fund (ESF) could best be spent?

There are many challenges for those delivering projects funded by European initiatives. It is critical that there is sufficient flexibility in how EU funding can be spent particularly the YEI and ESF. As the Select Committee identifies there are widely varying rates of youth unemployment, social and economic conditions across Member States. It must be Member State governments and their agencies which ultimately determine the priorities in their own countries to maximise employability and progression

- 3.5.1 In principle we support the EU recommendation that each Member State launch a “Youth Guarantee”. There is however great complexity around how such a guarantee might be funded, with different rules and eligibilities applying to different age groups. For example younger apprentices find their training funded in full, while those over 18 only attract 50% funding. Those claiming Job Seekers Allowance who are 18 and NEET can get access to the support of the Work Programme within 3 months, while most others aged 18-24 wait 9 months for access.
- 3.5.2 While employers have an important part to play in providing access to employment and training opportunities, moves to shift the cost of apprenticeship provision from government to business may have a detrimental effect on the quantity and availability of opportunities, and on the outcomes for apprentices.
- 3.5.3 One of the least sensible aspects of funding initiatives is that when projects are completed there is no flexibility to apply for further funding to continue with new beneficiaries, even if the obligatory monitoring and evaluation has clearly provided strong evidence that initiatives are working. A further lengthy and bureaucratic procurement process starts all over again. We are aware of examples outside our organisation where this has led to strong successful projects being terminated. If the EU genuinely wants to increase the pace with which youth employment is stimulated, then this is one immediate aspect which could be improved to increase the impact of projects.
- 3.5.4 We can provide numerous examples of targeted projects which demonstrate how European funding can be effectively applied to effect positive change by tackling

Prospects—Written evidence

local priorities. In London our Go4It project targets two groups of young people particularly vulnerable to becoming NEET – care leavers and young parents. Our Square Mile Jobs initiative works with people in the fringe boroughs bordering the City of London, helping them access the seemingly hard to access job market within the square mile.

3.6 Do you feel that young people (aged 15-24), youth groups and their representatives are involved and consulted to a satisfactory degree in the decisions being made around EU funding for youth unemployment projects, and how they are administered?

3.6.1 We believe there is room for greater and more effective consultation. There is always the danger that consulting young people becomes somewhat tokenistic. There needs to be a clear demonstration that initiatives, strategies and priorities take into account the views and suggestions of the young people they aim to support.

3.6.2 In our own projects with those aged 15-24 we ensure regular and active participation by young beneficiaries in evaluation, taking into account suggestions made to improve our practice and develop services to be more responsive and more effective.

3.7 Should the EU and Member States take into account the positive and negative socio-economic impacts of youth migration due to unemployment when designing measures to tackle youth unemployment? How might any negative consequences be mitigated?

3.7.1 We agree that there can be both positive and negative consequences to unemployment related youth migration within the EU. There is potentially the danger of a talent drain from those countries unable to sustain adequate levels of youth employment. States attracting greater migration may also experience increased competition for jobs between migrants and nationals. In determining how funds are disaggregated Member States should target initiatives which can help to stabilise employment in shortage sectors and increase opportunities for within the country to reduce the level of economic migration.

3.7.2 More importantly however it needs to be recognised that young people are more disadvantaged in the labour market because they are in competition for the same jobs with older workers with experience. This is why opportunities to gain experience in the workplace are so important.

3.7.3 London receives a disproportionately high number of migrant workers and this should be reflected in the targeting of initiatives and allocation of funds.

3.8 How can the EU and Member States embrace new technologies and new methods of working to combat youth unemployment?

- 3.8.1 The EU and Member States should encourage and foster innovation, whether that is technology based or not. It is up to those suppliers competing for funding to determine methods appropriate to the needs and focus of any project. While innovation is important it is also the case that much good and effective practice does already exist and can be continued or replicated, with appropriate support disseminating the results of evaluation and increasing the flexibility to extend funding for projects which are proven to work.
- 3.8.2 We do believe technology has a place in projects to the 15-24 year old age group. We have developed a mobile phone app called "Ask Ella" to support NEET young people in East London secure college and apprenticeship opportunities. We also use social media to reach out and provide services to harder to reach young people, who might not otherwise be able to access our physical facilities.
- 3.8.3 Digital literacy rates in the UK show that one in five people lack the skills they need to access the job market electronically. There is also a core of young people who cannot afford access to smartphone technology and don't have easy access to the internet. At a time when more and more opportunities are being promoted using technology, this creates a significant disadvantage to some groups. There is room for EU and Member State initiatives which tackle digital literacy head on to improve access to education, employment and training opportunities.
- 3.8.4 The EU needs to embed the use of technology in its contract management. Evidence requirements are burdensome and costly for providers; audits are onerous and whilst recognising the need to protect the public purse, there should and can be efficiencies.

21 October 2013

Michael Larbalestier, Prospects, **Jenny Cryer**, Prospects, **Rosemary Watt-Wyness**, The Prince's Trust, and **Linda Dean**, Rathbone—Oral evidence (QQ 48-60)

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

Evidence Session No. 4

Heard in Public

Questions 48 - 60

MONDAY 18 NOVEMBER 2013

Members present

Lord Wilson of Tillyorn (Acting Chairman)

Lord Brooke of Alverthorpe

Lord Clinton-Davis

Lord Cotter

Lord Fearn

Lord Haskel

Baroness Hooper

Lord Kakkar

Earl of Liverpool

Baroness O'Cathain (Chairman)

Baroness Valentine

Examination of Witnesses

Michael Larbalestier, Head of Research and Knowledge Management, Prospects, **Jenny Cryer**, Regional Operations Director West Yorkshire, Prospects, **Rosemary Watt-Wyness**, Director of Policy and Strategy, The Prince's Trust, and **Linda Dean**, Managing Director, Rathbone

Q48 The Acting Chairman: Welcome. Thank you all very much indeed for coming. Just to start off with a number of formalities, does any Member of the Committee have an interest to declare which they have not declared before?

Baroness Valentine: I think that I am jointly running Skills London with Prospects services. Are you the same thing as Ray Auvray? Yes, in that case, I am.

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

The Acting Chairman: Thank you. This session is on the record, which means that it is being broadcast live and will be accessible subsequently on the parliamentary website. You will all, as witnesses, receive a transcript to check that it is correct. When that has been checked, it will be put on the public record in printed form and on the parliamentary website. Now for some formalities. One among you, Adrian Thacker, is not yet with us. I hope that he will join us in a moment; he must have got stuck on the tube or something. It would be helpful if you could just all introduce yourselves, and then I will ask each of you in turn to make an opening statement if you have something that you would like to say.

Linda Dean: I am Linda Dean, the managing director for Rathbone UK.

Jenny Cryer: I am Jenny Cryer, the regional operations director for Prospects.

Michael Larbalestier: I am Michael Larbalestier, the head of research for Prospects.

The Acting Chairman: Fine. Thank you all very much indeed. It is perhaps worth saying that, if there are four of you there, if there is a particular question that you do not feel that you want to answer, or which is not relevant to what you want to say, please do not think that you have to answer it. There are a lot of you and a lot of questions, and 55 minutes. Do not answer if you do not feel that you do not have something relevant to say. Perhaps it would be nice if you could each start with a statement of things that you want to say. Could I start with you, Linda Dean?

Linda Dean: Of course, yes. Just to put it in context, in Rathbone we worked with 13,000 young people last year across England, Northern Ireland, Scotland and Wales. Our main purpose is to support young people who, because of social or economic disadvantage, have not been able to access employment or skills. Our key purpose is also to act as an advocate for young people. In particular today, I want to focus on the needs of young people who are most disadvantaged. I also appreciate the opportunity to share with you evidence that has been directly informed by our young people.

Jenny Cryer: Prospects works with young people and adults across the country. Our mission is around inspiring individuals and organisations to success. The range of contracts that I manage in West Yorkshire focus in particular on unemployed young people. Some contracts are delivered for local authorities, but there are also a number of streams that are funded through ESF. We have a particular interest in very vulnerable young people and in how, in an area where we have high youth unemployment, we support young people to access the job market as opposed to participating in education and training. We are keen to make sure that some of the experience that we have had is shared.

Michael Larbalestier: As I am also from Prospects, just to add to what Jenny has said, we are an employment, education and training services-focused organisation. I guess we work with around 1 million people a year in a variety of programmes and projects that we deliver, which are primarily careers services and employability programmes, such as the work programme, the National Careers Service and the youth contract. Some of the things that we are perhaps particularly interested to raise with you today are the rise of precarious employment and the implications of that for young people in the labour market, and changes to the provision of careers guidance and the reduction in access to face to face careers guidance for young people in schools.

The Acting Chairman: Thank you very much. Are you from The Prince's Trust?

Rosemary Watt-Wyness: I am from The Prince's Trust.

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

The Acting Chairman: But you are not Adrian Thacker, are you?

Rosemary Watt-Wyness: I am not even Adrienne Thacker. Apologies, everyone. I am Rosemary Watt-Wyness. I am director of policy and strategy at The Prince's Trust. The Prince's Trust works with young people between the ages of 13 and 30, all of whom are either unemployed or, if they are still of compulsory education age, are identified as being young people who are at risk of leaving without the kind of qualifications they will need successfully to find work. We work with over 55,000 young people a year in the UK and run a range of programmes that are targeted at helping them into employment or back into education and training.

Q49 The Acting Chairman: Thank you very much indeed, and thanks to all of you who sent in notes in advance. I will start off with the questions. There seems to be a general consensus that youth employment across Europe is a particularly serious aspect of the economic crisis that we are facing at the moment. Could you briefly summarise for us your view of exactly what the problem is now, and how it differs from crises in earlier recessions—or, indeed, from situations when we have been relatively prosperous? Perhaps Linda Dean could start.

Linda Dean: In our view it is particularly problematic in the current economic crisis due to the number of young people who are long-term unemployed compared to the number of people who are unemployed. There is a worsening trend, which is currently at an average of 50% throughout the EU, of young people who have been out of the labour market for more than 12 months. That then becomes an entrenched position for those young people. Secondly, we believe that in this economic crisis, compared to others, there has been a disproportionate impact on young people. In previous recessions, the impact of unemployment has been more evenly distributed, whereas in this one it is at the highest for young people in that 16 to 24 age group.

Rosemary Watt-Wyness: I completely agree with the point that the number of young people who are unemployed for more than two years is a particular concern. We are also concerned about the level of youth employment. In some respects, you would expect that youth unemployment figures might start to come down a bit, partly because over the next few years there are going to be fewer young people around full stop. Because of the introduction of the raising of participation age, some of the 16 and 17 year-olds who would previously have been included in the figure will start not to be. But we are not seeing that yet. What we are seeing is youth employment at record lows. It is not only a concern that we have high youth unemployment but that some young people might be coming out of the unemployment figures while we are not seeing a growth in youth employment. I think we can therefore say that that is a figure that we really need to keep an eye on. One of the things that we feel is different from previous recessions is that there were problems around youth employment prior to the recession. The recession has exacerbated and highlighted it, but what we are seeing at the moment is partly a result of changes in the labour market, particularly with some of the lower-skilled jobs not being there any more. Some of the entry-level jobs that young people would have gone into previously, as a first step in employment, do not exist in the same way any more, partly as a result of technological changes and globalisation. So actually getting a foot on the ladder is more difficult now than it used to be.

Jenny Cryer: Participation at 16 to 18 is good. Certainly in the areas in which I am managing contracts, more young people are participating. What they are not doing is then going into

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

the job market. It certainly appears to us that they are being bumped, I guess, in a number of ways. One is by older workers. The other is because some of the jobs are part-time, and that is not a pattern of work that young people have traditionally done. We are also seeing large numbers of graduates coming out who may not be able to find what would traditionally be graduate-level work, and who are therefore taking jobs that previously might have gone to school-leavers and those who have not been to university. There seem to be a number of factors that are displacing young people out of the job market, hidden underneath the unemployment figures. I guess we would also say that there is a factor around access to impartial advice and guidance for young people as well, and being able to access independent help to get into the job market. Schools are very good at guiding young people into university and learning options but are sometimes much less aware, particularly in a significantly changing job market, of what is out there for young people.

Michael Larbalestier: I would agree with my colleagues here in their response so far. In particular, young people face a double challenge in the labour market. When many find employment, it is in jobs that could be described as precarious, perhaps with zero-hours contracts, and they may be part-time, as Jenny has mentioned, and lacking the career-progression opportunities that positions which young people might have entered in the past might have offered them. Employers are still saying that young people coming into the labour market are not prepared for the world of work. This message is repeated regularly. In particular, there are concerns around literacy and numeracy skills among young people.

The Acting Chairman: Does anyone have any particular points to raise on that?

Q50 Baroness Valentine: Just a very quick question on how you define youth employment, which was the point that you touched on the end: the Prêt à Manger problem where no young Brit allegedly gets in and there might be foreign graduates in the jobs. Do those count as youth employment jobs?

Jenny Cryer: Yes. They count as being employed.

Baroness Valentine: The leisure sector in London, which is the bit I know, is growing and will have a lot of low-skill entry jobs, but I was not clear whether those count as youth employment jobs.

Rosemary Watt-Wyness: I believe they do.

Lord Clinton-Davis: Do you focus on any particular clubs in universities? When I was at university a long time ago, certain clubs were particularly active in various issues. Do you notice that any of them focus upon issues that concern you? In that respect, do you think that they could be of value to what you are trying to do?

Rosemary Watt-Wyness: I think that most of the young people The Prince's Trust is working with are at a very early-stage skill level, so when we work with the higher education institutes we work more with people from university who might be putting themselves forward as volunteers to support some of the young people who we are working with. We also try to encourage some of the higher education institutes to get engaged in fundraising activities, again to support the kind of work that we are doing. So we do have some relationship, but we are working directly with our young people at a much earlier stage in the education qualification ladder.

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

The Acting Chairman: I have a list of people who want to ask supplementaries: Lord Haskel, Lord Cotter, Lord Fearn, Lord Kakkar and Lord Brooke. So please put in some quick supplementaries.

Q51 Lord Haskel: You spoke about fewer low-skilled jobs being available, but if you go to any restaurant, hospital or hotel, the low-skilled jobs are filled mainly by people from overseas. Is that why the low-skilled jobs are not available?

Rosemary Watt-Wyness: I think that actually there are just fewer low-skilled jobs in the economy than there were. One of the things that we are quite often asked about is whether the young people we are working with actually want to work or whether they are in some way workshy of doing some of the entry-level, basic jobs that might be available. I do not think that is the case. I think there is a lot of confusion out there and that young people often do not know how to access them. We are running programmes at the moment with Health Education England and the NHS in which we work with young people and the NHS as an employer, and young people are then going into catering in our hospitals and into waste management. I have rarely seen any young person so passionate about their work experience placement as the young man who told me all about waste management in a major hospital. I think this is about us helping to link them up with those opportunities.

Linda Dean: Can I just confirm Rosemary's response? It is really important to understand, as Rosemary said, that the majority of young people who we work with and speak to have really sensible aspirations: they would like employment, they would like a home, and at some point they would like a family. When some of the entry-level positions are part-time, the cost of travel to them for a few hours or potentially a zero-hours contract becomes a barrier, so it is not the work itself but the means to get to the work that is the problem, particularly when a lot of young people are estranged from families and have no other financial support. We believe that the willingness is there.

Jenny Cryer: There is an issue about how much we can support those people so that they can compete effectively in an interview. We are back to the issue of how prepared they are to be in that situation. Undoubtedly, there are situations where they are displaced by older workers.

Lord Cotter: This is particularly problematical now. Two representatives from Prospects mention careers advice and guidance face to face, and a number of us have this concern. You are saying that we in Parliament should be able to do something about it. Are you being listened to on the lack of careers advice and guidance, and do you think that anything can be done to address it?

Jenny Cryer: There is clearly a growing shared concern about it. We are not necessarily seeing some of the structural change that will make that happen, because while it is the responsibility of schools, there is the intrinsic issue of impartiality and skills to be able to do it.

The Acting Chairman: I see nods from others. Let us move on to the next supplementary.

Lord Fearn: I have a question for Rathbone, actually. Is there such a thing as career progression in Rathbone and, if so, where is it?

Rosemary Watt-Wyness: For our young people?

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

Linda Dean: In the programmes that we work with, we engage with young people at a street or community level. Then we support them to move on to skills and further qualifications development, and then we aim to help them move on to employment and apprenticeships levels 2 and 3. We have an aspiration that we can take many of our young people from a street engagement setting to an HE environment. Some of our young people are academically able to do that but their circumstances have meant that they have not been able to engage. Others of our young people may be practically very able although academically they are not strong. Everything that we do is about progressing young people. At the moment, between seven and eight out of 10 of the young people we work with achieve success and move on.

Q52 Lord Kakkar: Jenny Cryer, you mentioned that beneath the surface of this headline focus on youth unemployment a number of other factors are contributing to it. Do you think that the development of European youth policy in this area to address youth unemployment recognises the underlying factors that are contributing to it and in effect provides schemes to deal with them?

Jenny Cryer: A number of strands of European funding have targeted different elements of the issue for graduates, people with no qualifications and others, so there is definitely an attempt to address the underlying issues. Certainly speaking from a regional perspective, the European money that comes into West Yorkshire has made a significant contribution to tackling some of the issues of youth unemployment. That does not mean that there are not still some issues within that, but it certainly appears that funding streams are attempting to address the different elements.

Lord Brooke of Alverthorpe: I will ask a quick question. Linda Dean started by referring to 16 to 24 year-olds. Are you all talking about 16 to 24 year-olds? I just had an exchange with a Minister in the Chamber on youth unemployment who was talking about 18 to 24 year-olds.

Linda Dean: The majority of Rathbone's work is with 16 to 24 year-olds, so I am reflecting back against the experience from that age group.

The Acting Chairman: Shall we move on to the second question? Lord Clinton-Davis.

Q53 Lord Clinton-Davis: Do you think that we are doing enough here in the United Kingdom to address the issue of youth unemployment? Do you think that we focus sufficiently on the real problems? How could the situation be improved?

Michael Larbalestier: One of the areas for potential improvement is actually much earlier than the 16 to 24 age group that we have been talking about. We should consider the careers and education guidance and the employability skills development that can begin in secondary school or even earlier. Certainly we would like to see more work in schools developing that knowledge and understanding of the world of work and the soft skills that are needed in the labour market. We would also say that sometimes the initiatives and some of the interventions that have been delivered have perhaps been too tightly targeted on very specific groups and that there could be an argument that greater flexibility would be more effective and would improve some of the interventions, such as eligibility criteria in order to join an initiative that are based on for example one's level of qualification, so that anyone who has more than one GCSE or a different level of qualification to that specified in the initiative would be unable to participate.

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

Jenny Cryer: There are lots of very good initiatives working with people who are unemployed, and there is an opportunity for those to be co-ordinated better. Sometimes a number of things happen in silos that could be better brought together and would make a little more sense. In the local enterprise partnerships at Leeds city regional level there is a real attempt to draw those together, because otherwise you are in danger of having things that occasionally overlap. The other issue is the short-term nature of some of those things, such as the length of engagement a young person can have through some of the European programmes, which can be quite limited, and the length of the actual programme. Sometimes just as the programme becomes embedded and is producing good results, we stop, we recommission, we tender again, and we come up with a different model. Sometimes that can be a barrier to what in essence is a very good effort to tackle the issue.

Rosemary Watt-Wyness: I agree, but there is a recognition that it is a big issue. We just need to be sure that if the headline numbers start coming down a bit we do not lose that focus. Young people tell us that they want more training programmes and they want them to be more accessible. We did a survey of our young people recently, and a lot of them were saying that they did not have the money to be able to afford the training and the skills development that they wanted to do. I do not honestly know exactly what is contributing to that picture, but it is certainly a concern and we are going to look at it more closely. More could be done to support people on enterprise. Young people being able to start up their own employment could be a contributory factor. The other thing that is useful to think about is that under the benefits system we have a delay before unemployed young people can start training. I wonder whether, instead of saying, "Well you can now have training because you have been unemployed for a certain duration", we could not look at their profile of need and then say, "Your profile of need indicates that you will be unemployed for a considerable time, so let's not wait for six months before we start your training, by which time your CV has got worse and you are probably more miserable and depressed and it would all be more challenging".

Linda Dean: Obviously, I agree with my colleagues on this. We have a large range of employability and skills programmes in the UK. We need to make sure that they do not operate in silos, because young people need both employability and skills to secure and sustain employment. However, we need to do more to focus on those young people who are the long-term unemployed and have specific needs., As Michael, said, that is then not based on tight eligibility criteria but rather on the needs of those young people. They are often the most vulnerable and have the least access to support networks to enable them to engage with the broad range of skills and employability programmes. There needs to be greater recognition, which we have touched on, that young people sometimes need financial support to access the provision. They are not unwilling to undertake skills training, but they are often unable because of basics such as a travel pass for a week, to enable them to get from A to B. There are also a number of reasons why young people are long-term unemployed, and it is a question of bringing together the housing, health, education and employability agendas, and undertaking some more practical action in those areas.

Lord Clinton-Davis: What I am particularly concerned about, apart from your contribution, is that there is very little hard evidence about particular groups of young people who are adversely affected by the present situation. Would you like to give rather more evidence about that?

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

Jenny Cryer: Certainly, when we look at youth unemployment in the areas in which I manage, we see that young people who have been YOT supervised or have had contact with youth offending services are the most likely to be unemployed: that is 50% or more of the group that we are looking at. For young people leaving care, we have made significant inroads in their participation at 16 and 17. Again, however, once we get to 18 and 19, that group of young people is disproportionately over-represented in the unemployment statistics. We have good participation in our areas from young people with learning difficulties until they are 19. There are some groups of young people in those categories for whom, clearly, accessing jobs is a major issue. The data back that up quite strongly.

Q54 Lord Kakkar: We heard, if I have understood correctly, an anxiety about short-termism, in that the major focus on youth unemployment at the moment may evaporate as things start to change. Do you have evidence that in the past 10 or 15 years, European schemes have consistently targeted youth unemployment in a sustainable way as they approached the crisis that we now face?

The Acting Chairman: Who wants to pick that one up? Rosemary Watt-Wyness, you look as though you want to.

Rosemary Watt-Wyness: No, I was just thinking it through. I feel as though my answer would be pretty anecdotal about the past 10 to 15 years of European schemes. My feeling is that European employment has probably been a focus of ESF for quite some time, and there is obviously a lot more going on at the moment with the youth guarantee. The EU is putting in place a re-employment initiative.

Lord Kakkar: But as a long-term strategy, because it is clearly a long-term problem. Have there been schemes before this particular crisis that have demonstrated a sustainable commitment?

Jenny Cryer: I think the answer I gave about the short-termism of the programmes partly addresses that. There has been a long history of engagement, but it would be very difficult to call that sustained because it is retendered and changes every two or three years. Even gathering the evidence of that becomes very difficult. Yes, the programmes are there, but not necessarily in a sustained and similar manner.

Baroness O'Cathain: Yes, I have suddenly had a flash of thinking about whether we are tackling it the right way around. For example, the greatest number of businesses across the European Union, something like 80% of the total, are SMEs. It is often said that if SMEs took on just one new employee, there would be no unemployment. I was trying to wrack my brain about why we are not somehow putting the onus on to the SMEs. It is in their interests that there should be no youth unemployment, because it is a drain on the economy. It is certainly in their interests that they should get more productivity by having more people, because that generates growth and therefore increases our economic prosperity. Is there anything that any of you have thought about that we could say to the Commission? Why do we not turn this around and put the onus on the SMEs? You cannot order them to do it, but you could cajole them and make it worth their while to consider that.

Michael Larbalestier: I think SMEs have been reluctant to engage with a number of initiatives because of the perceived bureaucracy around them. To a small business, that potential bureaucracy can be quite off-putting. Also, in a larger organisation with its own learning and development department, there are mechanisms to recruit, manage, train and

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

look after young people joining programmes. Within an SME I guess it is very much down to the business owner to manage everything in relation to taking on a young person.

Baroness O'Cathain: Is it the case that the SMEs are leaving the responsibility to the Commission, and that there should perhaps therefore be some involvement by all of us?

Linda Dean: Yes, I agree. One of the areas, and I know that the Government are looking at this at the moment, is the apprenticeship agenda. We know that one in 10 SMEs and three in 10 large employers have an apprentice, so while employers have made a contribution there is clearly still more to do. That is one area that should be focused on, but without forgetting those young people who are still so far away that they are not at the point where they can access the apprenticeship, skills or training because they do not leave their street, estate or local community. They tend to be the long-term unemployed. For me it would be a question of making sure that we balance effort and energy, to get that synergy when we have got those young people engaged and able to take the opportunities that SMEs have then made available.

Jenny Cryer: There are some fledgling schemes out there around apprenticeship training agencies. Prospects has been involved in one within the Bradford district and across the Leeds city region, which is exactly about taking on the SMEs' responsibility for employment so that it can try the young person in a job without the responsibility. It will be interesting to see how they pan out. Within what was the Future Jobs Fund, which has been slightly recreated in our region, there is an opportunity to do that process wherein an employer can try a young person—but I think that has often ended up being in the public sector. The challenge is to get that Future Jobs Fund model into the private sector.

Baroness O'Cathain: I think that too. Perhaps we ought just to think about that.

Rosemary Watt-Wyness: To add to what colleagues have said, it is an important question that goes back to the previous question about sustainability. Something that ESF funding has enabled us to do is to support huge numbers of young people who we would not otherwise have been able to support. Through The Prince's Trust alone, ESF has helped to support about 20,000 young people. However, a really sustainable strategy needs to look at both sides of the equation. The first is the supply bit. As we have mentioned, we can really help the young people we are working with to be in a better competitive position when they are in front of an employer. But at the same time we have to look at the fundamental issue that lots of those entry-level jobs have gone, and how we address the demand side as well. SMEs will become part of the answer there and enterprise will be another part. We need to find a way of working with SMEs that is not overly burdensome. We have to look at that demand side as well, or the strategy will not be sustainable.

Q55 Lord Brooke of Alverthorpe: Following Baroness O'Cathain's point, I was rather surprised that Prospects said in its evidence at paragraph 3.5.2 that, "While employers have an important part to play in providing access to employment and training opportunities, moves to shift the cost of apprenticeship provision from government to business may have a detrimental effect on the quality and availability of opportunities and on the outcomes for apprentices". That really is a case against SMEs and business taking the responsibility for providing the employment opportunities there. Could you develop that a bit further? It seems to me that if we accept that there is a point on the demand side, which Baroness O'Cathain has made, you may need incentives in one form or another to create that

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

attraction for training people or taking them on. But here in your evidence, you are saying, "No, keep it with the Government".

Baroness O'Cathain: You could do it with different levels of corporation tax, for example.

Jenny Cryer: I think that we are saying the same thing; maybe we have not said it clearly enough in that paragraph. We are saying that when the full responsibility, from the start, goes to the employer, they are less likely to take a young person on. In that paragraph, we are suggesting that to increase apprenticeship numbers, more support from government, certainly in the initial stages—

Lord Brooke of Alverthorpe: It does not quite read like that.

Jenny Cryer: Does it not?

Baroness Valentine: To comment briefly on SMEs, at London First we have employed an apprentice annually for the past five years. The intermediaries who you were touching on, who will take the employment risk away from the SME, are quite good. It is actually quite easy now to take on an apprentice without being worried that you have somehow saddled yourself with someone who you do not want to employ and then do not know what to do with. However, we also regard having an apprentice as a cost to the business. We had started putting them straight into jobs, and we have never yet found anyone who was ready to go straight into a job. We now simply mentor for a year, so it is a straight hit to the bottom line. We do it because we think that we should.

The Acting Chairman: Shall we go on to the next question? Lord Haskel.

Lord Haskel: Question 4?

The Acting Chairman: I beg your pardon. It is Lord Fearn on Question 3.

Q56 Lord Fearn: What in your view is the role that employers should take in tackling youth unemployment? Do you believe that their response is adequate in the current circumstances?

Linda Dean: I think that we have covered this, really. From our perspective, employers can offer work placements, traineeships and apprenticeships. That is a rich offer. Employers see the benefit to their community, particularly where they are an SME, and young people bring fresh and innovative ideas. Employers, as Baroness Valentine indicated, need support both with identifying the young person and with mentoring them as they may not in the first instance be able to contribute. But as we have already indicated, one in 10 SMEs and three out of 10 large employers are currently engaging with the apprenticeship programme. So there is more scope and opportunity there.

Lord Fearn: Do they have the opportunity to talk to management? Or does management talk to them?

Linda Dean: Apprentices?

Lord Fearn: Yes.

Linda Dean: That they engage with the management within their employers? I would hope so. That would certainly always be the aspiration. Part of the mentoring process for apprentices under employers is that they sit down with their supervisor and that there is that dialogue and communication.

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

Jenny Cryer: There is a role for employers, and a lot of willingness to get involved before young people become unemployed, so it is the involvement of employers within schools. There is a challenge there in that, left to market forces, our best performing schools tend to attract the employers who are naturally linked to them through parents, governors and whatever. There is a challenge in helping to make sure that some of that richness also goes into schools where young people will have had much less contact naturally with employers and employment.

Lord Haskel: Rosemary Watt-Wyness said earlier that she was looking for young people to be more enterprising, to have a more enterprising attitude. In your evidence, The Prince's Trust says, "Self-employment is one of the few positive options open". Do you think that there is a large number of young people who could be supported into taking this route and starting their own businesses?

Rosemary Watt-Wyness: I think that self-employment could be a viable alternative for considerably greater numbers of young people than it is currently open to. Certainly, young people's attitudes to self-employment seem to be changing. Prince's Trust surveys show that a considerable group of young people expect to move into self-employment. One study that we did found that 25% of young people were expecting to be self-employed within the next five years. There is a moment when we can really help them to do that. For some areas of business, start-up costs have come down a lot, so young people do not necessarily have to have the same amount of financial backing that they did previously. You can start up very small, which means that it is more viable for more people. Some of the groups of young people you were talking about, such as people with an offending history, are going to be struggling when there is a lot of choice for employers between different young people. However, self-employment can be a real option for young people with an offending record. We need to make sure that policies align to really support young people in moving into self employment. We do have a concern that under universal credit there will be a one-year start-up period for young people. None of the entrepreneurs who work with The Prince's Trust think that that is long enough to get from start-up to a business that is paying you the assumed income to live on. We would like to see a bit more support from policy there. There are a lot of young people who are interested in enterprise.

Michael Larbalestier: It is worth mentioning the experience in Wales, where the Youth Entrepreneurship Service targets those aged five to 25. That is a European-funded initiative that takes business role models into schools and offers entrepreneurial challenges to young people right down into primary schools within Wales. Over a period of 10 years, that programme has seen a trebling in the number of young people who are actively engaged in entrepreneurial activities. It potentially has quite a strong impact. Again, I go back to this aspect, which I mentioned earlier, of the need to work within schools with much younger people to help to develop some of these sorts of skills. It is also worth mentioning briefly that entrepreneurial skills would be valued by many employers as equally valuable and useful in employed life as they are for people starting their own business as well.

Lord Haskel: What sort of support, then, would you give for this? Would it be IT training, money or just mentoring, for instance?

Rosemary Watt-Wyness: It is interesting. The thing that young people consistently tell us is the most important support that they get from The Prince's Trust is mentoring. It is the support that they get from somebody who has more experience, often from running their

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

own business. That mentoring is absolutely crucial. Financial support is important, but not all the young people who we work with even take up the financial support that might be on offer. They see the mentoring as more important and do not want to risk having a debt attached to them in the form of a loan. Mentoring would therefore be my number one but, as I say, it is important that we make sure that our policy and benefits framework encourages young people to start up businesses. I know that there is a balance to be struck. Clearly we cannot support young people indefinitely on benefits while they say that they are starting up a business. However, one year under arrangements for universal credit certainly feels too short and runs the risk that young people who will be able to persist in setting up a business will be those who have recourse to some other form of financial support. We will end up with the risk that disadvantaged young people will not be able to set up a business, but young people who can look to family or friends for financial support for their business will.

Baroness Hooper: I would be interested to know whether you have found that there are regional variations, and that perhaps more young people move into self-employment in areas where self-employment has been traditional. I know that the example of Wales has been given to us, but that was in fact a regionally sponsored scheme and we are talking about the initiative coming more from the young people. Is there any variation?

Rosemary Watt-Wyness: That is a really interesting question. Certainly, the response that we were getting, of young people saying that they were really interested in the prospect of self-employment, was obviously going to be from a fairly small sample compared to a country. That was nationally based rather than regionally based, but I cannot tell you the regional breakdown within that. My sense anecdotally is that we have much more awareness about enterprise among young people. There is more on TV about enterprise. Young people, if they are finding it difficult to get a job, are going to be thinking, "What else can I do?". We are trying to get the message out there about enterprise. I doubt that it is limited to places that have historically been a bit stronger.

The Acting Chairman: I think that if we are going to allow our witnesses to go at the scheduled time, we will have to be self-restrained on the supplementaries. So let us have the key supplementaries but, please, with a bit of restraint.

Q57 Baroness Hooper: We are a European Select Committee, looking at proposals that affect all of Europe. Reference has been made to European social funding and one or two other schemes. How valuable do you feel these EU initiatives are or have been? Currently there are the European youth guarantee and the new Social Fund programme. Are you aware of how these are acted upon in other parts of the European Union? Do you have partnerships with any other countries with the schemes in which you are involved?

Linda Dean: We have no current collaboration. Clearly, as part of our own research and development as an organisation we look at what is happening in other Member States, but we have no links. The European programmes are valuable. They have been successful and, as Rosemary has touched upon and I think others will, they have enabled us to work with young people with whom we would not otherwise have been able to engage. There are two key points. The activity that the young people are engaged in needs to be of meaningful duration. The research that we have suggests that, at less than six months, the ability to sustain and secure employment thereafter is less than that of a nine-month or 12-month programme. On meaningful duration, I have no research or evidence on this, but if we

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

continually recontract after two or three years it would be more helpful to look at these programmes for five or six years. Then we could see if that makes a difference.

Rosemary Watt-Wyness: As I said, they are really valuable. Certainly, we do not have a lot of direct collaboration. We do participate in some European research projects. We have some awareness of what is going on around things like the youth guarantee. Certainly, it is important that ESF funding continues to focus on people who are further away from the labour market and on some structural initiatives, trying to provide the kinds of training that will link people up with the sectors where there are growing numbers of jobs.

Jenny Cryer: I will leave the collaboration elements to Michael, but I have a comment on the youth guarantee. Obviously, we have been involved in delivering the September guarantee, which is a year 11 version of what I understand is being proposed. It is clearly an exciting and positive development. There are some in-built issues that will need to be addressed around offering what, for many young people, will potentially look like an education place post-19 when that would not currently be the case. Quite a bit of unpicking underneath that will need to be done. I guess that there is some level of concern around the five regional areas with unemployment above 25%. The rationale for that is very clear, and I understand that, but it will mean that for some young people—I imagine particularly in London—an element of postcode lottery will come into whether or not they can access quite a good, enhanced offer.

Michael Larbalestier: I am not aware of any current European collaboration in projects that we are delivering. We have certainly collaborated with European partners in the past, more so on the research side, rather as Rosemary has mentioned. Greater collaboration would be valuable and should be encouraged.

Q58 Lord Brooke of Alverthorpe: To a degree, we may have already addressed the issue of where the solution lies. There is plenty of evidence about the amount of evaluation that is undertaken on young people and unemployment, and evidence and best practice guidance on how to help young unemployed people most effectively. There is a lot of it around, and we have heard more of it today. If so much is already known about the problem and it has been around for so long, and it seems in some respects from your opening remarks to be getting worse at the moment, what can we do to try to improve our collective performance, which may be different from what we have done in the past? As we have just touched on the European dimension, is there anything new that Europe can offer this country? Could we be looking to Europe for greater assistance?

Michael Larbalestier: There are a couple of issues I would raise, one of which is the short-term nature of some funding programmes, meaning that just as programmes are building up that body of successful practice and delivery, a new round of funding starts and the delivery partners have to be reworked and new initiatives have to be designed. It is also worth mentioning that the competitive nature of bidding can get in the way of the sharing of good practice. In terms of doing something a bit differently, the element of projects' legacy might be strengthened within funding arrangements to ensure that it is perhaps taken more seriously and that the lessons learnt are translated into future delivery.

Jenny Cryer: Clearly the most vulnerable young people are the ones who are struggling the most with the job market, and they fit the least neatly into some of the constraints around the EU programme. We can end up with a mismatch there.

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

Lord Brooke of Alverthorpe: So how do we get to identifying what needs to be delivered or offered to them?

Jenny Cryer: We probably need to do a bigger piece of work about listening to those young people and truly understanding some of the pushes and pulls. One of our contracts is a “leaving care service” contract. There are certainly a whole number of factors that influence young people supported through that service that are push and pull drivers for them accessing and sustaining work.

Rosemary Watt-Wyness: The part of the question that is about how we can do better relates to some of the things that we have talked about. It is about having ideas on both sides of the equation, both about how we help individual young people to be more competitive and how we stimulate more opportunities for them. There is certainly a job to be done on careers contact and helping young people right the way through school to get a much better grip on what they are going to need to be able to offer and do. On the point about the financial accessibility of training programmes for young people, we have to look at that and agree about it. There are all sorts of factors at play there. We have had young people not being able to do training because their parents have said, “Well, I will lose benefit if you are in training”. It is complex, but we really have to look at that.

On the point about EU support and enterprise, there are industries where there is need certainly for things like digital skills. We have to get better at helping to get that information right through the system and then helping young people to develop those skills. There is real potential with traineeships to take young people with some aptitude but without qualifications and to help them build towards some of these higher-skilled opportunities.

Linda Dean: On what we need to do better, we need to do better in supply and demand. As Rosemary said, we need to better engage with the young people but also make sure that there are employers to support them. We need to review the financial support to ensure that the young people with the greatest need can actually access the training and employability provision that is available. There is an opportunity to better connect health, housing, employability and skills and create pathways across. For example, I am aware of some training that has been delivered in the Manchester area that is being funded through health, supporting mental health and well-being. An outcome from that could clearly lead into skills. However, these tend to sit alone in silos. We need to join those types of activity together. We need to engage young people in a dialogue. I know that we refer to “young people” here, but we know that they are not a homogenous mass. Clearly, there are a number of different push and pull factors in there, as Jenny and Rosemary said. We must ensure that the programmes are of sufficient time, not just in terms of contract length but in terms of enabling the young person to access the benefit. Historically, some of the European programmes that we have had have been six or 12 weeks. In that time, you will have just secured a young person’s trust and not been able to move them on to the next step. Those are the key things.

Q59 Lord Cotter: We are getting near to the end of our time, so I will be brief and to the point, and perhaps ask for answers in the future. You have just spoken about young people engaged in dialogue. For those who believe in young people, and most of us do, we must be looking to them to say what they think can be done, and we must listen. To what extent do young people themselves contribute to ideas as to how they may be helped? Are they consulted about what might be effective? What steps do you or others take to involve young

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

people in policy discussions, and with what results? It could be very productive. It must be essential. We in our Committee are struggling to identify how we can have young people here, or in other ways, to say, "Que pasa? What do you think?", and so on. We are probably short of time, so I ask for a quick answer, and maybe afterwards for you to send us some ideas.

Rosemary Watt-Wyness: We try to involve young people in lots of different ways. Some of the survey stuff I have already talked about, and one of their two big things has been more training programmes. They feel that the number one barrier to employment for them is a lack of jobs, which is on the demand side. They also talked about this financial accessibility problem. We do things like that with formal surveys. We also have young people as part of internal discussions when we are talking about programme design. We have had a range of events where we have taken groups of young people to talk to BIS and DWP. Those are really productive sessions. There are some things that you just could not think about if you were not living the experience. We talked with DWP about young people's experiences of jobcentres. One of the things that really struck me was one young woman saying, "Yeah, it can be really intimidating. You turn up and there are two great big bouncers on the door". You would not think that unless you were living it, so it is hugely important.

Jenny Cryer: We use all sorts of methodology. We are doing quite a bit more with social media than we have previously. We are using our quite active Facebook pages and working in a couple of other areas. On probably the most powerful piece that I have seen, we recently tendered for two quite large contracts and young people have been involved in writing the specification and commissioning the contracts. That enables them to be genuinely powerful in the process, as opposed to being consulted marginally as we go through.

Linda Dean: We agree that the key to finding success is to actually consult the beneficiaries who are going to have a positive experience or otherwise. Along with other colleagues I would welcome an opportunity, if it was appropriate, to facilitate young people feeding directly into this. We currently consult our young people through a whole range of forums and conferences. They present to us as a senior management team every eight weeks and hold us to account for the things that we pledged to them. They come back and check, so that is one of my most anxious meetings. We find that the majority of our young people are articulate, clear, focused and helpful in ensuring that we both understand and provide them with what they need. Something that may translate across is that we are currently in the process of employing two young people who have been furthest away from the labour market and have had a series of experiences in their lives. The idea is that they are going to work with us while we go through business planning. They are going to be allocated to our senior management team to take us through our business planning process, looking at our policy at a Rathbone level—obviously not at a wider level. We have had young people at the young parliamentary group Youth Select Committee earlier in the month as well. That is helpful and useful.

Michael Larbalestier: It is hugely valuable to involve service users in the design, delivery, development and enhancement of services, and to do so in an inclusive way. By way of a brief example, services in some of the aspects of our business are increasingly being delivered digitally. In one area, we worked with Barnardo's and young people with learning difficulties to introduce a number of enhancements to some software that we were preparing to introduce to deliver services to young people in that area. That was extremely

Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone—Oral evidence (QQ 48-60)

valuable. There was a huge impact as a result, which led to many changes to that particular technology.

Q60 Earl of Liverpool: Rosemary, you mentioned earlier that in a study you had done, 25% of young people expected to be self-employed within five years. That was an aspiration or expectation. I wonder what happens in reality. Is it anywhere near 25%?

Rosemary Watt-Wyness: I suppose that they are not exact cohorts. We did not do a follow-up study with that same group, so unfortunately we do not know exactly what happened. On our enterprise programme, we start off with a four-day course called Explorer Enterprise, which is all about helping young people who think that they have an interest in enterprise to establish whether they really do and whether it is the right time for them, and to really think that through. The conversion rate from that to an actual start-up is around 25%.

The Acting Chairman: Thank you all very much indeed. If, perchance, after you have gone away, past the bouncers at the door, who we do not have here, and you suddenly think of something that would help the Committee in the programme that we are doing, please get in touch with us.

Rathbone—Written evidence

House of Lords Inquiry into EU Youth Unemployment

1. Rathbone strongly agrees that the EU should be providing funding to Member States to tackle youth unemployment. We also agree with the German Chancellor Angela Merkel, that youth unemployment is one of Europe’s most pressing problems. We are alarmed that the latest data has confirmed over 5.7 million young people 15-24 are now unemployed in Europe, research shows that youth unemployment has negative long term consequences for the individual and the economy.⁷⁹ Youth unemployment appears to be a worsening trend with continuous increases since early 2011, giving an average of 23% youth unemployment across the EU. It is worth noting, however, that the problem is not evenly distributed with youth unemployment in Greece at 63% and Spain at 56% while for Germany and Austria the rate is as low as 5%. Therefore, funding needs to be targeted where there is greatest need.

Rathbone believes the new EU action to tackle youth unemployment does respect individual Member States powers in the areas of social and employment affairs. Individual states are able to provide any additional necessary interventions, providing measures and restrictions to EU initiatives. They can ensure that these are consistent with and can be accommodated within national and regional economic and social conditions, for example, taking account of the difference between rural and urban economies and social conditions.

We further believe the problem of youth unemployment across the EU is so great today that there is the potential for serious social and economic consequences of not addressing the situation. The economic productivity of Member States is based on having a skilled and flexible workforce. Long term youth unemployment reduces competitive advantage and increases welfare dependency with associated poor health impacts. . Many Member States are struggling with wider economic conditions and without EU support would not be able to tackle the issue of youth unemployment without cross border transnational interventions.

2. Rathbone believe the EU does ‘add value’ to Member States efforts to tackle youth unemployment by providing funding and infrastructure systems to support Member States. It is doing this by facilitating sharing of best practice of successful intervention programmes that are working and encouraging the movement of labour from areas of high youth unemployment to areas where there are job vacancies. The Erasmus Scheme is an excellent example whereby financial support is made available to young people for travel and accommodation to study in Member States. It is a scheme which could be adapted to support young people to move between countries to access employment

⁷⁹ Work Foundation Research Paper June 2012 ‘Short Term Crisis – Long Term Problem’

Rathbone—Written evidence

opportunities, an Erasmus for All Scheme. It is worth noting there are currently 2 million employment vacancies across Europe.

3. Rathbone does not believe there is sufficient disaggregation between measures to tackle youth unemployment at present. The majority of intervention projects do not, for example, distinguish between the needs of target groups at a qualification level. An unemployed graduate will require significantly different support, opportunities and career guidance from a school leaver who has low level qualifications. Rathbone would recommend more emphasis on work experience and employability skills training for graduates based on the paid internship model and more maths, English and IT skills for school leavers who are below level 2. Moreover, there is a much greater need for good quality careers guidance at all levels of youth unemployment than currently exists with the majority of intervention programmes.
4. Rathbone consider the EU accounting, monitoring and evaluation procedures are satisfactory for the various intervention programmes but could be improved by simplifying reporting systems and greater contact with the target beneficiaries. This should be at the design and implementation stage as well as the delivery and outcomes stage. This will improve resource deployment and ensure interventions are designed more accurately to meet the varying needs and barriers experienced by young people who are unemployed. Current interventions are often based on assumptions made at a policy level, which can miss the target. An example being the cost of travel to work as a barrier rather than the work itself.
5. Rathbone believes the funds available through the new Youth Employment Initiative (YEI) and European Social Fund (ESF) could be targeted more effectively to reduce youth unemployment; although it is recognised that 10 Billion Euros is spent annually via the ESF programme with 68% of this funding targeted towards young people. There is a growing recognition, that the issue or obstacle is more about the engagement and brokerage side of the support available to young people as opposed to the accessibility of employment training programmes such as traineeships and apprenticeships of which there is currently a good supply across most Member States. It is first necessary to engage with young people and provide encouragement to access what is already available rather than the number of mainstream opportunities available in total.

We would also like to make the point that the 6 Billion Euros that has been committed to tackle youth unemployment via the YEI is a very low amount of funding in comparison to the problem, representing around 850 Euros per individual young unemployed person. Rathbone recommend that it is the Member State which is asked to provide any match funding required for programmes rather than individual organisations and service delivery is then publically procured. Moreover, that a differentiated approach is adopted in the allocation of funding to better reflect Member States particular economic and social conditions. It is further recommended that a differentiated approach is applied more vigorously within countries receiving funding.

Rathbone—Written evidence

Furthermore, the restrictions of YEI funds to those Member States with youth unemployment above 25% significantly disadvantages those nations who have pockets of youth unemployment above 25% for example Ireland, UK, Netherlands but where the national percentage is below the 25% threshold making it ineligible for YEI funding. We agree and strongly support the introduction of EU Youth Action Teams to instruct and support Member States to reprofile their European Structural Funds towards reducing youth unemployment. There is an obvious problem when collectively EU Member States are currently spending more on subsidies for cows than on initiatives to reduce youth unemployment.

6. Rathbone does not believe there is sufficient consultation with young people who have experience of youth unemployment or their representative groups in relation to decisions on projects and their funding. An example would be the lack of financial support available to young people and the variation between Member States which appears to be given little consideration in the design and funding of interventions. There is growing evidence that lack of financial support for travel, subsistence and equipment are as much or an even greater barrier to accessing training, education and work. We believe financial support to young people should be given increased funding within intervention programmes and targeted more at areas of dense youth unemployment.
7. Rathbone believe the EU should take into account the positive and negative socio-economic impacts of youth migration due to youth unemployment when designing and funding interventions. Currently there are large movements of young people from Eastern European States and to a lesser extent from Southern European States to the Northern States. This is taking away the resource labour from these countries which in turn impacts on the social, cultural and family networks in the home State. This does need to be balanced by the advantages of diversity and economic returns generated with movement of labour. The negative consequences of migration can be mitigated by supporting (financially) young people to assimilate into new countries, for example by offering free language classes and wider forms of training.
8. Rathbone supports the new Eures Portal launched in July 2013 promoting job opportunities EU wide. The willingness and mobility of young people to find work (and education) should not be underestimated. Eures job adverts should be encouraged and the portal expanded to include wider learning opportunities. The issue then becomes the availability and access to on line facilities, particularly in poorer and rural areas where youth unemployment is particularly acute. Member States should consider using social media to engage and provide information advice and guidance to young people.

The priority now needs to be the implementation of the YEI programme and wider ESF initiatives as the needs of young people who are unemployed, some for many years now are becoming more pressing. In summary, to ensure success there needs to be a greater effort to ensure all the interventions are joined up as a comprehensive action plan.

Rathbone—Written evidence

Overarching coordination is vital if we are to avoid a piecemeal approach. Solving youth unemployment cannot be achieved with isolated interventions; these need to include addressing wider policy issues such as education, social welfare and mobility for young people.

30 October 2013

Linda Dean, Rathbone, Michael Larbalestier, Prospects, Jenny Cryer, Prospects, and Rosemary Watt-Wyness, The Prince's Trust—Oral evidence (QQ 48-60)

Linda Dean, Rathbone, Michael Larbalestier, Prospects, Jenny Cryer, Prospects, and Rosemary Watt-Wyness, The Prince's Trust—Oral evidence (QQ 48-60)

[Transcript to be found under Michael Larbalestier, Prospects, Jenny Cryer, Prospects, Rosemary Watt-Wyness, The Prince's Trust, and Linda Dean, Rathbone](#)

The Royal Bank of Scotland—Written evidence

The Royal Bank of Scotland (RBS) is pleased to provide written evidence to the House of Lords EU Sub-Committee B (Internal Market, Infrastructure and Employment) as part of its important inquiry into youth unemployment.

In responding to the call for evidence, we have answered questions where our experience is most relevant.

1. What work are you doing in the area of getting young people into employment?

RBS provides a range of initiatives to help young people into the job market, from direct employment to tailored advice and support services. RBS currently employs around 7000 people under the age of 25, representing around 10% of the bank's total UK workforce. RBS runs far-reaching graduate, apprenticeship and internship programmes to support and develop young people's careers:

- **Graduates:** RBS currently has 585 young people enrolled in its Graduate Programmes. The programmes last two years and offer graduates experience of a range of the banks' major divisions, including retail and corporate banking as well as within the bank's central functions. Graduates have the opportunity to experience a number of different roles within the bank and to go on to become employed by the bank on a full time basis.
- **Internships:** The RBS internship programme aims to be the pipeline for the Graduate Programme; around 60% of our graduates come from the internship programme. First Year University students from all backgrounds can apply for the week long internships during spring and summer terms. During this week students learn about the range of career options available within RBS and if they perform well they can offered a 10-week, paid summer internship.
- **Apprenticeships:** RBS currently has 124 apprentices across a variety of roles, all of which are employed on full time contracts for either 12 or 18 months. As well as learning vital work experience, 60 of these apprentices are also part of a recently launched programme which offers a recognised Professional Qualification in their chosen field, including Level 3 Diplomas in Providing Financial Services and Business Administration.

Aside from direct employment, RBS provides training and advice services designed to give young people a crucial insight into succeeding in the world of work. The breadth of resources, volunteering opportunities, sponsorships and partnerships for pupils and students are brought together in The RBS Future Ready Hub; a break down of relevant initiatives is provided below:

- **Employability Bootcamps:** these are undertaken in partnership with our chosen universities and are an opportunity for Year 12 students to access employment

advice as well as insights into university life and UCAS applications. In 2013, RBS hosted a series of such events across university campuses, supporting around 500 young people.

- **Career Insight Programme:** RBS Career Insight Programme provides Year 13 students with the chance to experience the life of a bank. This unique two-day taster includes an Introduction to Banking session, recruitment help and support, the opportunity to take part in business simulations and a 1 day work experience shadowing current graduates and interns. If students perform well they could be offered a position on our Spring Week programme for 1st year university students. In 2013, 168 Year 13 students attended Career Insight events across the country.
- **RBS Enterprising Student Society Accreditation (ESSA):** The RBS Enterprising Student Society Accreditation (ESSA) is a student enterprise scheme created by Find Invest Grow (FIG) and sponsored by RBS. Launched in 2011 it recognises and rewards the great enterprising work carried out by the students involved in university societies across the UK, such as marketing, driving new membership, managing accounts, hosting events and raising funds. Achieving an RBS ESSA certificate is a useful addition to students' CVs, demonstrating important skills which will be valued by potential employers.
- **Work Experience:** In 2013 RBS launched the Structured Work Experience Programme within its retail banking division; as part of the pilot, 10 pupils from two secondary schools spent a week in 10 different branches across Scotland. The programme has been praised by pupils and teachers alike, offering hands-on experience of banking and strengthening the bank's links with its local communities. The pilot is due to be extended in 2014.
- **Career-Kickstart:** This career portal, part of the Future Ready Hub, focuses on the Careers Education Information Advice and Guidance (CEIAG) agenda to support young people in their career decision making and development. It blends interactive and multimedia resources, covering Key Stages 3 and 4, designed for careers professionals and teachers.

2. How effective do you think existing EU and UK programmes are in ensuring young people are skilled up for work?

We are committed to working with each devolved administration to support young people into employment and have the following comments on specific programmes:

In England the links with EU policies, as expressed in *Working together for 'Europe's young people - A call to action on youth unemployment* are clear given that traineeships and apprenticeships are at the centre of BIS policy on Youth Employment. The English traineeship model shows good potential in recognition of its systematic approach to helping young people to develop the key skills needed in order to improve their labour market opportunities. While the introduction of £9,000 tuition fees in England has challenged young

people to reflect on the economic benefits of achieving a degree, apprenticeship policy has been supportive in creating alternative opportunities for young people.

The creation of Higher Apprenticeships has changed the proposition from firms to young people. We will be reviewing the opportunities that Higher Apprenticeships provide to RBS as more relevant frameworks are developed and are pleased to be involved in the Trailblazer initiative for Corporate Banking. We are hopeful that the proposed changes to apprenticeships through the Trailblazer initiative in England and the new funding model will continue to make it easy and cost effective for employers to engage with apprenticeships in a meaningful way.

In Scotland, the Commission for Developing Scotland's Young Workforce is starting to address the shortcomings given by the lack of an established mechanism through which employers can systematically engage with young unemployed people such as 'traineeships'. The recommendations 2, 7 and 10 of the interim report of the Commission for Developing Scotland's Young Workforce (Wood Report) are promising. Specifically, the increased focus on expanding the scope and level of apprenticeships, to guarantee better employer influence within the governance of apprenticeships and interventions for those at risk of disengaging from education and having a focus on early intervention relating to labour market demand. We look forward to the full report that will be released spring 2014 and are committed to supporting the Scottish Government in its implementation to help create more meaningful opportunities for the young people in the communities we serve.

The Welsh Government has developed the similar structures as in England in terms of expanding apprenticeships to include Higher levels. The Northern Ireland Government is currently reviewing its apprenticeship policy to ensure it is fit for purpose.

3. Do businesses and industry feel engaged in the making of EU/UK youth unemployment policy? How could policy makers work with businesses to involve them in policy making in this area?

No response

4. Is there any best practice in other Member States from which the UK could learn? To what extent do you feel that the UK has shown that it is learning from the best practice of other Member States in policy making?

The case studies of best practice often quoted in research, such as the German or Swiss model, are based on education systems with significant differences in comparison to the UK. As such it is difficult to comment on the applicability of such practices in the UK. For large employers with an international footprint such as RBS, it is helpful that there is some level of harmonisation between the youth employment policies adopted in each Member State in order to allow for coordinated programmes which to best support young people in Europe into work.

5. To what extent does the ability of small businesses to engage with policy in this area differ from that of larger businesses?

No response.

6. How realistic is the option of self employment for young people? Is it only suitable for a small minority, or are there larger numbers of young people who could be supported in taking this route?

At RBS we believe that self employment is a realistic route for young people. Indeed, the Higher Education Statistics Agency recently announced that 75% of students expect to be self-employed within 10 years. RBS runs its own quarterly research tracker - the RBS Enterprise Tracker - and we have seen similar trends in this research. The latest findings from the tracker were published on 13th January 2014.

The findings indicate that young people are consistently seen to be more interested in being self employed, or running their own business than old generations. That said - they also perceive greater barriers to starting up - and so need more support in order to be successful.

RBS is committed to support self employment and has developed the Inspiring Enterprise programme to encourage a more entrepreneurial culture from the classroom to the boardroom; its main aim is to encourage more people in more communities to explore enterprise, build their skills and ultimately to start up and succeed in business.

In this space RBS has been working for over a decade in partnership with The Prince's Trust. The current award winning partnership is focused on the Enterprise Programme, of which RBS is the largest corporate funder, to support the next generation of UK entrepreneurs. The Enterprise Programme operates across the UK, with the Scottish programme run by The Prince's Trust Youth Business Scotland.

The programme offers young entrepreneurs loan funding, advice and the support of a business mentor when starting up a business. The Enterprise Programme supports 6,000 young people each year. The strength of the partnership was recognised in 2012 when The Prince's Trust and RBS won a joint £1.6 million bid to become a delivery partner for the pilot of the UK Government's Youth Enterprise Loans scheme. The Prince's Trust was able to use this funding to support an additional 600 young people in England with start-up funding and mentoring.

In addition to our core support of the Enterprise Programme, the RBS partnership with The Prince's Trust aims to raise the profile of young entrepreneurs and undertake research to understand the barriers to enterprise faced by young people. Examples include research reports The Start Up Generation, The Cost of Exclusion, Broke Not Broken and Down, But Not Out. Moreover, the RBS Enterprise Award at The Trust's annual Celebrate Success Awards and the recent A-Z of Young Business campaign, help to highlight the success of many young entrepreneurs throughout the UK.

January 2014

Shout Out UK—Written evidence

Youth Unemployment Analysis by Young people, conducted by Shout Out UK

About Shout Out UK

Started in July 2012, we are one of Britain's fastest growing Alternative news networks. We aim to create an understanding between current affairs around the globe and the history behind each issue. Our global network of journalists, currently numbering over 4,000, operating in over 100 countries, covers worldwide news stories without censorship or preference, with the aim to create a news network, which is incorporative, independent and gives a means of expression to the voiceless generation.

Youth Unemployment Analysis

Young people are now experiencing the struggle of living without work. Youth unemployment is worse than ever, according to statistics, even though constantly applying online and in-store.

Due to the current economy, many have been made redundant, cutting out potential opportunities and leaving plenty without jobs, the main victims of this being young people. It has been said that the UK Government is creating a 'jobless generation'. Adding to the severity of the situation, young people are not getting training, or an education to support them in the process due to the fact the educational system has failed to serve them in this area.

According to Youth Unemployment statistics posted on the Parliament Commons Library Standard notes, *"In September-November 2013, 920,000 young people aged 16-24 were unemployed, down 39,000 on both the previous quarter and the previous year". Not only do they have nothing to do on a daily basis, but it does not allow any form income.

Why are young people failing to find work? Because they are the weakest equipped in today's job market.

Employers have told that the educational system failed to teach people the right skills required, and has therefore failed to serve them business-wise. Jobs require experience, which often requires education, this requires money, but if you have no money, the rest is difficult to conquer. The system is designed to fail. Graduates are taught skills, but not the ones required by employers.

From my own personal experience, during my university years, I did voluntary internships in order to gain experience and strengthen my CV so that the search after graduation jobs would be made easier. This was not the case. Having then graduated, I struggled for months to find a job, even with a degree and plenty of work experience. It was shocking to hear that plenty more people I went to university with were also in the same position, struggling to

Shout Out UK—Written evidence

even get into retail, which requires no qualifications, whilst the rest had been made redundant.

Some are even considering immigrating to other countries, where they know no one, in order to find any possible opportunity for making money, proving that young people want to, but they haven't been giving the chance to do so. It's not a shock to find that it's been highlighted that the youth (aged 16-24) are at higher risk of depression, insomnia as well as going to the extreme lengths of attempting suicide, due to the fact they struggle to find work. If this isn't enough for the government to want to bring about change, then what is?

Even though plenty of graduate scheme programs attempt to promise graduates that their degree will help with their job search after they graduate, it does not guarantee results. In fact, it's been proved that graduates either end up stuck in non-graduate jobs or remain unemployed altogether.

Reasons why young people may find it difficult to get employed could possibly include the financial crisis, hence less recruitment, but also lack of qualifications and experience ensures they recruit more experienced older staff. But how are they supposed to gain experience, if no one wants to hire inexperienced young people?

The job application process is irritating in itself, but the fact that most people tend to hire people they have personal links with, makes it difficult for anyone to get into work fairly. Young people tend to struggle most because of representation and stereotypes. Nowadays it's more about whom you know, rather than what you know, devaluing a degree.

Whilst most have no shame in admitting they get benefits by the job center, others are forced to resort to other forms of money-making activities in order to survive and live comfortably. This could potentially lead to crime rate statistics also rising, hence why it needs to be tackled before this increases. Over 315,000 people between the ages of 18-24 are claiming jobseekers, yet the government fails to understand why this is the case and how to reduce these numbers by providing young people with opportunities for work.

It is important that it is made aware to UK government that it is a growing issue, and take it more seriously, because our futures are at stake here. If statistics stay the same, it will only have negative repercussions. The statistics do not lie and young people (graduates or otherwise) need and most importantly, want to work. The crisis seems as though it will not improve anytime soon, but it will cost the government to pay out billions in benefits. Which brings to question, would it not make more sense to give youth opportunities for them to work, rather than motivating them to scrape money from the government instead of earning it for themselves?

14 February 2014

Joe Billington, Skills Funding Agency, Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

Joe Billington, Skills Funding Agency, Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, and Karen Adriaanse, Ofsted—Oral evidence (QQ 219-233)

[Transcript to be found under Clive Richardson, Go ON UK, Jane Artess, Higher Education Career Services Unit, Joe Billington, Skills Funding Agency, and Karen Adriaanse, Ofsted](#)

Professor Martyn Sloman, Professor Sue Maguire, and Dr Paul Copeland—Oral evidence (QQ 15-29)

Professor Martyn Sloman, Professor Sue Maguire, and Dr Paul Copeland—Oral evidence (QQ 15-29)

[Transcript to be found under Professor Sue Maguire, Professor Martyn Sloman and Dr Paul Copeland](#)

Professor Martyn Sloman—Supplementary written evidence

Introduction and Context

In the course of their inquiry the Sub-Committee received oral evidence on Monday 4th November from three academic researchers and commentators: Professor Sue Maguire, Dr Paul Copeland and myself. This note sets out the more important points covered in my oral evidence. A supplementary paper, prepared at the Sub-Committee's request, offers some examples of current good practice.

The Sub-Committee's investigations follow the announcement of the European Youth Guarantee and the establishment of the Youth Employment Initiative (YEI). The Youth Guarantee is a formal pledge that young people (up to age 25) should receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education. The YEI is an EU funding initiative established to support the Guarantee: initially, in February 2013, six billion euro was pledged for that purpose; this was extended in July with an additional two million euro commitment for countries with a youth unemployment rate above 25%.

The Youth Guarantee is a recommendation, with member countries given the opportunity to tailor their activities to national, regional and local circumstances. In responding to a request for information in advance of my appearance before the Sub-Committee, a DWP Information Officer e-mailed:

We have not made a formal response. As I'm sure you're aware, the Youth Guarantee is a non-binding EU recommendation so we are not obliged to implement it. We implemented the Youth Contract in April 2012, almost a year before the Youth Guarantee recommendation was agreed. The Youth Contract broadly meets the underlying aims of the Youth Guarantee and we will be reporting how the Youth Contract fits with these aims in more detail as requested by the European Commission by the end of the year. Our position on the Youth Guarantee is that this would be inappropriate for the UK. Over 80 per cent of young people flow off Jobseekers' Allowance within 6 months in the UK, so a four month guarantee would incur high deadweight losses (we'd spend money offering the guarantee on lots of people who would have got a job anyway) and wouldn't be cost effective.

This clearly suggests limited enthusiasm for the idea within UK Government.

Definitions and Recording

It is understandable that the Sub-Committee has put considerable efforts into gaining a better appreciation of the terminology in use ('youth unemployment', 'worklessness', 'NEETS'). The comments offered by Professor Macguire and Dr Copeland to the first question asked at the oral session offered a most useful elaboration here. Broadly we can comment on statistics taken from the quarterly Labour Force Survey (which includes reports on the number of 16-24 year old unemployed) and a claimant count (based on young people receiving Job Seekers Allowance).

My view is that you must define the problem before you can offer a critique and evaluation of current solutions. Only then can you identify the most appropriate metrics. There is a muddled and confused agenda with a multitude of schemes, often sounding the same, but with different intentions and aimed at different target populations. It is important to distinguish between: initiatives that are designed to reduce youth unemployment (or worklessness); schemes that are designed to give young people the opportunity to develop work-related skills ('welfare to work' intended to increase an individual's short and long-term prospects for employability); schemes that are designed to develop work-force skills that underpin international competitiveness (irrespective of the short-term impact on employment). The key distinction is 'skills or employment?' 'Apprenticeship' offers a good example of the ambiguity that can arise: is the current advocacy of apprenticeships intended to improve workforce skills or to reduce the number of workless young people? If the former, the emphasis would be on the quality and the reputation of apprenticeship programmes; if the latter, the emphasis would be on the sheer numbers of participants.

Such discussions are more than semantic. To reiterate: it is impossible to determine the most useful metrics without first deciding your underlying intention. Here the Local Government Association (in a publication in support of their most impressive 'Hidden Talents' project) commented that one of the problems arose because of the number of different Government departments involved. "Services are largely funded through three Government Departments. The Department for Work and Pensions (DWP) funds employment programmes – primarily the Work Programme.... The Department for Business, Innovation and Skills (BIS) funds further and higher education and post-18 skills training, while the Department for Education (DfE) funds education and training for the 16-19s. DfE funding for 16-19 Apprentices (and the forthcoming Traineeships) is administered through the BIS Skills Funding Agency"⁸⁰. They argued that this led to "no common concept of 'success' to measure" and that "the information provided does not let others derive a common measure" and concluded

*We recommend that central government departments should adopt a common framework for providing information on their programmes and that Local Authorities should use a Young Person's Scorecard to scrutinise the extent of central government funded provision and its performance for their young residents.*⁸¹

Defining the problem

The dominant problem should be seen to be that of youth unemployment. There are simply far too many young people out of work. Figures released in October 2013 show that youth unemployment is static at the 20% mark. There are now just under one million unemployed 16-24 year olds. This figure (958,000) was down by a mere 1000 on the previous quarter with male unemployment increasing marginally. Moreover, such figures understate the extent of the problem. For example in her oral evidence Professor Maguire drew attention to the high numbers of workless young women who did not feature in the labour statistics. There seems to be little short-term prospect of sustained improvement. Indeed, the Work Foundation has argued

⁸⁰ Local Government Association *Hidden talents: national programmes for young people*, 2013, p.6

⁸¹ *Ibid* p.3

that, since the start of the recession, the UK has experienced the fastest rise in youth unemployment of any of the Group of Eight (G8) countries⁸²

Given this perspective the *Youth unemployment level* published on a quarterly basis that gives figures for the number of unemployed 16-24 year old should be regarded as the key target. It does not record participation on schemes (for example apprenticeships) but is unambiguous and focuses on what matters most to young people and their families. It has the additional advantage that it allows international comparisons – NEETs by contrast is a definition that receives particular attention in the UK alone. If this focus on the *Youth unemployment level* is accepted Government reporting for the EU Youth Guarantee implementation plan should be presented accordingly.

The underlying causes

There is inevitably a range of perspectives on the underlying causes of the crisis, and hence the solutions. Some would argue that what is required is a more efficient job market and more effective job matching to clear the market. Others argue that young people themselves are contributing to the problem by displaying a negative attitude and unwillingness to acquire the skills that employers value. These perspectives should be rejected. Far more important is the effect of major structural changes in the labour market. The shifting patterns caused by global competition means that there are insufficient, low skill, entry-level jobs for young people. The following illustration may assist.

In the 1930s in Norwich, the major employment centre in Norfolk, 25% of boys and 33% of girls leaving elementary schools found employment in boot and shoe factories. Another 14% of girls found employment in the cracker and chocolate factories. These jobs have disappeared. Start-rite, the well-regarded manufacturer of children's shoes, was a major employer in the city. Currently the firm manufactures in the Far East, Spain and Portugal. In a recent prominent feature in the local newspaper the managing director indicated that, although wages in the Far East were rising, production would only come back to Britain "if there are enough skilled workers to do it"⁸³. In the 1980s the major service industry employer, Norwich Union, was often cited in articles on the 'demographic time-bomb' (a term used to describe what was seen at the time as worrying population trends) as likely to employ all the available school-leavers in the city. Now the local headlines are of 2000 young people without work and this has led to the creation of a propaganda campaign, Norwich for Jobs, which only serves to mask the underlying problem of insufficient entry-level jobs.

This dearth of jobs for young people ranks as one of the most compelling social problems of our time. People learn their skills at work and develop through working. Training schemes delivered by third party providers cannot offer an acceptable substitute, however well designed. Public pronouncements and surveys continually emphasise that school-leavers need leadership, team-working and communication skills. This is no doubt true. However the best way in which such skills are developed is through experience in the workplace with

⁸² Crowley L, Jones K, Cominetti N, Gulliford J *International Lessons: Youth unemployment in the global context*, The Work Foundation (2013)

⁸³ *Start-rite boss forecast shift from the Far East*, EDP (Eastern Daily Press) Business News 30th October, 2013

the guidance of a committed boss who is willing to spare the time to give immediate guidance and on-going feedback.

Too many schemes and over-promotion

It is against this background that the effectiveness of the current cocktail of schemes and programmes must be considered. Generally such programmes can be described as ‘Active labour market policies (ALMPs)’. These can address the supply side (training etc.), the demand side (e.g. incentives for employers to recruit particular workers) and job matching (e.g. careers guidance)⁸⁴. The templates designed by the EU Commission for Youth Guarantee implementation plans are designed to allow the different emphasis in member states to be identified. However, implementation of schemes, takes place at the micro-level: the level of the firm. The decision on how, when and where to invest in skills development inside a company is a third-order decision. First-order decisions relate to the choice of product market and competitive strategy. Once these strategies have been established, they have an impact on second-order decisions, which concern the way in which work is organised and jobs are designed. There is nothing that any government can do to make skills development become a first-order decision. No amount of exhortation will persuade employers to do something they do not see as being in their interest.

For decades, UK skills policies have been formulated without serious debate at a political level. There has been a voluntarist approach: an attempt to secure tripartite (government, employers and workforce representatives) support for policy initiatives. Unfortunate unintended consequences have been the continual search for ‘the solution’ and heavy promotion of the latest scheme or programme. There have been seemingly endless launches and conferences – what can be described as continuous hortatory activity. There has been initiative fatigue. Considerable confusion arises from this proliferation of schemes, many of which have similar style or names. Many conscientious training managers will try to avoid being involved or engaged since no one else in their organisation is interested and they know that their tenure will outlast today’s initiative. On occasions the over-selling and over-promotion takes a comical turn. A 2013 edition of the BIS FE & Skills newsletter used the term celebrate or celebrating nine times in claiming success for a latest array of schemes⁸⁵.

In her recent evidence to the Work and Pensions Committee of the House of Commons (30th October) a CBI spokesperson stated that a mapping exercise they had conducted identified 48 schemes that could help an employer take on or train a young unemployed person. The Local Government Association in the first of its Hidden Talents Reports identified 35 different programmes involving 16-24 year olds⁸⁶.

As was noted in the opening section of this document, the Government has identified the Youth Contract as the mechanism used to meet the requirements of the EU Youth Guarantee. This particular scheme illustrates and emphasises many of the inherent problems in this initiative-led approach. The Youth Contract was launched in April 2012 and

⁸⁴ Simms, M., Hopkins, B., and Gamwell, S., *Sustainable Employment: Strategies to Tackle Youth Unemployment*, 2013, p. 37 (unpublished paper).

⁸⁵ BIS FE & Skills Newsletter Issue no. 53 February 2103. The newsletter is no longer published.

⁸⁶ Local Government Association, *Hidden Talents: national programmes for young people*, 2013 p.15

described as a package of schemes aimed at helping young people into sustained employment, combining existing schemes with new ones⁸⁷. In July 2013 official figures revealed that the added wage incentive element had been paid out for just 4,690 young people out of a potential of 160,000. At the same time it was announced that the Cabinet Office would conduct a cross-government review into schemes designed to help for 18-24 year olds. There has been little debate on the reasons for this slow start, but the Youth Contract was promoted at a time of high profile reported cases of alleged abuse of welfare to work schemes by a few providers. Undoubtedly this could have affected some employer's willingness to participate.

Apprenticeships: definitions and numbers

Currently much of the emphasis (the hortatory activity) is focused on apprenticeships the new 'silver bullet' of skills training. The potential contribution from apprenticeships is considerable: a sustained expansion of well-structured apprenticeship programmes would make a thoroughly worthwhile contribution to the national scene. However, discussions are characterised by both an underestimation of the extent of shift required to make apprenticeships effective and an overestimation of the extent of their potential contribution. They will only be effective as part of a well-considered and well-resourced wider framework for skills development in the UK. Given the present approach, we can anticipate another policy failure.

The interest of young people in apprenticeships is beyond dispute, but apprenticeship schemes are shamelessly oversold. The National Apprenticeship Service has reported that, for the year 2012, there were 1,127,000 apprenticeship applications submitted online for 106,510 places. There is no official statement as to whether this is a good thing (indicating the popularity of the idea) or a bad thing (young people desperate to get opportunities). However hortatory campaigning on apprenticeships produces a greater demand for places rather than an increase in supply. Applications for a well-structured apprenticeship programme exceed the number of places by a ratio of ten to one. More young people end up disappointed.

Further, although apprenticeships are a 'good thing', they are not necessarily what they appear to be.

In November 2012 the Entrepreneur Doug Richard presented his Richard Review on apprenticeships. Building on a recent Business and Innovation Select Committee report, he effectively destroyed the notion that apprenticeships are the easy solution to the problem of worklessness. His first recommendation was that apprenticeships should be redefined: "There has been a drift towards calling many things apprenticeships which, in fact, are not... not all instances of training on a job are apprenticeships. Apprenticeships require a new job role, a role that is new to the individual and requires them to learn a substantial amount before they can do that job effectively. An apprenticeship without a job is a form of vocational training. An apprenticeship in an old job is on-the-job training. There must be a job and the job role must be new".

⁸⁷ House of Commons Library Youth Contract Standard Note SN/6387 July 2013

After extended deliberation the Government has finally published its response to the Richard Review. This took the form of an implementation plan published on 28th October 2013. The purpose of an apprenticeship was defined as “to train those aged 16 and above to achieve the Apprenticeship standard as set by employers to enable them to perform a skilled role effectively”. The main effect of the implementation plan will be to allow, indeed encourage, employers to describe almost any training scheme as an ‘apprenticeship’. The precision demanded by the Richard Review has been rejected; the term apprentice has now irrevocably lost its traditional meaning. It will no longer describe an arrangement where a young person enters into a formal agreement and spends time working under experienced supervisors to acquire transferrable skills. The popular conception of an apprenticeship is an intensive and extended vocational training that provides career opportunities for the less academically gifted. Today’s apprenticeships are a framework for work-based learning, used as the basis for paying training providers.

By formulating its new policy in these terms all prospect of creating a vocational pathway of equal currency to the educational one has been abandoned. An inevitable conclusion is that there will now be a huge emphasis on producing and promoting numbers of apprenticeship places however loosely defined.

Perhaps the saddest reflection on the current training and skills debate is that the Government’s October 2013 implementation plan has attracted so little public attention or political debate. In practice endorsing routine training could prove to be one of the most profound changes in skills policy for a decade. It has neither appeared in the news nor been featured in the more serious newspapers. In this complex and nuanced area, with continuing changing definitions, interest fatigue as well as initiative fatigue is evident.

An alternative approach

The dominant problem has been defined above as the need to reduce the 20% unemployment rate for 16-24 years olds and it has been argued that ‘employability skills’ are best (and in some cases only) learned in the workplace. If this is accepted the stark truth is that the current cocktail of policies will not be effective. More radical thinking is needed and a new approach required. Here I draw on more detailed analysis and arguments presented in my TJ (Training Journal) White Paper *Training and skills in crisis*⁸⁸. The approach proposed has four key elements: a change in the Companies Act; a new role for the UK Commission for Employment and Skills (UKCES); a key place in co-ordination and delivery for local authorities; development of an agreed charter to protect young job seekers. Each of these four is considered in turn below.

A change in the Companies Act

The argument presented more fully in the TJ White Paper is that larger employers should accept obligations for skills development. It is only within this framework that initiatives will receive appropriate and consistent support. What is proposed therefore is that corporate

⁸⁸ Training Journal (TJ) White Paper *Training and skills in crisis - a critique and some recommendations*, 2013. On-line version only available at: <http://www.trainingjournal.com/whitepapers/>

law, and in particular the Companies Act, should be reviewed to introduce more specific obligations for workforce development, including obligations that reflect wider societal needs.

Such a recommendation would necessarily involve the introduction of new reporting arrangements. There will, of course, be considerable objections but it is now time to review such radical options. Before siren voices are raised, it should be noted that such a revision has taken place in the UK in the last decade – but that it passed almost unnoticed.

As is well known, the Companies Act is the primary source of UK company law and, at its simplest, sets the framework for the objective of increasing member (shareholder) value. The Companies Act 2006 offered the first major legislative update since 1985. Far and away the greatest controversy concerned Section 172 (1), which widened the responsibilities of directors and required them to act in a way that “would be most likely to promote the success of the company for the benefit of its members as a whole”, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term
- (b) the interests of the company's employees
- (c) the need to foster the company's business relationships with suppliers, customers and others
- (d) the impact of the company's operations on the community and the environment
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.”

Most of the debate when the new Act was introduced concentrated on corporate social responsibility – the green agenda (sub-clause d). There was little discussion on the human resource management and development implications in sub-clause b.

While this was taking place, the human resource profession was engaged in a parallel discussion with government on statutory requirements to report on what could be called ‘people measures’. This was, like so many topics in the area, a complex and carefully nuanced subject and is discussed in detail in a recent book by Andrew Mayo, a professor at Middlesex University Business School⁸⁹. His stark conclusion is that such initiatives ‘seem to have petered out’. A taskforce was set up by the then Department of Trade and Industry in 2003; this reported to government (the Kingsmill Report). However, the recommendations were never incorporated into a formal Operating and Financial Review in legislation. The Chartered Institute of Personnel and Development has recently launched a joint project, with other professional bodies, *Valuing your talent*, which may well offer some perspectives in this area

A redefined role for UKCES

The UK Commission for Employment and Skills was created in 2008 as a publicly funded, industry led organisation providing strategic leadership on skills and employment issues in

⁸⁹ Mayo A *Human Resources or Human Capital? Managing People as Assets*, Gower (2012)

the UK. It is the central voice on skills policy in the country. The quality of its analysis is excellent; its reports are comprehensive, well written and concentrate on important, current issues; staff are capable and committed. Inevitably, the UKCES is stronger on diagnosis and analysis than it is on prescription. Unfortunately, the organisation appears to have positioned itself as a firm advocate of the latest scheme, whatever its merits; objectivity departs in a flurry of over-promotion and over-selling.

Apprenticeships offer a good example. There is an evident need to adopt a critical review of the progress of this initiative: to offer a serious review of the balance between numbers and quality; to monitor potential abuse from private sector providers who focus on numbers alone. The role of the UKCES needs to change so it can undertake such reviews.

A good model of what is required is the role played by the Office of Budget Responsibility. This body was created in 2010 to provide independent and authoritative analysis of the UK's public finances. It is one of a growing number of official independent fiscal watchdogs around the world. It produces forecasts, judges progress towards targets, assesses the long-term sustainability of public finances and scrutinises the costing of budget measures.

The case for independent scrutiny of skills training and welfare-to-work initiatives is powerful. The formulation and promotion of initiatives is a political activity that should be undertaken by the government of the day, for which it alone should be accountable.

Devolution of responsibility to Local Government

The work of the Local Government Association (LGA) expressed through its *Hidden Talents* research programme was commended earlier in this document. In February 2013 the LGA produced a report in this series in which it argued that a local approach to tackling long-term youth unemployment could see the number of young people out of work cut by 20 per cent in three years.⁹⁰ The report argued that personalised local approaches are most effective in reducing the number of young people out of work and training, but that national funding, performance and procurement systems driven by Whitehall undermine such schemes. The analysis presented of current efforts to tackle youth unemployment identified an overly complicated system, with 33 different national schemes that span 13 different age boundaries at a cost of £15bn a year⁹¹.

The report argued that councils and their partners will be better able to spot and offer early help to young people struggling at school, train young people in skills to take local jobs in local labour markets, help improve the performance of the Work Programme for hardest-to-reach young people, and target job subsidies to local businesses offering the best opportunities for young people.

This report makes eminent sense. If there is one theme running throughout this paper it is that a proliferation of schemes causes confusion. Competing schemes, however well meant, do not assist and enhanced and empowered local government could play the central role in coordinating and promoting the response to youth unemployment.

⁹⁰ Local Government Association *Hidden Talents II: Re-engaging young people, the local offer*, (2013)

⁹¹ Local Government Association, *Hidden Talents: national programmes for young people*, 2013 p.15

A charter to protect young job-seekers

The existence of a large pool of young unemployed people means that the balance of power in the labour market has moved firmly towards the employer and away from the employee. There has, for example, been a focus on zero hour contracts where the employee is committed by contract but promised no regular hours of work. A recent survey undertaken by the CIPD suggested that more than a million British workers could be employed on this basis; such contracts are far more prevalent than had been thought⁹².

There have been well-substantiated evidence of welfare to work schemes. A prominent incident concerned the use of unpaid stewards at the Diamond Jubilee celebrations. A newspaper reported that 30 ‘customers’ of the government’s work programme were given training placements with Close Protection UK and promised paid work at the Olympics – but for their work at the jubilee celebrations they were paid nothing. Having arrived in the capital on Sunday morning, all of them were told to sleep under London Bridge⁹³. In September 2013 the FE (Further Education) magazine uncovered an advertisement on the National apprenticeship Service (NAS) website which required trainees to work for a ‘maximum of 39 hours a week’ unpaid. The advertisement, which had been placed by a well-known automotive parts and spares group, was immediately withdrawn. The following month FE News identified ‘hundreds of employers’ advertising jobs on the NAS website at below the legally binding minimum wage.

Such incidents represent only a small proportion of the whole. However there is a strong case for some sort of protection and the development of a charter is proposed. One of the Sub-Committee’s questions, which was not addressed at the oral session, was: “Do you think that young people (aged 15-24), youth groups and their representatives are consulted to a satisfactory degree...” Whatever the views on the broader question, the development of a charter is an area where young people could helpfully and usefully be engaged.

Concluding comments

The UK Government’s lack of enthusiasm for the idea of the European Youth Guarantee has been noted. To what extent this reflects underlying Euro-scepticism and to what extent this reflects unease over the approach adopted is unclear. Putting forward only the Youth Contract, one of the least successful of the recent plethora of initiatives, as the mechanism for satisfying the EU recommendation is difficult to understand.

All this is unfortunate. The European Youth Guarantee should be seen as an opportunity not an imposition. There is almost universal agreement on the chronic nature of the problem of youth unemployment; it is hard to see how the current policy framework, with its uncertain positioning and over-promotion of apprenticeships, will deliver a sustained improvement. The request that all member states should present detailed plans on the design and implementation of Youth Guarantee schemes could offer a valuable opportunity for developing and sharing good practice and for honest reporting in this most difficult area.

11 November 2013

⁹² “Zero hours contracts more widespread than thought”, *CIPD Press Release* 5th August 2013

⁹³ “Back to the workhouse” *The Guardian* 8 June 2012

Professor Martyn Sloman—Further supplementary written evidence

House of Lords European Union Sub-Committee B (internal Market, Infrastructure and Employment): EU action to tackle youth unemployment

Illustrations of good practice

Introduction and General Comments

In the course of their inquiry the Sub-Committee received oral evidence on Monday 4th November from three academic researchers and commentators: Professor Sue Maguire, Dr Paul Copeland and myself. A note setting out the more important points covered in my oral evidence was submitted the following week. This supplementary paper, prepared at the Sub-Committee's request, offers some examples good practice – presented as short case studies. Three of the four cases (Cogent, Schaeffler UK, and Swarm) have been prepared specifically for this purpose. The fourth, the BBC 2012 London Apprenticeship scheme, was produced for TJ (Training Journal) magazine. It is included because it remains one of the most impressive and interesting that I have encountered.

All four case illustrations concern the development or introduction of apprenticeships. This topic occupies a high public profile in the current political and economic debate. Indeed in the previous paper presented to the Sub-Committee they were described as the new 'silver bullet' of skills training, with a warning that apprenticeship schemes are shamelessly oversold.

Hopefully what this paper shows it that is possible to get things right – to make progress through a well-designed initiative. However this demands energy, resources, and above all time. It can also require an imaginative and committed individual to manage the process.

A common thread throughout the cases is that they have sought to combine the business case with the social case, or the needs of the wider community – and placed a strong emphasis on the former. An apprenticeship scheme, and indeed any training initiative, will not command support within an organisation unless it can be seen to assist the business in economic terms. The most appropriate processes, or interventions to support, accelerate and direct young people's learning can be determined only within the context of the organisation. For this reason successful initiatives will not be readily transferrable to another business environment nor will they be scaleable (capable of being ramped up across the economy as a whole).

Apprenticeships are not an easy option. However it is possible to make them succeed as the cases demonstrate. I am grateful to the four organisations for the details that they have supplied. I am sure that they would be willing to assist the Sub-Committee further if requested.

The Cogent Higher Apprenticeship Framework

Cogent is the Sector Skills Council (SSC) for the science-based industries. It represents a sector which employs around 900,000 people. The industries involved rely on a constant supply of high-level skills to ensure innovation and growth. Effective and relevant apprenticeships have become an increasingly important element in meeting that challenge. As Cogent's Chief Executive, Joanna Woolf, puts it: "The development of fit-for-purpose Apprenticeships and models through which they are delivered, is central to Cogent's aim of securing the very best skills for industry".

It is important to recognise that it is the companies themselves who are the employers, not the SSC. In July 2011 Cogent was given financial support from the BIS Growth and Innovation Fund (GIF) to support sector employers to source and employ apprentices. This led to the creation of a new company, the Technical Apprenticeship Service, which, with Cogent's support, has developed new frameworks for the sector. The need for a new approach reflected changing business and individual needs. Previously the industries looked to graduates. Now it needs to attract people who choose not to go to University and are seeking career progression through a more practical, in-company route. Christine Sakhardande, Programme Manager for the initiative at Cogent SSC offers the following summary of the added value and changing status: "In the past Apprenticeships have not often been seen as the preferred route to a professional scientific career and with a limited number of vocational degree routes into the science-industries, the programme will give employees and apprentices an opportunity to develop leadership skills, and provide a new route to continuing professional development."

In September 2012 Cogent launched a Developing Science Professionals programme. This aims to stimulate demand; demonstrate the value of technician job roles; and position apprenticeship pathways that lead to professional technician status as a credible ambition for school leavers and a career choice which has parity with the established science graduate route into industry. The programme is also suitable for adults looking to progress on the career ladder into higher-level roles. Currently (at November 2013) there are 74 individuals undertaking the relatively new programme, with more in the pipeline.

The programme builds on and extends Cogent's Higher Apprenticeship in Life Sciences by offering a broader Higher Apprenticeship for Chemical and Life Science professionals with qualifications at Level 4, 5 and 6. The Higher Apprenticeship can be achieved by studying either a Foundation degree or a new HND Diploma. The Developing Science Professionals programme has also been mapped to the requirements of the new Science Council Technician Register, allowing the apprentice to gain professional recognition, initially as a Registered Technician (RSciTech) and on completion of the programme as a Registered Scientist (RSci).

There is a major challenge in meeting the needs of employees with different motivations and ambitions working in a diverse sector. Apprenticeships could be working in research and development (R&D), quality control quality assurance, production support or in some cases pilot plant development. The framework could be implemented in life sciences, chemical sciences, process development, packaging development, or health care sciences.

Professor Martyn Sloman—Further supplementary written evidence

The Higher Apprenticeship offers employers a choice between a work-based foundation degree through distance learning or new work-based HNDs and HNCs through a local Further Education provider. Accordingly a range of qualifications are embedded into the framework. Examples are: Foundation degree in Chemical Sciences (distance/blended learning, Manchester Metropolitan); Foundation degree in Applied Bioscience Technology (distance/blended learning, Kent); Foundation degree in Healthcare Science; BTEC HND Diploma in Chemical Science for Industry; BTEC HND Diploma in Biological Sciences for Industry; BTEC HNC Diploma in Chemical Science for Industry; BTEC HNC Diploma in Biological Sciences for Industry. Tuition fees have to be paid for each year of study and either the employer or the apprentice can cover these. At Level 6 the apprentice can top up their qualification through flexible part-time modules leading to a BSc Honours degree.

Despite the successful design of the new approach and promotional efforts there is still generally a low awareness and understanding of the benefits that Higher Apprenticeships offer. Current technician recruitment and training is, in many instances, still based on graduate entry

Cogent are therefore keen to emphasise that employers need to be involved and take ownership for the design as well as the implementation of frameworks. Much of their efforts are directed towards securing the support and commitment of employers. The argument offered is that this approach allows companies to grow their own talent and that apprentices gain the skills and knowledge that are of importance to the employer.

However it is hoped that the legacy of this project will be a broad and flexible framework, a progression route to professional recognition and a step change in the way technicians are trained and recruited. It will appeal to young people who enjoy science, but who do not feel the university route is for them, hope that this pathway will lead to a long and rewarding careers in a strategically important sector of the economy.

Schaeffler (UK) Ltd

Schaeffler (UK) Ltd is part of the German owned Schaeffler Group of companies, a global multi-national organisation employing over 70,000 employees worldwide. One of the UK sites is Schaeffler (UK) Ltd which manufactures high precision engine components (mostly mechanical tappets) for the automotive industry. The plant was established in the mid 1950s and is located in Bynea, near Llanelli in West Wales.

Schaeffler (UK) Ltd has faced challenging times. The 1990s was a period of rapid growth. Towards the turn of the century, however, the company faced increasing competition from low labour cost countries as group production capacity was placed in Eastern Europe (Slovakia and Romania) where wages are a fraction of those in the UK.

The company responded by developing the capability to deliver higher value added products. There was a planned focus on continuous improvement, cost reduction and, as an integral component of the process, a sustained attempt to up-skill the workforce. As the Human Resource Director for Schaeffler UK, Adrian Roberts says: "Previously the investment had been in machinery, now the investment is in people". A culture change

Professor Martyn Sloman—Further supplementary written evidence

programme of continuous improvement, training and flexibility was supported by the statement: “the rate of learning must be greater than the rate of change ($L > C$).”

The investment in people has paid off in business terms. The Schaeffler Group named Schaeffler (UK) Ltd as its lead plant for mechanical tappets, a key automotive project. This involved responsibility for controlling and supporting production and quality on a worldwide basis with plants in the US, South Korea and China. Roger Evans, the Plant Director, had been named Welsh Business Leader of the Year (large company category) in 2006 and was awarded the MBE in 2009. However, in the spirit of continuous improvement, Roger Evans argued. “Now we have secured a future, we must plan to make the future successful. The more we do the more we want to do.” In 2012 the parent group invested several million euros in surface coating technology for tappets and as well as a state of the art deep drawing press; this has enabled the Plant to produce superior quality tappets for its customers.

Over the last fifteen years the main problem facing Schaeffler (UK) Ltd has been one of survival in a changing global market. **Now that the future is more secure, forward planning and succession planning across the whole workforce have become important. Here the company is able to build on a long-standing and well-regarded apprenticeship scheme.** Many of the current team of Management, Supervisors and Team Leaders are former apprentices and the programme has been always been given a high priority. As Adrian Roberts puts it: “At times we have not been able to undertake any general recruitment. However despite all the pressures only in one year has the company not taken on new apprentices”.

Seventeen apprentices have been recruited over the last five years; three-quarters of those recruited are still with the company. Schaeffler (UK) Ltd has a strong relationship with the local college, Coleg Sir Gar, in Llanelli, which has been built up over decades. Initially apprentices are recruited and employed through the college. **Since 2009 a Pathways to Apprenticeships (PtA) programme has been in place in Wales and is funded by the Welsh Government and the European Social Fund. The young people spend their first year learning the general principles of engineering at the college and some of the more able are sent on placements to Schaeffler (UK) Ltd. From this group the company chooses the three of four candidates to offer an apprenticeship.** This works well for Schaeffler, not least because, as the employer of choice in the area, they would otherwise be overwhelmed with applications.

The apprentices can pursue one the following traditional engineering routes and train as a Toolmaker, Mechanical Fitter, or Electrician/Electronics Technician. Their first year of training is spent ‘off the job’ at Coleg Sir Gar where the apprentices obtain a good general understanding of engineering in the college’s workshops, as well as academic study. The next three years spent undertaking a structured training programme, which enables the apprentices to acquire the desired levels of competency in their chosen disciplines. Their practical training is supported by academic study which is delivered through day release once a week at Coleg Sir Gar. The majority of apprentices achieve HNC level qualifications upon completion of training. Some one in five continue to study a degree at Coleg Sir Gar, with full company sponsorship. To date the apprentices have spent extended periods in maintenance and in the tool room. However the company has recently reviewed its

Professor Martyn Sloman—Further supplementary written evidence

programme and future cohorts will spend more time developing their skills and understanding of the new technologies.

Adrian Roberts views Coleg Sir Gar as a strategic partner, the Company has extremely close links, in particular with the Engineering Department which is viewed as one of the best in Wales. The College is focused towards the needs of business, and always has a “can do” attitude. However he says that there is work to be done with school students. He feels that abler school students can be directed away from a career in manufacturing and too many are drawn towards other sectors such as financial services: “In schools an apprenticeship is often seen as something to consider if you are not good enough for an academic pathway”.

BBC 2012 London Apprenticeships

(This case illustration was first published in Training Journal in August 2011)

The BBC 2012 London Apprenticeship scheme forms an important part of the Corporation’s legacy to the Olympic Games. The scheme, which was introduced in 2010 and will run for three years, gives ten trainees a year the opportunity to undertake an apprenticeship and follow either the Production Management Assistant or Runner career paths. These are entry level jobs into production and give a good grounding in production processes, research and working in a production team. According to Caroline Prendergast, the BBC’s Skills and HR Director, London 2012, the choice of these jobs was deliberate. **They are important to the organisation and as entry level roles are characterised by high turnover. She is keen to emphasise the business case that underpins the initiative, in particular this new scheme takes a significant step towards making entry into BBC employment more accessible. It will help create a more socially inclusive workforce and is in line with the BBC’s strategy of engaging with underserved audiences.** Six members of the 2010 intake are already working, five for the BBC and one externally.

Recruitment is therefore targeted at the six Olympic London Boroughs (Hackney, Tower Hamlets, Newham, Waltham Forest, Barking and Dagenham and Greenwich). No academic requirements are specified at the selection stage but applicants are expected to be able to demonstrate a real interest in production. For example they could have had work experience in a recording studio, a community radio station or in film making.

As would be expected, there is no shortage of applicants. Over 850 applied for ten places and 48 attended a final centre where their creativity and team working and other key competencies were assessed. At this stage applicants also undertook an on-line test to ensure that their communication, numerical and IT skills were good enough to gain a Level 2 qualification by the end of the programme.

The scheme is mapped to the creative digital media Level 3 advanced apprenticeship competency framework. The BBC sought advice from Skillset, the sector skills council, and has, on their advice, partnered with Westminster Kingsway College in designing and implementing the training and assessment. Participants, who are paid £11000 a year, receive a contract for a one-year programme.

Professor Martyn Sloman—Further supplementary written evidence

The first twelve days are spent undertaking induction and training, first at Westminster Kingsway College and subsequently with the BBC Academy. They then undertake a series of three months attachments which could be in BBC Departments (for example Drama or Entertainment) or elsewhere in the sector (including ITV and independent production companies). All participants are assigned an internal BBC mentor and a coach from Westminster Kingsway; they will receive one day a month of classroom training. As they proceed through the programme they will produce evidence of competence which is examined by an assessor from the College. They receive a Level three qualification after a final assessment process.

The scheme is in its second year and Caroline Prendergast is pleased with progress. Another intake of 10 participants is planned for 2012. Only one 2010 participant dropped out and this was early on and due to personal circumstances. A further 2012 apprenticeship scheme has been launched by BBC Scotland and will start in September 2011. These schemes complement the existing Level 2 creative and digital media apprenticeship which has been in place in Manchester since November 2007. BBC Wales are also considering apprenticeships to help develop their local talent pool.

In reviewing the scheme Caroline Prendergast emphasises that its success is a reflection of its business relevance: “We choose the production area very deliberately because this was where we needed more trained and capable staff”. It is evident that a great deal of professional HR effort has gone into the initial design and subsequent management of the scheme. Caroline Prendergast also stresses the importance of getting the right relationship with the right College and being clear about roles and responsibilities at the outset. In hindsight she would front-load the training component; the longer the participants are on the scheme the more valuable a resource they are to host departments and it can be difficult for them to find time away from their day-to-day responsibilities. Finally Caroline Prendergast emphasises the distinction between apprenticeships and work experience – the BBC has a number of the latter schemes in place. In her view apprenticeships must be about serving the business through generating a cohort of staff who have the knowledge and skills that the organisation needs, whereas work experience, whilst valuable as an entry point to the organisation, does not equip the individual with a formal qualification or necessarily provide the necessary skills to gain employment. It is simply about giving people exposure to the work environment. The former is evidently much more difficult to get right.

Swarm Norfolk

The development of an effective apprenticeship programme poses particular challenges in rural areas. There are fewer large employers and those that do exist are mainly located in the centres of population (for example Norwich in Norfolk); smaller businesses predominate and their owners need to be convinced that employing young people will benefit the business, not require extensive resources, nor demand a huge amount of bureaucratic form-filling. Travel-to-work distances can be long and many young people settle for low-paid, low-prospect work in the retail or hospitality industries – or simply give up altogether.

Professor Martyn Sloman—Further supplementary written evidence

'Swarm' is an innovative solution designed to create apprenticeship opportunities for young people against this background. It was launched in March 2013 by Robert Ashton, a local social entrepreneur and business writer. Robert Ashton is the author of a series of books including the best selling *The Entrepreneur's Book of Checklists*. He had previously chaired *The Exchange*, an independent County Council funded body that managed work experience schemes; he was also on the board of the *Small Firms' Enterprise Development Initiative* (SFEDI). His experience in those roles, together with 20 years as a small business adviser and consultant, convinced him that a new approach was required. He was particularly critical of the way that Colleges appear to put the qualification first, the learner second and the needs of the employer lower down the list.

The concept underpinning Swarm is straightforward. As originally formulated a 'swarm' of ten employers and ten learners/apprentices would be based round a Norfolk market town. All the apprentices, (aged 16-24, with most over 18) would be employed by one of the ten businesses who would pay them at least the minimum wage for their age (not the lower apprenticeship rate). These apprentices would study for a Level 3 Diploma in Enterprising Skills in a Business Environment (QCF); Robert Ashton's view is that positioning the initiative at this level important since "at Level 3 they actually have to learn something; at Level 2 they simply have to show they can do something. It becomes a tick box exercise". Off-the-job training would be delivered by City College Norwich, ideally in the local market town. The qualification would be achieved within 18 months. Where possible, employers would share experiences with the group as part of their taught sessions. This would keep the course relevant and ensure all apprentices consider other employers as well as their own.

A critical element in the Swarm concept is that the small business employer should benefit in a clear measurable way. Accordingly the first stage involves the agreement of a simple business plan. This sets out the business benefits and provides the framework for assessing and supporting the progress of the learner. The intention is to put monthly action learner sessions in place for the employers to embrace their own learning. Their track will run in parallel with that of their apprentices.

Norfolk County Council have given an initial grant to £50,000 to assist in the establishment of Swarm. Further support has been provided by three housing associations, each sponsoring a Swarm. For them the incentive is to provision of additional support to NEET youngsters within the communities they serve.

Inevitably, to get the initiative started, it has been necessary to compromise on some features of the desired model. A first group of fourteen apprentices have been identified, found places and are about to start their formal jobs, training and learning. Eleven of this group are from the mid-Norfolk Breckland area centred round the town of Watton, where the concept was first launched. Of the remaining three, two are joining Norwich firms, willing to self-fund the Swarm support. The third is an early adopter in North Norfolk, valuable in promoting the opportunity to a group that will be based there. Another initial group is being recruited in West Norfolk. Within a year it is expected that there will be 30-40 learners on the programme.

Professor Martyn Sloman—Further supplementary written evidence

There are a number of encouraging signs. The employers in this Breckland Swarm are a diverse group and include a Management Consultancy, a Charity, a Florist, a White Goods Refurbisher and a Golf Course. All but two of the initial group were NEETs or on Job Seekers Allowance. The two in work, were employed in low wage, temporary posts with no prospect of advancement.

It is fair to say that Swarm has attracted a lot of support locally and interest nationally. Robert Ashton was one of six people invited to make a formal pitch/presentation to Chancellor of the Exchequer, George Osborne, when he visited Norfolk in November 2013. Robert Ashton draws a modest salary from the project, a pay-rate far lower than he earns from more lucrative conference speaking and consultancy. He is not primarily motivated by profit, but by a passion for helping young people create meaningful careers with local small businesses. He plans to grow the scheme both locally and nationally as a social franchise and is exploring this possibility with the School for Social Entrepreneurs. **He would also like to develop the capacity of the small business community to deliver the training themselves, eventually perhaps offering their own certification. He finds the inflexibility of the Colleges and their funding motivated focus on 'high volume/low level qualification' (for example their insistence on fixed starting-dates) understandable but frustrating.**

15 November 2013

Social Policy Research Centre, Middlesex University—Written evidence

Submission to the Select Committee on the European Union Call for Evidence on EU action to tackle youth unemployment

The **Social Policy Research Centre (SPRC) at Middlesex University** is the UK partner in a new research project, funded by the EU Framework 7 programme, to investigate early school leaving across nine partner countries. **RESL.eu** (Reducing Early School Leaving in Europe) runs from 2013-2018 and has the following objectives:

- To design common EU definitions and concepts on **early school leaving** and conduct comparative policy analyses.
- To collect data on young people, schools and families in particular locations across nine European countries.
- To identify **characteristics of youth at risk** of ESL as well as protective factors (such as social support mechanisms, resiliency and agency) which may encourage potential Early School Leavers to gain qualifications via alternative learning arenas.
- To **identify good practice** in schools and alternative learning arenas to prevent and/or compensate for ESL.
- To inform policy and practice at national and EU level to tackle ESL and the risk of becoming **NEET (Not in Education, Employment or Training)**.

Further information of the project are available on the SPRC website

<http://sprc.info/reducing-early-school-leaving-in-europe/>

and on the official RESL.eu website: <https://www.uantwerpen.be/en/projects/resl-eu/>

Preliminary work and emerging findings

To date the SPRC has collected evidence from stake holders at local, national and at EU level on a range of initiatives to tackle **youth unemployment** across England. In addition, we are investigating how EU initiatives may be shaping national and local policies in the English context.

In the next phase of the study we will be working closely with schools to collect both quantitative (survey) and qualitative (in-depth interviews and focus groups) on young people's aspirations and expectations around schooling, training and employment as well as their involvement in specific programmes and initiatives.

Thus, although we have limited evidence to share with the select committee at this time, over the next few years, for example a first project paper with preliminary findings on 31 January 2014. In subsequent years we will have rich data addressing these important issues.

21 October 2013

Professor Robin Simmons, University of Huddersfield, Ms Kari Hadjivassiliou, Institute for Employment Studies, and Mr Massimiliano Mascherini, Eurofound—Oral evidence (QQ 109-125)

Professor Robin Simmons, University of Huddersfield, Ms Kari Hadjivassiliou, Institute for Employment Studies, and Mr Massimiliano Mascherini, Eurofound—Oral evidence (QQ 109-125)

[Transcript to be found under Ms Kari Hadjivassiliou, Institute for Employment Studies, Mr Massimiliano Mascherini, Eurofound, and Professor Robin Simmons, University of Huddersfield](#)

Professor Melanie Simms—Written evidence

Submitted by: Professor Melanie Simms. Professor of Work and Employment. University of Leicester. Submission prepared as an individual researching this topic.

I welcome the opportunity to submit evidence to this Committee. I have been researching youth (un)employment in the UK and wider EU since before the financial crisis. My research agenda focuses on locating UK challenges and initiatives within the broader, comparative context of our closest competitors.

One of the most extensive pieces of research I have undertaken was an EU27 comparative study of initiatives by social partners (employers and unions) and governments to help young people in the aftermath of the crisis. This took the form of commissioning a narrative report from expert correspondents in each member state, and then compiling a comparative analysis.

Links to country reports:

<http://www.eurofound.europa.eu/eiro/studies/tn1101019s/index.htm>

Link to comparative report:

<http://www.eurofound.europa.eu/eiro/studies/tn1101019s/tn1101019s.htm>

This research, and more recent work on employer behaviour, informs this submission.

Do you think that the EU should be providing funding to Member States to tackle youth unemployment? Does EU action respect Member States' powers in the area of social and employment affairs?

1. Yes, there is a clear role for the EU to intervene in this area and provide funding. The crisis has disproportionately disadvantaged young people's transitions into work in both the UK and around the rest of the EU. The risks of economic and social 'scarring' are profound. People who experience extended unemployment at the start of their lives are much more likely to have a range of negative outcomes including; lower lifetime income, poorer old age, increased likelihood of experiencing unemployment again in future, more negative health outcomes etc. There is growing evidence that they are also less likely to vote and become disengaged in other ways. If we accept that these are problematic outcomes, there is important scope for the EU to provide funding.
2. So far, governments have been key drivers in the implementation of initiatives to help young workers during the crisis. Active labour market policies (ALMPs) have been a feature of almost all EU Member States since 2008, with a notable increase in attempts to address the particular difficulties faced by young people in their labour market transitions. These initiatives (some of which are outlined below) can be highly effective, but are increasingly under threat as a result of austerity measures. There is a clear role for the EU to support country-specific initiatives where this is the case.

3. There is good evidence that around the EU the labour market transitions of a wide range of young people of all levels of skills and qualifications have become more extended (i.e. it takes longer to find a secure job that requires appropriate skills), more precarious (i.e. people do a bigger range of jobs than they previously did before they find a secure job) and harder (i.e. it is harder to find any job, let alone a secure one). This was a phenomenon of youth employment prior to 2008 and it has become worse since then in most EU member states.
4. Importantly, it is central to my submission that the *quality* of opportunities open to young people is as important as the *quantity* of jobs and training available. There is growing evidence that people who experience extended periods of ‘precariousness’ in their labour market transitions experience similar scarring effects as those who experience simple unemployment. In other words, if your early experiences of the labour market are in moving in and out of work, including the growing phenomenon of moving between paid and unpaid work, there is likely to be a negative effect on your life chances, including engagement in civic society.

How do you think that the EU can best ‘add value’ to Member States’ efforts to tackle unemployment?

5. Each member state has different mechanisms for regulating the labour market. It is important that the relevant bipartite (employers and unions) and tripartite (employers, unions and the State) are involved in the implementation of any initiatives. There will be particular challenges in countries such as the UK which have very weak mechanisms of labour market regulation. It is important to note that absence of collective regulation of labour markets is not the norm around the EU, so the proverbial ‘tail’ should not wag the ‘dog’.
6. There is good evidence that bipartite and tripartite forums have been effective at generating sector, regional and nationally specific responses to tackle youth unemployment (examples given below), but that funding for such initiatives has often been reduced or removed as the financial context has become more challenging. The EU should look to continue to provide funding for such initiatives in order to allow for sector, regional and national flexibility in responses.
7. In loosely regulated labour markets such as the UK, the EU will have to work with national funders and with the government to provide support for mechanisms such as apprenticeship programmes, subsidies for training, and possibly subsidies for employers to recruit young people. Attention should be paid to the fact that here there is a serious challenge of engaging employers in such initiatives and although increased attention has been paid to this, there is still much work to do. One proposal could be to consider using such funding to encourage employers to engage with such national initiatives.

Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as being not in education, employment or training (‘NEETs’), support for newly qualified graduates looking for work, and general career guidance?

8. No. This is a serious weakness of much of the available data. The first problem is that we don’t really understand how the crisis has impacted different groups and there is scope to explore further the particular impacts of the crisis on young workers with different levels of education, skills and training. There does seem to be evidence that indicates that this crisis is affecting young workers across a wide range of skills levels, which is a marked difference from the pre-2008 situation. If

this pattern persists, it raises very considerable concern for the future integration of a wide range of young people into work and broadly into civil society. But what we know less about is whether young people at, for example, higher levels of qualification are equally affected in the long term by periods of unemployment and precarious work. It appears they may be, but it may equally be that their higher levels of qualification allow them to be more resilient in, say, 20 years time.

9. Another area that is problematic is that initiatives to help young people at different stages of their training and labour market transitions often fail to consider what happens to them at the end of the initiative. A good example that is of particular concern is what happens to people at the end of apprenticeships or training programmes. Support to provide high-quality opportunities for people who have received training is crucial to avoid them having to move out of the labour market or into low-skill, poor-quality, precarious jobs. Similarly, ensuring that support for the long-term unemployed does not just cease at the end of a particular programme is essential.
10. Returning to a point made previously, it is important that, where they exist, mechanisms of labour market regulation (tripartite bodies, sectoral collective bargaining, etc.) are involved in developing, implementing and monitoring initiatives that are sufficiently flexible to address the specific needs of a range of employers and workers.

Are the EU's accounting, monitoring and evaluation procedures sufficient to be able to determine whether EU funded projects to tackle youth unemployment have been successful or not? Are there ways in which they could be improved?

11. The evidence I collected suggested that the problem with monitoring is less to do with the specific mechanisms of the EU, rather than the fact that labour market initiatives are rarely evaluated systematically and longitudinally. There are inevitably some deadweight costs associated with any labour market intervention (in other words, funding may go to employers who would have taken on, trained etc. a young person even without the funding). A central question in evaluation initiatives has been to try to evaluate that deadweight cost. However, it is nearly impossible to do well and requires longitudinal data. What tends to happen is that such initiatives are changed after a few years or even months, which does not allow for longitudinal analysis. As a result, the evaluations that exist (Sweden is a particularly good example) are mixed and point in different directions.
12. It is recommended that the EU and Member States pay greater attention to evaluating all measures to support young workers. Particular issues might include evaluating whether the variety of schemes is appropriate (too many, too few?) to address the challenges facing young workers. It is also important that in countries where there have been new measures to help young workers as a direct result of the crisis that these programmes are evaluated within an appropriate time span.

How do you think the funds allocated through the Youth Employment Initiative (YEI) and the European Social Fund (ESF) could best be spent?

13. Expanding training and apprenticeship opportunities is widely recognised by member states and by social partners as an effective measure to promote youth employment and develop work-relevant skills. In some countries, debate has emerged over the employment rights of young people engaged in internships and training. Many countries have increased the incentives for

employers to offer vocational training placements and apprenticeships as a central strategy to helping young workers. Although some attention needs to be paid to ensuring there are appropriate job vacancies at the end of a period of training, most of the evaluation of the effectiveness of these programmes by a range of stakeholders is very positive.

14. The danger of responding in a crisis situation is that labour market interventions may stand at odds to other policies such as taxation, education or social welfare. Priority should be given to policies that deliver labour market policy objectives. Providing robust support for apprenticeship programmes seems a particularly effective policy for young people because they have the dual benefit of both developing the work appropriate skills so needed by employers, while also developing and providing opportunities for young people. The national economy is also likely to benefit if such initiatives take place on a wide scale because of a general tendency to upskill the workforce.
15. Overall, governments' policies towards young workers have tended to emphasise the importance of getting young people into work, no matter the quality of the jobs available. Comparatively little emphasis has been placed on concerns over the impact of precarious work on young people. Indeed, in some countries, governments have chosen to remove or reduce employment protections for young workers so as to increase hiring opportunities. This is a point of serious concern in the long-term. There is a danger of creating and deepening divisions between generations and of young people being disproportionately disadvantaged as a consequence of the crisis. The insecurity associated with precarious work sets up the very real possibility that problematic early experiences of work may feed through into reduced opportunities later in life and again raises the danger of disengaging young people from civic society.
16. The impact of austerity measures on programmes to support young workers is clearly of concern across Member States. However, some initiatives require comparatively little direct funding. For example, it is still possible even in times of fiscal challenge to promote efforts to:
 - create more effective links between employers and schools;
 - increase the educational attainment of young people while in statutory education;
 - reduce drop-out rates from statutory education.

Do you feel that young people (aged 15-24), youth groups and their representatives are involved and consulted to a satisfactory degree in the decisions being made around EU funding for youth unemployment projects, and how they are administered?

17. In my experience during my research, young people and youth groups are rarely represented directly. The exception is where trade unions are involved in collective bargaining or other bipartite/tripartite mechanisms for labour market regulation (establishing apprenticeships in countries such as Germany and the Netherlands, for example). Here, the youth forums of those unions are often involved through internal representation mechanisms. Beyond that, I have found few examples of youth groups pro-actively being engaged. This seems to me to be a democratic deficit that should be addressed.

How can the EU and Member States embrace new technologies and new methods of working to combat youth unemployment?

18. New technologies and new methods of working can be used in many ways. But I would caution against assuming they are a panacea. A good example is the widespread move towards provision of careers information online in England. My research indicates that this move, combined with other changes to funding of information, advice and guidance (IAG) for young people, has been extremely problematic and has led to widespread disengagement of schools and young people from robust provision of IAG. Undoubtedly, for example, some training and skills provision can be delivered online. And there may be ways to engage disadvantaged young people through social media. But young people need support and guidance during these difficult transitions into the labour market that cannot be provided online.

15 October 2013

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

Evidence Session No. 6

Heard in Public

Questions 70 - 83

MONDAY 25 NOVEMBER 2013

Members present

Baroness O’Cathain (Chairman)

Lord Brooke of Alverthorpe

Lord Clinton-Davis

Lord Fearn

Lord Freeman

Lord Haskel

Lord Kakkar

Earl of Liverpool

Lord Wilson of Tillyorn

Examination of Witnesses

John Wastnage, Head of Employment & Skills, British Chambers of Commerce, **Narmada Thiranagama**, Policy and Public Affairs, UNISON, and **Richard Exell**, Senior Policy Officer, Trade Union Congress

Q70 The Chairman: Good afternoon and welcome. Thank you very much for giving the time to help us as witnesses in our study on youth unemployment. First of all, the session is broadcast live. The session will last approximately 60 minutes and members of the Committee with relevant interests will declare these now. Are there any relevant interests? No. Thank you. The session is on the record and is being webcast live and will be subsequently accessible via the parliamentary website. You will all receive a transcript of the session to check and correct. This will be put on the public record in printed form and on the parliamentary website. Now I would like to ask each of you if you could begin by stating for the record your names and official titles. This is for the benefit of our transcribers.

Narmada Thiranagama: Narmada Thiranagama, Policy Officer in the Policy Unit at UNISON.

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

John Wastnage: John Wastnage, Head of Employment and Skills at the British Chambers of Commerce.

Richard Exell: Richard Exell, Senior Policy Officer at the Trades Union Congress.

The Chairman: Thank you. Would any of you or all of you like to make an opening statement?

Richard Exell: I have a very brief opening statement.

The Chairman: Good.

Richard Exell: We are grateful to have this opportunity to give evidence to the inquiry. We think it is important to take a broader perspective on the employment issues that everyone comments about all the time. In particular, we think it is worth noting that by European standards the UK's employment performance since the recession has been about the average. It is so much better than previous recessions that we have all been rather dazzled by that fact, but that has been quite a common experience. UK youth employment levels are about the EU average as well, both post and pre recession, so an inquiry that is looking at youth unemployment in a European context is well overdue.

John Wastnage: Our main experience is very focused on the UK rather than the EU, but we likewise are very grateful for the opportunity to give evidence. We think that this is an important inquiry and that there are some lessons from the UK labour market for other parts of the European Union, but we also take quite a humble approach to skills and employment. We recognise it is a very complex area. There are no quick fixes. There are not simple solutions. It is an area of policy that really benefits from as much dialogue and co-operation as possible.

The Chairman: Thank you for that. Of course, I understand that you are looking at the UK, but we are part of the 28 Member States of the European Union. The purpose of doing this inquiry is that we will be able to tell our negotiators the results, and put the results into Brussels as well, to help negotiate the Directives that will follow and to bring some light—and hope, I hope—into the subject. Whatever experience you have in the UK is invaluable. Do not decry it.

John Wastnage: Yes.

Narmada Thiranagama: I would just like to add to other comments by saying that this is not just about unemployment, it is also about the kind of employment young people are now entering into. It is a problem shared by many other people in the workforce, and it is low-paid, insecure employment. We are particularly concerned about this issue for young people because of the long-term impact it will have on their lives. Cycling in and out of insecure work will continue to have an effect not only on their life prospects but on the UK's wider economy. At UNISON, we represent young members but we also have a concern for youth unemployment. It is a double-facing issue for us. When our young members report that they have the same worries about their job insecurity, increasing stress at work, the inability to have enough to live on, that is another dimension to our views on the kind of work young people are getting.

The Chairman: Can you just clarify one point for me? Are your UNISON younger members in jobs? They are not unemployed?

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

Narmada Thiranagama: Yes.

The Chairman: But they still feel that they are in low-paid insecure jobs with no hope?

Narmada Thiranagama: They are very worried about their jobs. Anecdotally, and this is not just the case with the young members we work with, even when they get a foot into the labour market and get decent jobs, even paid jobs, because of cutbacks, because of budget issues, they are always worrying about how long a job will last. There is temporary work and short-term opportunities only. That is something our young members say to us.

The Chairman: Thank you very much for that clarification.

Q71 Lord Freeman: Good afternoon. I think the Committee understands that youth unemployment is a serious aspect of the current economic problems that are faced throughout the European Union, but the Committee would like to understand what is particular and different about youth unemployment from previous recessions. In other words, is there a modal shift? Is there something specific that we should be focusing on? Perhaps you could comment, therefore, on what you are most worried about in this particular economic cycle and the effect on youth unemployment.

Richard Exell: We see important similarities with previous major recessions. The one thing that has changed in an important way is the way in which we need to talk about youth unemployment nowadays. Because of the large increase in participation in education and training by people over 16 and under 25 over the last 20 years, simply focusing on unemployment rates tells us less about what is happening to young people now than it did when we were talking about the 1990s recession. Our favoured measure for discussions about the problems faced by young people is not quite the NEET statistics; it is the proportion who are not in employment or full-time education or training—the proportion of the whole age group. If you look at that measure, the similarity to the last major recession is quite significant. What you have in a short space of time is a significant increase in the proportion of young people not in employment or education. The difference is what happens after that peak is reached. In the 1990s recession, we had a very slow falling back of the proportion of young people without a job or an education place. We did not get back to pre-recession levels until 1997-98.

This time round, first of all the recovery from the recession started more quickly. Youth employment and the proportion who had neither a job nor an education place started recovering quickly. The other labour market indicators started deteriorating in 2010, and continued like that in 2011, but for the last couple of years we have had quite a rapid improvement. From a high point of about 20.5%—just over a fifth of young people did not have a job or an education or training place a couple of years ago—we are already down to 18.2%, so it is coming down by about 1% a year at the moment, which is pretty good.

We had some research carried out for us recently that showed that the proportion of young people in low-paid jobs, which Narmada was talking about just now, has increased over the last 20 years. Our research compared the situation in 1993 with the situation in 2011 and found that the proportion of young workers in low-paid jobs was substantially higher than it had been then. We are also getting from our young members' forum, from the young members in affiliates like UNISON, reports about insecurity of work. Lots and lots of union officers are reporting back to us concerns about young people in particular being affected by things like the zero-hours contracts.

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

Our major concern about this recession as opposed to previous ones is more a matter of the quality of the jobs of the people who do get back into employment. That is a serious worry. The level of unemployment, or the level of people who are not in employment or education, has been a bit bumpy, but it does seem to be improving at the moment. Sorry, that was a bit longwinded.

The Chairman: No, that is fine.

John Wastnage: One of the main differences with this economic crisis or period of lower growth is its duration. One of the things that causes youth unemployment to rise faster during periods of low economic growth than among other demographics is the flow of young people into the labour market. There is a higher flow of young people than of other age groups because of each successive year of people leaving education and entering the labour market for the first time. Each additional year that demand is reduced in employment has a disproportionate effect on youth unemployment. That is one of the major differences.

We have also seen some quite large structural changes in how the labour market functions. Richard talked about things like increases in low-paid work and zero-hours contracts, although I would suggest that zero-hours contracts may be benefiting young people and helping them to get into the labour market. We see take-up higher among young people and older workers, and they are two groups that we know at times can find it hard to find work. Perhaps giving employers that extra flexibility can aid employment for those groups. I would be concerned about any proposals to end zero-hours contracts, although I do not think that many people are really proposing that. It is more reforming how they work.

We saw the end of the default retirement age. We do not have a problem with people working longer as lives increase, but one advantage about having a default retirement age, even if it were at an older age, is that employers are better able to plan for succession of skills. If you have just one role doing a highly skilled job, you may bring in an apprentice for two or three years to learn the skills of someone who has been with you for 30 or 40 years and to take over that role. If you do not know when that older worker is going to retire, it is much harder to plan for that. That has probably not had a major effect, but it is certainly a change.

Something we find quite interesting when we poll our members is that even during this period of high unemployment when they ought to find it fairly easy to find the right member of staff, 40% tell us that they struggle to find the right member of staff for roles when they advertise. There is obviously a disconnect between the skills and experience of those people in the labour market or how they are presenting themselves and what employers are looking for. We also polled employers about their attitudes towards different groups within the labour market. Just to illustrate one point of concern, even for graduates, employers felt more confident about recruiting graduates than they did those with A-levels or equivalents or those who left school without any qualifications, but only 41% of employers felt confident about recruiting graduates. That is not quite as stark as it may sound.

Q72 The Chairman: Can you just clarify why it is only 41%?

John Wastnage: I think some of it is in how the question was asked. A general question, “How confident do you feel recruiting graduates?”, is very different from, “How confident do you feel recruiting the graduate sat in front of you with appropriate skills and experiences?”, but it does illustrate that employers are not concerned primarily with qualifications per se; it

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

is that skills and experiences have to be relevant to the job and that an individual applying for work should be able to show that they can add value to the organisation.

The other thing I probably should have said in my opening statement is that when we talk about youth unemployment and concerns about employability of young people, it is very easy to tar the whole age group. That is certainly not what we hear from employers. Employers are concerned about the situation at the moment because they really value young people in their businesses and they want to recruit them. They are very aware of what young people can add to a business, and most young people have a lot of skills to offer and are very employable. Nonetheless, the minority who find themselves in a position where they are going to struggle to find work is too high.

The Chairman: Lord Freeman, is there anything else you wanted to ask?

Lord Freeman: No.

Narmada Thiranagama: I will, if I may, quickly add to that. I think one of the reasons why it is particularly unlucky to enter the labour market when there is a recession, and it has been a marked phenomenon in the research looking at this, is because you are then predisposed to getting certain kinds of jobs and to accepting lower wages and more insecure employment. This then predisposes you throughout your life to being stuck in that kind of work. The chance has then become higher. One of the reasons why we are concerned about the impact on young people at the moment is because of the long-term effects of this.

In terms of the skills that young people bring and employer attitudes, the UKCES surveyed employers who had hired young people and their experiences of hiring young people. Two-thirds of the employers who had recruited a young person who had only completed compulsory education and therefore did not have a degree found them to be well or very well prepared for work. This was even higher for people who had more qualifications.

A percentage—3.4%—of employers found young people ill-prepared, especially in literacy and numeracy. I was surprised to read that it was such a small figure, given some of the more anecdotal evidence. I wonder whether perceptions about young people and stereotypes about them hold stronger, especially if you are not working with them or if you have not hired someone recently and found your experience of that individual to be quite different. I would say that there is a bit of a gap between what that survey found and some of the reports that we see in the public discourse about young people and their literacy, numeracy and preparedness. Actually, the biggest reason why employers were reluctant to hire young people was their lack of experience, which is something they cannot overcome.

The Chairman: Yes, but how can they get experience if they are not going to be employed? It is ridiculous.

Q73 Lord Haskel: This is the point that I wanted to ask. It is a chicken and egg situation. Mr Wastnage was saying that there is a shortage of people: that employers are finding there is a shortage. On the other hand, they are saying that people were not experienced and skilled. Of course, that is what young people are; they are inexperienced. Surely it is up to the employer as well to make an effort to give them the experience to bring on their skills so that they become of value to the company.

John Wastnage: Just to answer the point about the UKCES survey, it is a slightly selective group in that the very nature of the fact that the employer had hired that individual means

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

that it is more likely that they would have been satisfied with them. It does not include the group who were not hired.

The Chairman: Yes, indeed.

John Wastnage: That is something to bear in mind. Nonetheless, I think there is a perception gap, and the more employers have contact with young people the more confident they feel about recruiting them. Likewise, the more contact young people have with employers and the more experience they get, the more employable they become. Yes, we would like to see employers play a greater role. There is quite a stark divide between employers who understand the value of investing in skills and particularly young people and understand that that is crucial to the future growth and survival of their business, and businesses that perhaps just do not have time for it or are too busy running their business and they never quite get round to the strategic questions.

Lord Haskel: Or rely on poaching.

John Wastnage: Or rely on poaching.

The Chairman: That is another point: get somebody else to train them.

John Wastnage: That is also a problem that we hear about. It can put off other employers from investing in training. We need not rely solely on employers hiring young people after they finish their education in order to give them experience of the workplace. One of the other big changes we have seen is the decline in Saturday jobs and work experience. This Government have not taken the most active approach to encouraging work experience in schools, and that is something we would like to see changed. We support some of the changes that the education sector has made: the focus on rigour in the education system, continued focus on numeracy and literacy and a continued focus on apprenticeships, but we would like to see a greater focus on contact between young people and employers through work experience placements, not necessarily the standard one or two-week placement at a certain age but perhaps mixing it up, having even half days in a business, a couple of days a year later, and perhaps a week a year after that.

Richard Exell: It is not all bleak, Chair. We may have seen a decline in Saturday jobs, but if you think about young people's employment experience, the biggest change over the last 20 years is the way it has become the norm for people in post-compulsory education to combine that with paid work, even with full-time paid work in some cases. A surprisingly large number of young people in the labour force survey say that they are both in full-time education and in full-time employment.

One advantage of being the oldest person at this table is that I have been following this sort of debate for quite a while. For as long as I can remember, which goes back to the late 1960s, employers have been saying that they are getting young people who are not ready for the world of work, who do not understand basic English, whose maths is not good enough. This is not a sign of a situation that is getting worse. I am all for employer-centred employment policy, but sometimes employers need to take a bit of responsibility for what their responsibility is. One of their responsibilities is socialising young people into the world of work. You cannot expect someone who has never had a job to be job ready, and part of what decent businesses do is get young people ready for the demands of the world of work; you are not going to be able to tell customers, "My essay is in the post", and so on. It is an

important role and we should value it, but we should not allow people to try to get out of it either.

Q74 Lord Kakkar: I just want to see whether I have understood correctly. There is a discussion around whether the types of jobs that are being created and the nature of contracts and so on are detrimental to the long-term future of young people now entering the workplace. That seems to be one part of the argument. Another part of the argument is that it is very important to create jobs so that young people entering the workplace have experience of work. I am just unclear about where that balance should be and whether the jobs that are being created on such things as zero-hours contracts are really detrimental, or whether in fact they offer a real opportunity because employers feel at a time of economic crisis they can create some form of employment and work that gives young people the opportunity to enter the workplace and gain experience.

Richard Exell: There is a very long answer to that, so I will try to give you the brief answer, which is that it depends on whether you are talking about someone who is in a vulnerable labour market position or someone who comes to the labour market with some strengths behind them. For people who can to some extent choose the jobs that they go for, zero-hours contracts and other forms of flexibility may well provide something that is in their interest.

When it comes to young people, especially those with low qualifications who have, as Narmada was saying, fewer job offers, the zero-hours contract supposedly gives either the employer the freedom to say, “Oh, no, I do not need you now”, or you to say, “Oh, no, I do not feel like doing that shift now”. But if you are in a position where the worry is that if you say no now you will never be offered another contract, a zero-hours contract means something completely different to you from, say, someone with high-level professional qualifications who can say, “I am going to my cousin’s wedding because I know I will get another job that will be coming along soon”.

What is particularly worrying—and I was really struck by what Narmada was saying just now—for people whose first experience of the labour market is being vulnerable in that sort of situation of extreme flexibility is that it makes it more difficult for them to build up the experience and qualifications that put them in a position of strength. It is like starting off down the wrong road. Now we are in a situation where we have more jobs than we expected, given the depth of the recession. That has to be great, but it is still not as good as having decent jobs.

Q75 Lord Fearn: To what extent do you see that young people’s difficulty in finding and keeping jobs is to do with the supply side—their skills and employability—and to what extent is it to do with the demand side, i.e. the number and types of jobs that are available?

John Wastnage: I think it is both, unfortunately, particularly at the moment. We know that there has been reduced demand in the economy in recent years. There are also questions about the types of jobs that are being created and the skill levels, as my two colleagues have highlighted. Certainly we, as the British Chambers of Commerce, are working with businesses to support them to think a bit more strategically about their business and about how they can sell value-added products and services at higher skill levels and create more highly skilled jobs. To some extent, you have to make sure that the demand is there before you start increasing the supply of high-skilled workers. I think that has got a bit out of kilter

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

in recent years. There is certainly some work to be done on the demand side and that will continue even as economic growth increases.

On the supply side, I cannot have a conversation about any aspect of skills without employers coming back to concerns about too many young people who they encounter. That includes putting aside a day to interview and having none of the candidates turn up, which is something I hear fairly regularly. It is not just an extreme example, although it sounds like one.

The lack of careers education information, advice and guidance in schools is disgraceful. We rely on individuals to make decisions about their skills training based on their future opportunities, and yet do nothing to equip them with the information and data about the labour market and the opportunities they are likely to encounter to make those informed decisions about their future. We should not be surprised when there is a mismatch between the skills that people are learning and the skills that are in demand. We would like to see a much more thorough system of careers education, not just half an hour or being sat in front of a piece of computer software at age 16 but starting from a much younger age group, talking about why people work, what different types of jobs there are, what employers value, meeting different types of employers, what the local labour market looks like, what the businesses are within half a mile of the school and so on, and trying to foster some commercial thinking as well as academic thinking, helping young people who have an interest in enterprise to pursue that interest, but also making sure that employers have an influence into the types of skills and attitudes that are fostered in schools.

Q76 The Chairman: That is fascinating. Can I ask you whether you do any of that? Is it always somebody else's job? You obviously have the right focus on things that kids from the age of 11 or something would probably pick up. Here in the House of Lords we have an outreach programme to schools on democracy and the structure of Parliament and all the rest of it. I am not suggesting that any of them should join us—they are far too young for that—but they seem to lap it up, they really do. It just struck me now listening to you that somebody ought to be doing that. Is it always somebody else's job? Could the unions, or some group like that, or trade associations do it?

John Wastnage: The British Chambers of Commerce are ideally placed, and we are very happy to work with the unions. I started with my opening statement by saying that we take quite a humble approach and we think this is an area where co-operation would be particularly useful. We have a front door in every major town and city around the country. There are 54 accredited chambers of commerce. More than half of them, in fact close to two-thirds of them, have schools, colleges and universities as members and work actively with schools. Last year we delivered 4,000 apprenticeships across the country as training providers.

The Chairman: That is great, so increase it, multiply.

John Wastnage: Yes, we would like to.

The Chairman: It just suddenly struck me.

Lord Fearn: What does UNISON think of that?

Narmada Thiranagama: We agree, and I would echo the point about the importance of careers advice. Before I come on to talk about what UNISON is doing itself for young people,

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

I just wanted to touch upon careers advice and say that young people who know where they are going when they leave school, i.e. to university, do not have any problems finding out information about what they should be doing next—

The Chairman: That is very true.

Narmada Thiranagama: —whereas the less you know about what you are going to do next the more complicated and difficult it is to find out where you are going. Funding for Connexions and careers advice has just been drastically cut and it is now being left to schools themselves to deliver this. There are increasing concerns that, at exactly the wrong moment, instead of it being improved it is being cut back.

Richard can talk more about what the TUC does, which includes talking to young people in schools about the world of work. I think there is a programme called trade unions in the classroom. We have just started a pilot as an employer ourselves with young people, in the area where our headquarters is based, on apprenticeships. These are apprenticeships that conform to the very best practice that the TUC and UNISON believe all apprentices should have. It is starting as a pilot but obviously, once we see how that goes, this is just the start. We also work as a union with employers to support young people and to develop good-quality apprenticeships. This extends from signing agreements at national level with employers to build apprenticeship programmes to negotiating what we think are the best quality experiences for young people and the support that they would need. We also do it at our local branch level with individual employers.

Just to give an example, we have just signed a union learning agreement with NHS Property Services. It gives a framework to identify and organise workplace learning for all staff. One of our health branches, Sefton, together with its employer Aintree hospital, has done some award-winning work due to their work on apprenticeships together. We have also just started gathering the stories of young people who have been taken on as apprentices through UNISON working with employers. The feedback we get from our activists who have been involved in this work is that it benefits everyone. It benefits us as a union, it benefits the employers, it benefits the young people who had that experience.

The young apprentices also benefit from the trade union voice in many ways. Those who do become a member of the union—they do not have to—get involved with the union's networks and thus gain other skills that are important to the world of work as well. One of them said that one of the benefits he got was the wide experience, the broader outlook and the ability to network with people his own age, which you might not always get just within that one workplace. I will stop there. I have a lot more. I could talk about that for ever but I will stop there.

Q77 Lord Clinton-Davis: How best do you think that employers' organisations and trade unions can influence policies, particularly in Europe but also domestically? Do you think that we have any lessons to learn from others in Europe as well? Finally, it is a fact, is it not, that only some 8% of young people are represented in trade unions? Regrettable though I think that is, it is a fact.

Richard Exell: Yes. To some extent, of course, that is not a new issue. Young people have always been less likely to join a union than older workers, partly because young people very often do not regard their job as permanent. If they have gripes about it, their response is going to be far more the free market ideal of moving on to another one rather than trying to

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

kick up a fuss to improve the standards in the one they are doing at the moment. It has always been the case that people who did not join a union at first become more likely to join as they get older.

However, if I had stopped there that would be complacent. The fact is that despite that continuing reality, each new generation has been less likely to join a union than preceding generations at whatever age. We are making substantial efforts to combat that. We work jointly with the National Union of Students on issues that are going to be of interest to young people before they come into the workplace. We have the schools outreach programme, which Narmada was talking about, to get trades unionists to talk to classrooms about why unions are there for workers. The TUC produces learning materials about trade unionism for use in schools and colleges. I spend a fair amount of my time advising students on their degree or sometimes even post-graduate essays. Indeed, we respond to requests from colleges, schools and individual teachers quite frequently.

We also think that it is important for unions to have a higher profile within the community. We do some work in community organising. One of our unions, Unite, has a community branch now, which campaigns on issues outside the workplace, and more and more of our other unions are starting to do community activities like that. We have about two dozen unemployed workers' centres around the country. We used to have a lot more, but in the 1990s, unfortunately, a lot of the sources of funding for them died out. In particular, I would emphasise our work on learning. There are quite a few young working class people whose first encounter with trade unionism is when their union helps them to get qualifications later in life.

Lord Clinton-Davis: I wonder whether the position that you describe has deteriorated, not changed or is better than before.

Richard Exell: In some respects it is worse. We have fewer activists to go to schools, for instance, than we used to have. However, there are other aspects. Now is the most exciting time there has ever been for trade unionists on the learning agenda. At Congress House, where I work, getting on for half the staff work for Unionlearn, our learning arm, which is about extending the union presence into bargaining over skills. We have trained 30,000 union learning representatives: learning shop stewards, basically. Over the last 18 months, those representatives have negotiated over 200 learning agreements with employers. That stuff is growing and getting more exciting and energetic with time. Very often, evaluations by BIS and others have found that union learning representatives are able to reach young workers without qualifications who have been failed by the education system, fellow workers who can talk to them man to man or woman to woman about the advantages of an education and how they do not need to be scared of it, how it can help you to get better pay. We are more likely to be believed by that target group than any other interlocutor. As it happens, you have asked me a question about the aspect of our work that we are probably proudest of at the moment.

The Chairman: That is a nice opportunity.

Q78 Lord Brooke of Alverthorpe: Good afternoon. I am wondering about the extent to which the structures within the unions—and I am speaking here particularly to the union representatives—are built in a way that the views of young people can be articulated, in the sense that you are getting to the depth of the young person's view rather than perhaps

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

picking up on the representative. Do you, for example, engage to a degree in doing survey work among young members as distinct from your standard membership survey work? I would be interested to hear whether we do that in the UK or whether you think it is being done effectively elsewhere in Europe and, if so, to whom we might turn our attention if we wanted a bit more information on that.

My second question, and I know this is a difficult area, is about the reviews. The work that we are doing is primarily about unemployment, not about people who are in employment with all the difficulties they may be encountering. Here we have close on a million NEETs. We are looking for ways in which we could try to see how they are communicated with either by representative organisations like yours or employers and the union side, and whether the Government are doing enough to be in touch with those people, or whether you have any ideas for us to consider about how a gap needs to be filled in getting to the views of those people, not just to hear about the problems but how they can be helped better than they are at the moment.

John Wastnage: I think we can improve the tracking, particularly of 16 to 19 year-olds, of what happens when they leave education. The data are not very good at the moment, so the truth is that we do not know what happens to a lot of people and what their destination is. The Government have also introduced this idea of destination measures for schools, 12 months after they leave I think. We would like to see that extended a bit further. At the moment, it is a good incentive for schools to make sure that their students go on to do something but not necessarily the right thing. We think that a longer term measure would be a stronger incentive to make sure that it was the right destination.

Just to pick up on what was said earlier, all membership organisations face a challenge at the moment. Younger generations are less likely to become members of membership organisations than older generations, not just because they are younger at the moment. It is a generational shift, and that trend will continue as they get older. It is upon all of us to adapt and make ourselves relevant to them. I was speaking to someone from the London Chamber of Commerce and Industry just last week, which is launching something called Digital Chamber, which is designed to try to appeal to businesses that are focused on digital industries. That is one example of how we are trying to evolve to change with the times.

The Chairman: Do you have any ideas? I bet you have.

Narmada Thiranagama: We have a young members' network, so we give them the ability to meet and talk to each other. We try not to have the same kinds of bureaucracy for them that we have in other parts of our trade union movement. We try to make it as informal as possible, giving them the ability to talk to other young people and to come up with ideas about how to talk to other young people about what is of concern to them. We represent about 68,000 young people at the moment. One of the surprising things is that we have a general recruitment campaign. It is not targeted at young people; it is targeted at our wider membership. It is based around issues such as insecure employment and worries about coping in the current economic climate, but it is recruiting young people. That is one of the things I was surprised by. It is as relevant to young members as it is to any of our other members. We are recruiting more young members now than we did a couple of years ago.

That is one of the things where new experiences can change our relevance to young people, and we are always trying to find ways of communicating to all different parts of our

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

members, not just young people. There are other members, our low-paid members, who do not have access to the internet or to computers or who may work in different locations. These are all challenges that we are always trying to think about. We do targeted surveys of our members. With young members, using computers and internet surveys is much easier than it is for other members who do not have access to computers or who are low paid. We are always trying to learn from other people and learn from our members about how to better do this work.

Richard Exell: I was just going to take up one of Lord Brooke's points. I will just say that of course both employers, because their primary relationship is with workers, and unions, because they are organisations of workers, face difficulties in relating to people who are not in work. We are aware of that and we try to deal with it through things like working with the National Union of Students so that we are working with their representatives before they are in work. We have schemes to open up union membership to people who are not in the workplace yet. Unions often offer preferential terms to unemployed or non-employed people to join or stay in the union. This is one of the main reasons why we set up our network of unemployed workers' centres to get over this point.

I should say that one of the things that other countries in Europe, particularly in the Germanic tradition, do very well is use government funds through the social partners to achieve social objectives. In Austria, for instance, both the employers and the unions have networks of careers guidance centres run by employers and unions. Of course, that relies on government funding. Obviously, we would like to see that, but unfortunately we have never quite succeeded in persuading any Government to give us that money.

The Chairman: Let us not forget that the European Union has allocated €8 billion to this.

Richard Exell: If you could persuade the Government to give us some of it, we would be delighted.

Q79 The Chairman: We would have to make a jolly good case. Do not forget that in a lot of it you are competing with people putting their cases in. It just seems to me that we rely on the young people for our pensions if nothing else, but the young people today are inquiring and are quite confident by comparison with when I was a youngster. All they need is for people to be interested in them. The sort of things you are talking about—this Germanic model and the way you combine the unions and employers—if you know about them, why are you not doing them?

Richard Exell: We have been arguing for that for quite some time. I am trying not to be overly partisan about this, but we have been more enthusiastic on that agenda than the other people who would need to be involved.

The Chairman: Okay. All I can say is that I will leave you with this: it is something that needs to be done.

John Wastnage: I would be very happy to sit down.

The Chairman: If all of us feel really supportive of the fact that we must get our young people to be positive about the future and to think that work is enjoyable and necessary and builds growth and so on, it just needs everybody who has been through it to put their minds to it and say, "What can we do?". Anyway, thank you.

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

Now, particularly to the British Chambers of Commerce representative, do you think that employers should be expected to do more to meet the skills and employability gaps, such as the breakfast club for children or something like that? I am not suggesting this, but some churches, in the area where I live, target some young people who are pretty well no-hopers and encourage them to be more confident and develop and teach them social skills in dealing with customers, and others. Are you doing that?

John Wastnage: It is quite a varied picture among employers, but lots of employers work with their local schools or local community groups. It tends to be that the management has a particular interest in that rather than it being a general business culture in this country. Chambers of commerce do work with schools. I was just talking to St Helens Chamber yesterday. It works with about 30 primary schools in its area to run enterprise schemes. It also works with NEETs who have left the education system.

The Chairman: Who are still looking for work, yes?

John Wastnage: Its case study was one of those used in the Government's traineeship discussion paper. It already ran a scheme for those NEETs that focused on employability skills and then co-ordinated work experience. One of the problems for employers and educational institutions is that there are no bodies funded to co-ordinate between the two of them. Chambers of commerce, as with trade unions, would love to do lots of additional work in their communities but they simply cannot afford to do it.

The Chairman: You are aware of the employability gaps and the skills required. Do you ever make statements about that to encourage other people to think, "Gosh, perhaps we ought to get more funding for it."?

John Wastnage: Like all the business groups, we have made a lot of statements in the past about employability skills, soft skills, functional skills, literacy, numeracy and so on. Going back to what you said earlier, we are keen to focus more on rolling up our shirt sleeves at a local level. I would be very happy to sit down with Richard and his colleagues at Unionlearn—I already have good conversations with Unionlearn—about how we can work locally while continuing to lobby about policy changes at a national level, but focus on the relationships at a local level, and on how we can deliver more sustainable change in local communities.

The Chairman: By the answers to the questions to you, Ms—

Narmada Thiranagama: Thiranagama. It is a long name.

The Chairman: —I understand that you would feel intrinsically supportive of that, but you are probably doing it already, are you?

Narmada Thiranagama: I would say in addition to what has been said that in the other models we are talking about where this is embedded into the system, hundreds of years of history have gone into creating those models. While we can admire it and try to do it, at the moment without the history of it we would just be taking bits of it and bringing it over.

The Chairman: Yes. You need the whole thing to come together.

Narmada Thiranagama: We need to work to create the supportive culture of allowing that to happen in a more systematic way rather than the efforts we are making as unions and as employers, which are not co-ordinated or brought together in a way that would make a much more dramatic impact.

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

The Chairman: Thank you very much. Lord Haskel, it is your question.

Q80 Lord Haskel: I wonder whether we could come back to the European aspect, because we are a European Committee. The European Trade Union Confederation talks a lot about the importance of the social dialogue—we were just discussing that before—between unions and employers as a means to agree and deliver effective response to problems like youth unemployment. Do you agree with this? Is it working here?

The Chairman: I have three important questions. This is the first one. Can we be brief, please? You could always write to us.

Richard Exell: Okay. Social partnership is much more developed on the continent than it is in this country. The assumption that government looks to employers and unions as partners for achieving social objectives is startling in the UK context. No, we are not as well developed here as they are on the continent.

On the continent, we work with BUSINESSEUROPE and the other employer organisations. For instance, I helped negotiate a joint statement on inclusive labour markets, making the case for labour markets adapted to recruit disadvantaged groups, including young people. The CBI, the Local Government Association and the TUC have just published a UK-level version of that document that is made up of good practice case studies to show that that is possible in this country. I will send the clerk the web address for that.

The Chairman: Thank you very much indeed.

John Wastnage: I would echo Richard's comments. It is clearly less developed in the UK than in other European countries.

The Chairman: All right, thank you. Do you have any information that is in addition to your two colleagues?

Narmada Thiranagama: Just to say quickly that it basically enables negotiation for there to be more general skills in Europe and better quality apprenticeships and vocational qualifications. It allows people to look at the longer term future of the young people involved. That is why it is important.

Q81 Earl of Liverpool: Good afternoon. I wonder whether you could tell us your views on the measures currently being taken in the UK to combat youth unemployment, for example the youth contract and more promotion of apprenticeships and work experience. We have talked about that earlier. What more or different things, though, do you think should or could be done?

Richard Exell: Perhaps I could kick off on that one, and I will try to be brief, Chair. The youth contract is sometimes described as the current Government's answer to the Future Jobs Fund. It is much more like an answer to the new deal for young people. It has the same mix of work experience, subsidised job and a strong-arm element for people who refuse to engage with the other parts of it. If you look at the performance so far, first of all, the main characteristic of it, if you compared it with the new deal, is that it is substantially cheaper. Even in cash terms, the subsidy is lower than the new deal for young people offered. If you take inflation into account, it is much less generous. There is nothing wrong with it—we support job subsidy programmes—but we always thought the Government were insanely ambitious in saying they would get 160,000 subsidised job places in three years. So far it has

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

been something like 4,000 after a year and a half, and that is more in line with what we expected, but we do think it will perk up in its final year and a half.

What would we like? We liked the Future Jobs Fund. The Future Jobs Fund was the sort of programme we have been calling for for the last 30 years. The difference between the Future Jobs Fund and failed work experience programmes is that the Future Jobs Fund offered real jobs paid at least the minimum wage. We do not have any problem with requiring people to engage in work experience so long as they are paid decently for the work that they do. The evaluation of the Future Jobs Fund was extremely positive. You have a policy analyst, a clerk and an adviser here. They probably have access to all the data on that so they will know the studies I am referring to.

John Wastnage: Likewise, we were supportive of the youth contract. We thought it was possibly a bit ambitious given the economic conditions, although the projections were not as bad as they have turned out to be. One of the main failings of the Government is that they have not promoted it enough. We send regular messages about the youth contract, not so much now but we have done so over the last 18 months, and still when we ask our members the message just is not getting through to them. Even if they have heard of the youth contract, they do not know what it involves. Even if they know what it involves, when they start going down the route of trying to access it, certainly in the initial six months, they find it incredibly difficult to do so. We as an organisation tried to hire someone using the youth contract and highlighted to the Secretary of State the fact that we could only get through to voicemail when phoning the phone numbers that were advertised.

The Chairman: Oh, dear. I do not think we will put that in our report, but we might mention it in the corridors.

John Wastnage: He addressed it. They introduced a secret shopper approach where they checked out all the providers. I understand why the Government have frozen their marketing budgets generally, but certain programmes merit greater promotion. I think that was one of them. We think that work experience in general is of value to individuals. Whether it needs to be paid or not is something to be debated. It depends on the length of the duration.

The Chairman: On the circumstances, yes. Ms—I am determined to get it right this time—Thiranagama.

Narmada Thiranagama: That is very good. I would just quickly add that in evidence to a House of Commons Select Committee, Future Jobs Fund providers highlighted one of the benefits of the Future Jobs Fund, in addition to the other positive evaluations, which is that it made them feel like they were doing a real job. They felt they were independent and a full member of society. Simply having the kind of work that was not seen as punitive or a scheme, they felt like they were properly doing a job. That gave those young people a real sense of self-esteem about themselves in the world of work.

The Chairman: That is very important.

Narmada Thiranagama: Yes, I think it is.

Q82 Lord Wilson of Tillyorn: Can I take Lord Liverpool's question and put it into a European context as a whole, and do it in two parts? Part one is: what do you think of the various European schemes? You will know them all well: the youth guarantee, the offer of a job

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

within a set period of time, and extra money to areas of particularly high unemployment. What do you think of those pan-European measures?

Part two, flipping over what Mr Wastnage said about there being things that we do that other European countries can learn from, what is being done in other European countries that we can learn from? So, an answer in two parts, please.

Richard Exell: First of all, on the youth guarantee, obviously we support it. It bears remarkable family resemblance to the Future Jobs Fund. We have two problems with it. One is that the €194 billion allocated for it was not as much as we were hoping for. I am really trying hard not to be partisan over this, but the UK is the only country out of 28 that has said it will not have a youth guarantee implementation plan. Every other country eligible for youth employment initiative funding is either in the process of submitting its implementation plan or has already done so. The only explanation I have seen for that is the fact that it was not invented here. That is a very depressing reason for not going ahead with this.

Lord Wilson of Tillyorn: Sorry, did I catch you right? You said it was very like our scheme?

Richard Exell: Yes, it was very like the Future Jobs Fund.

Lord Wilson of Tillyorn: So it was part invented.

Richard Exell: Undoubtedly, the Commission learnt important lessons from that. I should say that I know you are trying to get European TUC to come here and give evidence as well. The ETUC was very disappointed that the youth guarantee is only a recommendation rather than a requirement for getting funding. We lobbied very hard to have something stronger than a recommendation on this, but unfortunately back in July Mark Hoban boasted to a Commons Select Committee that he had succeeded in writing the youth guarantee out of the requirements for funding.

Q83 The Chairman: Well, that is one Member. Mr Wastnage, do you have anything to add on that one?

John Wastnage: Yes. We are supportive of the idea of certainly guaranteeing access to training or work experience. We have not polled our members about the youth guarantee, the actual guaranteeing a job aspect, if that were introduced. My concern is that it would have to go hand in hand with a stronger approach on the supply side to improving skills. We think that is a better approach: trying to address in the medium to long term employability skills, contact with employers, work experience and so on, so that young people are able to compete better for the jobs that are available rather than having jobs assigned to them.

I would just like also to highlight the Erasmus+ scheme, which is coming. It is the replacement for Erasmus, as you probably know. In the UK, we have quite a low take-up, probably because of our lack of language skills. In some senses, we have to start thinking about operating in a European labour market rather than a national labour market. We have flows of European workers coming here. Mobility is helpful to the European labour market in general and we are doing a disservice to our young people if they are not able to access jobs in other countries when jobs are not available here. It gives them more opportunities and perhaps even more exciting opportunities.

The Chairman: Skills opportunity to increase their skills and experience, of course.

Richard Exell, Trade Union Congress, John Wastnage, British Chambers of Commerce, and Narmada Thiranagama, UNISON—Oral evidence (QQ 70-83)

John Wastnage: We also know from surveying our own members that businesses where senior managers have had experience of living in other countries are much more likely to export and to export to those markets.

The Chairman: Yes, because they are comfortable.

John Wastnage: It makes common sense, but it is borne out in the statistics as well.

Narmada Thiranagama: I do not have much to add to what has been said already. I just want to highlight one thing that I do not think we have covered, which is the huge impact that where you are living has on your job opportunities, especially for young people who might have transport difficulties. There are areas of this country that have not really recovered from previous recessions. Each one has left its mark. It has left some deep-seated problems that are very much being experienced by people, particularly young people.

I would also add that a lot of information about skills, or job opportunities even, is through informal networks and informal hiring practices. That is another thing that disadvantages young people, especially because they have had even fewer opportunities to acquire those, or if they have them it is through their families.

The Chairman: Pushy parents, as I call them, yes.

John Wastnage: That is why careers education is so important because it rebalances.

The Chairman: Yes, that is absolutely right.

Richard Exell: Could I just take the opportunity to put in face to face careers guidance? We are particularly worried about the loss of face to face careers guidance at the moment.

The Chairman: Thank you. That has been great. Any more questions from any Members? No. It has been a wonderful session, so thank you very much. Could you please write to us with the statistics and the reports that you have cited, because we have not necessarily taken them all down? If you have examples of employers and unions working together on skills and youth employment, that would also be very useful. It would round it all off. Again, on behalf of the Committee, thank you very much indeed.

Trade Union Congress (TUC)—Supplementary written evidence

EU Action to Tackle Youth Unemployment

How this recession differs from previous ones

Young people have been hit hard in this recession, harder than other age groups:

Unemployment rates by age

	16-24	25-34	35-49	50-64	65+
Dec-Feb 2008	13.8%	4.6%	3.5%	3.0%	1.8%
Jul-Sep 2013	21.0%	7.0%	5.1%	4.8%	2.0%
Change	7.2%	2.4%	1.6%	1.8%	0.1%

Why this recession has hit young people hard

This recession has seen a reduction in hiring, rather than an increase in people losing their jobs. Job creation happens when a workplace is newly established or expands; job destruction when one contracts or closes. Using firm level data, Bob Butcher at NIESR found:

- Before the recession (2004-7), 4.0m jobs were created per year,
- and 3.7m per year were lost or destroyed,
- After the recession (2008 – 11) 3.8m jobs a year were destroyed – hardly any change
- But only 3.7m a year were created.

This hits young people especially, because older workers can get by staying in jobs.

Last year, the TUC worked with the Institute for Public Policy Research and the Chartered Institute for Personnel and Development on a project on [Tackling youth unemployment: lessons from Europe](#). We noted that our youth unemployment rate has consistently been about the EU average, both before and after the recession – but this figures hides as much as it reveals.

Firstly, we have a significantly above average proportion NEET – 18.4%, compared with 16.4%.

Secondly, the position of young people *relative to older adults* is much worse – in the UK a young person is 3.5 times as likely to be unemployed as an over-25, compared to 2.5 times in the PIGS and 1.5 times in Germany.

To what extent is the difficulty young people face a supply side matter?

Overall, unemployment is a demand side issue: the key statistic is the ratio of unemployed people to job vacancies. This has now started to fall, but is still nearly twice the 2.5 : 1 that was the norm before the recession.

Trade Union Congress (TUC)—Supplementary written evidence

Some of the factors frequently referred to as possible causes of youth unemployment do not stack up:

- [Bell and Blanchflower](#) find no link to the minimum wage (if anything, the causality is in the reverse direction). In 2011, the [Low Pay Commission](#) found that, although there may have been some adverse impacts, the effect on youth employment was “minimal”.
- In 2008, [Lemos and Portes](#), writing about the effects of migration, reported that “In particular we find no adverse impacts on the young or low-skilled.”
- The report of our project with IPPR and CIPD on *Tackling Youth Unemployment* noted that this is *not* a regulation problem: we are already lightly regulated, far less regulated than Germany, for instance.
- Skills and qualifications in an increasingly competitive labour market are important – so the lowest skilled young people are likely to suffer the effects of high youth unemployment. But it remains the case that the position of young people, and particularly young men, relative to adult workers in the UK has worsened in recent decades, despite the fact that young people today are more highly qualified than their parents or grandparents.

Factors that may have played a part

Generation Lost suggests one issue may be Jobcentre Plus’s 2001 decision to pay less attention to youth unemployment.

In the project we engaged in with IPPR and CIPD, we were struck by the fact that the difference between youth and older adult unemployment was much less noticeable in countries with strong vocational education and training systems.

The low rates of youth unemployment in Austria, Germany and the Netherlands highlight the importance of how the education system interacts with the world of work, and the institutional support that young people receive to make the transition between the two. As a result, policymakers across Europe increasingly stress the importance of high quality vocational education that provides structured pathways into work. One Commission official told us that

“it’s not an intellectual insight that when we have well-established, structured and functioning transition pathways youth unemployment is low. So the issue is not identifying the right policies, but delivering on those priorities.”

In addition, the TUC is very worried about the situation with regard to careers guidance. According to the OFSTED Report [Going in the Right Direction](#) - careers guidance in schools is not adequate: “the new statutory duty for schools to provide careers guidance is not working well enough”.

There have been massive cuts in connexions services and the National Careers Service does not offer face to face careers guidance for young people – you have to be aged 19 or over – even though research has shown that young people prefer face to face guidance.

On 22 November, we held a TUC Apprenticeships Focus Group attended by 50 apprentices. Careers guidance received was practically non-existent or was limited to “go to university”.

How unions should respond

We would emphasise the importance of making sure bargaining supports skills and training. Unions are encouraging employers to recruit young people, pushing to recruit young people themselves.

In UK, we have emphasised learning as the field where unions can make a difference. The TUC's learning arm, unionlearn, has trained 30,000 Union Learning Representatives (ULRs).

ULRs – and increasingly other union reps as learning becomes more mainstream (TUC education for reps now includes a major learning element) – have negotiated Learning Agreements: 209 since April 2012. These cover such issues as equality & diversity statements, time off for ULRs, setting up workplace learning committees and learning centres, special provision in English and maths, helping people move on to higher level qualifications, the investment employers will make.

With the last government, we worked on the New Deal and the Future Jobs Fund to help minimise objections from existing workers and reduce displacement and substitution. We had an Agreement with the Employment Service covering the New Deal, took part in the panels awarding Future Jobs Fund contracts and we established a network of union officials dealing with the FJF to troubleshoot any problems with abuse of the programme (though this turned out to be rare).

At European level, the employers' organisations and the ETUC have a plan for social dialogue negotiations. We regard youth unemployment as a priority and made a [“Framework of actions on youth employment”](#) our first priority for the 2012-14 round. There are dozens of agreed actions relating to learning, transitions, employment and entrepreneurship.

Active labour market programmes

Although the publicity for the YC has emphasised the employer subsidy, the bulk is made up of work experience placements: there have been 136,000 work experience placements through the Youth Contract. Next most important have been the sector-based academies, with 49 per cent of the 61,000 people starting these courses being aged 18 – 24.

By May 2013 (one third of the way through the programme), there had been 21,460 starts on jobs supported by the wage incentive. Interim and final payments had been made in respect of 4,690 people, including 2,070 payments for completing the full 26 weeks.

Between May 2011 and Feb 2013, 146,810 people were referred to Mandatory Work Activity, 43 per cent of whom were 18 – 24 year olds. The DWP's 2012 research into the [Early Impacts of Mandatory Work Activity](#) found that “MWA had a small and transitory impact on benefit receipt, and no impact on employment”

The TUC strongly supports a job guarantee, like the Future Jobs Fund. It is important to remember that the Future Jobs Fund was set up at an extremely unpropitious time – no-one was creating jobs at this point and there were major job losses being announced every day.

Trade Union Congress (TUC)—Supplementary written evidence

The 2011 evaluation by [Fishwick et al](#) found that this one scheme accounted for over a fifth of the exits from JSA among long-term unemployed young people, over two fifths at its busiest time and 60 per cent in the most disadvantaged parts of the country.

“Of the 105,220 participants who started FJF jobs between 2009 and 2011, an estimated 15 per cent of them left their job before six months – more often than not to move immediately into another job. Overall, an estimated 43 per cent of participants obtained a job outcome after FJF – in the majority of cases with the same employer as their FJF job.”

The [evaluation for the DWP carried out by NIESR in 2012](#) found that, two years after participating, people were 7% less likely to be on benefit – and as this reduction was stable it was likely to be sustained – a problem for active labour market policies. It increased the likelihood of being in unsubsidised employment 2 years after participation by 10 points, again, this seemed likely to be sustained.

The programme benefited participants by £1,600 net per head, their employers by £6,850 per participant. It cost the Exchequer £3,100 per participant net, but produced a net benefit to society of £7,750 per participant – mostly due to their economic output while in FJF employment plus their subsequent extra unsubsidised employment.

If the employment effect of the programme persists beyond the two years after participation covered by the study, the benefit to society could be as high as £15,000. Even on the most conservative assumptions, the net benefit to participants was £1,600, to employers was £3,750 and to society was £1,100, whilst the net Exchequer cost was £4,300.

These assumptions included that the output produced by FJF workers had no value and that the employment effects of the programme ceased immediately after the study stopped tracking participants.

It is very sad that the UK is the [only EU member state that has said it will not implement the Youth Guarantee](#). Unlike most of the richer MSs, we are not adding national funding to the European Youth Initiative either.

27 November 2013

Narmada Thiranagama, UNISON, John Wastnage, British Chambers of Commerce, and Richard Exell, Trade Union Congress—Oral evidence (QQ 70-83)

Narmada Thiranagama, UNISON, John Wastnage, British Chambers of Commerce, and Richard Exell, Trade Union Congress—Oral evidence (QQ 70-83)

[Transcript to be found under John Wastnage, British Chambers of Commerce, Narmada Thiranagama, UNISON, and Richard Exell, Trade Union Congress](#)

Max Uebe—Oral evidence (QQ 178-184)

Evidence Session No. 14

Heard in Public

Questions 178 - 184

TUESDAY 21 JANUARY 2014

Members present

Baroness O’Cathain (The Chairman)

Lord Brooke of Alverthorpe

Lord Freeman

Lord Wilson of Tillyorn

Examination of Witness

Max Uebe, Head of Unit, DG EMPL

Q178 The Chairman: Thank you very much for making the time and the space available for us. I will go around the table and I will ask my colleagues to introduce themselves.

Lord Brooke of Alverthorpe: I am Clive Brooke, Lord Brooke, a former trade union official, but I have been in the House of Lords for 16 years now. I am a Labour Peer.

Max Uebe: John Monks is also there.

The Chairman: Yes, indeed.

Max Uebe: I used to work with him a lot when I was in the Cabinet.

Lord Brooke of Alverthorpe: Yes, John is a frequent speaker in the House of Lords.

Lord Wilson of Tillyorn: David Wilson. I am an independent Cross-Bench Peer. I have been about 20 years in the House of Lords. My career was in public service, to some extent universities and some industry.

Lord Freeman: Roger Freeman, a Conservative Life Peer, having served also in the House of Commons for 15 years, but I am 15 years now in the House of Lords.

Lord Freeman: And we are appointed.

Q179 The Chairman: I am Detta O'Cathain. I have been in the House for 23 years. I came through the business route not the political route, but I sit on the Conservative Benches.

We started this inquiry taking witness statements from October last year, although it seems a long time ago. We are doing it on the basis of our remit as a Sub-Committee of the European Union Select Committee in the House of Lords to scrutinise. We have three specific areas: the internal market, infrastructure and employment. We have done various reports since this Parliament began. We have a five-year Parliament span and we are just towards the end of the fourth year. We have produced reports on women on boards, innovation and research and the Channel Tunnel amongst several other big inquiries. So you can see the disparate types of work we do.

We decided to look at youth unemployment because without doubt it is probably the most serious problem facing the European Union.

We have taken evidence from all sorts of people. We have taken statements from young people themselves, which was a really good thing that we did. We had two very interesting sessions away from the House of Lords: one in Birmingham and one in Liverpool. We found just how difficult it is out there, with the interaction of social problems. The real problem is that, while some people can be unemployed and then pick themselves up and get into the labour market, and mean careers go steaming on, some people are without hope. I do not think they can see work on their radar screen. Then there are the implications of that not only for the people themselves, who are going to have a much worse life than other people born at the same time as them in different circumstances, but there are the social implications—for example. We have seen very little of that in the United Kingdom—it does not happen every weekend—but it is destabilising and very upsetting for those who have tried to do something about it. That is one of the major problems.

We also took evidence from business on the day-to-day operations of solutions like apprenticeships and that was very helpful. There are definitely some areas we can look at that are going to help us throughout. Now we have decided that, as it was part of our European Union scrutiny, we had better come here. It is the first time our Committee has taken evidence in Brussels in this Parliament, so we are very grateful to you. We have a series of questions that you have been given in advance. My first question is: to what extent do you see the issue as being about the demand side—the availability of jobs—and to what extent is it the supply side: how well young people are prepared for the labour market, in terms of skills and education, the point really being their employability?

Max Uebe: First, let me thank you for coming over and for your interest. We very much look forward to your final report. It is when?

The Chairman: April 2014, just a couple of months.

Max Uebe: So a couple of months to go. When I started in the Cabinet with Commissioner Andor's predecessor, Commissioner Špidla, there was a report by the House of Lords on labour law. It was early days for me and I was not involved very much but I remember the high quality of the report, which was very much appreciated. We look forward to the report based on the sound evidence that you have collected.

The Chairman: Thank you for that comment. We appreciate it.

Max Uebe: On your question on demand and supply, we try to address it from both angles. There is clearly both a demand side and a supply side problem in most member states. Of course it is dangerous to generalise because the situation across the European Union is very diverse. It is no secret. If you look at the map, at the Mediterranean countries, in Greece and Spain youth unemployment is up to almost 60%, whereas in the centre it is 4% or 5%. In general, we try to address the fact that young people without the right skills will never have a chance. You mention young people who are caught in this cycle of unemployment over generations. They will not have the opportunity to enter the labour market to find sustainable labour market attachment. Obviously, on the other side, what we always say is that, whatever we do here in terms of apprenticeship reform, the Youth Guarantee and so on, it will not work if the economy as a whole is not picking up. We are not naive. Without that it will not be possible. But our objective is to at least have young people ready and prepared for jobs that hopefully will come up soon, because there is some light now at the end of the tunnel. Recovery is coming. The big question is: will it be a jobless recovery or will there be new jobs? It is very important.

If you look at the Youth Guarantee—and I assume you have looked at the recommendation behind the Youth Guarantee—this is our flagship in the unit, our umbrella for all the policy measures we take in the fight against youth unemployment. It can be argued that there you have both in a way. There is a recommendation to reinforce youth entrepreneurship. You can use money from the Youth Employment Initiative—this €6 billion package—to finance recruitment or wage subsidies, and a large part of course is upskilling and so on. We try to tackle both, the Commissioner will argue.

The Chairman: Thank you. Does anyone want to comment on any points that Mr Uebe has mentioned? The main issue that struck me is what you said about this total commitment to the flagship policy, which is the Youth Guarantee.

Q180 Lord Brooke of Alverthorpe: On the second question, I would like to tease you out a little on the Commission's programme for developing standards for training and apprenticeship quality. As you know, there is quite a focus in the UK on returning to what we had 20 or 30 years ago, which were quality apprenticeships. We are now trying to very substantially increase the number of young people undergoing apprenticeships. Could you explain a little bit more what you believe that centrally—without any question there is a role for you—you can contribute, because there is such a diverse application of apprenticeships between one nation and another? Are you hoping to achieve minimum standards or a minimum quality? Do you think it is possible or preferable to give a general exhortation that people should be moving in this direction but leave it to them to develop the systems as they see appropriate to their own circumstances?

Max Uebe: First, we have to clearly distinguish between traineeships and apprenticeships.

We are fully aware of the differences between member states. There is no one-size-fits-all approach. It simply does not work. In particular, when you look at apprenticeship schemes, we have different traditions. You cannot compare countries, like Germany, Austria or Switzerland. Their systems have grown over decades if not centuries. Then you have member states—let us take Spain or Portugal—that want to build up a system. It is a very, very difficult task because there are so many different players: there are the links with educational institutions and you have to get businesses and trade unions on board. The European Alliance for Apprenticeships was launched in July. One of its main objectives is,

first, to change the mindsets in those member states that do not have apprenticeship schemes yet. That means the mindsets of the companies. If you speak to an Italian company they will tell you, “Why should I have an apprentice? He or she will leave after finishing the apprenticeship and go to my competitor”. When we speak to the trade unions they say, “This is exploitation of young people because they are paid much less”. When we speak to young people, they prefer to go to a construction site and earn three times as much now in the short term, and you speak to the parents and they say, “It is much more prestigious if my daughter and my son go to university”. So there is a big, big mindset problem to start with.

You also asked about the European role. What we try to do with the European Alliance is to facilitate bilateral cooperation under the European umbrella. There is a lot of interest in many member states in doing something. I have told you that I have been working for a long time in the area of employment and social affairs. This is the one few times I have seen a real, genuine interest on the part of member states to learn from each other and build up something that works in other member states. Why are apprenticeships so much in vogue these days? It might be a coincidence, but if you look at the map the member states that have well established apprenticeship schemes usually have relatively low youth unemployment rates.

For me, the apprenticeship scheme is not a panacea. It can help to develop the right skills but it will not solve the dramatic level of youth unemployment. It can be a step. We have all these pieces, like a mosaic, and an apprenticeship is an important part. But if you speak to some people from some of the countries that want to establish a scheme, they believe that if they establish a system everything will be fine. There is also some scepticism on this side. From our point of view, what is very important is to involve the social partners and the employers when drawing up curricula for the apprenticeships. Successful schemes have that. Only then will young people acquire the skills and the competencies that are needed in the market. It is very important to have a connect between what the market needs, which employers can tell you best, and what the young people will learn.

This is on the apprenticeship scheme, and while we have some declarations on minimum standards, and some idea of what a good apprenticeship would look like, we are far from setting standards as we do now in the other area of traineeships. In December the Commission adopted a proposal for a European quality framework on traineeships that we are currently negotiating with member states. Like the Youth Guarantee it is in the form of a Council recommendation, so it is not binding but recommending member states to ensure a number of things. There we start with the kind of standard that we would like to see. Every trainee should have at least a written traineeship agreement setting out a number of issues—for example, the length of the traineeship. We want to ensure that there are learning objectives during the traineeship. We want to avoid repetitive traineeships because there is a major concern that young people are caught in a number of traineeships even with the same employer. In terms of setting standards, we are further advanced than in the area of apprenticeships because there again the apprenticeship system is much more complicated. There are many more players involved—the chambers, employers and educational institutions..

The Chairman: Thank you very much.

Q181 Lord Freeman: It is difficult for me to read the map, but could you give us some examples of how different countries are using the Youth Employment Initiative?

Max Uebe—Oral evidence (QQ 178-184)

Max Uebe: That is a very important and interesting question. We did our best but the negotiations on this instrument between the Council and Parliament took a long time. You might be aware that member states that benefit from this money are supposed to submit plans—so called Youth Guarantee Implementation Plans—by the end of last year. These plans are currently being assessed by colleagues. They also indicate what member states have in mind to do. I am not allowed yet to give you concrete examples or mention specific member states. But I mentioned, for example, the wage and recruitment subsidies; apprenticeship reforms are being financed; entrepreneurship support is an issue. Mobility can be short-term relief for young people, because there is a high demand for skilled labour in some parts of the EU. So, when a young person makes this choice, how can you facilitate mobility? You could finance a language course or help with an allowance to enable someone to move and so on. These are issues that could and will be financed, but we do not have a clear idea of what member states want to do. We can get back to you as soon as we have—

Lord Freeman: When could we have the information of what different member states are doing?

Max Uebe: We will give the first feedback to member states starting in the week beginning 3 February.

The Chairman: I see, in two weeks' time.

Max Uebe: The plans that have come in are now with the ESF country desk. They do a first assessment. Also other DGs contribute: DG EAC and DG ECFIN, because all of that has an important budgetary financial impact. ECFIN are particularly interested in the programme countries—

Lord Freeman: What sort of timescale do you think would apply for our Select Committee to be briefed on what different member states are doing?

Max Uebe: One tricky question we will address, hopefully today or tomorrow, is whether we can make these plans public or not. Already the first request—

The Chairman: Yes, we have heard a rumour.

Max Uebe: Yes. Yesterday I attended a meeting of a think tank here. They have set up a task force. A colleague from the OECD said, “We want to see these plans”. I told him we will ask member states and if they agree we can pass them on. If not, it is possible to formally request access to documents. The rules are extremely generous for the public to request that. I think we have had the first request, which is I think from Ireland.

Lord Brooke of Alverthorpe: We heard the Irish have gone in.

Max Uebe: No, someone has requested access to the Irish Youth Guarantee Implementation Plan.

Lord Brooke of Alverthorpe: I am with you, yes.

Max Uebe: But as you can imagine, it can be tricky for member states. You have an overview of member states and how much money they are willing to put into the fight against youth unemployment.

Lord Freeman: But in due course will the information be available, because I think it is directly relevant to our report?

The Chairman: Yes. We really need the information in the next four weeks.

Max Uebe: What exactly do you need? What kind of measures are financed in which country or in general.

Lord Freeman: Also the nature of the approach, the nature of the plans.

Q182 Lord Brooke of Alverthorpe: The EU's role is to co-ordinate and to share best practice, and one of the criticisms that we hear is that people ask, "But where does it actually happen? How do you get access to see what is happening elsewhere, when they do not release information as freely as perhaps they ought to do?" We would like to leave the point with you. I take the issue that you can have newspapers interfering and running stories and using it for their own particular ends, but overall I think this is a major initiative for the Commission and for the EU generally. If they could try some new initiatives on openness, I think you would only benefit from it rather than be seen to say, "We cannot do that. We would like to do it but we cannot do it". Why does it not go on the net? If the plans go in, why are they not made public so that people can then say, "There is a good idea there for us to consider"?

The Chairman: Exactly. This is the point because with 28 member states I am sure there are going to be at least 40 different ideas, and some of them would be directly relevant to the problems that some other member state might have.

Max Uebe: We fully agree that there should be full transparency, but it is a problem that we have with the member states. When it comes to best practice and sharing, you might be aware of a range of what we call mutual learning programmes, MLPs. We had a big seminar on the Youth Guarantee here in October, in La Hulpe. There was one on early intervention I think in The Hague. There is one on Youth Guarantee implementation. Soon there will be another mutual learning programme in Finland. So for member states at least—and you know we also have Youth Guarantee co-ordinators appointed in all member states—there is a lot of exchange. We had an EMCO thematic review—by the Employment Committee—in early December where perhaps 10 to 12 member states presented what they do, and then there is always a discussion with other member states coming in and commenting. At that level there is a lot of exchange.

The Chairman: I have just been reminded that we have five minutes left, so I just make the point at this stage that if you have information that you think might help us to support our views—and I think you can see where we are tracking—it would be very useful if you could send us some stuff.

Q183 Lord Wilson of Tillyorn: Can you clarify the role of the European Social Fund in dealing with youth unemployment and the Youth Guarantee? The memo put out by the Commission in November says, "It is important that member states devote a significant proportion of their European Social Fund allocations for 2014-20 to implementing the Youth Guarantee". How do you see the ESF fitting in? Can I try to get my mind clear? The suggestions are made by the Council as recommendations. They are not binding. The money is given out by the Commission. That means the Commission is saying, "Okay, this idea is good and we will support it. That idea is not good, we will not support it". So there is a great deal of power there in the Commission of what—

Max Uebe: Ideally, yes, but with shared management you have to agree with a member state. In general, when it comes to the fund, we introduced what we call ex-ante conditionality. We make payments conditional. This is, in the interest not only of the

Commission but also of member states. At least we can control in a certain way where the money goes. When it comes to EU funding of the Youth Guarantee, first, we say the Youth Guarantee needs national funding. EU funding alone will not suffice. Then you have to distinguish between the Youth Employment Initiative—the €6 billion package, a two year short-term financial support for the Youth Guarantee—and the ESF, with much larger amounts, for 2014–2020 and covering all member states. A number of member states do not benefit at all from the €6 billion Youth Employment Initiative. So this is an important difference between the two.

Q184 The Chairman: This has been a terrific session and thank you very much indeed. I know you only have three and a half people, but I wonder if the half person could look at the questions that you had notice of and see if they can give us any more information.

On a final note, and this is a psychological problem for us in the United Kingdom—why is the EU so prescriptive? Why do you take this role and not allow more flexibility? Can you consider that, because I am thinking about what is going to happen when our report comes out? I am also thinking that we have a situation in the UK at the moment that is slightly tricky. I think that one of the advantages for the pro-European side, so to speak, would be if they could point to something that is really likely to work, but not without the great hand of the EU getting right into the dross of the business.

Max Uebe: I am not so sure that we are overly prescriptive. Again, on our flagship, the Youth Guarantee, we have recommendation number one, which is the core. Member states are committed to ensure that all young people up to 25 receive an offer within four months. How they achieve it, honestly we do not care at all. What counts for us is the outcome, which is that ideally young people are not inactive for longer than four months. There then follow a number of guidelines and recommendations on how to achieve this objective. Again, when it comes to monitoring the implementation of the Youth Guarantee, what we will look at is the outcome, and how a member state achieves that honestly I do not care at all. Obviously it should be a good-quality offer of a job or training and so on, but your tools, your ideas, where to put the money is for the Member State to decide—

The Chairman: Thank you. All of this is being transcribed. You will get a copy of the transcript, which you can correct. Please keep in touch.

Max Uebe, Head of Unit, DG EMPL—Supplementary written evidence

EU action to tackle youth unemployment

1. What are your expectations for the European Social Fund in the new programming period with regards to youth unemployment? How well are Member States addressing youth unemployment in their emerging proposals?

The June 2013 European Council stipulated that youth employment be given a particular focus in implementing Structural Funds. With regard to activity monitored by my unit here at the Commission, the ESF has an important role to play in the implementation of the Youth Guarantee, which should continue throughout the 2014-2020 programming period. The ESF can be used to support all actions that provide direct assistance to young people, or in facilitating the reform of structures or systems that will constitute or lead to one of the outcomes under the Youth Guarantee. This dual role of the ESF mirrors directly the dual aims of the Youth Guarantee: to work both as immediate relief from the harsh blow that the crisis has dealt young people, and as prevention of structural youth unemployment, evidenced by the focus on structural reform. This could involve reforming an apprenticeship system or funding the training costs associated with taking on an intern, for example.

To give a UK-specific example of how the ESF can be used to tackle youth unemployment, in London, more than 82,000 14-19 year olds that were not in employment, education or training (so-called NEETs) have taken part in projects supported by the European Social Fund since 2007 and 74% of them (57,947 NEETs) have progressed into education, employment or training.

In the Youth Guarantee Implementation Plans (YGIPs) that have been submitted so far, we have seen a range of responses to youth unemployment. What we are really looking for is a holistic approach to tackling this issue, and a serious effort to reach out to all young people. Some YGIPs have already been published and can be found on the internet, e.g.: <http://www.welfare.ie/en/downloads/Youth-Guarantee-Implementation-Plan.pdf>

2. What role does migration and free movement have as a part of the solution to combat youth unemployment, and how would you propose to deal with the obvious tensions surrounding this issue, in Member States?

We cannot pretend that free movement of workers in the EU alone can resolve the huge disparities in levels of unemployment between Member States. But it can indeed be part of the solution. Research shows that there are 2 million unfilled vacancies throughout the European Union, and there are persistent numbers of vacancies in particular professions – for example, it is predicted that there will be 700 000 unfilled I.C.T. practitioners' vacancies by 2015. This indicates labour market mismatches across EU regions and sectors, and the mobility of young people offers some solution both for employers and for the affected young people themselves. Of course, the decision on whether or not to look for work in

another Member State is a matter of personal choice, but tools such as the EURES job-search network are provided by the Commission to facilitate this option once the choice is made.

In some towns, villages and regions there can be very real problems in terms of overcrowded schools, housing shortages and strains on public services. Here again, the European Social Fund can be used to help to deal with some of these local problems. And it would be important that governments confront people's unfounded fears with the facts.

3. In your view, what are the different issues for different types of young people, for example graduates as opposed to disadvantaged young people without qualifications?

Young people are of course not a homogenous group. The Council Recommendation on establishing a Youth Guarantee emphasises the importance of providing personalised guidance and individual action planning, in order to tailor support to the various needs of young people. For example, for a recently-graduated young person looking for employment, the main concern for employers might be that this young person has little work experience. In this case, a desirable next step might be a good-quality internship, so that the young person gains practical and professional experience relevant to their chosen field of work. The concern for graduates is often underemployment, although unemployment affects this group too. However, in the case of a young person who left school without qualifications, the focus would be on gaining skills more than gaining experience, although both are helpful. Therefore a 'second-chance' education programme would be a suitable response to this young person's situation. The UK's recently-launched Traineeships programme offers a good combination of both basic skills acquisition and work-place experience for such young people, although it is as yet too early to comment on its effectiveness.

In both cases however, it is important that periods of inactivity are kept as short as possible. The UK has a NEET rate that is higher than the EU average (latest data available is for 2012), and studies have shown that the longer a young person is inactive, the greater the psychological scarring effect. This is why the Council Recommendation on establishing a Youth Guarantee has a time-limit of four months for providing a good-quality offer of employment, a traineeship, apprenticeship or continued education to the young person.

4. Many of our witnesses have suggested that identification and dissemination of 'best practice' is one of the most valuable roles the Commission can play in the context of youth unemployment. Can you summarise for us the extent to which this is being done, and most importantly, give us examples where such action has genuinely made a difference?

As a contribution to the Europe 2020 targets for employment and social inclusion, the Commission runs the Mutual Learning Programme. This encourages the sharing of experiences and good practice in the field of employment, and involves the organisation of thematic seminars, peer review meetings and the follow-up and dissemination of the results of actions taken by larger groups of stakeholders. We also will organise Member State twinning on request, to further facilitate the exchange of experience on a one-to-one level.

The Employment Committee (EMCO) holds thematic reviews which involve peer reviews of national reforms related to the Country-Specific Recommendations. For policy makers there are therefore a variety of opportunities for the sharing of best practices.

As an example, my unit organised a working seminar on 17/18 October 2013. This practical seminar was attended by the National Youth Guarantee Coordinators, public employment services, education authorities, ESF Managing Authorities, youth representatives and international organisations. It included workshops on the development of the YGIPs and the Youth Guarantee's essential components. It also provided the opportunity for those who were involved in designing the YGIPs from across all 28 Member States to talk to each other about their approaches and the challenges of the exercise. Participant feedback was very positive and it proved to be a useful experience for all. Attendance levels at such events is always high, and we see a great deal of interest from the Member States in learning from each other.

5. Are you aware of any ways in which the perspectives, ideas and views of young people themselves have been gathered to help different bodies like the EU, national or local governments design responses to the issue?

I personally meet with young people, often members of youth organisations, on a regular basis, and I find this an invaluable insight into the situation on the ground. The experiences of young people should be the basis of responsible policy-making relating to youth unemployment. The Council Recommendation on the establishment of a Youth Guarantee clearly calls for the consultation of young people in the design and development of the Youth Guarantee scheme. This allows services to be tailored to the needs of those who use them, and is also a useful way to disseminate information about the scheme, through young people's networks. A further example of the direct impact of young people's views and experiences on Commission youth employment policy is found in the Quality Framework for Traineeships. The Commission's proposal, which is currently being negotiated in the Council, was fine-tuned to reflect young people's input after the results of a Eurobarometer survey of young people throughout the EU28 showed serious cause for concern about the quality of traineeships (here meaning 'internships' in British usage). This survey can be found here: http://ec.europa.eu/public_opinion/flash/fl_378_en.pdf

6. How does the Commission measure the effectiveness of ESF funded programmes in this area, in terms of helping young people to find sustainable employment? Do you think more work could be done in this area?

The evaluation of projects funded by the ESF is a requirement of the Operational Programmes. In the UK, the Department for Work and Pensions examines the effectiveness of the programmes funded and their contribution to policies to extend employment opportunities and to develop a skilled workforce. It is up to the Member States to evaluate the projects funded under the ESF, but the Commission provides guidance on how to do this.

Max Uebe, Head of Unit, DG EMPL—Supplementary written evidence

I personally believe that more work could be done – at European and at national level. We really need to know what works and what doesn't work.

My unit's assessment of the YGIPs places great importance on monitoring and evaluation, as it is essential in order to ensure that a real difference is made to the lives of young people, and as a way to demonstrate a return on investment. We are therefore emphasising the importance of monitoring and evaluation in the feedback we are giving Member States on their YGIPs. EMCO is active in developing indicators that can be used to monitor the Youth Guarantee, and my unit organised a seminar on evaluating and monitoring traineeships and apprenticeships this week. It is a priority area and therefore the site of ongoing work.

10 February 2014

Derek Vaughan MEP—Written Evidence

1. Do you think that the EU should be providing funding to Member States to tackle youth unemployment? Does EU action respect Member States' power in the area of social and employment affairs?

With high levels of youth unemployment across the EU and cuts to welfare in many countries, providing EU funding to help tackle youth unemployment is an important part of the EU's "Youth unemployment package". Funding of around €8bn for the "Youth Employment Initiative" is a key part of EU policy to tackle youth unemployment and making most of this money available in the first two years of the next multiannual financial framework, by frontloading the funds, is a welcome move by the European Council and European Parliament.

We can already see the positive impact that EU funding, specifically from the European Social Fund, has had regarding support for young people in the current MFF. For example, in Wales, £62 million (of which £33 million comes from the ESF) has helped "Jobs Growth Wales" to support young people aged 16-24 to secure a job. The ESF currently supports a number of "youth" projects, to help get young people into work, education and training and the YEI will build on this.

What is important to realise is that a total of €8bn will not be enough to combat youth unemployment alone, and that action and additional financing at Member State level is crucial in order to make a real impact on this growing problem. Furthermore, it is not only EU funding that can help remedy these problems, but exchanges of best practice with other Member States.

Member States' policies in the area of social and employment affairs can be complemented by action at EU level. When we look at the Youth Guarantee Scheme, we see that the EU is setting out broad guidelines, as a result of political commitment by EU leaders. These guidelines should be flexible, allow the possibility for gradual implementation and should be compatible with Member States' policies in this area.

2. How do you think the funds allocated through the Youth Unemployment Initiative and the European Social fund could best be spent?

Firstly, it's vital that the funds allocated to Youth Unemployment Initiative and the ESF complement one another and are used to their full potential. With reference specifically to the YEI, which will be used to support young people not in education, employment or training, there needs to be a certain degree of flexibility. According to the European Commission, the priority of the YEI is to support those regions with a youth unemployment rate above 25%. The European Parliament has been pushing to lower this threshold in order to benefit more EU regions, particularly those who fall just short of the 25%, which appears to be the case for several UK regions. Having some kind of flexibility on this specific issue could potentially help a greater number of UK regions and could have a greater impact on reducing youth unemployment rates.

Funds allocated through the YEI and ESF could be best spent by promoting apprenticeships and traineeships, increasing youth mobility and more generally, improving the transition between education and work. Making sure ESF funds are "match funded" by Governments is also key to ensuring the success of EU funding for youth employment.

Looking at some of the projects currently being carried out in Wales, we can see some clear examples of how best to spend ESF funds. ESF funds are being invested in apprenticeship schemes for 15-24 year olds; the Young Recruits Programme and the Pathways to Apprenticeship Programme are two examples that show how ESF funding can have a positive impact on young people's future employment prospects. Programmes such as these not only have an impact on young people trying to improve their future employment chances, but they also help businesses to increase their productivity.

7 October 2013

Walpole Publishing Ltd—Written evidence

The current UK Government policy on career advice for young people is having a direct impact on the current levels of youth unemployment. By limiting access to unbiased information and placing responsibility on schools as well as businesses to provide career advice, young people are not receiving the necessary impartial, diverse and clear information to make an informed choice about the possible options available to them thus limiting their future. Placing career advice primarily online is likely to have a particularly devastating effect on young people from socially disadvantaged backgrounds, as they potentially do not have the support from families with the knowledge and connections to help.

Key Points

Poor access to quality, independent information

In recent years, the Government has taken the decision to cut funding for Connexions. Secretary of State, Michael Gove MP, told the Education Committee on 18 December 2013⁹⁴ that “Connexions was appalling...” and later said: “there is a lot of garbage talked about career advice from self-interested sources”. He appeared to flatly refuse to accept that the current situation regarding career advice has gone from bad to worse.

The Social Mobility and Child Poverty Commission suggests “the chickens have come home to roost” as a result of the current policy. It specifically identifies the UK Government’s significant reduction in spending on careers advice as one of the significant impacts on social mobility. It urges:

“...the Government to better resource career advice... the Commission is very concerned that, following the devolution of responsibility for careers advice to schools, three-quarters are failing to provide an adequate service. Government has devolved the responsibilities without devolving the resources to enable schools to provide good careers advice to pupils.”⁹⁵

The funding cuts to career advice have led to erosion in the quality and quantity of information available; as well as the removal of face-to-face advice. Ofsted found that three quarters of schools’ career advice is poor.

Young people now must rely heavily on their parents for career advice. Parents cannot be expected to know and understand all the options available, and is possibly biased by their own personal opinions and experience and can influence their child’s choice. The

⁹⁴ Committee, E. (2012, October 30). *Careers Guidance for Young People*. London, Westminster, UK: Parliamentary copyright.

⁹⁵ Social Mobility and Child Poverty Commission. *State of the Nation 2013: social mobility and child poverty in Great Britain*. Parliament. London: UK Government.

Commission further highlights the discrepancy between better off families and poorer families:

“Government has devolved the responsibilities without devolving the resources to enable schools to provide good careers advice to pupils. Whereas better-off families tend to have the connections and networks to make informed decisions, poorer families don’t always share the same advantages.”⁹⁶

The sole mission of *Moving On* magazine is to provide a wide range of career information. This publication is in print, as well as an on-line, to address the way young people use the Internet. It is intended to be taken home from school to be shared between parent and child, and to be used in schools as a working document in lessons discussing careers and/or qualifications.

Despite being a commercial organisation, we take a strict editorial line with the information we provide to young people. Having been a college lecturer for nearly ten years, a mother of three teenage sons and a Director Governor at our local academy school (which includes a sixth form), I take very seriously our obligation to provide independent, quality, up-to-date information. We work closely with all Sector Skills Councils to give information on a wide range of careers that young people, their parents or even teachers may not know. It is important that careers are presented in an appealing and non-patronising way. This may include providing information about unfamiliar careers or industries that may be perceived as neither exciting nor desirable to young people. It takes skill to present a career in facilities management as one that can be creative and fulfilling. But when industries like this, which have an aging work force and considerable amount of opportunities available for progression, it is essential that we carefully explain what exactly is involved and what those opportunities are. This simply cannot be delivered online.

Digital Divide

It has long been recognised that the ‘digital divide’ is creating a widening gulf between poorer young people and those from better off families. The impact is two fold when looking at careers advice: one, access to the information which is currently predominantly on-line is difficult when there is no internet available at home; and two, young people need one-to-one support when investigating career options. It is not enough for schools and the Government to simply put up websites without even letting young people know they exist or to put any obligation on schools to make sure young people are even accessing this information.

Although 99% of 16 to 24 years old use the Internet⁹⁷, it is what they are using it for that is interesting. In 2013, 16 – 24 year olds were primarily focussing accessing social networks, but only 33% used the Internet to look for information about education, training or course

⁹⁶ Social Mobility and Child Poverty Commission. *State of the Nation 2013: social mobility and child poverty in Great Britain*. Parliament. London: UK Government.

⁹⁷ Office for National Statistics. (2013). *Internet Access Quarterly Update, Q3 2013*. London: Office for National Statistics

offers.⁹⁸ Again, as a mother three teenage sons, as well mentoring hundreds of young people over the years at College, I can attest that it takes considerable active effort to get young people to focus on using the Internet for anything other than accessing social networks.

A recent report produced by Barnardo's, *Helping the inbetweeners: Ensuring careers advice improves the options for all young people*, describes the views of young people that Barnardo's work with, found that "young people are not as digitally competent as it is so often perceived. Web and telephone support can only be part of the solution – they need to be made more accessible for young people and policy makers must recommend they are most effectively used in conjunction with adult support."⁹⁹

School is not an environment that many young people from disadvantaged backgrounds either trust or enjoy. One of conclusions drawn is that the replacement of face-to-face services with remote online or telephone-based services is wholly inadequate.

In 2012, the Government cut 'on-the-ground' services and replaced it with the National Careers Service (providing information on-line and a telephone service for everyone 16+) and seed-funded Plotr (a website). None of the young people that Barnardo's interviewed in August 2013 had heard of either. I know personally from working with young people, they find websites such as the National Career Service and UCAS overwhelming and very difficult to navigate. Compound this with limited knowledge of what to search for or how to start, it makes for a completely ineffective solution.

Moving On magazine is available as a subscription to schools, colleges and sixth forms, so they can provide enough copies for their students to each have an individual copy. Despite pricing for a subscription kept at cost, sadly, over 60% of the enquiries we have are not converted because they do not have the funds. Schools clearly have the need for material to give their students and have told us they use the magazine as a working document – in the classroom, careers evenings and to take home to share with parents. There is no doubt the demand is there for more than a hyperlink. In fact, many of our school subscribers have sent us unsolicited messages to say that they are struggling to provide their students with any kind of literature to take home or that they can use in the classroom to discuss with students.

In addition to school subscribers, Sector Skills Councils, with whom we work closely, take bulk copies to hand out at career events. Universities also take bulk copies to give out at UCAS events and Open Days.

Telling young people to simply search online independently for information about their career and qualifications options, simply does not take into account how young people operate. Compound this with the fact that young people from poorer backgrounds are likely

⁹⁸ Office for National Statistics. (2013). *Internet Access - Households and Individuals, 2013*. London: Office for National Statistics.

⁹⁹ Ralling, J. E. (2013). *Helping the inbetweeners: Ensuring careers advice improves the options for all young people*. Barnardo's. Ilford: Barnardo's

to be less experienced or capable with conducting independent research, the options found will be limited, if at all.

Apprenticeships or university?

Whilst there may be a dearth of some jobs in some industries, young people need to be educated about exactly what that means and how best to respond. The National Apprenticeship Service website provides a considerable amount of information, but again, it is very difficult to navigate without support. It is also important to understand that, although the two main industries that have a significant number of apprenticeship vacancies are engineering and construction, they may not offer the type of career that a young person wants to do.

Michael Gove said in his answers to questions #AskGove, that “of all the tragic things happening in education system at the moment, too many people doing A-Levels is not one of them”. This comment demonstrates the Government’s general lack of concern on whether young people are actually prepared in a way that is beneficial or suitable.

When addressing the Education Committee about Careers Guidance for Young People, EngineeringUK stated:

“Access to a website alone is not going to encourage those pupils who perform well in maths and sciences to discover the possibilities of careers in engineering. Given that pursuing engineering at university requires specific A level subjects, and for apprenticeships and college routes solid maths and science results, a website may not equip them to make informed career choices either.”¹⁰⁰

Our team at *Moving On* deal with a wide range of organisations that wish to reach young people. This includes: traineeship and apprenticeship providers, colleges, universities and corporates looking to recruit young people. All are happy to be represented amongst the others because they want young people to choose to join them well informed about the direction they are taking. It is no good investing time and funds in a new recruit or student, only to have them leave because it was not the right choice. Knowing what is involved at the start is crucial. Whilst Michael Gove does not see a problem with all young people doing A-Levels, however businesses, universities and apprenticeship providers do. It is often reported to us that it is expensive and time-consuming taking a young person on board only to find they do not have a full understanding to what they are committing.

Conflict of interest

The single biggest issue raised by the Government policy to devolve the responsibility to schools to provide independent career advice is the funding. If a school, college or sixth form is told it must provide independent career advice, but it receives its funding by keeping

¹⁰⁰ Education Committee. (2012, October 30). Careers Guidance for Young People. London, Westminster, UK: Parliamentary copyright.

“bums on seats” in their sixth form, they will clearly have a difficult decision to make. For example, currently schools receive approximately £4,500 per young person on their register in their sixth form. If a school with a sixth form with, say, 1,500 students and 10% take the advice to go to the local college that would mean they would lose nearly £675,000 of funding. Whatever the moral fibre of a Head Teacher to do the best by their students, this would be a difficult call to make.

The Association of Colleges’ president, Michele Sutton, told the BBC of its concerns that schools are not providing impartial advice and that young people are actively being steered towards staying in the school’s sixth form: “They end up in the wrong institution, usually school sixth forms, doing the wrong course, and recently published Education Funding Agency data shows that schools lose 50% of their pupils between year 11 and year 13. How many end up not in education, employment and training.”¹⁰¹ Paul Jackson, CEO of Engineering UK, told the Education Committee “if Ofsted are not overseeing it and grading it, or if it is not appearing in a league table, then it will not get those hours.”¹⁰²

During my time as a college lecturer, I personally saw the impact that the closing of Connexions has had. The responsibility of giving career advice fell directly on the lecturers with little or no training. Many did not have any experience of giving career advice. It adds pressure and strain on already overstretched timetables. As a School Governor, I have also seen the pressure this has had on several schools and discussed it with Governors from further afield. As there is no obligation to provide career advice, many schools have provided as little as possible – for funding reasons and to avoid the added aggravation.

Gil Howarth, CEO of the National Skills Academies, told me he was very worried that schools will not encourage their students to take up an apprenticeship. The industries, such as the railway engineering and construction, are crying out for recruits, but most young people are unaware of the opportunities available. There is a perception problem about what the work might entail and schools are unable or unwilling to provide the necessary information. Representatives from large corporates in the construction and engineering industries told me that they have even been effectively prevented access by some schools.

As Graham Stuart MP said: “Ministers assume that schools will always do the best thing for the children in their care but, in reality, schools will deliver what they are measured on.”

Businesses to provide careers advice

The Government has made it clear that it wants career advice to come primarily from businesses. Real-life contact with the world of work is an excellent way to find out more about what working in different industries is like. However, the reality of putting this into place in a well-rounded and effective way is very difficult. There is no obligation on businesses to provide this service. Whilst large organisations have HR departments to plan and deliver career days and talks, often SMEs have neither the time nor resources to do so.

¹⁰¹ Coughlan, S. (2013, Nov 18). *Careers advice' appalling, says college leader*. Retrieved Jan 25, 2014 from BBC News - Education and Family: <http://www.bbc.co.uk/news/education-24988338>

¹⁰² Education Committee, *Careers guidance for young people; The impact of the new duty on schools*. Parliament. 2013: Education Committee.

Vince Cable recently admitted there has been “very low up-take” of apprenticeships citing there is an issue around minimum wage being too low to entice apprentices, but if it’s raised it will no longer be attractive to SMEs.¹⁰³

On the other side of the coin, schools that need their students to stay on in their sixth form have been known to do the minimum of their obligation to actively engage with employers offering traineeships and apprenticeships, as well as colleges offering vocational courses. The Science and Technology Committee has found that some girl schools do not invite in engineering firms perpetuating the impression that it isn’t an industry for women.

January 2014

¹⁰³ Newcombe, T. (2013, 12 18). *Vince Cable; SMEs need more help with apprenticeships*. Retrieved 01 25, 2014 from HR Magazine: <http://www.hrmagazine.co.uk/hro/news/1141195/vince-cable-smes-help-apprenticeships>

Welsh Government—Written evidence

Welsh Government Programmes and initiatives to tackle Youth Unemployment

Background Briefing

The Welsh Government has created a single Youth Engagement and Employment Division within its Department for Education and Skills. The Division focuses primarily upon the causes and responses to disengagement and unemployment for young people.

For non-employed people, a key priority for the Welsh Government is to progress young people and adults into employment at the earliest opportunity. Our Welsh Government programmes are designed to provide a **progression route** through from entry level training to level 2 and above and seeks to aid a young person's transition into employment or learning at an even higher level.

To take forward this agenda, and as part of the Programme of Government, the Welsh Government has established:

- the **Jobs Growth Wales Programme** which commenced in April 2012;
- **Traineeships** (for 16-18 year olds), which commenced in August 2011; and
- Outlined key commitments in relation to increasing **Apprenticeship** opportunities for young people.

➤ **Jobs Growth Wales**

Jobs Growth Wales gives unemployed young people aged 16-24 job opportunity, providing valuable work experience highly valued by employers, for a 6-month period, with the intention that the job is sustainable after the 6 month. This is paid at or above the National Minimum Wage for a minimum of 25 hours per week. The programme aims to create 16,000 jobs over four years.

Jobs Growth Wales has been developed to ensure opportunities are available for all job ready young people, including disabled people and those from ethnic minorities, and will also provide access to opportunities which offer experience through the medium of Welsh.

Implementation

There are four strands of support, including:

- Private sector job opportunities, with a focus on supporting micro businesses: Significantly improving the potential for individuals to progress into sustained employment with those employers who have identified opportunities for business growth. A key criterion for businesses to participate is their ability to create 'additional' posts outside of their current staffing. This is the largest strand of the programme.

Welsh Government—Written evidence

- Third sector opportunities: Delivered primarily through the Third sector to assist those young people requiring a more supported employment environment as they enter the labour market for the first time.
- Self-employment opportunities: support for young people to become self employed, working within existing packages of support available through the Department for Economy, Science and Transport.
- A graduate support element: Whilst the other strands will be open to graduates, this strand provides a more tailored approach, building on the existing GO Wales Programme.

The programme is proving successful. As at 10 January 2014, we had created 10,594 job opportunities for young people and have got 8,354 young people into employment through Jobs Growth Wales. Early progression figures from the programme are very promising: 80% of the young people in the private sector strand who completed the 6 month opportunity are making a positive move into sustainable employment, an apprenticeship or higher learning.

Young people on Jobs Growth Wales can gain sustained employment with the host employer or move into learning or training at a higher level via an Apprenticeship opportunity.

Jobs Growth Wales is a pan Wales programme and is a key commitment within the Welsh Government's programme for Government. The programme is part-funded by the European Social Fund (ESF). ESF funding, of which £33M is already approved and a further £12M is being considered for further approval, result expected Spring 2014.

Community First and Jobs Growth Wales

In addition, a joint project between the Communities Directorate and the Youth Engagement and Employment Division has commenced to support up to an additional 750 job opportunities through Jobs Growth Wales targeting unemployed young people aged 16-24 from Communities First (CF) Clusters over 2 years.

➤ **Traineeships**

Traineeships is a non-employed status training programme for 16-19 year olds not otherwise engaged in post-16 education or employment. Traineeships is designed to align with 14-19 Learning Pathways, forming part of a broader range of options available for school leavers.

The primary objective of Traineeships is to equip young people with the skills, qualifications and experience to enable them to progress at the earliest opportunity to learning at a higher level or to employment.

Traineeships is a flexible programme which requires the development of an individual plan of learning to meet the needs of each young person. Traineeships provide an

opportunity for young people who are motivated by work to develop the breadth of skills, qualifications and experience they need to be attractive to employers.

Implementation

The Traineeship programme offers three defined pathways or strands:

- (i) An entry level '**Engagement**' training option for learners who need to confirm an occupational focus.
- (ii) A **Level 1** training option for those learners who are occupationally focused and able to follow a learning programme at National Qualification Level (NVQ) 1 or equivalent.
- (iii) A **Level 2** training option (known as the Bridge-to-Employment) which aims to link employment-ready young people who have completed the Level 1 learning (as above) and who are still eligible for the Traineeships programme, but have not secured employment or further learning at a higher level.

The Traineeships programme supports young people to gain sustained employment by helping them with their confidence and motivation, and looks to address barriers to learning – all of which may prevent a young person moving into employment or learning at a higher level. The programme seeks to improve skills levels through the delivery of entry level qualifications up to NVQs Level 1 in their chosen occupational area. This includes the deliver of essential skills qualifications to enhance their learning experience.

In addition, the programme also provides the young person with key employability skills, such as communication and planning skills, how to follow instructions, as well as basic health and safety instructions appropriate to their respective field of training. They also receive valuable work experience and the support and help they need to learn at a pace suitable to them. This can sometimes be with a dedicated employer or through a simulated work environment, depending on the level of support the young person requires.

Providers also employ the use of not only employer work placements, but community projects, voluntary work and centre-based learning opportunities to enhance their learning experience. The young person is placed in the learning environment that is most suitable to them.

In addition, learners on Traineeships are provided with support, or personal assistance, to enable them to access or remain in learning and realise their potential. This includes learning coach support which will provide the learner with advice on how to maximise their own ability and learning skills. In addition, personal support can include such things as specialist health and wellbeing advice and specialist counselling services.

Young people on our Traineeship programme have direct access to apply for any Jobs Growth Wales opportunity as a progression, or progress into an Apprenticeship

opportunity, as part of our aim to create a seamless routeway into employment or further learning at a higher level.

In its first year of operation, the programme has shown encouraging progression figures. **63 per cent** of leavers from the Traineeship programme had a positive progression (ie. to employment (including self employment or voluntary work) or learning at a higher level).

The programme is supported by the European Social Fund in the Convergence area of Wales. The total ESF support for 2011-2015 is £32,700,000

➤ **Apprenticeship Programme**

Our Apprenticeship programme offers individuals the opportunity to earn money while they learn, obtain vocational training and build a sustainable career. Apprenticeships also help employers to build a professionally skilled workforce, equipped with the knowledge and experience that their business needs to succeed and compete. Apprenticeships are available at all levels in a wide range of occupations at Foundation (level 2), Apprenticeships (level 3) and Higher Apprenticeships in certain occupations at levels 4 to 7. Some Higher Apprenticeships may include options to study Higher Education qualifications such as HNC, HND or Foundation degrees.

Welsh Government has allocated a further £20 million per year to the Apprenticeship budget for financial years 2013-2014, 2014-2015 and 2015-16 to enhance current initiatives and support new ones

One of our current and most effective initiatives is the Young Recruits Programme. This is an all Wales programme that provides funding to employers offering high quality apprenticeship programmes who recruit and train additional young apprentices (16-24 years old). Additionally, small to medium sized employers could also be eligible for a one off payment of £500 to help cover the cost of recruiting an apprentice.

Our Apprenticeship Matching Service is a free online recruitment service available for use by employers and potential apprentices and is hosted on the Careers Wales website.

Overall Apprenticeship Framework success rates have increased considerably from 54% in 2006/07 to 85% in 2011/12. This demonstrates that the quality of the programmes has increased.

The programme is supported by the European Social Fund in the Convergence area of Wales. The total ESF support for 2011-2015 is £75,700,000.

The above Work Based Learning programmes (consisting of Apprenticeship training, Traineeships, and an element of the Jobs Growth Wales, are implemented via a procurement arrangement in Wales via open tender. The current programme contracts cover the period 1 August 2011 to 31 March 2015. Invitations to tenders to deliver work based learning programmes for the period 1 April 2015 to 31 March 2019 is currently underway.

Youth Engagement and Progression Framework Implementation Plan

In addition, on the 1 October 2013 we published our new Youth Engagement and Progression Framework and an implementation plan for its delivery. The framework has six key elements:

- Identifying young people most at risk of disengagement.
- Better brokerage and coordination of support.
- Stronger tracking and transitions of young people through the system.
- Ensuring provision meets the needs of young people.
- Strengthening employability skills and opportunities for employment.
- Greater accountability for better outcomes for young people.

The Framework requires an integrated approach from all organisations involved in delivering activity for young people, focussing on the needs of the individual. Local Authorities are charged with providing the support individuals need to aid their progression through education and training into employment. This will be delivered through a systems based approach to early identification of need, co-ordinated brokerage and tracking.

The framework also establishes a new offer to young people – the Youth Guarantee - which is the offer, acceptance and commencement of a suitable place in education or training for a young person making the first time transition from compulsory education at age 16. We believe this will provide a clear progression route for all young people, linked to effective information, advice and guidance to help them make more informed choice, and support their progression post 16.

Other Welsh Government Policy Areas

14-19 Learning Pathways

Through the 14-19 Learning Pathways policy the Welsh Government aims to improve both educational attainment and engagement of young people in Wales. The policy is being driven forward by the Learning and Skills (Wales) Measure 2009.

The aim of the Measure is to improve outcomes for learners aged 14-19. This aim is being realised by offering learners a broad and balanced curriculum to best engage them and to help them achieve their potential.

The Measure requires that all learners in Wales, in maintained secondary schools and colleges, are able to choose from a minimum of 30 courses, of which five must be vocational.

Review of key stage 4

A review of the key stage 4 local curriculum offer was recently undertaken by an external Task and Finish Group. The findings of the review were published in the report, '14-19 Learning Pathways Policy: the way ahead' which has been published on the Welsh Government website.

Welsh Government—Written evidence

One of the recommendations in the report is to reduce the number of choices offered to learners in the key stage 4 local curriculum offer from 30 to 25 and to reduce the number of vocational courses within the offer from five to three.

A consultation about the recommendations in the report commenced on the 4 October 2013 and closed on the 4 December 2013. The comments received during the consultation were mostly in favour of the proposed recommendations and steps are now in place to amend the 14-19 statutory regulations to reflect the recommendations, and if approved, learning providers will be required to offer a key stage 4 curriculum based on the requirements as set out in the amended regulations.

Careers Wales

Careers Wales is the impartial all age careers information, advice and guidance service for Wales. Since 2001, Careers Wales has provided an all-age information, advice and guidance service; and facilitated links between education and business (the Education Business Partnership (EBP) part of its services). Previously six contractors working under a common brand, Careers Wales became one company in April 2012 (Career Choices Dewis Gyrfa (CCDG)) and on 1st April 2013 CCDG became a wholly owned subsidiary of Welsh Government. Coupled with this change to a wholly owned subsidiary from 1st April 2013 Careers Wales has a revised remit to provide a differentiated service to its different client groups within available resources.

Careers Wales Service Delivery

The refreshed remit for the careers service directs CCDG to offer a 'differentiated' or 'blended' offer. The all-age all-ability service is retained through enhanced web-based and telephone services; but in-depth (and more expensive) face to face guidance is prioritised to certain groups:

- young people with statements of SEN or equivalent;
- those who are identified by CCDG as being at risk of becoming disengaged;
- young people (11-18) who have been identified through CCDG assessment, such as 'Career Check' who are in need of additional CIAG support to develop their career management skills in order to make a successful progression in education, and transition into further learning or employment;
- young people educated otherwise than at school;
- those in need of assessment for the Jobs Growth Wales programme;
- unemployed young people aged 16 and 17;
- unemployed young people aged 18-24 not accessing the UK Job Centre Plus Work Programme;
- young people in the Youth Justice system; and
- adults made, or likely to be made, redundant.

Careers Wales - Support for unemployed young people aged 16 – 17 years:

Careers Wales has a statutory role in making referrals and finding placements with employers for unemployed 16 and 17 year olds. The objective is to reduce the number of young people (under 25) who are outside the Education, Employment and Training (EET) system; a reduction in the number of young people aged 16/17 whose Education

Welsh Government—Written evidence

Employment and Training (EET) destination is unknown; a reduction in the “Churn” – the number of episodes of unemployment young people experience; support to enter Jobs Growth Wales vacancies; plus support for unemployed 18 year olds on transition to JCP services.

For unemployed young people aged 16 and 17 year olds the focus will be on providing impartial guidance and referral services that actively support engagement with EET.

Where there is a need, clients will be offered follow up support to the point of engagement in EET or where they agree that Careers Wales support is no longer appropriate due to their individual circumstances. Where this is the case clients will receive signposting support to other agencies who can best meet their needs e.g. JCP, social services or housing.

For those clients seeking to enter the labour market Careers Wales provides a distinct vacancy and recruitment service to increase the number of clients who are matched to vacancies and to other supported employment opportunities.

The Careers Wales website provides a wide range of information including the Courses in Wales database (Learning Choices) and the National Work Experience Database (NWED). It also supports a number of other Welsh Government initiatives, including:

- Apprentice Matching Service
- Hosting Jobs Growth Wales opportunities
- 14-19 options menu
- Developing a Common Application process for post 16 choices.

The Careers Wales management information system (MIS) known as IO, contains a database of chronological interactions by Careers Wales with all clients and partners and supports reporting on service inputs and outcomes for clients, individually and collectively.

IO will also be a key asset in assisting in the identification of the current status of young people within the ‘5 tiered model’ and thus will contribute significantly to the future delivery of the Youth Engagement and Progression (YEP) Framework.

Careers Wales and the Youth Engagement and Progression Framework

Careers Wales has a key role to play in the new Youth Engagement and Progression Framework through the following mechanisms:

- providing tracking information to Welsh Government and local authorities to allow support to be targeted at those at risk of dropping out;
- utilising careers advisers as part of the ‘Lead Worker’ brokerage support role identified in the YEP Framework, particularly for young people at Tier 3 - those who are unemployed 16 and 17 olds; and
- facilitating links between education and business to enhance young people’s employability skills.

Common Area Prospectus

In January 2013, the Minister for Education and Skills the creation of an electronic Post 16 Common Area Prospectus and Application Process on careerswales.com which is the online tool that will be used as part of the delivery of the new Youth Guarantee commitment.

Careers Wales has carried out a pilot phase with 14-19 network partners and schools in Denbighshire and Neath Port Talbot. From September 2013 to July 2014, extended piloting will take place in the North and West regions of Careers Wales with full rollout across Wales to be in place for September 2015 entry to further education or learning opportunities.

The CAP will allow all Year 11 students to see all the post-16 opportunities for education and training in their area, plus options for volunteering or other work readiness activities and to apply for all options using one process. The data is then exchanged with providers and those not offered opportunities can be identified quickly and be offered support and guidance by appropriate agencies.

Careers and World of Work Curriculum

Under the Careers and the World of Work (CWW) Curriculum Framework, Welsh Baccalaureate and Learning Pathways 14-19 policies it is the responsibility of schools to provide information regarding future career direction and opportunities to their students, as well as deliver work focused experience as work experience, industry days, etc.

Careers Wales was directed in its revised remit to withdraw from direct delivery of activities to young people under the education business partnership agenda to focus on recruitment of employers to work with schools and/or provide work experience placements while increasing school capacity to deliver their responsibilities.

Potential ESF Projects

Central to the Welsh Government's response to seek a significant and sustained reduction in young people not in education, employment or training is the Youth Engagement and Progression Framework. One of the 6 strands within the framework focuses on 'Employability and Employment Opportunities' and sets out how the Welsh Government intend to achieve better co-ordinated engagement between learning providers and employers.

In October 2013 Welsh Ministers launched the Youth Engagement and Progression (YEP) Implementation plan. Within the implementation plan Welsh Minister committed to strengthening employer engagement in schools through the development of an ESF supported strategic project for employer engagement and delivery of an enhanced Careers and the World of Work (CWoW) programme.

In line with the commitment established by Ministers within the YEP implementation plan, the Department for Education and Skills is looking to develop an ESF application to access the new round of 2014 – 2020 ESF Programmes that will look to support and improve the quality of delivery by schools of the Careers and World of Work curriculum (CWoW), in response to the Estyn Report, "Informed Decisions". The report identified gaps in provision, as well as wide variation in the scope and quality of provision by schools.

The project will complement and support additional activity to existing CWoW delivery in schools and colleges. The project will focus on bringing more employers together with schools and colleges. This will provide opportunities for young people to develop the right attributes, skills and qualities required to be successful in the world of work and increase youth engagement and attainment by supporting an enhanced curriculum offer to those young people that are identified as at risk of becoming disengaged.

We will also submit Business Plans to continue to support Traineeships, Apprenticeship's and Jobs Growth Wales in the Convergence areas.

EUROPEAN STRUCTURAL FUNDS IN WALES

The Welsh European Funding Office (WEFO) is part of the Welsh Government and manages the delivery of EU structural funds programmes in Wales. WEFO acts as the Managing and Certifying Authority for structural funds. WEFO, as the Managing Authority for the Welsh Structural Funds, has responsibility for developing and implementing the appraisal process and the selection criteria for structural funds programmes. WEFO operate an open and transparent call for operations to access Structural Funds with development support available through designated Project Development Officers placed within the Managing Authority and guidance documentation published on the WEFO Website.

ESF 2007-2013 programmes

The ESF 2007-2013 Programmes aim to promote a close alignment between EU and national policies for jobs and growth. Developed around the West Wales and the Valleys Convergence area and the East Wales Regional Competitiveness and Employment Area the programmes will develop Wales as a place where high quality, lifelong learning liberates talent, extends opportunities, empowers communities, provides better jobs and skills to enable people to prosper in the new economy, and creates a sustainable future for Wales as a whole. To achieve this vision, these strategies recognise the need to increase employment levels, particularly by tackling economic inactivity, and to improve the skill levels of the workforce to support higher value-added jobs, and to contribute to the development of the knowledge economy.

The ESF Regional Competitiveness & Employment Operational Programme will invest c£50m ESF over the programme period, focused on 2 key Priority Areas:

- Priority 1 Increasing employment and tackling economic activity; and,
- Priority 2 Improving skill levels and the adaptability of the workforce

The ESF Convergence Programme will invest c£690m ESF over the programme period, focused on 4 Key Priority Areas:

- Priority 1 Supplying young people with the skills needed for learning and future employment
- Priority 2 Increasing employment and tackling economic inactivity
- Priority 3 Improving skill levels and adaptability of the workforce
- Priority 4 Improving public services - Making the Connections

Welsh Government—Written evidence

In the current 2007-2013 programmes investments to support operations which tackle youth unemployment are primarily undertaken within broader 'all working age' employment priorities (Priority 1 in East Wales and Priority 2 in West Wales the Valleys). Complimentary investments through the Skills Priorities to fund investments such as the Welsh Government Apprenticeships project have also supported young people to access employment opportunities through on the job training.

The Employment Priorities focus primarily on the economically inactive, with the aim of helping them into sustained employment. Interventions will also support the unemployed who face particular disadvantage and need support beyond that available under mainstream provision, and those under formal notice of redundancy. Key target groups of both economically inactive and unemployed will be people in receipt of incapacity benefits, young people who are NEET, people from BME communities, women returnees, older people wanting to re-enter employment, lone parents, and other a range of other smaller groups facing particular disadvantages in the labour market, and individuals under formal notice of redundancy.

Within the employment priorities there are a mix of investments which include bespoke youth unemployment operations, and employment operations which include young people as part of the wider target groups. In all 33 operations have been supported across Wales supporting over 53,500 individuals into work with an investment of c£274m ESF.

Investments include:

- Complementary investments of c£115m ESF are also undertaken through the Young peoples priority (Priority 1 in West Wales and the Valleys only) to support the educational attainment of young people aged 11-19 and to support the transition from mainstream education into employment. The Priority aims to add value and enhance mainstream provision by focusing on young people aged 11 – 19 years who are at risk of underachieving in education or training, with particular focus on those young people designated as, or at risk of becoming, NEET (not in employment, education or training). This includes young people who need help and support to re-engage or remain in learning or training in order to raise their level of achievement, as well as raising the aspirations of young people to progress to further learning or training, and achieve higher level skills.
- Welsh Government flagship projects such as Jobs Growth Wales have been very successful in supporting young people into work with ESF being utilised to add value and increase the scope of the support available. The ESF funded PUPIL project also supports and guides young people, equipping them with skills and building confidence and making a real difference to individuals and their families. To date, the project has supported 5,800 participants, of which over 1,700 have gained qualifications.

2014-2020 ESF Programmes

2014-2020 ESF programmes will focus on supporting high quality, strategically aligned operations which operate in an integrated, cohesive and coordinated manner with wider

domestic programmes. The Draft ESF Programmes in Wales have been developed around three priority areas – Tackling Poverty through Sustainable Employment, Skills for Growth and Youth Employment and Attainment which will provide a balanced approach which underpins economic growth and supports those individuals at greatest need and at risk of disadvantage or discrimination. The ESF programme in Wales will deliver a coherent programme of actions that enable economic growth through promoting high levels of sustainable employment, developing a skilled and responsive Welsh workforce now and for the future.

Set within Youth Employment and Attainment Priorities the 2014-2020 ESF programmes propose to bring forward a substantial investment in support of youth employment both in West Wales and the Valleys and in East Wales. The proposed Youth Employment and Attainment Priority Axis has been developed around a thematic framework to include: Youth Employment, Youth Attainment and Engagement and Early Years. This approach is designed to significantly increase the impact of interventions in supporting young people in Wales to progress through education into sustainable employment, increasing the potential long term legacy of investments.

The Priority Axis will align closely with the Welsh Government Youth Engagement and Progression Framework, supporting the identification, tracking and mapping of services and outcomes for young people from education through to employment. This alignment will ensure a consistent approach in supporting young people and that ESF investments truly add value to an integrated approach to achieving the programme's aim. The alignment of interventions within this Priority Axis approach will ensure that the skills and career aspirations of our young people are consistent with employer demand, emerging growth opportunities and the long term needs of the economy.

The definition of 'young people' will include those of 0-24 years of age (previously 11-19), ensuring ESF investments support individuals as they move through mainstream education into sustainable employment, reducing the risk of becoming Not in Education Employment or Training (NEET) and ensuring interventions can begin early and tackle the key transition points.

The programmes will support actions which are designed to address, at an earlier age, the underlying issues which affect young people's attainment and employability, including poor aspirations, attainment fall-off at transition points and low uptake of STEM subjects, particularly amongst girls. Through investing in early years and childcare practitioners the ambition is to improve the quality of childcare and early years provision and, through this to reduce the likelihood of children in disadvantaged areas from falling behind, becoming disengaged from education and under-achieving, all factors which increase the risk of early school leaving and becoming NEET.

14 February 2014

Dr Peter Kyle, WORKing for YOUth, Mike Thompson, Barclays, and Adam Swash, Experian—Oral evidence (QQ 98-108)

Dr Peter Kyle, WORKing for YOUth, Mike Thompson, Barclays, and Adam Swash, Experian—Oral evidence (QQ 98-108)

[Transcript to be found under Mike Thompson, Barclays, Dr Peter Kyle, WORKing for YOUth, and Adam Swash, Experian](#)

Youth Employment UK CIC—Written evidence

EU action to tackle youth unemployment

With around 1,000,000 young people not employed, in education or training in the UK youth employment is a serious issue not just for today but, without joined-up action, a critical challenge of all of our futures.

For young people getting good advice, guidance and support is crucial. Yet, despite the dire circumstances, there is a shortage of official support for careers guidance, work experience and work-skills preparation. It is not only young people that suffer as employers are also short-changed by a system that fails to provide a work-ready supply of eager new talent.

Fortunately the response to these issues from the voluntary and youth sector is extremely encouraging and some brilliant outcomes are being achieved by islands of excellence sprinkled across the country. Unfortunately there has been no integration and little leverage of these various support avenues for young people, schools and colleges or indeed employers.

To facilitate our youth and all those who need their talent Youth Employment UK is the only not-for-profit campaigning and membership organisation dedicated to bringing everything available to support youth unemployment into one single access point. Through joined-up action Youth Employment UK serves all parties; our youth, those who support their development and all those employing organisations who provide work experience, internships and employment for our young people.

Our range of services and solutions include;

- Free membership platform for all 16-24 year olds, inviting them to Step Up to the issues of youth unemployment, supporting them to ensure their voices are heard and giving them access to a range of information to help them independently manage their way into employment, training or enterprise.
- A membership platform for all UK employers, training providers, youth organisations and educators, creating a central space to share best practice, promote opportunities for young people and/or collaborate on projects, access support and information, feed in to our campaigning work.
- Youth Friendly Badge – this is the free national award for all UK employers who have adopted “youth friendly” practices, from providing school talks to hiring young people business can celebrate their commitment to youth by applying for the badge. The Youth Friendly badge encouraged business that are not yet youth friendly to become so.
- Youth Employment NEWS e-magazine – this is a monthly e-magazine that provides impartial, independent and inspirational news to young people and employers. It is written by our volunteer youth ambassadors and supported by our members. See www.yeuk.org.uk for previous editions

“My name is Keshav Bhatt and I'm 23 years old. After graduating and doing some travelling I had a crazy idea in my head and was bouncing around looking for how I could transform my passion into a profession. I wanted to create an education curriculum that prepared young people for real life. For the real issues & real life decisions they face. How do we really create a better world if we don't know enough about it? Youth Employment UK has supported me beyond belief - from getting me on Sky News live (in HD!) to introducing me to an Australian millionaire mentor to give me hints, tips and advice for starting my business.

Where am I now? In a dream job of a lifetime.

If you need to step up, YEUK is the place to help you.”

Marcus Lee, Head of Resourcing and Early in Career at Santander, said: “We were delighted to be offered the opportunity to become prime sponsor of Youth Employment UK. The great work that YEUK does will complement the appetite Santander UK has in creating a greater number of opportunities to support the youth employability agenda”.

1. Do you think that the EU should be providing funding to Member States to tackle youth unemployment? Does the EU action respect Member States powers in the area of social and employment affairs?

Funding is needed to help tackle youth unemployment but it must align to the individual needs and issues of each Member State. There also needs to be a better accountability for how that funding is spent, understanding what programmes work and ensuring greater investment for successful schemes.

2. How do you think that the EU can best “add value” to Member States’ efforts to tackle unemployment?

Sharing of good practice and benchmarking against meaningful* criteria is also fundamental and a value that the EU can add to all Member States

*Employment persistence across sectors

3. Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as being not in education, employment or training (‘NEETs’), support for newly qualified graduates looking for work, and general career guidance?

There are a raft measures to support NEET’s and the data is quite robust. Graduates and young people making transitions from education to work do not have consistent access to the same level of services or careers guidance that is available to NEET young people.

5. How do you think the funds allocated through the Youth Employment Initiative (YEI) and the Europeans Social Fund (ESF) could best be spent?

By making sure that funding opportunities are clearly accessible for all youth organisations and partnerships to access.

We have specific examples of funding opportunities that were made available but due to poor communication and promotion were not known to interested parties that could have access to such funds.

By ensuring funding is targeted towards specific outcomes.

If youth unemployment funding was used to fully fund apprenticeships for micro and small businesses there would be an opportunity for greater economic growth and a reduced opportunity for wasted investment.

6. Do you feel that young people (aged 15-24), youth groups and their representatives are involved and consulted to a satisfactory degree in the decisions being made around EU funding for youth unemployment projects, and how they are administered?

No, not nearly enough. Young people are very passionate and engaged on this topic, they also have some really creative ideas which should be tapped into.

In 2012 we undertook a survey of young people on their thoughts on youth unemployment and ideas on how to tackle youth unemployment responses included;

From: Amy

Age: 17

I believe that the number of NEETS is so high as most jobs require previous experience or other qualifications that we have not yet gained. Also, the fact that many people claim to actually receive more money than a young person on minimum wage. I have had two jobs since I was 16 whilst attending school then college, yet my elder sister is claiming dole and receives more money than me. I felt as though there was no point in working all the time which drained me and attending college when I could sit around doing nothing and get paid more.

From James

Age: 19

Careers information I got at school was really poor, I didn't want to go to University and the advisor was not able to help me with other options and I felt really worried. I spent lots of time looking for help but it was difficult to find out what was there for me. There are so many websites and it is really confusing. The jobcentre did not seem to want to do anything other than get me to sign paperwork. I wanted to work but without help or the chance of work experience I was really stuck. I have found work now, but it was not easy. Government needs to make it easier for us to access help and find out about all of the opportunities we could take.

Holly who is an ambassador for Youth Employment UK said "I am lucky, I have always known what I want to do after University and had a natural understanding of how to make that happen. But I know hundreds of fellow students who are now struggling to find their place

in the world of work. As a YEUK ambassador I have begun to see all of the amazing opportunities and investment for young people but also see how hard it is to identify when there is so much going on. That is why I am a big supporter of YEUK the work they are doing and their approach is unique and vital if we are to help the unemployed and underemployed youth of today”

8. How can the EU and Member States embrace new technologies and new methods of working to combat youth unemployment?

Follow the example of young people and use the platforms that they use.

21 October 2013

Youth Enterprise and Unemployment (YEU)—Written evidence

Funded by EU Lifelong Learning Programme, Education & Culture DG

“EU’s Action To Tackle Youth Unemployment”

- 1 Do you think that the EU should be providing funding to Member States to tackle youth unemployment? Does EU action respect Member States’ powers in the area of social and employment affairs?

Youth unemployment is such a major issue, currently, across Europe, that “yes” the EU should be providing funding, guidance and best practice.

The non-structural funded project “Youth Enterprise and Employment” (YEU) has been an EU funded piece of work across seven European countries/partners. Funded by the EU Lifelong Learning Programme, YEU has looked at the different kinds of Govt policies in place, in each of the different countries, to tackle youth unemployment and/or youth enterprise opportunities.

In the UK, the YEU Research has evidenced some strong and positive results in that young people can see what the UK Government is doing to assist youth employment, notably apprenticeships and education & learning opportunities. Many young people expressed an interest in self employment, but were not always clear as to where to find help, guidance and support.

Stakeholders that took part in the research spoke of the need to ensure that young people have ‘employability’ skills and that young people should have a ‘pathway’ to education and/or employment.

EU action appears to allow some flexibility as to how Member States tackle the rising issue of youth unemployment and a “youth guarantee” would seem to be a good tool for maintaining pressure on all Member States to tackle this difficult, but critical issue.

- 2 How do you think that the EU can best ‘add value’ to Member States’ efforts to tackle unemployment?

The EU can ‘add value’ in a number of ways – (i) in its ability to influence and drive actions, locally, which tackle youth unemployment; (ii) the ability to fund programmes which tackle extremely high levels of youth unemployment in some areas; (iii) the ability to share best practice and disseminate this valuable information. There should be more sharing of best practice (what works?) (what does good look like?) which could then guide future funding and programmes; (iv) further research development and investment is needed to support the jobs of the future; young people do not seem to be attracted to many of the jobs currently in the market; (v) greater focus on the provision of effective careers advice to young people from an early age that is related to present and future employment and

Youth Enterprise and Unemployment (YEU)—Written evidence

regional trends; and (vi) ensure that there is clearer sign-posting to existing and future provisions and initiatives.

- 3 Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as NEETs, support for newly qualified graduates and general career guidance?

In the UK, stakeholders would generally see that there are different responses needed to tackle different types of youth unemployment. So, tackling youth unemployment amongst young people who are disengaged from education or employment clearly needs a different response to tackling the rising unemployment levels amongst graduates (higher achievers, with greater mobility across Europe, but may have higher (and unrealistic) expectations). In the UK market place, there appears to be different responses to different types of youth unemployment with central Govt focused more on providing their own national-policy-led interventions around NEETs vs. local deliverers (such as Universities) tackling graduate employment issues. There are concerns about the lack of decent career guidance at an early age as suggested in the YEU research.

- 4 Are the EU's accounting, monitoring and evaluation procedures sufficient to be able to determine whether EU funded projects to tackle youth unemployment have been successful or not? Are there ways in which they could be improved?

Monitoring and evaluation could always be improved, but there should be a greater focus on monitoring project participants over the longer term, post-intervention (which has cost and resource implications). Success lies in a young person becoming employed and that this employment is sustainable. For example, projects relating to creating and nurturing more start-up businesses often require success being measured in terms of whether the business has survived for more than 12 months and, then, for more than 2 years.

It would be interesting to note whether there is longer term evaluation and whether young people have been engaged in the evaluation.

Monitoring and evaluation should always go hand-in-hand with sharing best practice and the EU could further its work around the sharing and dissemination of best practice.

- 5 How do you think the funds allocated through the YEI and ESF could best be spent?

Vast array of projects currently funded. Most will have great value (if success is measured).

Fund allocation should be more 'long term' as programmes which 'come and go' (short term interventions) may be useful in 'pilot' terms, but may not tackle long-term and generational issues such as growing youth unemployment.

Employers often call for better 'career pathways' for young people and stronger investment in 'employability' skills.

Youth Enterprise and Unemployment (YEU)—Written evidence

More needs to be done to assist in the development of greater opportunities for young people to develop their work experience whilst in education thus preparing them for the world of work.

- 6 Do you think young people are consulted and involved to a satisfactory degree in the decisions around EU funding for youth unemployment projects and how they are administered?

There is definitely a need to involve young people more during the formulation of policy and project phase as currently most decisions are made without consulting young people. However, YEU has certainly sought to engage young people in its research and in its development of transnational learning material around enterprise and entrepreneurship.

There is always room to engage more young people via their own methods of engagement, e.g. social media.

One suspects that young people are more likely to be engaged in policy making, but rarely in administering projects!

Schools could also play a bigger part in ensuring that more young people are involved and engaged in youth unemployment and employment projects through SMSC initiatives. This will help match the ambitions of young people to the job market and build more realistic expectations amongst young people.

- 7 Should the EU Member States take into account the negative and positive socio-economic impacts of youth migration due to unemployment when designing measures to tackle youth unemployment? How might negative impacts be mitigated?

Yes. Negative consequences can only be mitigated via joined-up policy making so that Member States feel that the impacts of migration (+ve and -ve) are fairly shared and issues to tackle migration to, say, one or two particular Member States, can be examined.

- 8 How can the EU and Member States embrace new technologies and new methods of working to tackle youth unemployment?

New technologies can assist in a variety of ways, including, (i) better ways of engaging young people in policy and programme development; (ii) providing better feedback and evaluation from young people; (iii) making e-learning more accessible and more engaging to young people; (iv) making enterprise and employment opportunities more accessible to young people including the learning needed around self-enterprise (something YEU has been looking at); (v) using technologies to ease the negative burdens of migration and drift which links with new and modern methods of working practices; (vi) effective ways of disseminating projects to target groups, stakeholders and audiences; (vii) utilising new technology and communication platforms to reach a wider audience when promoting and delivering services; and (viii) allowing for more effective, immediate and responsive monitoring of project activity and effectiveness from the project funders and managers.

18 October 2013

Young Enterprise—Written evidence

EU action to tackle youth unemployment

Background:

Young Enterprise is the UK's leading enterprise education charity. Every year we help 250,000 young people aged between 4 and 25 learn about business and the world of work in schools, colleges and universities. The students do this under the guidance of a network of 5,000 volunteers from 3,500 companies. This year more than 25,000 young people are taking part in our flagship Company Programme.

Further information is available at: www.young-enterprise.org.uk

Response to specific questions:

Question 1: Do you think that the EU should be providing funding to Member States to tackle youth unemployment?

Yes. We believe that central EU funding to support youth unemployment is critical if we are to ensure the next generation can contribute effectively to the European economy and the economies of individual Member States.

We believe that the existing round of EU Structural and Investment Funds provides an ideal opportunity for Member States to invest in tackling youth unemployment. The UK Government guidance (Technical Annex: Preliminary guidance to Local Enterprise Partnerships on development of Structural & Investment Fund Strategies) provides very clear advice on where the funds could be channelled. We are particularly supportive of Thematic Objective 10 – Investment in education, skills and lifelong learning, in particular section A2.36:

“In developing their strategies, Local Enterprise Partnerships may wish to consider their local skills needs across low, medium and high levels, the following types of activity and links with other thematic objectives:

- *Support for activities to start and grow a business from promoting entrepreneurship (including social enterprises), self-employment to providing leadership and management training/advice within Small and Medium Sized Enterprises to develop internal capabilities and growth potential.*
- *Work to promote interaction between business and Higher Education and Further Education providers to meet local business needs.*
- *Developing better links between business and schools, Further Education providers and other education partners to equip students with the skills to start and grow a business.”*

Young Enterprise delivers programmes which give young people a real-life experience of starting and growing a business. We also promote interaction between business and schools, FE and HE providers through having Business Advisers from the local community for every group of young people participating in our flagship Company Programme. We are keen to work closely with Local Enterprise Partnerships (LEPs) in England to deliver high-quality and cost-effective programmes for young people, which will help to prepare them for the world of work and prevent them from becoming NEET. We will continue to communicate with LEPs on the benefits that Young Enterprise can bring.

Young Enterprise—Written evidence

Below are case studies which illustrate the impact Young Enterprise can have on future careers:

Case study: Anthony Impey: one of Europe’s leading technological providers and Young Enterprise alumni

Anthony Impey has made a fortune helping fast growing businesses to get their technology to work harder. The firm he founded nine years ago, London-based Optimity, currently advises over 1,000 firms on how to make more profit by finding exactly the right kit – whether fixed, mobile, voice or data equipment. Anthony is one of Europe’s leading technological providers for medium-sized businesses.

Anthony is also the founder and Managing Director of Technology House, which specialises in fibre optics, and Planning Director of Inception. Together the three firms, which employ a total of 45 people, turnover £6.5 million a year.

Yet despite his demanding schedule, Anthony still finds time to act as a Young Enterprise business mentor. He said it was the least he can do to recognise the contribution the Company Programme made to his success.

“Young Enterprise is essential for two reasons. Firstly, the job market is so competitive that you have to stand out from everyone else.

“When I’m looking at recruiting people I place more emphasis on things like Young Enterprise than A Levels. A levels have quite a narrow skills focus while Young Enterprise has a broader skills focus and presents a much more comprehensive view of the kind of person you are. Secondly, the economic challenges the country is facing are not going to go away.

“This is potentially a ten-year recession and the only way we’re going to get out of it is if we nurture those people who have an entrepreneurial drive and energy.”

Anthony took part in the Company Programme in 1989 at St Peter’s School in Cambridgeshire and was Managing Director of a company that made A3 and A4 folios.

Case study: Daniel White: Economics & Finance university student and Young Enterprise Board member and Business Adviser

Daniel was the inspiration behind Young Enterprise Company Programme business Motiv8, a company manufacturing a branded earphone tidying device called Rewind, propelling his team from St Mary’s Roman Catholic High School in Chesterfield to the UK Final of the Company Programme in 2012.

“My whole career path stemmed from Young Enterprise. I learned so much from running my own business; interpersonal skills, management and leadership skills, and humility.

I’m now a member of the University’s Investment Society, and am one of the managers of a £50,000 portfolio linked to the group.

Young Enterprise facilitated my entry into this industry with skills, contacts and exposure – without which I wouldn’t have got my foot in the door or learned as much as I have.”

Young Enterprise—Written evidence

Daniel hopes to take the headphone organisers to market in the near future, and has established a standalone company; Spiral Products. this will be launching on Kickstarter soon to raise funds.

Question 2: How do you think that the EU can best ‘add value’ to Member States’ efforts to tackle unemployment?

We believe the EU can add value by channeling funds towards youth unemployment programmes, like Young Enterprise, but also by sharing best practice across Europe by highlighting existing programmes which are effectively tackling youth unemployment.

By sharing best practice across Europe, the EU can help to ensure that organisations and groups are not reinventing the wheel, but looking at what programmes already exist, are high-quality and are proven to be effective in tackling youth unemployment.

We believe it’s everybody’s business to prevent our young people from becoming a lost generation. Young Enterprise equips young people for the world of work. We do this through running a range of programmes, tailored to specific age groups, giving young people the opportunity to develop key skills and attitudes including communication, teamwork, problem solving, creativity, resilience, managing risk, decision making, financial literacy and negotiation skills.

Our research shows that 61% of businesses surveyed felt that Young Enterprise made a significant difference in preparing young people for the future¹⁰⁴.

Participation in a Young Enterprise programme whilst at school or university does have an impact on a set of attitudes associated with entrepreneurial potential. Compared to non-Young Enterprise students, those people that had completed a Young Enterprise programme were considerably more likely to say they felt they had the knowledge, skills and experience to start a business (41.8% compared to 17.8% in the 18-30 age range and 68.4% compared to 48.5% in the over 30s).¹⁰⁵

The principal strengths of Young Enterprise are in developing enterprising skills, attitudes and capabilities, which potentially could be applied in many situations - not just business ownership¹⁰⁶.

Question 5: How do you think the funds allocated through the Youth Employment Initiative (YEI) and the European Social Fund (ESF) could best be spent?

The central ethos of Young Enterprise is based on ‘learning by doing’. We believe youth unemployment funding should be allocated towards programmes which give young people opportunities to have hands-on enterprise and entrepreneurial experiences which will complement their academic education.

We believe ALL young people should leave education fully equipped in the following 5 key skills and attitudes:

1. Communication
2. Teamwork
3. Problem-solving
4. Creativity

¹⁰⁴ Business education survey 2011, Young Enterprise and Freshminds

¹⁰⁵ GEM UK: An Entrepreneurial Profile of Young Enterprise Participants (2012), Aston Business School

¹⁰⁶ Ibid

Young Enterprise—Written evidence

5. Resilience

We would like to see the UK Government introducing mechanisms for measuring these skills so that young people are better equipped when they leave education. We would also like to see more consistent opportunities for children and young people to access high quality programmes which deliver these five skills.

Young Enterprise programmes offer young people practical opportunities to develop all these 5 key skills and attitudes, empowering them in education, in work and in life. We believe that these 5 key skills and attitudes cannot be learnt in a day, or even a week. The Young Enterprise flagship Company Programme runs for 9 months – enabling young people to develop their skills and attitudes in a supportive environment over a longer period of time. This cost-effective approach ensures the skills are developed and successful habits acquired and embedded, which can then be applied in the workplace.

Schools offer many great things but young people also need access to a simulated work environment to bring out their personality, skills and innate qualities and to prepare them for work.

Question 6: Do you feel that young people (aged 15-24), youth groups and their representatives are involved and consulted to a satisfactory degree in the decisions being made around EU funding for youth unemployment projects, and how they are administered?

This is the first time that Young Enterprise, the largest enterprise education provider in the UK, delivering programmes in 35% of schools, has been asked to comment on EU funding for youth unemployment projects.

Whilst there may have been open consultations on this issue in the past, we do not have dedicated resources to seek out these opportunities to respond. We are very grateful to the Committee and Lord Cotter for giving us this opportunity to share our experiences.

Question 8: How can the EU and Member States embrace new technologies and new methods of working to combat youth unemployment?

If we are to engage with young people and encourage them to participate in programmes that tackle youth unemployment, it is vital that we use new technologies and channels to access and engage young people. Young people are incredibly accepting of new technologies, so we should recognise this and respond appropriately where possible.

Charities, such as Young Enterprise, have limited resources to invest in new technology to reach young people so specific funding to train staff and provide infrastructure would also be welcome from the EU and Member States.

February 2014