



**Special Economy and Enterprise  
Overview and Scrutiny Committee**

**Date** Thursday 8 September 2011  
**Time** 10.00 am  
**Venue** Committee Room 1A - County Hall, Durham

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**Business**

**Part A**

**Items during which the Press and Public are welcome to attend. Members of the Public can ask questions with the Chairman's agreement.**

1. Declarations of Interest, if any
2. Young People and Unemployment: (Pages 1 - 12)
  - (i) Report of the Assistant Chief Executive.
  - (ii) Presentation by Graham Wood, Economic Regeneration Manager, Regeneration and Economic Development.
3. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration

**Colette Longbottom**  
Head of Legal and Democratic Services

County Hall  
Durham  
31 August 2011

To: **The Members of the Economy and Enterprise Overview and Scrutiny Committee:**

Councillor J Moran (Chair)  
Councillor A Naylor (Vice-Chair)

Councillors J Armstrong, B Arthur, A Barker, C Carr, J Cordon, B Graham, B Harrison, J Hunter, P Jopling, R Liddle, C Potts, J Rowlandson, B Sloan, P Stradling, Andy Turner, M Wilkes, M Williams and A Willis

**Co-opted Members:**

Mr T Batson, Mrs O Brown, Mrs A Harrison, Mr A Kitching, Mr D Lavin and Mr JB Walker

**Economy and Enterprise  
Overview and Scrutiny Committee**

**8 September 2011**

**Young People and Unemployment**




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**Report of Lorraine O'Donnell, Assistant Chief Executive**

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**Purpose of the Report**

- 1 To assist Members of the Economy and Enterprise Overview and Scrutiny Committee to agree a scope for the Scrutiny Review Group in relation to young people and unemployment . This paper presents information on the following:
  - The national policy context;
  - Local policy priorities within County Durham;
  - Resources currently available;
  - Partner organisations and services delivering projects/support to unemployed young people.

**Background**

- 2 Members will recall that at the meeting of the Economy and Enterprise Overview and Scrutiny Committee held on the 4 April 2011, a refresh of the Work Programme for 2011-2013 was considered within the context of the "Altogether Wealthier" priority theme of the Council Plan 2011-2014. At the meeting Members were informed that there was a need to identify potential topics for focused review work to be undertaken by the Committee.
- 3 It was highlighted to Members that the refresh had identified within the current Committee Work Programme (2009-11) the following gaps:
  - Increased numbers of people in employment with a focus on young people.
  - Improved retail, business and residential offer in Durham City and its immediate locality.

In addition Members were reminded that in relation to quarterly performance reports they had frequently expressed their concerns about RED PI 7 the number of 18-24 year olds claiming JSA which continued to increase on a quarterly basis (Quarter 2 - 4390, Quarter 4 - 4770).

- 4 Members, at the Economy and Enterprise Overview and Scrutiny Committee on the 2 June 2011, considered a presentation by Ken Jarrod, Independent Chair of the County Durham Economic Partnership on the work of the Partnership, highlighting areas of focus which included issues in relation to unemployment and young people.

- 5 At the same meeting Members considered the draft Work Programme for 2011-2013 with the discussion from Members centring around the above presentation by Ken Jarrold and previous concerns expressed by members in relation to the underperformance of RED PI 7 (the number of 18-24 year olds claiming JSA), which continues to increase on a quarterly basis. It was agreed by the Committee that Young People and Unemployment within County Durham would be the area for focused Scrutiny Review by the Economy and Enterprise Scrutiny Committee.

### **National Policy Context**

- 6 Whilst the Coalition Government's plans around the skills, employment and welfare agendas are still emerging, a lot has now become fairly clear. The Comprehensive Spending Review, in conjunction with subsequent legislation on welfare reform and adult skills, heralds a complete overhaul of the way employment and skills support is to be funded and delivered through the public and private sectors. Private businesses and individuals will now be expected to bear more of the cost of service provision.
- 7 Specific points of policy, which will impact upon the design and delivery of support in County Durham will include:
- The Government is proposing to create 360,000 apprenticeships nationally in 2011/12 at all ages ("Opening Doors Breaking Barriers"- A strategy for social mobility).
  - "Get Britain Working" measures are a set of flexible support measures which are delivered by Jobcentre Plus working in partnership and include:
    - Work clubs, promoting volunteering, self employment via the new Enterprise Allowance, pre-employment and work placement through Service Academies and work experience.
  - The centrepiece of the Government's plans to reform welfare-to-work provision in the UK is the "Work Programme" which is additional to the various initiatives provided under "Get Britain Working". It is a single integrated package of support providing personalised help for everyone who finds themselves out of work regardless of the benefit they claim. The delivery Partners for the North East have been appointed, with the Work Programme operating from the end of June 2011.
  - The Government intends to remove entitlement to free training for a first full Level 2 Qualification for those over 25 years of age. There will be fully funded training for young adults aged from 19 up to 24 undertaking their first full level 2 (GCSE equivalent) or first level 3 (A-Level equivalent) qualification, and full funding for skills courses for individuals who left school without basic reading, writing and mathematics.

From 2013, people aged 24 and over undertaking level 3 or level 4 qualifications will need to take out a government loan if they are unable to afford the upfront costs. However, they will not have to make a contribution to the costs of the course unless they are earning above £21,000 a year.

- Small and medium sized enterprises (SMEs) will have to pay half the cost of Level 2 courses for employees aged 25 or over, with the Government funding the remainder. Large companies, however, will be required to pay the full cost of training. The Train to Gain programme is to be replaced by a SME focused scheme to help small employers train low-skilled staff. Most of the money saved will be channelled towards funding the extra apprenticeship places.
- The Wolfe Review focused on vocational education and its responsiveness to the changing labour market. The Government following the publication of the report has pledged itself to freeing FE colleges and training providers from red tape so they can respond better and more flexibly to the needs/demands of both employers and learners.
- The Government is introducing the English Baccalaureate (E-BAC includes English, Mathematics, the sciences, a language and history or geography) within schools. E-BAC requires pupils to undertake certain core academic subjects rather than focusing purely on vocational qualifications with a view to meeting the demands of Employers and increasing young people's employment and further education opportunities. Discussions are currently taking place within the County to gather Employers views on the core subjects, to determine as to whether they fit the needs/requirements of County Durham Employers.
- The Government is to introduce the "All-Age" Careers Service by April 2012 with access to new guidance services starting in September 2011. Local Authorities will have a changing role with particular emphasis on support for vulnerable young people (e.g. NEET). In relation to young people, the All-Age Careers Service will build on and extend the current arrangements for Connexions (14-18) and Next Steps (19 years and over). The key underpinning principles are that the Government will provide quality information against which individuals can make their choices and decisions: and increased autonomy to Local Authorities and schools, colleges and other providers to decide what is best for their local community/economy albeit within reduced budgets. The success of this approach will be dependent upon good quality Labour Market Information (LMI).
- The range of support available to help learners with the additional costs of training such as childcare, course materials and travel costs is to be "streamlined", with Discretionary Learner Support, the Adult Learning Grant and the Residential Student Support Scheme combined to create "an enhanced discretionary learner support fund".

The above strategy “takes into account recent changes to learner support for 16-18 year olds”, by which it means the abolition of Educational Maintenance Allowance, with an annual budget of £560 million, and its replacement with a pot of the funding for the new “enhanced discretionary learner support fund”.

- In addition the Government has introduced a package of Welfare Reform in 2011 resulting in the introduction of the “Universal Credit”, with new claims taken into the new system from 2013, followed by the gradual closure of existing benefits and Tax Credits claims and their transfer to the Universal Credit. Universal Credit will provide a basic allowance with additional elements for children, disability, housing and caring. It will support people both in and out of work, replacing Working Tax Credit, Child Tax Credit, Housing Benefit, Income Support; income-based Jobseeker's Allowance (JSA) and income-related Employment and Support Allowance.
- The radical changes to regional economic development policy and organisational arrangements made by the Conservative-Liberal Democrat Coalition Government will have significant implications for the management, funding and delivery of all aspects of economic development, including employability and skills support. The main thrust of the Coalition Government's plans is the removal of the regional tier of economic development and spatial planning (including employment and skills), and an increased emphasis on sub-regional decision making. This includes the closure of Regional Development Agencies (RDAs) by March 2012 and their replacement (albeit with fewer powers) by Local Enterprise Partnerships (LEPs), and in effect the abandonment of Regional Strategies. In addition key funding programmes have been abolished including Single Programme, Working Neighbourhoods Fund and the Local Enterprise Growth Initiative (LEGI). In their place the Government has introduced new initiatives notably the Regional Growth Fund (RGF) which will provide £1.4 billion over three years, in the form of capital and revenue grants or repayable loans. The fund will be managed as a “challenge” fund, with competitive bidding and the Government expects RGF bids to be aligned to European Regional Development Fund (ERDF) programmes with a new delivery structure for ERDF to be implemented.
- The White Paper "Local growth: realising every place's potential", published on 29 October confirmed that LEPs are expected to play a largely strategic and leadership role with one of the key priorities areas identified for the LEP, improving skills and performance. County Durham is one of the seven local Authorities within the North Eastern Local Enterprise Partnership (Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland and is the fourth largest of the 28 LEPs within the United Kingdom.

- In addition the Government has recently published guidance for a co-design approach to employability. The aim is to bring together the Department of Work and Pensions and Jobcentre Plus with a number of local authorities in England to explore how they can best work together to tackle worklessness. The concept of co-design emerged from the work of “Total Place”, which looked at how a “whole area” approach to public services could lead to better services at less cost.

### **Local policy priorities**

- 8 From 16 onwards young people’s paths diverge sharply. There are many different routes from GCSEs to a job. Choices made during this period of life can have a profound, long-lasting impact. Too many young people fall out of education and fail to move into employment or training. Over 70,000 16-17 year olds in England and almost one in five of those aged between 18-24, are not in education, employment and training (NEET).
- 9 Youth unemployment remains a widely reported component of the monthly unemployment figures. The rate of growth in JSA unemployment in County Durham since April 2008 is now the second highest rate of growth of any Local Authority Area in the North East. The underlying trend in overall JSA count is reflected by the underlying trend in youth unemployment, those aged (18-24); the change on the last month’s trend figure was an increase of 68 persons (figure for May 2011).
- 10 In relation to Quarter 4 Performance, RED PI 7 the total of 18-24 year olds claiming Job Seekers Allowance was 4770 against a target of 4000, we continue to be higher than both the British and North East averages.
- 11 There remains a need to provide support to this group, especially in light of the end in March 2011 of national schemes such as the Future Jobs Fund (872 mostly young people have accessed work via this route). Given the ageing population structure, it is vital that those of working age are re-engaged with the labour market as quickly as possible. In addition, the proportion of young people aged 16 -18 who are NEET is higher than the national average rate. There is a need to prioritise early identification of those at risk of NEET, to raise the aspirations of young people and to increase their understanding of the employment and training opportunities open to them.
- 12 Within County Durham there are a number of current projects and emerging projects which support young people into employment. There is a need to refine existing schemes and develop new schemes to reflect the current changing policy and funding environment. Examples of the various schemes include:
  - East Durham Business Service Apprenticeship Brokerage Service, provides a free, personal and bespoke brokerage service for employers in the East of the County. In 2010-2011 this resulted in 168 individuals going into an employed status apprenticeship of which 138 were aged 16-23 (sources of funding to continue this service are currently being investigated).

- In relation to integrated service provision and potential funding Via European Social Fund (ESF)/Department of Work and Pensions (DWP), it is anticipated that the Family Pathfinder and the Family Intervention Project, both of which use a holistic service approach, would be combined with an employment placement element to form the core offer put forward from County Durham.
- The Esh Connexs scheme was developed by the County Durham Economic Partnership (CDEP) and targets those young people who are NEET, focusing on delivering proper pre-training for individuals to help make training more sustainable in the longer term. This scheme has been successful and the CDEP remains focused on further developing the scheme.
- Future Business Magnates and the Manufacturing Skills Challenge provide a link between schools and businesses, introducing students to the excitement and exhilaration of working in business environment.
- The Business Enterprise Partnership (EBP) is part of the Children and Young People's Service Grouping and provides a number of support schemes to young people based on introducing them to the world of work. One of the schemes is "Learning the Business" which is championed by the County Durham Economic Partnership (CDEP) and sees local employers matched with secondary schools to support both Teachers and Pupils in making the linkages between academic studies and the world of work. However "Learning the Business" may be subject to budget cuts which would have implications for the project moving forward.
- The Authority has developed a targeted recruitment and training programme (TRT), consisting of a voluntary targeted recruitment and training charter which would inform the starting point for discussions with developers to secure local employment and training opportunities from forthcoming developments. Members may recall that a recommendation contained in a previous Overview and Scrutiny report focusing on Employability (2010) suggested that the Authority include in the Corporate Procurement Strategy a requirement for apprenticeships in the tender specification process.
- Work is currently being undertaken to develop a follow up programme to the successful Future Jobs Fund (FJF). It is anticipated that the programme will link in with the extended 12 week (apprenticeship) work trial offered under "Get Britain Working". In addition a pilot employer engagement forum has been introduced with JobCentre Plus and the Local Authorities as lead partners in an attempt to build upon some of the links that have been established as a result of the Future Jobs Fund scheme.



- 13 In addition there is a need for the Authority to leverage the widest possible benefits from Hitachi locating its manufacturing base to build the new trains at Amazon Park, Newton Aycliffe. It is anticipated that 200 construction jobs will be created in building the new unit, 500 people are to be employed once the site is operational with a potential 8000 jobs created within the supply chain.
- 14 The County Durham Economic Assessment (CDEA) has identified that whilst overall employment may fall over the next 2-3 years, there will be continued high demand for new workers, driven by replacement demand rather than expansion plans as the workforce ages and new labour is required to fill job vacancies. This presents both issues and opportunities in relation to entry level jobs and progression to first line supervisory roles.

### **Resource availability**

- 15 In relation to funding available for employability support this has changed significantly under the Coalition Government with the abolition of One North East, Single Programme, Local Enterprise Growth Initiative (LEGI) and the Working Neighbourhoods Fund Programme (£21.8 million in 2010/11) which focused on tackling barriers to employment, enhancing job creation and helping people get back into work by addressing worklessness. However, the following sources of funding are available:
- The 14 -19 Partnership has secured a £2 million European Social Fund (ESF) co-financed programme for the next two years. The Programme focuses on high risk young people and aligns with and supports the development/ implementation of Foundation Learning.
  - The Department of Work and Pensions (DWP) has launched an Innovation Fund worth £30 million over 3 years as part of a package of measures to help address youth unemployment. The Innovation Fund can be used to support social investment projects which help young people aged 14 plus who are disadvantaged or at risk of disadvantage. The Innovation Fund will link with the work currently being undertaken by the Young Foundation for the Authority in relation to the development and use of Social Impact Bonds, a financial tool which provides a new way to invest money in social outcomes, improving the prospects of a particular group. The Authority is not bidding under "Round 1" further work is being undertaken with a view to submission in a later round.
  - A European Social Fund (ESF)/ Department of Work and Pensions (DWP) co-financed programme is due to be commissioned this year and will allocate £15 million regionally for a three year project focusing on family based barriers to employment. It is envisaged that the Family Pathfinder and Family Intervention Project (current programmes within the County) will be combined with an employment placement element to form the core offer for Durham in relation to this forthcoming programme.

- Adults, Wellbeing and Health have secured funding and approval from City and Guilds to deliver three Apprenticeship frameworks (Level 2) in relation to Business and Administration, IT User and Customer Services. In addition approval and funding is currently being sought for Level 3 Apprenticeship frameworks in relation to the above highlighted areas together with Retail Apprenticeship (Level 2) and Retail advanced Apprenticeship (Level 3). Discussion is also taking place with the Institute of Leadership and Management to deliver two frameworks, Team Leading Apprenticeship (Level 2) and First Line Management Advanced Apprenticeship (Level 3).

### **Partners / Services currently involved in delivery**

16 In relation to the delivery of employment support to young people, this is currently undertaken by a number of Partner Organisations and Services, below provides members with a “snapshot” of the current delivery arrangements:

- The 14-19 Partnership will be responsible for delivery of the European Social Fund (ESF) project focusing on supporting high risk young people (£2 million secured). The Partnership will also be responsible for implementing the Impact of the Wolfe Review to ensure that vocational education within the County is responsive to the changing labour market, meeting the needs of the employer and learner.
- Adults, Wellbeing and Health are currently delivering City and Guilds apprenticeships in relation to Business and Administration, customer Service and IT User (Level 2) with approval being sought for a further 7 apprenticeship frameworks (Level 2 and 3).
- Derwentside Training, a training provider within Regeneration and Economic Development delivers various training within the County and has responsibility for delivering Not in Education, Employment and Training (NEETs) projects across the County .
- Various Area Action Partnerships have identified NEETs, young people and unemployment as a priority and are working with Regeneration and Economic Development to put in place various interventions. Currently Spennymoor AAP is running the Reach project which aims to offer intensive support in relation to community learning/job search/mentoring scheme to the most vulnerable clients including the long term unemployed, those on sickness related benefits, ex-offenders and young people who are NEET. In addition the Bishop Auckland and Shildon Area Action Partnership (BASH) have had success with the “Apprenticeship and Bursaries” initiative which has secured full time employment for ten local residents. The scheme has achieved a 100% retention rate with all those employed through the initiative.

Those Employers taking part have commented that the support offered through this programme has allowed them to meet their recruitment needs and has given the apprentices the opportunity to access fully accredited training and gain much needed employability and technical skills. East Durham AAP have developed two traineeship projects which were developed in response to information regarding the low levels of retention amongst young people on apprenticeship and training schemes. The traineeships were designed for those young people who did not have the qualifications to access apprenticeships and were unable to access work experience to progress to the next level of qualification. The AAP funded a range of support packages to ensure an increase in the retention rate and progression into permanent employment. To date both projects have achieved 100% retention and all Engineering Trainees have gained permanent employment and the employers involved in the project felt it was a huge success and have offered to fund 50% of the project to enable another group of young people to be given this opportunity. Both projects identified the barriers and areas of support that young people, their families and employers required to achieve successful outcomes. Funding from the AAP and Future Job Fund provided opportunities for 39 young people to gain experience and qualifications leading to lifelong employment opportunities in engineering and youth work. The model is now being used for other AAP funded projects including 5 trainees (Bricklayers and Joiners) and 10 horticultural trainees.

- The Children and Young People Service grouping work closely with the County Durham Economic Partnership via the Education Business Partnership to introduce young people and teachers to the world of work including work placements, apprenticeships and the “Learning the Business” project.
- In addition the Prince’s Trust, Duke of Edinburgh scheme is being considered in Durham as part of an enhanced apprenticeship offer, adding team building and communication skills to the overall package.

### **Next Steps**

- 17 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to consider the report together with the overview presentation at the meeting on the 8 September 2011, to determine which element of Young People and Unemployment they wish the future Economy and Enterprise Scrutiny Review Group to focus on.
- 18 As a result of the area for focus being identified, a Project Plan and Terms of Reference will be prepared for consideration by Members at the meeting of the Economy and Enterprise Overview and Scrutiny Committee to be held on 6 October 2011.
- 19 The first meeting of the Economy and Enterprise Overview and Scrutiny Committee Review Group will be held on the 13 October 2011 at 10.00 a.m.

## Recommendations

- 20 That Members of the Economy and Enterprise Overview and Scrutiny Committee note the information contained in the report and overview presentation provided at the meeting on the 8 September 2011.
- 21 That Members of the Economy and Enterprise Overview and Scrutiny Committee agree the area of focus for the Scrutiny Review Group and that the Project Plan and Terms of Reference for the review are considered by Members at the meeting of the Economy and Enterprise Overview and Scrutiny Committee on the 6 October 2011.

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**Contact:** Feisal Jassat, Overview and Scrutiny Manager  
**Tel:** 0191 383 3506      **E-mail:** feisal.jassat@durham.gov.uk  
**Author:** Diane Close, Overview and Scrutiny Officer  
**Tel:** 0191 383 6506      **E-mail:** diane.close@durham.gov.uk

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## **Appendix 1: Implications**

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**Finance** - A number of the various funding streams, Single Programme, Working Neighbourhoods (WNF), Local Enterprise Growth Initiative (LEGI) have been abolished. In addition Job creation schemes such as Future Jobs Fund (FJF) no longer exist . The Authority working in Partnership has to access the new funding currently available from Government and any new job creation schemes.

**Staffing** - None

**Risk** - The Authority working in Partnership has to access the alternative funding and any new job creation schemes as quickly as possible to ensure that support into employment and job creation continues to be provided .

**Equality and Diversity** – Equality and diversity issues will be addressed within the individual initiatives and schemes which provide employment support and job creation opportunities.

**Accommodation** - None

**Crime and Disorder** - None

**Human Rights** - None

**Consultation** - None

**Procurement** - The Authority has developed a Targeted Recruitment and Training (TRT) approach which involves targeting developers in early discussions to secure local employment opportunities and training opportunities from forthcoming developments.

**Disability Issues** – Disability issues will be addressed within any individual initiatives and schemes which provide employment support and job creation opportunities.

**Legal Implications** -None

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