

**27 January 2014**

**Youth Employment Initiative**

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**Joint Report of Lorraine O'Donnell, Assistant Chief Executive  
and Rachael Shimmin, Corporate Director Children and Adult  
Services**

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**Purpose of the Report**

- 1 To provide Members of the Economy and Enterprise Overview and Scrutiny Committee with background information on the Youth Employment Initiative (YEI) prior to the overview presentation by Linda Bailey, Strategic Manager, Progression and Learning

**Background**

- 2 Members will recall that at the Economy and Enterprise Overview and Scrutiny Committee on the 24 June 2013 the work programme of the committee was agreed which identified as a future item for consideration by the committee an overview of the EU funding programme 2014-2020. At a special meeting of the Committee held on the 10 September 2013 an overview presentation was provided to members which included information on the value of the funding, timescales, core themes, activity currently undertaken, emerging investments.
- 3 It was highlighted during the presentation that the first strand of EU funding available to be accessed related to the Youth Employment Initiative consisting of €9 million to Durham for 2014 to 2018 which is aligned to €9 million European Social Fund allocation with a requirement to match the ESF allocation of €6 million. It is understood that the Youth Employment Initiative will need to be committed by 2015 with spend finishing in 2018. It was therefore considered timely that the Economy and Enterprise Overview and Scrutiny Committee receives an overview presentation on the Initiative at the meeting on the 22 January 2014. The presentation will focus on the following:
  - Purpose of the YEI
  - Funding and Timescales
  - Activities
  - Next Steps

## Youth Employment Initiative – Funding allocation

- 4 The European Council has decided to give a very high priority to tackling youth unemployment. In January 2013, the European Council decided to create a Youth Employment Initiative (YEI) to provide additional funding to reinforce support available through the European Social Fund (ESF) in 2014-2020. The YEI is worth €6billion across the European Union, of which €3 billion is additional money provided through a dedicated youth employment line, and €3 billion is ESF money which will be ring-fenced within Member States structural fund allocations.
- 5 The Funds will be targeted at NUTS 2 regions (typically large counties or groups of smaller counties) with youth unemployment rates above 25% in 2012. Five NUTS 2 regions will be eligible in the UK: Inner London, Merseyside, Tees Valley & Durham, West Midlands, and South West Scotland. At least 90% of the UK's allocation will need to be spent in these regions.
- 6 Provisional estimated additional allocations have been given to Local Enterprise Partnerships (LEPs) that cover areas eligible for the Youth Employment Initiative however the allocations will only be confirmed after agreement on the 2014-2020 EU budget and the adoption of the 2014-2020 regulations which is expected by the end of 2013.
- 7 LEPs will need to match an equivalent amount of European Social Fund (ESF) money to the YEI allocation to support activities to tackle youth unemployment. The YEI and equivalent ESF money must be spent only in the eligible NUTS 2 regions identified above.
- 8 The provisional allocations are based on the following:
  - The European Council in February 2013 decided to allocate the YEI to NUTS 2 regions with Youth unemployment rates above 25% in 2012.
  - Eurostat published data on youth unemployment on the 22<sup>nd</sup> May, 2013 which indicated that five UK NUTS 2 regions would be eligible: Inner London, Merseyside, Tees Valley & Durham, West Midlands and South West Scotland.
  - The European commission has proposed that up to 10% of each member State's YEI allocation could be used in other areas with high levels of youth unemployment. This has still to be finally agreed.
  - In the case of Tees Valley and Durham and the west Midlands which are covered by more than one LEP, the YEI allocation has been divided between LEPs on the basis of the number of unemployed people aged 16-24 in each LEP area.

- 9 In June 2013, the European Council decided to accelerate the implementation of the YEI and front-load allocations in 2014 and 2015. This means that YEI money and the equivalent amount of match ESF money will need to be committed in 2014 and 2015. The European Commission has proposed that 56.66% is committed in 2014 and 43.33% is committed in 2015. Funds will need to have been spent and claimed from the European Commission within the period 2014-2018.
- 10 The front-loading of the YEI money and the equivalent ESF will have implications for the LEP strategies, especially for 2014 and 2015. LEPs will need to allocate a significant amount of their structural funds allocations as ESF funding for youth employment in order to provide the equivalent amount of ESF to match the additional YEI money. There will therefore be a significant focus on youth employment in the early years of the LEP strategy.

### **Youth Employment Initiative - activities**

- 11 The Government believes that there should not be a single model for the activity that the Youth Employment Initiative (YEI) will fund. Instead how it is used should take account of existing provision and needs in each area. There will be flexibility to support the most effective interventions that complement and enhance existing provision. Local Enterprise Partnerships which cover areas eligible for the YEI should propose how the YEI and equivalent ESF money should be used to tackle youth unemployment in their areas alongside existing Government provision.
- 12 To comply with EU regulations, activities will need to target young people aged 15-24, in particular those not in employment, education or training. Participants should be residing in regions eligible for the YEI and should be inactive or unemployed.
- 13 The Youth Employment Initiative and equivalent ESF money will fall under the thematic objective on 'promoting employment and labour mobility'. Within this objective it will fall, subject to the outcome of EU negotiations, within a dedicated investment priority on 'sustainable integration into the labour market of young people (aged 15-24) not in employment, education or training'.
- 14 The supplementary guidance to LEPs sets out activities to consider under each thematic objective. The following activities under the employment objective are particularly relevant to the YEI, and should be considered by LEPs:
  - Reducing the number of young people not in employment, education, or training, and those at risk of disengaging (including through engagement and preparation activities, access to apprenticeships, and personal coaching).
  - 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 such as additional support that harder to reach young people will require to successfully complete a traineeship or apprenticeship.
- Innovative programmes for marginalised groups to help bring them to and support them in learning, such as new training programmes and support for young lone parents, carers, ex-offenders and people with disabilities or health barriers.
- Providing support to embed programmes for young people not in employment, education or training, such as traineeships and apprenticeships.
- Brokering opportunities for young people and supporting local employers to take on young people who are not in employment, education, or training (including those with complex barriers), including through traineeships, apprenticeships, work experience and graduate placements.

15 Activities to support young unemployed people can build on and/or add value to existing programmes in order to maximise their impact or they can take new approaches to tackling the problems. LEPs should also consider the following activities which build on those in the supplementary guidance to LEPs.

- Skills support for apprenticeships (but not direct funding of training or wage costs) and traineeships - including improvements to the recruitment, assessment and facilities for training and activities to ensure young unemployed people see these activities as a route out of unemployment.
- Supporting disadvantaged young people to undertake a traineeship through additional support beyond the core elements of training (work preparation, English and maths) and work experience. These should increase uptake of disadvantaged young people (e.g. dedicated marketing or outreach work) or support individuals to remain on the programme (e.g. mentoring, or payment of trainees' costs, such as transport and subsistence).
- Additional and innovative approaches to training for the unemployed, including marginalised groups, to help bring them to and support them in learning and developing employability skills. Consideration could be given in particular to those young unemployed furthest from the labour market who might not be suitable for an apprenticeship or traineeship – for example those with multiple complex problems and few skills or qualifications.
- Additional or innovative approaches to training in a vocational context for those with low level skills in Maths, English and ICT, to support them in finding work or progressing in work; and to enable them to achieve vocational qualifications.

- Support for activities to bring young unemployed people back to or towards more formal learning. This might build on existing community learning projects or other projects to help young people who are disengaged, lacking in confidence or need help with direction or practical steps to undertake skills activity that will help them take steps in the right direction. This could include groups such as lone parents, care leavers, ex-offenders, the homeless or those with learning difficulties or disabilities.

## **Recommendations**

- 17 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided during the presentation.
- 18 That the Economy and Enterprise Overview and Scrutiny Committee receive a further progress report on the development of the Youth Employment Initiative within County Durham at a future meeting of the Committee.

## **Background Papers**

- Economy and Enterprise OSC – 10 September 2013- Report and presentation on
- EU Structural and Investment Funding programme 2014-2020.
- Briefing Note from CAS providing background in relation to the Youth Employment Initiative.

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## **Appendix 1: Implications**

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**Finance** – None

**Staffing** –None

**Risk** – None

**Equality and Diversity** – None

**Accommodation** - None

**Crime and Disorder** – None

**Human Rights** – None

**Consultation** – None.

**Procurement** – None

**Disability Discrimination Act** –None

**Legal Implications** – None