

Delivering change

Cities and the Youth Unemployment Challenge

Naomi Clayton & Maire Williams
August 2014



“The Centre for Cities is a research and policy institute, dedicated to improving the economic success of UK cities.

We are a charity that works with cities, business and Whitehall to develop and implement policy that supports the performance of urban economies. We do this through impartial research and knowledge exchange.”

www.centreforcities.org



Supported by Leeds City Region
Enterprise Partnership

Executive summary

Youth unemployment has long been a policy concern because of the ‘scarring effects’ on individuals and the economy. The issue came back to the fore during the recession as youth unemployment increased more rapidly than the overall level of unemployment as the recession deepened, hitting record high levels in 2011.

This report aims to build understanding amongst local and national policy makers on the most effective ways to improve employment outcomes for young people in the UK as the economy moves into recovery and more jobs are available. It draws out eight lessons from local partnership initiatives around the world:

1. Early intervention is crucial to the prevention of youth unemployment and disengagement over the longer term – Harlem Children’s Zone in New York (p.17) and the London Challenge (p.18).
2. Partnerships between educational providers and employers can help young people to develop the skills employers want and promote career planning and aspirations among young people – Career Academies in US cities (p.19) and Local Training Pacts for Vocational Training in North West Westphalia (p.21).
3. Strong partnership with employers means young people are more likely to develop the skills employers want and employers are more likely to recruit programme participants – REVIT in Rotterdam (p.22).
4. Targeted intervention can lead to better outcomes. And different approaches are required for those that are ‘disengaged youth’ vs ‘work ready’ – Youth Competence Centres in Antwerp (p.23).
5. Tailored, continuous support can re-engage young people and help ensure they complete their qualification or course, or stay in employment – Bladerunners in Vancouver (p.24) and Third Way in Vocational Training Initiative (p.25).
6. Interventions are more likely to be effective if a coherent package of measures is in place to address the multiple barriers to work that young people may face – Youth Connexions in Hertfordshire (p.27).
7. Intelligence and evaluation is crucial to effective design and delivery of programmes – Youth Employability Services in Brighton (p.28).
8. Greater flexibility at local level can deliver greater efficiencies and better outcomes for young people – Total Place Pilot in Worcestershire (p.30) and Community Budget Pilot in the Tri-London Boroughs (p.31).

Different cities will require different polices to effectively address the core issues both the young people and the distinctive local economies face. They are also more likely to have a good grasp of the specific barriers young people face in the city, how to target the most disengaged and what training and employment opportunities are available.

Local organisations are better placed too to build relationships with young people, employers and education facilities and so provide a joined up approach to tackling disengagement and unemployment, as is increasingly recognised by Government policy.

Youth employment programmes have historically been characterised by limited flexibility at the local level. As a result, bids for funding for local youth unemployment initiatives were a feature of many City Deal and Growth Deal proposals. The Government now needs to go further to ensure local partners have the flexibility to respond to the unique challenges they face.

The key recommendations are:

- National Government should ensure local partners (including voluntary organisations working with young people and strategic bodies such as Local Enterprise Partnerships) have access to long-term funding to create greater certainty for local programmes;
- National Government should enable local public service providers to coordinate support for young people by pulling together services in a way that works for individuals;
- The Department for Work and Pensions should devolve commissioning of the Youth Contract and Work Programme to cities post-2016;
- Local partners need to invest in robust assessment and evaluation of programmes to understand what works; and
- Good national and sub-national networks should be in place to identify and share best practice between providers, cities and other stakeholders.



Introduction

Youth unemployment has been a policy concern for decades because of the 'scarring effects' on individuals and the economy. Unemployment and underemployment are likely to limit the opportunities for young people to develop their skills.¹ Young people that spend a period unemployed are likely to earn significantly less later in life than young people not unemployed, even after controlling for educational attainment, family background and place of residence.² Estimates suggest a wage penalty by the age of 30/34 of between 16 and 17 per cent, based on an average length of unemployment.³ Lower wages and well-being are found to persist even 35 years after a prolonged period of youth unemployment, with the intensity of the scar increasing with the length of time unemployed.⁴ As well as the effects on individuals, prolonged periods of youth unemployment, coupled with significant underemployment, reduces levels of productivity and hinders the growth prospects for the UK economy.



Youth unemployment has been rising since the early 2000s, indicating the root cause of today's levels of youth unemployment goes beyond the recession. Between Q1 2004 and Q1 2007, youth unemployment as a share of the 18 to 24 year old population increased from 7.7 to 9.3. Youth employment outcomes started to worsen in the 1970s with the entry of the baby boomers into the labour market. Youth unemployment increased further still relative to older workers during the 1980s and 1990s, and was accompanied by an increase in the wage gap.⁵ **The issue came back to the fore during the recession as youth unemployment increased more rapidly than the overall level of unemployment, hitting record levels in 2011.** A growing gap between young people and older workers emerged over the course of the recession. At its height in Nov-Jan 2011, the unemployment rate for 16 to 24 year olds stood at 22.3 per cent, over 16 percentage points above the unemployment rate for 25 to 64 year olds at 6 per cent (Figure 1). Youth unemployment reached a record high of over 1 million towards the end of 2011 and remains 30 per cent higher than pre-recession (Dec to Feb 2014). The number of 16 to 24 year olds Not in Employment, Education and Training (NEET) peaked at 1.27 million in 2011 and was 975,000 in the first quarter of 2014.⁶

1 Lisa Kahn (2010) The Long-Term Labour Market Consequences of Graduating from College in a Bad Economy

2 Gregg, P. and Tominey, E. (2005) 'The wage scar from male youth unemployment', *Labour Economics*, 12

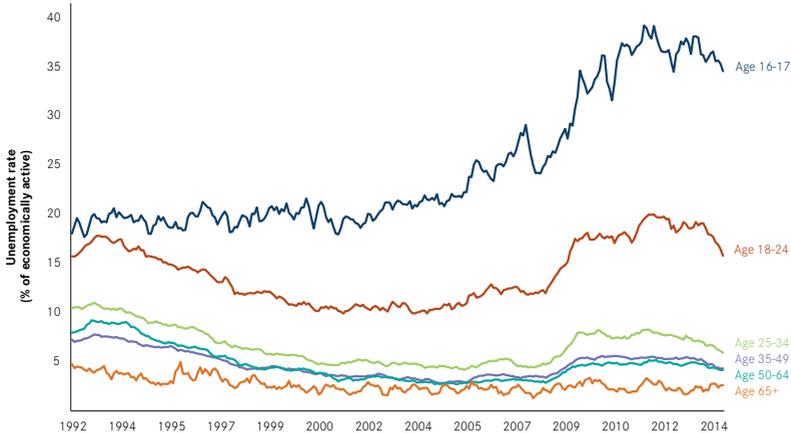
3 ACEVO (2012) Youth unemployment: the crisis we cannot afford, ACEVO

4 Bell, D. and Blanchflower, D. (2011) Youth unemployment in Europe and the United States, IZA Discussion paper No. 5673

5 Bell, D. and Blanchflower, D. (2011) 'Young people and the Greater Recession', *Oxford Review of Economic Policy*, Vol 27 (2), pp 241-267

6 Mirza-Davies, J. (2014) *NEET: Young People Not in Education, Employment or Training*, House of Commons Library

Figure 1: Youth unemployment rate (% of economically active population aged 16-24 years old), 1992 to 2013



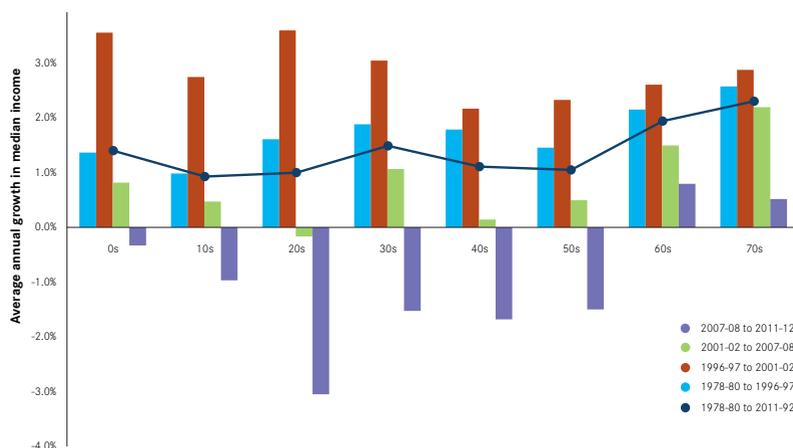
Source: Quarterly Labour Survey, 2013

'Bumping down' in the labour market as a result of the economic downturn means that young people are also more likely to be underemployed if they are in work.

For those trying to find their first job during recessions, it is not just being out of work that can have a negative impact - young people are also scarred from a fall in the quality of jobs typically available to them during these times. As the competition for jobs increases, young people tend to get squeezed out of the labour market by older workers with more experience. In turn, graduates squeeze out lower qualified young people: in 2013 47 per cent of graduates were working in a job that does not require a degree, up from 37 per cent in 2001.⁷ More than a third of 'non-recent' graduates were working in jobs that did not require a degree in 2013, up from 29 per cent in 2001. An IFS study shows that the incomes of young adults have started to fall behind the rest of the population.⁸ Between 2007/08 and 2011/12 (Figure 2), median income among the group fell by an annual average of about 3 per cent per year - more than for any other group (Figure 2). This is not surprising given their falling employment rates during and since the recession, at a time when employment among older age groups has been remarkably robust.

7 ONS (2013) Full report - Graduates in the UK labour market 2013

8 Cribb, J. et al (2013) *Living Standards, Poverty and Inequality in the UK: 2013*, IFS Reports, R81, Institute for Fiscal Studies

Figure 2: Average annual growth in median income by age since 1978-1980

Source: Figure 5.7 of Cribb, J. et al (2013) *Living Standards, Poverty and Inequality in the UK: 2013*, Institute for Fiscal Studies

This report aims to build understanding amongst local and national policy makers on the most effective ways to improve employment outcomes for young people in the UK.

Young people can face multiple barriers to finding and staying in work. These range from a fall in jobs available due to the recession to long running issues such as skills mismatch, intergenerational unemployment and low awareness of the support available to move young people into or keep them in education and employment (Box 1). Many of these barriers vary by city: in some city there are more jobs available; in others there are far fewer, or there may be more opportunities for those with certain types of skills. A number of cities have developed their own initiatives to reduce youth unemployment and lessons can be learnt both from these and from evaluations of national policies.

Box 1: Barriers to youth employment

- Overall lack of demand in the economy:** the recession has forced businesses to close or to lay off workers and unemployment has risen as a result.
- Mismatch between the skills young people have and skills demanded by employers:** The National Employer Skills survey finds long-running concerns from employers that the educational system prioritises academic qualifications over skills – 55 per cent say school leavers lack the right work experience and key attributes that set them up for success, including self-management (54 per cent); problem solving (41 per cent); and attitude to work (35 per cent) stressing the need for school reform to produce people who have basic employability skills as well as academic knowledge.⁹

- **Lack of experience and skills compared to older workers:** Younger workers tend to have fewer general work skills relative to older workers and less specific human capital relevant to the particular firm employing them.¹⁰ 68 per cent of young people feel they are unemployed due to lack of experience.¹¹
- **Low levels of aspiration:** Inter-generational unemployment and the geographical concentration of unemployment may be associated with low expectations and a lack of role models – parents may not have the knowledge to advise their children on how to find employment.
- **Social/behavioural constraints:** Gang culture, substance misuse and a criminal record all reduce the likelihood a young person will be able to find and remain in employment.
- **Uncertainty that it pays to be in work:** The wage offered may not provide adequate compensation for the loss of benefits and additional transport costs of getting to work. This may be compounded by short or fragmented hours of work.
- **Lack of mobility and limited job search horizons:** Some young people have a very narrow geographic search area for jobs which severely limits their job opportunities.¹² Young people are also likely to have fewer contacts and less experience of finding work.¹³
- **Low awareness of the support available to young people:** The complexity of the system can lead to young people being confused about what help is available to them and where to go to get it and to employers being uncertain or unaware about what financial incentives exist to take on a young worker. The UK Commission's report on Employer Perspectives Survey recorded only 15 per cent of employers citing awareness of the Young Person Guarantee and just over 53 per cent citing an awareness of apprenticeships.¹⁴

The interplay between these barriers varies across cities, as does the scale of youth unemployment and disengagement, yet there has long been a lack of local flexibility in labour market policy. The youth claimant rate in the UK stands at 3.7 per cent (as of July 2014), but there is huge variation in the scale of youth unemployment across the country (Figure 3). Less than 1 in 100 young people in Cambridge and York claim Job Seekers Allowance (JSA) compared to nearly 1 in 15 in Grimsby and Hull. Claimant rates also vary widely between neighbouring cities. In the Leeds City Region, Barnsley has the highest youth claimant rate of 4.4 per cent, while the lowest rate of 0.9 per cent is recorded in York. With 63 per cent of young UK claimants based within the UK's 64 largest cities, establishing strategies for cities to lower their youth claimant rates is essential.

10 Bell, D. N. and Blanchflower, D. G. (2011) 'Young people and the Greater Recession', *Oxford Review of Economic Policy*, Vol 27 (2), pp 241-267

11 Centre for Regional Economic and Social Research (2012) Scoping Study on Worklessness and Employability.

12 Green, A. E. and White, R. J. (2007) Attachment to place: social networks, mobility and prospects of young people. Joseph Rowntree Foundation.

13 Bell, D. N. and Blanchflower, D. G. (2011) 'Young people and the Greater Recession', *Oxford Review of Economic Policy*, Vol 27 (2), pp 241-267

14 UK Commission for Employment and Skills (2011) Employer Perspectives Survey.

The next section looks at policies targeted towards reducing youth unemployment in the UK, and the degree of flexibility local partners have in addressing the particular challenges their area faces.

Figure 3: Youth claimant rate in different cities



Local flexibility in tackling youth unemployment

National policies have long focused on supporting young people back into work.

There was a significant increase in initiatives targeted at youth unemployment in the 1980s and 1990s. The Young Workers Scheme (YWS) that ran between 1982 and 1986, and the New Workers Scheme that followed provided wage subsidies to employers recruiting young people. The Youth Training Scheme (YTS), an on-the-job training course for school leavers aged 16 and 17, was also brought into operation in 1983. Evaluations suggest that the additional employment impact of the YWS programme was low, at around 16 per cent.¹⁵

Recently the national approach to tackling youth unemployment has broadened,

with increased awareness that programmes need to target youth before school leaving age and promote education as well as employment. Broadly, policies now aim to prevent early school-leaving and reintegrate early school-leavers. Preventative measures are coupled with the more traditional measures to support school-to-work transitions and offer employer incentives to employ young people. Examples of more recent initiatives include raising the compulsory education age and bursary funding, which offers young people financial incentives to stay in or return to school (see Box 2).

Box 2: National youth employment policies

- Raising participation age:** Since 2013 all young people in England must continue in education or training until the end of the academic year in which they turn 17.¹⁶ This will be raised to 18 in 2015. The post-16 options open to young people are: 1) full-time study in a school, college or with a training provider; 2) full-time work or volunteering combined with part-time education or training; or 3) an apprenticeship.
- Basic skills (Maths and English):** From September 2013 pupils must continue to study English and Maths until they receive a GCSE at grade C or above. Some Government employment programmes also provide basic training in English and Maths for those aged 16-24 (e.g. traineeships).¹⁷
- Work Programme:** Introduced in 2011 this consolidated support for the long-term unemployed into a single programme. It is compulsory for 18-24 year olds who have been claiming JSA for nine months, or three months for those deemed to have significant barriers to work such as long-term NEETs. It is delivered by a range of private, public and voluntary sector organisations through a 'black box' approach, giving providers more freedom to shape services locally and to personalise support for claimants, including offering continuing support once participants are in work.

15 Institute for Employment Research (1999) 'Young people, employment programmes and the new deal', IER Bulletin 49

16 The school leaving age is still 16 in Scotland, Wales and Northern Ireland.

17 See https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/223591/Traineeships-framework-July2013.pdf for further information

- **Increasing number of apprenticeships/ traineeships:** Apprenticeships are open to those aged 16 or over who are not in full-time education. In 2009 the National Apprenticeship Service (NAS) was launched to bring about a significant growth in the number of employers offering Apprenticeships through promoting the value of apprenticeships. In 2009 Apprenticeship Training Agencies (ATAs) were launched to simplify the process of taking on an apprentice through taking responsibility for recruiting, employing and arranging training on behalf of employers. There were 504,200 Apprenticeship starts in the 2012/13 academic year in England, compared to 172,600 in 2005/06.¹⁸ The Government is also increasing the budget for the Apprenticeship Grants for Employers (AGE) scheme for 2014-15 and 2015/16.¹⁹ In 2013 Traineeships were introduced for 16- to 24-year-olds (16-25 for those with learning difficulties) who need additional help to gain an apprenticeship or job. Traineeships provide high quality work placement and training in English and maths.
- **Youth Contract:** Announced in 2011 this comprises three main elements: 1) Additional support for unemployed 18-24 year olds including Work Experience places, wage incentives and additional support from Jobcentre Plus advisers; 2) subsidies for small businesses taking on an apprentice aged 16-24; and 3) additional support for disengaged 16-17 year olds across 12 regional areas in England, designed to support disengaged young people to move into education, training or employment with training. Local delivery is being trialled in three areas (Liverpool, Newcastle-Gateshead and Leeds-Bradford-Wakefield) as part of City Deals.
- **Sector-based work academies (local delivery in some parts of England):** Run by employers, colleges and training providers in different parts of the UK, sector-based work academies aim to move anyone aged 18 or over and claiming Jobseeker's Allowance or Employment and Support Allowance into work. The exact support provided varies but can include pre-employment training, a work experience placement and the possibility of achieving units towards a qualification.
- **Education Maintenance Allowance (EMA) / Bursary Fund:** 16-18 year olds living in Northern Ireland, Wales and Scotland whose household income is below a set threshold and who are studying for a minimum amount of time are provided with £30 a week under the EMA, to help with the costs of education. In England EMA ended in 2011. 16-19 year olds living in England and in education (excluding university) or training can apply for a bursary of up to £1,200 a year to pay for course equipment, lunch and transport to and from school or college.

18 Source: Skills Funding Agency. Note: Figures for 2011/12 onwards are not directly comparable to earlier years as a Single Individualised Learner Record (ILR) data collection system has been introduced. Small technical changes have been made in the way learners from more than one provision type are counted, leading to a removal of duplicate learners and a reduction in overall learner numbers of approximately 2 per cent.

19 The AGE 16 to 24 Grant for Employers aims to support businesses, who would not otherwise be in a position to do so, to recruit individuals aged 16 to 24 into employment through the Apprenticeship programme. Grants are worth £1,500 – this is over and above the costs of training – and employers can be paid ten grants in total during the lifetime of the initiative.

Yet a large number of young people fall outside the remit of existing mainstream provision. The majority of UK employment and education programmes are delivered via Government agencies or schools and colleges, with JSA support focused on those aged 18 or over. This means that there may be limited employment support available for 16 to 17 year olds. In response, as part of the Youth Contract policy, the government introduced an initiative to offer targeted support to disengaged 16-17 year olds to participate in education, an apprenticeship or a job with training. The Government has also recently announced a pilot scheme to offer 16 to 17 year olds support through JobCentre Plus.²⁰



But programmes still often miss the most disengaged – those not in education or employment and not in contact with the Job Centre. DWP estimates that around 100,000 young people a year will qualify for the Work Programme, which is only open to those who have been claiming JSA for nine months or more (or three months for those judged to have significant barriers to work, such as ex-offenders). This is less than 10 per cent of the estimated number of 1.07 million 16 to 24 year old NEETs in the UK. Many programmes (both community and national) require a certain skill level before enrolment on the scheme or a certain amount of time claiming benefits before young people have access to the training necessary to get a job is offered. Not all NEETs will meet these requirements and waiting is likely to increase the scar from unemployment. While national basic skills provision programmes are offered (for example, traineeships that aim to prepare young people with the skills needed to get on an apprenticeship scheme), this support is more limited.

The third sector plays a significant role in plugging these gaps, although the sheer number of initiatives focused on youth unemployment coupled with lack of coordination has resulted in duplication and fragmentation.²¹ In response, the Big Lottery Fund launched the Talent Match project. The initiative aims to help long-term unemployed young people find work by bringing together the public, private and voluntary and community sectors to create effective local partnerships and find local solutions.²²

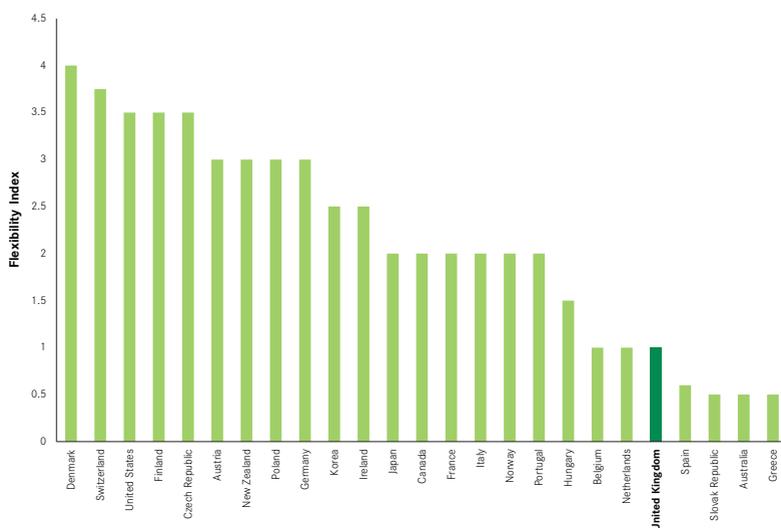
20 Nick Clegg speech available here: <https://www.gov.uk/government/speeches/better-choices-better-prospects-helping-young-people-succeed>

21 Birmingham Commission on Youth Unemployment (2013) Final Report January 2013

22 See <http://www.biglotteryfund.org.uk/talentmatch> for further information

The UK has low levels of local flexibility in labour market policy compared to other OECD countries. The OECD countries estimated the degree of local flexibility available in different countries based on various management aspects of labour market programmes and services, including their design, budget, legal framework and performance management. Denmark and Switzerland have the highest degree of flexibility, while Greece and Australia have the lowest. The UK is in the bottom five OECD with the lowest levels of flexibility (see Figure 4).

Figure 4: Local flexibility in the management of labour market policy: an international comparison



Source: Dorenbos, R. and F. Froy (2011), "Building Flexibility and Accountability Into Local Employment Services: Country Report for the Netherlands", OECD Local Economic and Employment Development (LEED) Working Papers, 2011/13, OECD Publishing



Flexibility in the Danish employment system²³

Denmark spends the highest proportion of GDP on active labour market policies among the OECD countries. It also has one of the most flexible employment systems. The 98 municipalities have responsibility for active labour market policy and cash social benefits. They can determine the content of employability enhancement schemes and develop their own measures. Less than a quarter of municipal job managers identified local labour market priorities which they could not address.

Intervention at the municipal levels sits within a strong national legal framework that ensures performance targets are met, citizens are guaranteed minimum rights and duties, and they receive similar services across the country. Three to four national goals and targets are set, with scope for municipalities to set supplementary targets if deemed necessary. The four Employment Regions sitting above the municipalities provide support and advice, and have responsibility for following up with municipalities if they are underperforming.

The system of financial management ensures a high degree of accountability and flexibility in labour market policy. Expenditure for labour market measures – passive and active – are guaranteed to municipalities by national government with no ring-fencing around specific policies. Incentives are also built in so that municipalities can retain savings if they get people into work. In 2011, the Danish government reformed the financial system to focus incentives on the outcomes of employment interventions rather than just volume.

The challenge for the Danish government has been to retain levels of accountability while reducing bureaucracy and maintaining flexibility. Municipalities are expected to undertake an annual performance audit and prepare an income statement. Municipalities' performance is benchmarked on a widely accessible internet portal allowing for full transparency of outcomes. But levels of paperwork and poor IT systems mean that a relatively high percentage of job centres (93 per cent) stated the level of bureaucracy was too high. The government has since been working with job centres to identify ways to reduce the administrative burden and improve the IT systems.

Case study...

23 Froy, F. *et al* (2011) 'Building Flexibility and Accountability in to Local Employment Services: Synthesis of OECD Studies in Belgium, Canada, Denmark and the Netherlands', *OECD Local Economic and Employment Development (LEED) Working Papers*, 2011/10, OECD Publishing; Mploy (2011) 'Managing Accountability and Flexibility' in the Danish employment system, Mploy

Youth employment programmes in the UK have historically been characterised by limited flexibility at the local level. The New Deal for Young People which ran between 1998 and 2011 was associated with decentralisation but in reality there was limited local flexibility. The programme placed greater focus on skills and participation, with local delivery regarded as an important feature, together with the provision of variety in delivery methods. The intention was to enable the scheme to be tailored to match local labour market conditions. While the programme allowed a certain degree of local discretion and cooperation in delivery, bureaucratic guidance and financial structures constrained the real extent of local flexibility.²⁴

Local authorities continue to have limited flexibility in more recent government initiatives. During the recession emphasis was put on keeping young people close to the labour market through the provision of job opportunities and work-focused training as part of the Young Persons Guarantee and the Future Jobs Fund (2009-2011). Local authorities were consulted during the development of the policy and criteria stated that jobs and training should be relevant and of value to local communities. Local authority led partnerships also played an important role in creating jobs – partners in Manchester created 8,000 jobs.²⁵ Yet, again, there was limited scope for partners to tailor the programmes at the local level due to national guidance.²⁶

As a result, bids for funding for local youth unemployment initiatives were a feature of many City Deal proposals. For example, Leeds City Region's City Deal featured a 'Guarantee to the Young', including 14-24 Academy and Apprenticeship Hubs and a focus on developing integrated pathways into work and further education.²⁷ More recently Plymouth agreed a 'Deal for Young People' which includes improving information, advice and guidance, and providing personal caseworkers for 1,500 people in 'hotspot' locations.²⁸ In 2013, the government also invited cities to bid for a share of up to £50 million to invest in local youth unemployment initiatives.²⁹

Greater local flexibility in the design and implementation of policies to address youth unemployment can be more efficient and effective. Different cities will require different policies to effectively address the core issues their young people and their local economies face and are more likely not only to have a good grasp of these underlying issues, along with the true scale of youth disengagement and unemployment within their city, but also to know which organisations are best placed to respond. Local organisations should also be better placed to build relationships with young people, employers and education facilities and so provide a joined up approach to tackling disengagement and unemployment, as is increasingly recognised by government policy.

24 Nattel, C Sunley, P & Martin, R. (2002) 'Localising welfare-to-work? Territorial flexibility and the New Deal for Young People' *Environment and Planning C: Government and Policy* 20(6) 911 – 932

25 Fishwick, T., Lane, P. and Gardiner, L. (2011) *Future Jobs Fund: An independent national evaluation*, CESI

26 <http://www.publications.parliament.uk/pa/cm201011/cmselect/cmworpen/memo/fjf/fjf61.htm>

27 See https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/221012/Leeds-City-Region-Deal-Documents-Final.pdf for further information

28 See https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271936/Plymouth_City_Deal_Documents_and_Implementation_Plans.pdf for further information

29 Further detail available here <https://www.gov.uk/government/news/deputy-prime-minister-announces-multimillion-pound-boost-for-youth-jobs>

Evidence from the devolved Youth Contract offers support to the idea that local partners can deliver better outcomes. While the centralised programme moved 27.5 per cent of participants into a job or learning³⁰, the pilot schemes being run by local providers in Leeds, Bradford and Wakefield have seen almost 57 per cent of those who have taken part get into education, training or employment.³¹ The local approach in Newcastle and Gateshead has resulted in 47 per cent of participants who were previously categorised as NEET successfully moving into a job or training course.³² These higher success rates have been attributed to the fact that local authorities and their partners are better placed to bring together services that help young people into work and learning.

Box 4: Why is local flexibility important?

- **Improved policy learning and adaptation:** Training programmes have been found to work best when they are carefully tailored to local or regional labour market needs. Coupled with robust evaluation, greater differentiation and personalisation in approaches can lead to greater understanding of what works.
- **Stronger partnership building:** local partners can engage with employers and other stakeholders and work in close collaboration due to their proximity and shared challenges. Collaboration can lead to the more effective and efficient allocation of resources, and to better outcomes.
- **More innovation:** greater local flexibility would enable the design of new initiatives or adaptation of existing ones. The University of Bristol found that some of the most innovative and engaging interventions in their review of youth unemployment initiatives were those run by community organisations.³³
- **Greater resource targeting:** local partners can bring new and better quality information into decision-making processes due to their proximity to participants, target groups and employers and their understanding of the local labour market. A review of apprenticeship programmes found that locally designed programmes improved participation rates among young disadvantaged people.³⁴

The next section examines some of the measures employed in cities in the UK and international cities to young people's employment prospects.

30 See <http://www.education.gov.uk/childrenandyoungpeople/youngpeople/participation/a00203664/youth-contract#sthash.my97KqxV.dpuf>

31 Local Government Association (2013) http://www.local.gov.uk/media-releases/-/journal_content/56/10180/4033970/NEWS

32 Local Government Association (2013) http://www.local.gov.uk/media-releases/-/journal_content/56/10180/4033970/NEWS

33 Britton, J. et al (2011) *The Early Bird... Preventing Young People from becoming a NEET statistic*, Department of Economics and CMO, University of Bristol

34 Warwick Institute for Employment Research (2012) *Review of Apprenticeships Work*, IER

Lessons from UK and international cities

There are many different local and community level youth employment and education programmes around the world. These range from the local delivery of central government programmes, to programmes developed by cities and delivered with central Government backing, to programmes developed and delivered through private financing. **This section looks at a range of both preventive and re-integration measures used in cities in the UK and internationally to draw out lessons for UK partners.**

Given the scale and scarring effects of youth unemployment, policy makers must address the current youth unemployment crisis and work to re-integrate young people back into the labour market as economic recovery takes hold. At the same time it is vital that policy makers improve the efficacy of preventive measures to reduce youth unemployment in the future.



Lesson 1: Early intervention is crucial to the prevention of youth unemployment and disengagement over the longer term.

The likelihood of a young person becoming NEET is higher if they have poor GCSEs, even among affluent households - which means raising educational attainment should be a priority for cities.³⁵ Generally the more educated are less likely to experience unemployment. Educational attainment has been found to be a stronger predictor of a young person leaving the NEET category after one year than socio-economic background. Individuals who become NEET often lack numeracy and literacy skills.³⁶ The Harlem Children's Zone and the London Challenge offer innovative examples of local partners collaborating to raise educational attainment among more disadvantaged groups.

35 Britton, J et al (2011) *The Early Bird....Preventing Young People from becoming a NEET statistic*, Department of Economics and CMO, University of Bristol

36 Swinney, P & Clayton, N. (2011) *Learning Curve*, London: Centre for Cities



New York, US – Harlem Children’s Zone (HCZ)³⁷

The Children’s Zone aims to break the poverty cycle in Harlem by getting children through education. The aim is to create a critical mass of people involved in the programme so that “children are surrounded by an enriching environment of college-oriented peers and supportive adults”. The presumption is that effective schools alone are insufficient to raise education attainment rates among children in poverty. The programme has expanded since its introduction in the 1970s and now serves over 10,000 children and 13,000 adults.

The programme’s services are structured to fit into a ‘pipeline’ that provides continuous support and reinforcement from 0 to 22 years old. Alongside the educational investments, community programmes include truancy prevention programmes; organising tenant associations, one-on-one counselling to families; foster care prevention programs; community centres; and an employment and technology centre that teaches job-related skills to teens and adults.

HCZ’s charter schools have high teacher to student ratios, longer days along with a broad range of extra-curricular activities, including programmes to discourage drug use and gang culture and counselling. Staff work with students to develop personal plans for further and higher education.

Researchers found that the programme had managed to completely close the racial educational attainment gap.³⁸ Modest estimates suggest that attending a Promise Academy charter school is associated with a 4.8 to 7.5 percent increase in earnings, 1.65 to 2.25 percent decrease in the probability of committing a property or violent crime, and 7.5 to 11.25 decrease in the probability of having a health disability.

HCZ’s success has drawn national attention. During the 2008 Presidential campaign, Barack Obama announced plans to replicate the programme in 20 cities across the US. Yet a number of researchers have since questioned whether community investment has appreciable effects on student achievement in schools in the US. A 2010 study examined the differences between students attending the charter schools and those not, and then those with and without access to the community programmes. It concludes: “High quality schools are enough to significantly increase academic achievement among the poor. Community programs appear neither necessary nor sufficient”.³⁹

37 For further information see www.hcz.org

38 Dobbie, W. and Fryer, R. (2010) Are High-Quality Schools Enough to Close the Achievement Gap? Evidence from the Harlem Children’s Zone, Harvard University

39. Dobbie, W. and Fryer, R. (2010) Are High-Quality Schools Enough to Close the Achievement Gap? Evidence from the Harlem Children’s Zone, Harvard University

While community investments may have positive impact, for cities seeking to improve educational attainment, these findings suggest it is important they focus on school performance first and foremost.



London, UK – The London Challenge⁴⁰

The London Challenge ran from 2003-2008 and aimed to break the link between deprivation and low educational standards. It initially ran in secondary schools, aiming to increase aspirations, improve teacher morale and teaching standards to improve exam results. From 2006 it expanded to include some primary schools. Central and local government and schools worked together to achieve the aims.

The programme was experimental and a wide range of new approaches were tried, including the appointment of Challenge advisors. These advisors were employed directly by the DfE and worked with schools to identify their weaknesses and develop and implement plans for improvement. The emphasis was on offering support to inspire existing teachers and to attract new staff to overcome London's teacher shortage, rather than naming and shaming 'failing' schools.

There was also a strong emphasis on the use of data and collaboration between high performing and low performing schools. Schools were encouraged to compare themselves to each other and identify possible reasons for variations.

Other initiatives included improving/updating school equipment and the London Student Pledge, which aimed to ensure that all students experienced a wide range of extra-curricular activities.

When the programme began, the performance of London schools was below the UK average. By 2006 Ofsted reported that attainment had risen faster in London than anywhere else and that a higher percentage of schools were judged "good" or "better" for overall effectiveness than in other regions. The London Challenge was also identified as a model that could be effective in other locations where school performance was a concern.

More recent research on London schools suggests that the improvements in London's primary schools in the last 1990s and 2000s mostly explain the improvement in GCSE attainment in London.⁴¹ This may be related to the National Literacy and Numeracy Strategies that were piloted in the capital, although more research is required to assess their importance. The research does find, however, that the London Challenge still has a positive effect after controlling for prior attainment and is likely to have helped sustain higher levels of achievement.

40 Hutchings, M. et al (2012) Evaluation of the City Challenge programme, Department for Education

41 Greaves, E., Macmillan, L. and Sibietta, L. (2014) Lessons from London schools for attainment gaps and social mobility, Social Mobility and Child Poverty Commission

Lesson 2: Partnerships between educational providers and employers can help young people to develop the skills employers want and promote career planning and aspirations among young people.

Independent, high-quality advice and guidance is critical to ensuring young people make successful transitions into work. There is also a need to raise awareness of vocational alternatives to university and academic qualifications. Ofsted carried out a review of the delivery of careers advice and guidance in schools since 2012, finding that three quarters provided an ineffective service. The report also highlighted the limited nature of the advice available when it comes to alternatives to university education.⁴² Schools need to engage with local employers, and advisers need to have access to good quality local and national labour market intelligence.

There is a growing body of evidence that suggests that vocational courses and higher-quality work-based learning programmes at secondary school age can lead to better labour market outcomes, whether pupils go on to university or not.⁴³ Evidence from evaluations of Careers Academies in the US suggest that integrating career awareness and development activities into school curricula can have significant, long-term impacts on individuals' earnings potential.



Cities throughout the US – Career Academies⁴⁴

Career Academies in the US aim to prepare young people to make successful transitions into post secondary education or employment. The Academies have three core components: small learning communities, academic and technical curricula combined around a career theme, and employer partnerships to provide work-based learning opportunities.

An evaluation⁴⁵ found the programme resulted in significant long-run wage impacts: young men who attended one of the Career Academies earned nearly \$30,000 more over the eight year period. While the Academies were found to have no impact on educational attainment, investment in career-related experiences were found to result in substantial and sustained improvements in labour market prospects. It is also one of only a few youth-focused interventions in the US that have been found to improve the labour market prospects of young men.

Case study 4

42 Ofsted (2013) *Going in the right direction? Careers guidance in schools from September 2012*, Ofsted

43 Kemple, J. (2008) *Career Academies: Long-term impacts on labour market outcomes, educational attainment, and transitions to adulthood*, MDRC

44 Kemple, J. (2008) *Career Academies: Long-term impacts on labour market outcomes, educational attainment, and transitions to adulthood*, MDRC

45 MDRC used a longitudinal random assignment evaluation assessing outcomes from nine schools across the US. The results are based on the experiences of more than 1,400 young people.

The researchers emphasise that it is difficult to attribute the impacts to a particular feature of Career Academies but preliminary findings suggests that “substantial increases in students’ exposure to career awareness and development activities were associated with more substantial labour market impacts”. Career awareness and development activities included: job shadowing, work-based learning activities, career fairs, guest speakers and career-related guidance. The study demonstrates that it is possible to accomplish “the goals of school-to-career and career-technical education without compromising academic goals”.

Concerns have also been raised about the overall number and quality of apprenticeships available. More emphasis is being placed on vocational qualifications and apprenticeships with a clearer route into the labour market for those not planning on going to university, also helping to reduce skills mismatch. Yet, the Government’s annual survey found that 20 per cent of apprentices were not receiving training either on-the-job or off-the-job, 5 per cent were not paid and 20 per cent received less than the National Minimum Wage.⁴⁶ In addition, between 2011/12 and 2012/13 there was a fall in the number of under 19 year olds starting apprenticeships.⁴⁷

The London Apprenticeship Campaign, launched in 2010, aimed to establish more apprenticeship frameworks outside the traditional apprenticeship sectors and in growth sectors which dominate the local economy. The campaign worked closely with private sector employers to boost the number of placements available in the capital. The model, however, has faced criticism for producing low quality apprenticeships and acting as a mechanism for incumbent employee training rather than one to ease the transition for young people from education to the workplace.⁴⁸ Comparison with the German system, along with local consultation, identified a number of factors that could have led to more positive outcomes for young people:

- Subsidising travel for 16 to 18 year olds on the apprenticeship wage, as the cost of transport is a possible disincentive to completion;
- Improving the reputation of apprenticeships to prevent them from being seen as a last chance for poor school performers;
- Improving the quality of apprenticeships so they provide more opportunities to progress from an apprenticeship to further and higher education, university and middle management roles and higher.

The experience of the partners in North Rhine-Westphalia is an example of how local partners can work together to offer vocational training to young people.

46 Higton, J. and Colahan, M. (2013) *Follow-up Research: Apprentices’ Pay, Training and Working Hours*, BIS

47 Mirza-Davies, J. (2014) *Apprenticeship Statistics*, House of Commons Library

48 Evans, S. and Bosch, G. (2012) *Apprenticeships in London: Boosting Skills in a City Economy with Comment on Lessons from Germany*, OECD



North Rhine-Westphalia (NRW),⁴⁹ Germany – Local Training Pacts for Vocational Training⁵⁰

Local partners in NRW, including unions, employer umbrella organisations, chambers, ministries, the state employment office, and county and municipal representative organisations, agreed a ‘Training Consensus’ for vocational training in 2011. The aim was to offer a training contract to every school leaver with the necessary general skills looking for an apprenticeship. Partners work together to:

- Provide training in a recognised qualification for those who do not find an apprenticeship;
- Improve career guidance in schools;
- Provide internships for pupils;
- Offer competence assessments to school leavers;
- Offer the possibility of acquiring university entrance qualifications in vocational schools.

The aim of the ‘Training Consensus’ is to use existing programmes more effectively – there is no additional financing for the pact. A regional consultancy agency, financed by the state, advises and monitors the pact. It is viewed as a good way to involve unions and employer representatives, and to ensure strong employer representation.

Case study...

49 North Rhine-Westphalia (NRW) in West Germany is the country’s most populous state and contains four of Germany’s largest cities – Cologne, Dusseldorf, Dortmund, Essen

50 Evans, S. and Bosch, G. (2012) *Apprenticeships in London: Boosting Skills in a City Economy with Comment on Lessons from Germany*, OECD

Lesson 3: Strong partnership with employers means young people are more likely to develop the skills employers want and employers are more likely to recruit programme participants.

Local shortages for certain types of skilled labour can be overcome through collaboration with employers and training providers. The REVIT programme in Rotterdam provides an example where local partners have successfully engaged with local employers to provide opportunities for unqualified young people in response to replacement demand.

Case study...



Rotterdam, Netherlands – REVIT (Dutch acronym for re-energize)⁵¹

Rotterdam's port provides jobs for approximately 90,000 people and due to growth and an ageing workforce demand for new personnel is rising. Employers foresaw a significant problem in recruiting young people equipped with the necessary skills to do the job in coming years. In response, the port in partnership with DAAD (the regional employers service desk) and the Shipping and Transport College, developed a training scheme in 2008.

The training offers young people without any qualifications the opportunity to secure paid employment by completing an apprenticeship. Over 40 weeks, candidates work four days a week, and spend one day a week attending the Shipping and Transport College. Candidates receive an apprentice fee from the employer for the first 16 weeks (which is higher than social welfare payments), after which they are offered a contract for at least 12 months.

The companies involved pay for the necessary equipment and provide guidance on the work floor. The project is funded by the stakeholders involved, with 60 per cent provided by the City of Rotterdam, 20 per cent by employers and 20 per cent by the Shipping and Transport College.

On average, 75 per cent of participants successfully complete the course and of these successful candidates, 80 per cent proceed to train as all round operators. The project resulted in around 500 young people being employed in the Rotterdam port in 2010 and 2011.

⁵¹ Ivares, B. et al (2012) Report from Rotterdam: 'Revit, Stockholms stad

Lesson 4: Targeted intervention can lead to better outcomes. And different approaches are required for those that are ‘disengaged youth’ vs ‘work ready’.

The most disengaged young people generally face many barriers to work and education, and, therefore, need holistic and intensive one-to-one support. Experts have suggested that the Government sets out different approaches for different unemployment groups.⁵² Young people who are ‘work ready’ are likely to be able to look for employment with little support and take-up employment immediately, whereas ‘disengaged youth’ are more likely to need intensive support that addresses a range of different barriers to employment. Targeted support for the most disengaged tends to be regarded as the most effective way to tackle high youth unemployment and inactivity.⁵³ Targeted support often requires outreach work to engage with young people furthest away from the labour market. The experience in Antwerp with the Youth Competence Centres suggests that outreach and engagement is most effective when counsellors have excellent local knowledge and networks.



Antwerp, Belgium – Youth Competence Centres (YCC)⁵⁴

In 2004, Antwerp set up three Youth Competence Centres that focused on diminishing the negative consequences of dropping out of school. The Centres were open to all young people but focused on 16 to 25 year olds in a vulnerable socio-cultural or socio-economic situation.

Outreach was an important part of the YCC success. The Centres trained counsellors and sent them out into local communities to meet young people not in employment, education or training. Counsellors aimed to build relationships with these young people and provided them with advice on applying for a job or course and helped them identify which courses matched their interests. These young people were also encouraged to visit the Centre itself for further advice.

Data from 2010 shows that of the 129 young people that received intensive coaching, 41 per cent found a job, 16 per cent started a training course and 26 per cent returned to education. In total, 83 per cent achieved either an employment or training outcome. However, of those who moved into employment, 70 per cent were on temporary work contracts.

The Flemish Employment Service noted the importance of hiring counsellors who themselves already had excellent local knowledge of disengaged youth hotspots and existing contacts

Case study...

52 Gregg, P. (2008) *Realising Potential: A Vision for Personalised Conditionality and Support*, The Stationary Office

53 Nelson, J. and O'Donnell, L. (2012) *Approaches to supporting young people not in education, employment or training – a review*, National Foundation for Educational Research

54 Froy, F. and L. Pyne (2011), “Ensuring Labour Market Success for Ethnic Minority and Immigrant Youth”, OECD Local Economic and Employment Development (LEED) Working Papers, 2011/09, OECD Publishing

with young people in order to be able to gain the trust and respect of the target group. Counsellors also need a thorough understanding of existing provision for young people, including employment programmes and the education system. These factors were found to explain differences in outcomes amongst the Centres and emphasise the importance of putting resource into counsellors' training and coaching.

Lesson 5: Tailored, continuous support can re-engage young people and help ensure they complete their qualification or course, or stay in employment.

A number of evaluations, both national and local level, have discovered that even projects that have high success rates in moving young people into some form of activity often don't move a large proportion into sustained activity.⁵⁵ This may be because jobs are offered on a temporary basis only or because, even if full-time jobs are found, young people with multiple barriers to work find it difficult to remain in employment. This suggests some young people need continued support even after finding work. This was an important feature of the types of intervention employed in the Harlem Children's Zone (discussed earlier in this report) and as part of the BladeRunners programme in Vancouver.

Case study...



Vancouver, Canada – BladeRunners⁵⁶

BladeRunners is an employment programme that helps 15-30 year olds with multiple barriers to employment find careers. The programme offers a training programme to prepare young people for job placements and 24 hour, 7 days a week support, as participants typically experienced problems outside working hours. The programme is funded primarily through provincial and federal government and agencies delivering the program have to obtain 'matched' funding.

BladeRunners began in Vancouver in 1994 in the construction industry and as a result of its success expanded to other areas in British Columbia and into other sectors, including customer service and multi-media production. Around 75 per cent of participants complete the training and gain employment.

Employer engagement is a key element of the programme. In order to find jobs for participants and establish links with firms, coordinators go out into the community and 'sell' the program to potential employers. Employers are not expected to enter into formal agreements beyond taking on a participant if they wish and are expected to treat them as any other employee.

55 National Audit Office (2007) Sustainable employment: supporting people to stay in work and advance, NAO

56 Molgat, M. (2013) Bladerunners Building Partnerships To Support The Long-Term Employment Of Disadvantaged Young People, WAPES World Conference on Long-Term Unemployment in conjunction with the NASWA Winter Policy Forum

The programme also devotes a lot of time to help participants overcome the barriers beyond skills/qualifications that are preventing them from finding and keeping a job, such as substance misuse, homelessness, transportation costs and legal issues. Coordinators all have strong knowledge of what support is available in their communities and refer participants to the appropriate resource. It provides breakfast and lunch, living allowances, travel tickets, tools, equipment and work gear to participants during training.

Support workers maintain contact through employment, which is cited as one of the significant factors contributing to the success of the programme. On the first day of work, a BladeRunners coordinator will bring the participant to the construction site and introduce him or her to the foreman, contractor or tradesperson, and to other BladeRunners. Over subsequent days, the coordinator will return to the site to ensure that all are satisfied with the placement. All those who start the programme can receive support up till they reach 31. As such, even if a participant comes back two years after receiving their initial training, BladeRunners will still provide them with job leads.

Flexible or innovative scheduling may be appropriate to help engage some individuals. Partners in North Rhine-Westphalia established the Third Way in Vocational Training Initiative offering young adults the opportunity to re-enter the education system and attend individually tailored vocational training programmes. Flexibility was an important component of ensuring young people stayed in employment.



Case study...

NRW, Germany – Third Way in Vocational Training Initiative⁵⁷

A growing number of youths in NRW with no or poor school qualifications were failing to complete vocational training courses and acquire recognised qualifications. The Third Way in Vocational Training Initiative (TWVTI) began as a pilot in 2006 involving 800 youths, offering a more flexible vocational training scheme.

The scheme worked with local colleges to adapt their traditional vocational training courses into a series of flexible modules. Under the trial, all youths who withdraw from their training are able to re-enter the learning process within a period of up to five years and to acquire a recognised certificate for the competencies gained successfully up to that point.

The initiative has identified that it is necessary to work continuously in very small groups in order to achieve noticeable learning progress. Integration in higher performing groups within vocational colleges usually ends in failure after a short while.

Lesson 6: Interventions are more likely to be effective if a coherent package of measures is in place to address the multiple barriers to work that young people may face.

The complexity of the system can lead to confusion by young people and businesses about what support is available. The UK Commission's (2010) report on the Employer Perspectives Survey found that awareness of schemes focused on young people was very low, with only 15 per cent of employers citing awareness of the Young Person's Guarantee and just over 53 per cent citing an awareness of apprenticeships.

Effective programmes provide access to a variety of support services. A programme that "fails to consider the need for supportive services may have low completion rates and fail for that reason alone". Interventions may, for example, include transport schemes such as in Nottingham, where the City Council co-funded 2,500 transport passes for post-16 learners to attend city colleges and training institutes.⁵⁸ eXplore in East Riding noted that reduced cost transport schemes were a crucial element in enabling young people to take part in their programme.⁵⁹

Collaboration at the local level can create a more coherent package of measures for young people and help improve young people's access to support. This requires good data sharing between agencies and a well-coordinated multi-agency response. Three separate central government departments have responsibility for young people – the Department for Business, Innovation and Skills (BIS), the Department for Education (DfE) and the Department for Work and Pensions (DWP) – resulting in numerous separate programmes and initiatives aimed to keep young people in school, move them back into education or training and assist them with finding employment. Initiatives are also ended and replaced with new initiatives frequently, for example the abolition of the Education Maintenance Allowance (EMA) in England and introduction of bursaries to help pay for essential education-related costs.⁶⁰

One-stop-shops are an approach being used to overcome the variety of organisations offering advice. In an attempt to reduce the number of disengaged young people, Hertfordshire is combining various advice centres under one roof. Young people are able to obtain advice on employment, education, volunteering, finance, drugs, health and housing from one organisation. This approach has been linked to a fall in the number of young people in the areas becoming disengaged from the labour market.

58 See <http://www.onenottingham.org.uk/CHttpHandler.ashx?id=32558&p=0> for further information

59 Young People's Learning Agency (2011) Improving outcomes for disadvantaged young people

60 Further information available here <https://www.gov.uk/1619-bursary-fund>



Hertfordshire, UK – Youth Connexions

One stop shops have been established in Hertfordshire where local partners come together to deliver a wide range of services for young people. These include guidance on education, work, training and volunteering, advice on drugs, finance, health and housing.

All provision is planned against a single five stage offer:

- 1.** Tracking and contacting young people;
- 2.** Assessing their needs;
- 3.** Allocating a case worker and agreeing personalised action plans building a mix of personal, educational and employability skills;
- 4.** Referring onto training or support for work;
- 5.** Sustained participation with ongoing support and review with case worker.

Youth Connexions works with training providers and employers through the Herts Provider Network and Hertfordshire Chambers of Commerce to identify progression routes and secure work experience placements. The council is also working with providers to offer support to employers taking on apprentices from disadvantaged groups.

The approach has resulted in a range of positive outcomes. During recession, the number of disengaged young people has dropped from 1,368 in 2010 to 1,087 in 2012. Within one year to June 2012 the number of young people leaving care and becoming disengaged has fallen from 26 per cent to 17 per cent, young offenders from 26 per cent to 22 per cent, young people with learning disabilities from 11 per cent to 9 per cent, and young people from deprived areas from 9 per cent to 7.5 per cent.

Case study...

Lesson 7: Intelligence and evaluation is crucial in effective design and delivery of programmes.

Evaluations have found that the most effective programmes generally have a good understanding of the local labour market.⁶¹ Labour market intelligence is often gathered through assessment of the local job market or by maintaining stable links with employers. Partners need national-level intelligence coupled with knowledge of local opportunities available. Effective design and delivery also requires understanding of the hiring practices of local employers. It is generally important to place young people in quality jobs with opportunities for progression and good wages, as job outcomes are more likely to be sustainable.

Tracking individuals is also an important part of ensuring services are targeting disengaged young people and monitoring the effectiveness of interventions. Local authorities have responsibility for tracking individuals. In 2013, the activity of an average of 4 per cent of 16 and 17 year olds was unknown, rising to 22 per cent in some authorities.⁶² Brighton and Hove use social media to track young people as part of their Youth Employability Service.

Case study...



Brighton, UK – Youth Employability Service (YES)⁶³

In 2011, Brighton and Hove City Council established the Youth Employability Service (YES) to re-engage 16-18 year old NEETs. The service provides free information, advice and guidance on employment and training opportunities and access to benefit payments. It also offers assistance with CV writing, job searching, completing application forms and interview preparation and provides support to young people as they are settling into new roles. The service has a number of drop-in centres across the city and uses social media, such as Facebook and Youtube, to share information. The service providers have also developed an app so that users can access information via their mobile phones.

In a year and a half it has reduced the number of disengaged young people from 10 per cent to 6.6 per cent. The programme's success has been attributed to several factors, including: strong links with training providers, employers, Jobcentre Plus⁶⁴ and the

61 Grubb, W. N. (1999) Grubb, W. N. (1999) 'Lessons from Education and Training for Youth: Five Precepts', *Preparing Youth for the 21st Century: The Transition from Education to the Labour Market*, Paris: Organisation for Economic Cooperation and Development

62 Department for Education (2014) *Participation in education and training by local authority*, available via www.gov.uk/government/publications/participation-in-education-and-training-by-local-authority

63 http://www.local.gov.uk/c/document_library/get_file?uuid=a571cac1-b8a4-4858-8039-b9bf5b0d2e9b&groupId=10180

64 Young people signing on for JSA must agree a contract to maintain contact with their YES adviser, who attends some joint reviews with JCP at eight weeks and beyond.

National Apprenticeship Service; input on how to improve the service from young people via the Youth Employability Panel; engagement via social media; and the monthly mapping of local provision.

The service prioritises the tracking of all young people to keep the numbers of ‘unknowns’ low and offer disengaged young people an adviser to provide tailored support. Social media platforms are not only used to communicate with clients and promote the service but also to track young people. It has enabled the service to contact young people they would not normally be able to reach. In 2011/12 the situation of 12.8 per cent of young people was not known; in 2012/13 this had dropped to 4.8 per cent.⁶⁵

The council plans to increase support to more vulnerable learners with agreements to work closely with YMCA Supported Housing, housing associations, stronger family services, and Family Nurse Partnership practitioners.⁶⁶

The effectiveness of programmes is dependent on monitoring and robust evaluation.

Evaluations of local programmes are scarce and where evaluations are available they are often limited, infrequently looking beyond the number of participants that move into employment, education or training when leaving the programme.⁶⁷ There is typically little to no information collected on how many of these participants could have been expected to move into work, training or education without the programme, how long participants actually remain in work or if they successfully complete their education or training. As such it is difficult to determine the most effective approaches. The most effective programmes internationally collect outcome data to redesign and improve interventions.

65 Local Government Association (2013) *Tracking Young People*, LGA

66 Local Government Association (2013) *Hidden talents II: re-engaging young people, the local offer*, LGA

67 Green, A.; Atfield, G.; Adam, D. (2013) 'Local worklessness policy analysis case studies', DWP Research Report No. 844, DWP Research Report No. 844

Lesson 8: Greater flexibility at local level can deliver greater efficiencies and better outcomes for young people.

Reductions in ring-fencing and individual targets can lead to greater efficiencies and better outcomes, as demonstrated by the Total Place and Community Budget pilots.

Since the early 1990s, there have been a number of initiatives to join up or pool budgets between local authorities and other public sector bodies.⁶⁸ Total Place, introduced by the last Government in 2009, set out to map all local public expenditure and identify how services could be better aligned. The pilot in Worcestershire aimed specifically to reduce the number of NEETs in the area.

Case study...



Worcestershire, UK – Total Place Pilot

The Worcestershire Total Place project aimed to reduce the number of young people (16 to 24 years old) NEET, which stood at 9 per cent in 2010.⁶⁹ With at least 24 separate local organisations and agencies linked to the agenda, the first step was to establish contact and develop relationships between them to begin providing a more efficient and integrated service. It was estimated that the annual expenditure involved with tackling NEETs exceeded £8 million; with £400,000 spent on administration.⁷⁰

The project team engaged with young people, local agencies, DfE and DWP to develop a new, more integrated approach. It found that young people were confused by the system of support offered to them and needed better information about what is on offer and why it is worth their while to engage. It also found that payment by *outputs* rather than *outcomes* had some negative results. For example, young people were being sent on courses/training at the same level they had previously completed, as it provided training providers with ongoing income.

The pilot proposed establishing a single commissioning process, sharing data between agencies (including DWP) and the introduction of longer term planning with young people when they first become NEET. It also encouraged local employers to raise aspirations through introducing mentoring and business learning schemes into schools and colleges.

It was estimated that having a single integrated service would reduce the numbers of NEET young people and lead to savings of around £2.5 million a year. This includes administrative cost savings, as well as a fall in unemployment support costs.

68 Previous similar initiatives include Local Area Agreements (LAAs), Multi-Area Agreements (MAAs) and the Total Place pilots.

69 Worcestershire Partnership (2010) Report of the Worcestershire Total Place Pilot

70 This excludes any JSA and Job Centre costs.

Community Budgets were launched by the current Government in 2011 with a similar aim. The Budgets aimed to make better use of the totality of public spending in a particular area by breaking down silos formed around different policy and government functions to focus spending on people and areas. The idea was to take a whole systems approach rather than focus on discrete services. Initially it was suggested that local partners involved in the 14 neighbourhood pilots and four ‘Whole Place’ pilots would work together to use a ‘single pot’ of funding. In practice the pilot areas developed business cases focusing on different interventions, initially piloted as part of the ‘Troubled Families’ programme but expanded to cover a diverse array of intended outcomes.⁷¹

Individuals involved in the projects stated that data sharing, particularly from central government, was an important part of the process – and that more data would need to be shared for better outcomes. Others stressed the importance of maintaining a ‘whole system approach’ to avoid new silos being created around target groups.⁷² An evaluation by the National Audit Office (NAO) stated that joint working between local people, the lead authority and central government was seen as “a successful and vital element of the pilot”.⁷³ It also stated that the true scale of potential savings (estimated at £9.4 billion and £20.6 billion over five years)⁷⁴ will only be realised if the plans are implemented, and robustly evaluated.



Tri-London boroughs, UK – Community Budget pilot⁷⁵

The three authorities focused their attention in the Community Budget pilot on issues where state expenditure and costs are highest. The aim was to deliver efficiencies, reduce duplication and drive down demand across the public sector through better joined up working between agencies.

As part of this, the partners aimed to improve school to work transitions by creating a simple and coherent vocational pathway. Partners planned to ensure young people had the information to make sound choices about learning and employment by incentivising schools to provide employability support (advice, training and work experience). Partners have a local commitment to pilot an Employability Programme in six Tri-borough schools, to be funded jointly by local authorities, DWP and local schools and co-designed with

Case study...

71 The government rolled out the Troubled Families payment-by-results scheme to all local authorities in 2012. This is managed separately to other Community Budget pilots through the Troubled Families Unit.

72 <http://communitybudgets.org.uk/>

73 Sandford, M. (2014) Community Budgets and City Deals, House of Commons Library

74 Ernst and Young (2013) *Whole Place Community Budgets: A Review of the potential for aggregation*, Ernst and Young LLP

75 The Tri-London boroughs are Hammersmith & Fulham, Kensington and Chelsea, and the City of Westminster.

schools, colleges, businesses, and the Greater London Authority. The plan is to run a small two-year pilot programme in a small number of schools with a predicted cost of £320,000. The proposal also sets out plans to strengthen the link between vocational skills funding and sustainable employment by increasing the proportion of funding paid for employment results, and streamlining and simplifying help for young people disengaged from work and learning.

Partners have identified a target population of 4,700 young people who are out of work and 3,500 young people to be given additional employability support in secondary school. Their analysis suggests that the pilot in six schools would generate savings to public services of £1.5 to 2.5 million per annum and around £6 to 10 million per annum if rolled out across all schools in the Tri-borough area.

Conclusions

More local flexibility in the design and implementation of policies to address youth unemployment can deliver greater efficiencies and better outcomes for young people. Different cities will require different policies to effectively address the core issues they face. They are also more likely to have a good grasp of the barriers young people face in the city, how to target the most disengaged, what training and employment opportunities are available and which organisations are best placed to deal with them. Local organisations are better placed to build relationships with young people, employers and education facilities and so provide a joined-up approach to tackling disengagement and unemployment, as is increasingly recognised by government policy.

The report draws out a number of lessons from initiatives run in cities around the world and highlights the importance of: preventive measures; strong partnerships between local institutions and employers; targeted intervention; tailored and continuous support; a coherent package of measures; quality labour market intelligence and robust evaluation. Policies to promote strong and sustainable growth are a vital part of improving employment prospects for young people – so that there are more and better job opportunities available. There is no one definitive approach to any of this and there are no quick fixes.

Enabling cities to respond and build strong partnerships

National Government should ensure local partners (including voluntary organisations working with young people and strategic bodies such as Local Enterprise Partnerships) have access to long-term funding to create greater certainty for local programmes. Local partners need greater flexibility to respond to the needs of their local labour market. City Deals and the creation of a Single Local Growth Fund (SLGF) mark a step forward towards greater devolution but processes have been fragmented and the SLGF is substantially smaller than the £49 billion that Heseltine recommended. Central government needs to further devolve funding to local authorities, who in turn need to devolve it to organisations working with young people, with all levels of government ensuring they can provide local partners with longer term certainty about funding, which helps to ensure programmes and support can be sustained over the longer term.

National Government should enable local public service providers to coordinate support for young people by pulling together services in a way that works for individuals. Implementation of the Community Budgets would allow partners to join services up around young people to support them into sustainable employment. The approach is also estimated to lead to significant savings – potentially up to £20 billion. The scale of benefits will only be realised if the Budgets are implemented and properly evaluated. Budget holders should also be able to retain savings and reinvest them locally, rather than seeing them siphoned back to Whitehall spending departments. Government departments also need to commit to sharing more data as part of this.

The Department for Work and Pensions should devolve commissioning of the Youth Contract and Work Programme to cities post-2016. Councils⁷⁶ that have had responsibility for delivering the Youth Contract have demonstrated their ability to produce better results compared to national providers. Devolving the Work Programme to city level would allow local partners to embed services in the wider institutional system with a city, joining up with other local employment support providers and employers.

Evaluating impact and sharing best practice

Local partners need to invest in robust assessment and evaluation of programmes to understand what works. There is a crucial need to improve the evaluation of youth unemployment interventions in order to improve existing programmes and to establish what works. This needs to involve tracking participants after they have left the programme to determine if they experience future unemployment spells. A programme that worked in one locality will not necessarily work in another and it can be difficult to replicate past success. More work needs to be done to understand the impact of specific components or features of different programmes, as demonstrated by the Harlem Children's Zone and Career Academies case studies. Good national and sub-national networks should be in place to identify and share best practice between providers, cities and other stakeholders.

76 Liverpool, Leeds-Bradford-Wakefield, and Newcastle-Gateshead)

Authors

Naomi is a Senior Analyst at Centre for Cities
n.clayton@centreforcities.org / 020 7803 4314

Maire Williams is a Researcher at Centre for Cities
m.williams@centreforcities.org / 020 7803 4317

Acknowledgements

Centre for Cities would like to thank Leeds City Region Enterprise Partnership for their financial support that made this report possible.

The authors would like to thank the following individuals who provided opinion, comment and support for on this research: Michelle Anderson, Leeds City Council; Andrew Barnes, Birmingham City Council; Heather Barraclough, West Yorkshire DWP; Gary Blake, Voluntary Action Leeds; Stephanie Burras, Employment & Skills Board; Rosie Cantrell, Babcock International; James Curran, NYBEP; Julia Davies, DWP; Rebecca Gamble, Barnsley MDC; Mark Goldstone, Leeds, York and North Yorkshire Chamber of Commerce; Anne Green, University of Warwick; Paul Gregg, University of Bath; Nigel Guy, Leeds City Region Enterprise Partnership; Christine Harrison, York Training Services; James Hopton, Leeds City Region Enterprise Partnership; Peter Ingham, Bradford MDC; Julia Massey, Learning City York; Cath O'Grady, Learning Partnerships; Andrew Rodney, Calderdale College; Andrea Weir, Wakefield Council; Peter Wells, Sheffield Hallam University.

All views expressed in this report are those of the Centre for Cities and do not necessarily represent the views of those we interviewed. All mistakes are the authors' own.



August 2014

Centre for Cities
Enterprise House
59 - 65 Upper Ground
London SE1 9PQ

020 7803 4300
info@centreforcities.org

www.centreforcities.org

© Centre for Cities 2014



Supported by Leeds City Region
Enterprise Partnership

Centre for Cities is a registered charity (No 1119841) and a company
limited by guarantee registered in England (No 6215397)