

<b>Item No.</b> 19.	<b>Classification:</b> Open	<b>Date:</b> 22 March 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Youth Employment Fund	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Peter John, Leader of the Council	

### **FOREWORD - COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL**

1. In June 2010 we set out our ambition to build a fairer future for all in Southwark, noting that too many of our young people have not been able to access the employment and social opportunities that living in the heart of London should offer. This is unfair. Unlocking those talents and realising that potential, with nobody left behind, is what we are about as a council.
2. We are still feeling the impacts of the recession in Southwark, unemployment is still rising and we are dealing with unprecedented cuts across the public sector. As a Council we are concerned about the impact this will have on our young people. That is why we have agreed to establish a Youth Fund and have set aside £1m a year for the next three years to support young people in Southwark. This is an essential step to mitigate the loss of the Educational Maintenance Allowance received by 16 – 18 year olds in full-time education and the Government's decision to allow university tuition fees to increase from their current level of £3,000 per annum to £9,000 per annum.
3. At the same time record youth unemployment means we must take additional action to help young people get a foot on the jobs ladder. What we are learning is that some are normally thinking of applying for university or staying in full time education have grave concerns about the amount of debt they risk taking on and their job prospects at the end of their studies.
4. For this reason we have asked officers to design a series of projects that invest in helping young people to be as competitive as possible in this recession. These projects will make it possible for more of our young people to realise their potential through the right route for them, such as staying in full-time education, going to university and getting the jobs and career opportunities they deserve.
5. This is not only an investment in young people and their job prospects, but a step to ward off the damaging effects of the recession for a generation that needs to gain the skills, experience and resilience to come through it.

## RECOMMENDATIONS

6. That the Youth Fund is delivered through the following three initiatives:
  - **Financial assistance fund for young people aged 16-18 in learning.** An allocation of £600,000 per year for the next three years to be used to provide resources such as books, equipment and travel costs for those young Southwark residents aged 16-18, in full-time education, who would have previously benefited from the Education Maintenance Allowance.
  - **Employment support for young people aged 16-19 leaving education.** An allocation of £350,000 per year for three years to provide young people in Southwark with employment support to assist the transition between secondary education and work, assist access into employment and enhance vocational learning.
  - **Financial support with university and future employment.** An allocation of up to £50,000 per year for the next three years to support young people age 18 years and over who have gained a University place but may find this difficult due to financial restraints. This will include offering paid internships in university holidays and some course require placements..

## BACKGROUND INFORMATION

7. On the 15th February 2011 the Cabinet resolved: "That it be noted that £1m will be allocated each year for the duration of the three year budget to support young people, in particular for the mitigation of the high youth unemployment in the borough and the impact of the removal of education maintenance allowances. The detailed proposals to support this resource will be presented to cabinet for approval at the meeting on 22 March 2011."
8. Youth unemployment and the removal of EMA affect large numbers of young people in Southwark, with currently 3,700 16-18 years olds receiving EMA and 2,200 18-24 year olds claiming JSA.
9. This report reviews the strategic arguments relating to potential additional support for the 16-24 age groups through the Youth Fund, as noted by Cabinet on 15th February.
10. It recommends that the resources being made available through the Youth Fund are concentrated where they can make significant difference to services and support to young people, either through strengthening current delivery or enabling existing services to work more effectively.

### Strategic considerations 16-18 age group

11. LSP Board research indicated some key gaps in service connectivity and continuity at critical transition points in young people's movement through education provision and into employment. The movement of the Connexions service back into the local authority represents an opportunity to re-shape this provision to address some of these findings.

12. Financial inclusion is a significant issue for young people in full time education currently receiving EMA. Research into the impact of removal of EMA suggests that around a third of students in Southwark expect to leave college when EMA is withdrawn and that very few have part-time jobs.

### **Strategic considerations 18-24 age group**

13. The significant majority (80%) of 18-24 year old JSA claimants claim for less than 6 months. Successive governments have focused welfare to work provision on this group and although there is an increase, long term youth unemployment is relatively low: However the impacts of long-term unemployment on the lives of young people are significant and this group remains one of the hardest to help into work. Targeted interventions to help prevent long-term unemployment among young people therefore remain a priority. The most important time to intervene is at the earliest possible stage.
14. The Single Work Programme is intended to provide intensive, mandatory support for all 18-24 year old JSA claimants from 9 months into their claim. Young people not in employment, education or training and other disadvantaged groups may be fast-tracked. Additional pre-Work Programme support is also being resourced for this group by DWP, including work experience and self-employment options and some mandatory work activity for targeted claimants. However there are potential issues in year one (2011/12) with the transition period between Flexible New Deal and the Single Work Programme leading to a temporarily reduced level of service. Therefore, the Youth Fund should not duplicate this offer, but a smaller sum be set aside to target 18 year olds who are finding it hard to gain employment, and a slightly older group who need support to be competitive in the job market when they leave university.
15. Young people who receive financial support (aged 16 to 18) now experiencing significant hardship due to withdrawal of EMA may consider not entering higher education. Extensive consultation with Youth Council and Speakerbox has identified that young people need to be convinced that going to university will help them into employment.
16. It is considered that providing internships to these young people alongside their academy studies will provide a more attractive route to employment. The council will be a major sponsor for the provision of internships in areas such as: Planning, Revenue & Benefits, Emergency Planning, Information Technology, Environmental Services and Housing. In addition, the council will seek to ensure that this initiative is supported by our partners and contractors. These internships will be paid employment in work areas across the Council and with our contractors.
17. The proposal is divided into three workstreams. Based on current statistical analysis available it would suggest that these workstreams will positively contribute to the current position. To ensure that this is the case an implementation and evaluation process will be in place to capture feedback against the desired outcomes. Given this financial support is time limited these three projects ensure an exit strategy that does not require further funding.
18. Young people at Southwark College were consulted as to their views as to the likely impact of the removal of EMA. 93 students who are currently in receipt of the allowance completed a questionnaire. Over 90% said that the loss of the

grant would impact on their studies with 40% reporting that they would not be able to complete their studies without this assistance.

## **KEY ISSUES FOR CONSIDERATION**

### **Policy implications**

19. The essential features to recognise are:

- The purpose of this proposal is to try and ensure that the substantial progress that has been made in improving retention and achievement among 16-18 year olds in Southwark is not reversed by the abolition of the Educational Maintenance Allowance (EMA) and the rising level of youth unemployment.
- The Youth Fund will reinforce existing Council policies and priorities to reduce the level of 16-18 year olds in Southwark who are not in employment, education or training and continue the trend to reduce that target group.
- The Youth Fund also aims to help to sustain the improvements in recent years in examination results in Southwark schools at 16-18 which improved particularly dramatically in 2010, by supporting students who need to purchase equipment or travel to educational institutes outside the borough providing specific learning courses.
- The funds are to mitigate the impact of the abolition of EMA. However, this is only a fraction of what was available to Southwark residents under EMA but will be targeted at those learners as an incentive to remain in education after the age of 16.
- Funding for this policy has been committed for three years and at the end of that period the new Government policy of requiring 16-18 year olds to remain in education or training until 18 will have been implemented.
- The three workstreams require planned exit strategies as these are time limited funds.

### **Community impact statement**

20. This proposal is to encourage 16 to 18 year olds remain in education. This is particularly pertinent to those young people who received EMA in their first year and may not receive this in their second (final) year of study.
21. These workstreams may encourage more young people who are facing financial difficulties to remain in education or find employment.
22. These workstreams are designed to reduce unemployment, particularly long-term unemployment, for 18-24 year olds at a time when young people in Southwark are dis-proportionately affected by rising unemployment, and an increasingly competitive labour market and a shortage of vacancies particularly at entry-level..

23. These workstreams will also compliment existing provision for young people in Southwark, provided by the council and other agencies.
24. The Youth Fund is specifically for Southwark residents. Students currently claiming EMA are studying the full range of academic and vocational courses offered post sixteen.

### **Resource implications**

25. A fund of £1m per year has been allocated in the base budget for the next three years.
26. This fund will be allocated, managed, monitored and audited.
27. Each workstream will be allocated to a named officer who will be the budget holder.
28. There are no capital resources.
29. There are no legal restrictions associated with the provision of internships. Internships also provide the student with an employment reference.
30. The budget that supports young people receiving funds to support their studies will have clear application criteria and checks to ensure this is done fairly and transparently.

### **Consultation**

31. Consultation has taken place with young people via the Youth and School Councils and it is clear that there is a strong preference for support that promotes employment opportunities.
32. Schools and academies will be consulted through existing channels such as 14-19 Partnership meetings to help ensure we are properly targeting those in need.
33. Early consultation with Jobcentre Plus has already taken place and they welcome any initiative that contributes to tackling unemployment.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Strategic Director of Communities, Law & Governance**

To follow.

#### **Finance Director**

To follow.

### **REASONS FOR URGENCY**

34. Yr 11 students (age 16 year olds) will be starting study leave around Easter time. These young people will be the primary target group for the project from September 2011. Failure to engage with them through their schools could mean that they will not be fully briefed as to the potential benefits available

through this scheme. This could have a negative impact on recruitment for our schools and colleges for post 16 courses.

35. To meet the required outcomes of the Youth Fund initiative the scheme will need to be fully embedded into established governance and administrative arrangements before September 2011.
36. A decision on the workstreams and their applications will be required at this time in order to enable appropriate lead-in time for the engagement of supportive resources and council's partner's contributions, effective communications with the target groups and establishment of the detailed administrative systems to support effective delivery.

### **REASONS FOR LATENESS**

37. This report has required the coordination of inputs from a number of council departments with relatively short notice, and the issues involved are complex. Analysis and information gathering needed to be detailed in order to ensure that recommendations are robust and have the maximum impact.
38. The final version of the report required up to date information from both members and officers on the day of the deadline. A final report was available by the end of day on 14<sup>th</sup> March 2011, but unfortunately did not meet the agenda despatch deadline earlier that day.

### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
None		

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Peter John, Leader of the Council	
<b>Lead Officer</b>	Annie Shepperd, Chief Executive	
<b>Report Author</b>	John Howard, Karen O'Keefe and Darren Coghlan	
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<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	No
Finance Director	Yes	No
<b>Cabinet Member</b>	Yes	Yes
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