

# **THE WORK AND PENSIONS COMMITTEE INQUIRY INTO YOUTH UNEMPLOYMENT AND THE FUTURE JOBS FUND**

## **JOINT MEMORANDUM OF EVIDENCE FROM THE CHIEF ECONOMIC DEVELOPMENT OFFICERS SOCIETY (CEDOS) & THE ASSOCIATION OF DIRECTORS OF ENVIRONMENT, ECONOMY, PLANNING & TRANSPORTATION (ADEPT)**

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### **Executive summary**

Unemployment amongst young people continues to be a major concern for local authorities across the country and will be a key issue for the new Local Enterprise Partnerships.

CEDOS/ADEPT members have been at the forefront of developing initiatives to tackle the problem and responding to the previous Government's request for councils to spearhead bids to the Future Jobs Fund (FJF).

Whilst FJF has both strengths and weaknesses (see below for details), member authorities from across the country report that FJF programmes have been very successful in opening up employment opportunities and work experience for young people. Members report high levels of take-up, low-drop out rates and significant numbers of young people going on to full-time employment.

The decision to end the FJF early whilst the Work Programme is still under development risks the closure of FJF programmes before any new employment programmes can be put in place. Apart from the impact on opportunities, especially for disadvantaged young people, the lack of continuity would result in a loss of best practice and skills from current providers, disillusionment and loss of employer partners and particular problems for third sector organisations.

It is essential that the strengths of the FJF are built into the new Work Programme. Although the nature of the transition process has not yet been made clear, there are serious concerns about the current Department of Work and Pensions procurement process, which is taking place before any significant details are worked up on the Work Programme and the transition from existing programmes.

The Government should seriously consider an extension of the FJF to allow greater piloting of initiatives that may be taken forward through the new Work Programme to provide for a much smoother transition.

## **Introduction**

1. This Memorandum of evidence is submitted jointly by the Chief Economic Development Officers Society (CEDOS) and the Association of Directors of Environment, Economy, Planning and Transportation (ADEPT)
2. The Association of Directors of Environment, Economy, Planning & Transport (ADEPT) represents local authority Strategic Directors who manage some of the most pressing issues facing the UK today. ADEPT membership is drawn from all four corners of the United Kingdom. The expertise of ADEPT members and their vision and drive is fundamental in the handling of issues that affect all our lives. Operating at the strategic tier of local government they are responsible for delivering public services that relate to the physical environment and the economy.
3. The Chief Economic Development Officers Society (CEDOS) provides a forum for Heads of Economic Development in upper tier local authorities throughout England. Membership includes county, city and unitary Councils in non-metropolitan areas, which together represent over 47% of the population of England and provide services across over 84% of its land area. The Society carries out research, develops and disseminates best practice, and publishes reports on key issues for economic development policy and practice. Through its collective expertise, it seeks to play its full part in helping to inform and shape national and regional policies and initiatives.
4. Unemployment amongst young people is a major concern for local authorities across the country and will be a key issue for the new Local Enterprise Partnerships, which will replace the Regional Development Agencies. CEDOS/ADEPT member authorities have been at the forefront of developing initiatives to tackle the problem and responding to the previous Government's request for councils to spearhead bids for the Future Jobs Fund. We welcome the opportunity to submit evidence to the Work and Pensions Committee's Inquiry into Youth Unemployment and the Future Jobs Fund. In framing our evidence we have consulted with our members across the country, particularly those with direct experience of the operation of the FJF. Our joint evidence focuses on the key topics identified in the Inquiry announcement.

### **The extent to which the FJF has succeeded in matching new work experience opportunities to young unemployed people**

#### ***CEDOS/ADEPT views:***

5. Member authorities from across the country that are involved in Future Jobs Fund delivery report that:
  - FJF programmes are working well with strong partnerships having been developed with both private sector and third sector employers and with JobCentre Plus; and

- FJF has been very successful in opening up employment opportunities and work experience for unemployed young people.

6. In terms of measures of success, despite the relatively short time many programmes have been in place, members report:

- high levels of take-up of places available;
- low-drop out rates, with reports of 8% and under;
- despite the challenging market conditions, significant numbers of young people who have left FJF placements going on to full-time employment, with several CEDOS/ADEPT members reporting 50% and above.

7. From our member reports, FJF has succeeded in enabling local solutions for unemployed young people to find opportunities and gain experience in real jobs both in areas of work they felt suited their skills and experience and also in new areas. This has resulted in broadening horizons, gaining transferable skills and opening up wider possibilities for the future. The numbers going on to full-time employment indicates the positive impact the Future Jobs Fund is making to the employment prospects of young people

**Strengths and weaknesses of the FJF programme from the perspective of providers (including in the third sector), employers and young unemployed people, and particularly in relation to the long-term sustainability of employment opportunities**

***CEDOS/ADEPT views:***

8. In this part of our evidence we report on the collective experience of member authorities in their capacity as promoters and providers of schemes and through this, their understanding of strengths and weaknesses as perceived by both employers and employees. Inevitably some of these overlap, for example the benefit to businesses of being able to try out inexperienced young people at no cost has made the scheme attractive to employers and has paid real dividends for both employees and providers alike. Equally, recognition of the limitation of the 6 month duration of placements is shared by providers, employers and employees. As well as overlaps, there are factors such as the community benefit requirement, which have both positive and negative elements.

**Providers:**

9. Key strengths of FJF are seen as:

- providing a key tool for local authorities and their partners to make an effective response to the problem of youth unemployment;
- the criteria enabled projects to be designed specifically to meet the particular needs of the local areas;

- helping to drive strong partnership working, in particular between providers and JobCentre Plus.

10. Key weaknesses reported are:

- system/process delays, in particular Criminal Records Bureau checks;
- the community benefit requirement causing difficulties in engaging with the private sector, resulting in some lost employment opportunities;
- responsibilities for State Aid compliance being passed too late to accountable bodies and a lack of subsequent support.

**Employers:**

11. Overall CEDOS/ADEPT members report a very positive response from employers. Key strengths of FJF are seen as:

- encouraging employers, who might not otherwise have done so, to work with unemployed young people;
- the ability of programmes to cover salary costs for a 6 month period has enabled employers try out inexperienced or untrained young people without upfront investment;
- the opportunity to help young people gain valuable experience and skills;
- providing opportunities for local employers to achieve community/environmental projects;
- enabling employers to work directly and build a relationship with JobCentre Plus.

12. As regards weaknesses, employers as well as employees and providers view the 26 week limit as a disbenefit, with a widespread belief that a one-year contract is needed.

**Young unemployed people:**

13. Key strengths of FJF are seen as:

- preparation for the world of work through gaining experience of workplace culture, being disciplined and improving social interaction skills;
- learning and developing new and transferable skills in the workplace and skills in finding a job in the competitive labour market process;

- building confidence and self esteem through having a 'proper' job and being part of a work place/community;
- broadening career horizons – encouraging young people to be more open minded and explore opportunities and career paths not previously considered;
- breaking down barriers to employment – giving young people the opportunity to prove their value to an employer;
- providing the opportunity to access paid employment;
- providing young people with the opportunity to be part of a work place and contribute to the community.

14. Key weaknesses reported are:

- the 6 month contract is for some too short to build the transferable skills to enable them to compete effectively in the open labour market;
- the insistence by DWP that jobs must deliver community benefit has limited subsequent job opportunities; it has resulted in many placements being in the community/voluntary sector, with organisations not having the resources to offer employment at the end of the programme.

**The likely impact of the decision to end the FJF in March 2011 rather than March 2012**

***CEDOS/ADEPT views:***

15. Unemployment amongst 18-24 year olds remains a major issue and the decision to end the FJF early whilst the Work Programme is still under development risks the closure of FJF before any new employment programmes can be put in place. Apart from the impact on opportunities, especially for disadvantaged young people, this would result in a lack of continuity, which in itself would result in a loss of best practice and a loss of skills from current providers as well as disillusionment and loss of employer partners. This would be particularly difficult to manage for third sector providers who may lose their work placements at a time when they are experiencing a drop in sponsorship and donations.

**How the transition from FJF to the Work Programme will be managed, including the part to be played by the Government's proposal to fund new apprenticeships**

***CEDOS/ADEPT views:***

16. It is essential that the strengths of the FJF are built into the new Work Programme. Although the relationship between the FJF and the Work

Programme and the nature of the transition process have not yet been made clear, there are serious concerns about the European-wide procurement process currently being carried out by the Department of Work and Pensions to set up regional frameworks of providers who would subsequently tender for individual work packages for the proposed new Work Programme. This procurement process is taking place before any significant details are worked up on the Work Programme and the transition from existing programmes.

17. Under this approach there is a serious risk that providers of existing programmes, such as FJF, may be excluded from future provision unless they are offered sub-contracts. This would result in:

- a loss of best practice and a loss and dissipation of the skills that have been developed by providers to deliver the FJF;
- a loss of potential employer providers who are currently offering placements for young unemployed people;
- a loss of the infrastructure that has been established to develop the FJF and the waste associated with having to incur set-up costs with new providers.

18. In this context, the Government should seriously consider an extension of the FJF to allow greater piloting of initiatives that may be taken forward through the new Work Programme to provide a much smoother transition.