

**NORTH LANARKSHIRE COUNCIL
REPORT**

To: POLICY & RESOURCES (REGENERATION & INFRASTRUCTURE) SUB COMMITTEE		Subject: Youth Investment Programme Update
From: HEAD OF PLANNING & REGENERATION		
Date: 25 February 2016	Rep: 1845/PK	

1. Purpose of report

- 1.1. The purpose of this report is to update Committee on the current status of the Youth Investment Programme (YIP) and the transition to the next phase of employability services in North Lanarkshire.

2. Background

- 2.1 In February 2012, it was clear to North Lanarkshire Council that the economic recession was having an impact on North Lanarkshire employment levels that was in danger of leaving a damaging legacy of long term unemployment, particularly among young people. In response, the Council created the Youth Investment Programme with the aim of getting 5,000 unemployed residents into work by March 2015. The programme exceeded its target and in March 2015 had supported 5,292 unemployed residents into work.

- 2.2 The Council committed £1.7 million to supporting a further phase of the Youth Investment Programme in 2015/16 and a target of supporting a further 1000 people into work. It was agreed that in this financial year and in the context of the labour market in North Lanarkshire nearing pre-recession levels, the Youth Investment Programme would continue to support those who were job ready to move into employment but also use new resources from EU funding to focus efforts on those groups who face multiple barriers to employment and move them toward the labour market.

- 2.3 As part of the Youth Investment Programme, the Council also set itself the goal of playing a significant role in supporting the employment of young people from North Lanarkshire. The Council increased its own Modern Apprenticeship Programme and has recruited 470 young people into this since 2012. In addition, it initiated a Youth Placement Programme which provided 200 x6 month entry level work experience opportunities for young people within the Council and a Graduate Futures Programme which provided 70 x12 month graduate level work opportunities for local unemployed or under employed graduates.

3. Youth Investment Programme performance

- 3.1 In this current phase of the programme, it has supported a further 855 people into work bringing the overall figure to 6,147 at the end of December 2015, with over 36% of those supported into employment this year having at least two identified barriers to employment.

3.2 Given the current performance profile and taking into account vacancies already secured with local businesses, it is predicted that the Youth Investment Programme will meet its 2015/16 target of 1000 unemployed residents supported into employment.

4. North Lanarkshire Labour Market

4.1 The figures below show the changes in the North Lanarkshire labour market since the start of the Youth Investment Programme.

Table 1 Job Seekers Allowance (JSA) Figures: North Lanarkshire rate % & number is given in ()

	JSA 16-64			JSA 16-24		
	North Lanarkshire	Scotland	UK	North Lanarkshire	Scotland	UK
Feb 2012	5.7% (12,670)	4.4%	4.1%	10.0% (3,800)	7.2%	6.7%
Mar 2015	3.2% (7,040)	2.4%	2.0%	4.7% (1,775)	3.2%	2.4%
Dec 2015	2.0% (4,350)	1.7%	1.5%	1.8% (660)	1.6%	1.4%

There has been a 65% decrease in North Lanarkshire unemployment since February 2012 compared to a 61% decrease across Scotland. In terms of 16-24 year old unemployment there has been an 82% decrease since February 2012 in North Lanarkshire and a 75% average decrease across Scotland.

4.2 The number of JSA claimants in North Lanarkshire is now lower than the level reached at their lowest point prior to the recession in December 2007. However, unemployment in North Lanarkshire continues to be above the Scottish and UK averages for all ages and there are underlying labour market issues in the area related to the numbers of residents of working age claiming benefits who are not economically active.

4.3 Alongside these figures, welfare reform measures continue to push benefit claimants toward the labour market and the current phase of the Youth Investment Programme is accommodating this trend by providing additional support to those who have barriers to employment and are within this group.

5. Youth Investment Programme Finance

5.1 The programme has received funding from a range of sources since February 2012:

North Lanarkshire Council	£8,743,825
Scottish Government (including EU funds directed to Youth Employment Scotland)	£3,812,629
Department of Work & Pensions (DWP)	£714,459
TOTAL Income	£13,270,913

5.2 Expenditure on the programme was predominantly on recruitment incentives to the private sector with additional expenditure on the Graduate and Youth Placement Programmes within the Council.

Youth Investment Programme*	£10,325,972
Graduate Placement Programme (70 x 12 months placements)	£1,308,251
Youth Placement Programme (200 x 6 month placements)	£1,475,944
TOTAL Expenditure	£13,110,167

* includes £2,649,786 of existing commitments to businesses

- 5.3 Expenditure on the programme to date is £13,110,167 and this figure includes £2,649,786 of existing commitments to businesses. This leaves £160,746 to fund the remaining target places on the Youth Investment Programme for 2015/16 with no additional funding secured for 2016/17.
- 5.4 In early January 2016 an assessment was undertaken of the vacancies secured with businesses which will lead to a financial commitment as well as other potential commitments to support inward investors. The conclusion from this was that the Programme would meet its target and that to avoid a deficit within the programme then no further wage subsidies could be offered.
- 5.5 The programme has exceeded its targets and is expected to fully commit all funding and has played a major role in reducing unemployment, particularly among young people, within North Lanarkshire communities. In the current period the employability services team is still working with employers and other employability partners to advertise vacancies and support the recruitment of unemployed residents but without a wage subsidy.

6. New Challenges

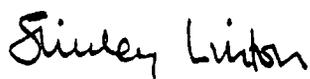
- 6.1 The labour market in North Lanarkshire in 2016 offers a completely different set of challenges to that presented to the Council in 2012, when it made the decision to directly tackle the high youth unemployment within the area with the Youth Investment Programme. In February 2012 1 in 10 young people were unemployed and that number is now 1 in 55. It is clear that in the current labour market many of those who remain jobless, of all ages, will not be ready to begin employment immediately and will need additional support to prepare for and sustain employment.
- 6.2 Therefore, employability services will need to focus on a remit with employers and unemployed residents that is much wider than simply securing a vacancy and will need to involve:
- engagement with those groups who are furthest from the labour market
 - increased and individualised pre-employment support
 - engagement with employers on an ongoing basis to secure work placements and trials which meet the needs of their business
 - ongoing structured in-work support to employers and individuals which leads to sustained employment
- 6.3 In addition, increased focus is being placed nationally and locally on the critical transition phase from school to the workplace for young people as outlined in the work of Developing Scotland's Young Workforce which has set out a detailed agenda with the aim of producing better qualified, work ready and motivated young people with skills relevant to the modern labour market. This work will lead to much closer links between schools, employers, colleges and employability services providers and has an implementation plan operating until 2021.
- 6.4 Alongside these challenges employability services will continue to deliver on the Glasgow and Clyde Valley City Deal pilot employability initiatives which will be implemented until 2018 and its ongoing delivery of the Work Programme contract which ends in March 2017. Also there may well be engagement required with any future national initiatives which emerge from the Scottish Government's current review of employability services which was triggered by the devolution of employment and skills resulting from the Smith Commission.

7. Next Steps for North Lanarkshire's Employability Services

- 7.1 As previously reported to Committee, two applications for ESF (European Social Fund) to support future employability services within North Lanarkshire were submitted in 2015. These are:
- North Lanarkshire's Youth Employment Initiative (NLYEI) which will engage with over 3,000 16-29 year olds from 2016-2018 and support them into employment. This will engage with those young people who are job ready and those who have barriers to employment and will utilise a partnership approach between the Employability team, Learning Hubs and Routes to Work. The total project cost is £7,492,537 with ESF grant of £5,020,000 and match funding of £2,472,537.
 - North Lanarkshire's Working Employability Pipeline (NLWEP) which will engage with over 4,000 30-64 year olds from 2016-2018 with multiple barriers to employment and utilise a partnership between the Employability team, Routes to Work and the Third Sector. When approval is secured then procurement of Third Sector partners will begin. The total project cost is £9,652,500 with ESF grant of £3,861,000 and match funding of £5,791,500
- 7.2 Within previous ESF employability programmes match funding has come from a mix of sources but mainly existing Regeneration revenue budgets allocated to EU funded employability programmes and this would again be the case for the above projects. As in previous programmes match funding from the Council would be subject to further discussion and agreement on future budgets and, while the projects are multi-annual, match funding to the project would only be committed on an annual basis by the Council. Therefore, before committing to match funding these ESF projects, agreement would have to be reached within the Council that any match funding allocated supported the Council to meet its own priorities.
- 7.3 There have been significant delays across all local authorities in securing approval for their ESF applications and concerns have been raised with the Scottish Government. However, indications are that approvals may be in place before the end of March 2016 which would allow these projects to proceed and ensure that a broad range of employability support continues in North Lanarkshire, with a continued focus on youth employment.

8. Recommendation

- 8.1 It is recommended that Committee note the contents of this report.



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Members seeking further information on the contents of this report are asked to contact Paul Kane, Planning & Regeneration Services on 01236 632867.