

To: Customer & Communities Policy Overview & Scrutiny Committee

From: Mike Hill, Cabinet Member for Customer & Communities
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Subject: Kent Employment Programme

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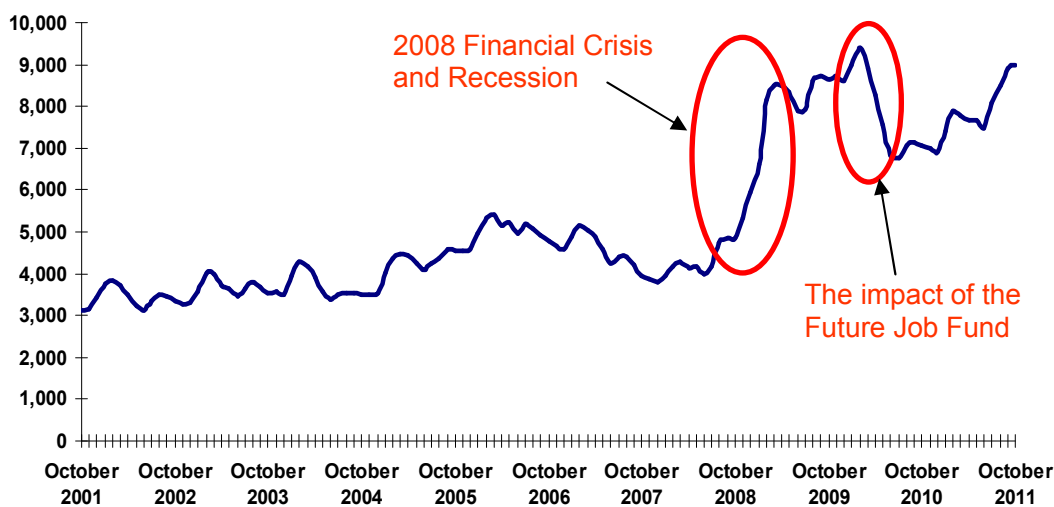
Classification: Unrestricted

Summary: This paper highlights the growing crisis in youth unemployment, and examines the potential for KCC to develop a groundbreaking scheme to tackle this immediate problem.

1. Introduction

The impact of the economic downturn has seen a spike in youth unemployment (those claiming Job Seekers Allowance) as illustrated in the tables below :

JSA Claimant Count 18-24 - Kent - 10 years to October 2011



Month	All Claimants		Kent 18-24	
	Number	% of cohort	Number	% of cohort
October 2008	15,662	1.8	4,855	4.2
October 2009	27,764	3.1	8,665	7.4
October 2010	24,524	2.7	7,075	5.9
October 2011	28,284	3.2	8,990	7.4

This increase has led to a desire to support a scheme to create employment opportunities for young people to ease the short term crisis and prevent many of this cohort being trapped in a cycle of unemployment.

The Council has recent experience of delivering employment opportunities through the successful delivery of 890 jobs through the Future Jobs Fund (FJF), which was managed within the Supporting Independence Programme. This successful delivery ensured £5.5m of funding was accessed by public and third sector organisations in Kent.

Of those young people completing their 6-month FJF placement 40% moved straight into employment, in line with the national average, whilst for the 81 graduates who were helped this figure rises to 63%. A report into KCC's delivery of FJF can be seen at Appendix 1.

2. Aim

We are in the process of developing a scheme which will be unique in its ambition and size, and which has the potential to deliver more sustained employment outcomes for young people than the Future Jobs Fund, whilst costing a fraction of the price.

The aim of the project is to create as many employment opportunities as possible for young people aged 18-24 who are currently in receipt of Job Seekers Allowance, within the constraints of the funding available, but also to work with welfare and training providers to direct as much of the money as possible within the system to creating these opportunities.

3. Funding

Funding for this project could include:

- £2m from Big Society Fund
- £230k under spend from our delivery of the Future Jobs Fund (we have written to the Secretary of State for Work and Pensions to ask for permission to retain this funding)
- Reward funding from prime providers of Work Programme (maximum of £2,300 reward per long-term employment outcome) - this could potentially yield **£1.5m** to recycle into the project
- Regional Growth Fund (East Kent only – links are being made as the two schemes develop to explore the potential of developing complimentary arrangements).
- Link to government funding programmes (see Appendix 2 for briefing on Youth Contract announcement by government).

Levering additional funding into Kent:

- Through working closely with partners who are delivering the Government's Work Programme there is the potential to link the funding to the Government's youth contract funding (bringing an additional £2,275 per person)
- By creating additional apprenticeships this will bring additional SFA training funding into Kent, approximately £2000 per person.

4. Project Partners

Due to the nature of the project it will be necessary to work extensively with external partners to develop partnership arrangements, raise delivery issues, etc. These partners will include:

- Avanta & G4S (Work Programme prime providers)
- Job Centre Plus
- Kent Association of Training Organisations
- Kent Association of Further Education Colleges
- Chambers of Commerce
- District Council Economic Development teams
- Voluntary and Community Sector organisations
- Public sector organisations

5. Criteria and level of support

Whilst the scheme is looking primarily to support 18-24 year olds who are in receipt of Job Seekers Allowance, we are also examining the benefit of supporting 17 year old NEETs. All four categories will require the young person to have been out of work for 3 months, as prior to this approximately 50% of young people will find work without any additional support.

Therefore four distinct categories are identified for support:

1. 18 - 24 year olds who are not graduates but are capable of achieving at least a level 2 apprenticeship
2. 18 - 24 year olds who are graduates
3. 18 - 24 year olds who are not graduates and **are not** able to achieve a level 2 apprenticeship
4. 17 year old NEET unable to achieve level 2 apprenticeship

Following the experience of the Future Jobs Fund delivery in Kent we should work on a ratio of 10 non-graduates to every graduate.

Level of funding available to employers

We are currently proposing that for categories 1,3 and 4 identified above there would be a subsidy available to employers of £3,000 over the course of 18 months (payable at £500 per quarter).

For category 2 (graduates), we are currently proposing a subsidy of £6,000 to reflect the higher employment costs associated with graduates, who are not able to study for an apprenticeship, and therefore cannot be paid at an apprenticeship wage.

The matrix on the next page identifies the employment costs, proposed subsidy and possible additional funding streams that could be used to support employers engaging with the scheme.

Category	Employment Cost Year 1	Employment Cost Year 2	Proposed KCC subsidy	Youth Contract funding	Apprenticeship Funding (SMEs only)	Min Cost to employer of two years	Max Work Programme Reward to further programme	Comments
Non- graduate 18 -24 yr old on JSA (min 3 months) into Apprenticeship	£5,460	£12,340	£3,000	£2,275	£1500	£11,025	£2,300	Cheapest option for an employer, whilst giving them a member of staff qualified to at least level 2 in their specific business
Graduate 18-24 yr old on JSA (min 3 months)	£12,340	£12,340	£6,000	£2,275	N/A	£16,405	£2,300	This option whilst providing a larger subsidy to the employer would still leave a relatively high cost
18-24 yr old unable to achieve level 2 apprenticeship into basic work	£12,340	£12,340	£3,000	£2,275	N/A	£19,405	£2,300	This option would be costly for the employer, whilst not giving them a qualified member of staff and would pay twice as much to the individual than the more capable apprentices
17 year old NEET unable to achieve level 2 apprenticeship into basic work	£7,080	£9,929	£3,000	N/A	N/A	£14,009	N/A	This is an expensive way to employ a 17 year old, whilst providing no reward funding

Volumes

Based on the proposed subsidies above, this would deliver approximately 600 apprenticeships and 60 graduate places solely from the £2m available from the Big Society money. The volumes will be increased by recycling the work programme rewards into providing additional opportunities. If all 660 young people stay in work for 2 years this has the potential to yield **£1.5m** to recycle into the programme, with the potential to deliver an additional 500 employment opportunities.

Complimentary links with the Regional Growth Fund for East Kent could enhance the number of businesses and young people who could be supported in the East Kent area.

6. Types of Employers

In order to provide a focus for the programme, and to reflect the economic make-up of Kent, it is proposed the scheme targets its support at:

1. Employers in the private sector who currently employ less than 50 employees (if they are interested in subsidising apprenticeships they cannot have employed an apprentice in the past two years)
2. Public sector organisations (who have not employed an apprentice/graduate in the past two years)
3. Kent based social enterprises

Sectors

Some similar schemes have decided to focus on sectors and discussion has highlighted the following sectors as potential areas of focus:

- Social care
- Low carbon
- Construction
- Land based
- Retail
- Leisure
- Catering
- STEM
- Financial Services
- High technology
- Creative
- Education
- Social Enterprise

However, it should be noted that even within these sectors there are a variety of roles which could be supported, for example business administration, customer service, etc.

7. Supporting Council Priorities

This project will contribute to two of the three priorities in Bold Steps for Kent, namely:

- Helping the Kent Economy grow – and will specifically contribute to the Regeneration Framework aim of Unlocking Talent to support the Kent economy

- Tackling disadvantage – specifically contributing to the aim of making Kent a county of opportunity where aspiration, rather than dependency, is supported

The project will also help deliver key aspects of the KCC Apprenticeship Strategy, including the general promotion of apprenticeships, as well as delivering support for SMEs to recruit apprentices.

The partnerships developed and the key lessons arising during the project will be used to feed into the development of the 14-24 strategy.

8. Timescales

The project is being developed with a view to a decision being made in March 2012 which would allow the first young people to be supported by the scheme in April 2012.

9. Recommendations

The Policy Overview & Scrutiny Committee are asked to comment on the paper.

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Appendices:

Appendix 1 – Review of KCC FJF Delivery

Appendix 2 – Briefing Note on Youth Contract