In Scotland, 102,000 young people are unemployed, representing around one in four of the economically active in Scotland aged 16-24. This briefing examines in detail the various policies, strategies and interventions, at a Scottish level, aimed at improving youth employment in Scotland. It also provides summary information on UK and European policy to tackle youth unemployment, as well as examining international case studies (Denmark, the Netherlands and France).

This briefing should be read in conjunction with a separate SPICe briefing SB 12/19 Youth Unemployment: Key Facts, which considers the scale and nature of youth unemployment in Scotland, as well as reviewing research that considers its longer-term impacts.
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EXECUTIVE SUMMARY

Using the ILO measurement of youth unemployment, in the last quarter of 2011 there were 102,000 youth (16-24 year olds) unemployed in Scotland (of which 36,000, or just over a third, were full-time students) representing a youth unemployment rate of 24.3%, compared to an unemployment rate of 8.6% for the whole Scottish workforce.

Scottish Government’s labour market statistics also measure the number of 16-19 year olds who are ‘not in employment, education or training’ (NEET group). This measure includes individuals who are not actively seeking work, but it doesn’t include students and covers a narrower age group. In 2010 (latest statistics available) there were 36,000 young people classified as NEET.

Factors affecting youth unemployment include the skills and experience of young people, their backgrounds in terms of multiple disadvantage and vulnerable groups, as well as current economic circumstances.

There are a number of strategies and policies linked to improving youth unemployment and skills, at a Scottish, UK and European level. At a Scottish level, these include the Scottish Government’s Economic Strategy, the refreshed ‘Skills for Scotland’ Skills Strategy, the ‘More Choices, More Chances’ NEET Strategy, the ‘Workforce Plus’ Employability Framework and partnerships, the ‘16+ Learning Choices’ model, the ‘Opportunities for All’ initiative and the new Youth Employment Strategy.

The resulting national training and youth employment programmes and opportunities available, over and above mainstream school, college and university, include: Modern Apprenticeships, ‘Get Ready for Work’, ‘Training for Work’, flexible training opportunities, as well as opportunities through Community Jobs Scotland, the Inspiring Scotland 14:19 Fund, and local community and employability partnerships. In addition, as part of ‘Get Britain Working’, the UK Government Department for Work and Pensions (DWP) operates a number of UK-wide schemes aimed at alleviating youth unemployment, including the ‘Work Experience’ scheme.

Individuals are supported by Skills Development Scotland through the ‘My World of Work’ online careers information and guidance service, as well as SDS’s face-to-face and telephone services. SDS has recently introduced a ‘Youth Coaching’ employability service. Support is also available from UK-wide Job Centre Plus advisers.

Employers are offered financial incentives to take on young people through the Scottish Government’s ‘Adopt an Apprentice’ scheme and employer recruitment incentives. Financial incentives for employers are also available at a UK level, as part of the UK ‘Work Programme’.

Scottish National Training Programmes and youth employment initiatives are mainly funded by the Scottish Government, primarily through Skills Development Scotland, the Scottish Funding Council (SFC), as funding providers to Scotland’s colleges, a major public training provider; and through European Social Funds. Local authorities will also use funds from their budgets, including block grant to support employability activity in their areas (the SFC revenue budget for Higher Education Institutions is not examined in this briefing).
SKILLS AND YOUTH UNEMPLOYMENT

The official, OECD accepted International Labour Organisation (ILO) measure of youth unemployment is the proportion of 16 to 24 year olds who are without work, are available for work and are actively seeking work. This measure of youth unemployment includes full-time students looking for work.

Using this measurement, in the last quarter of 2011, there were 102,000 youth unemployed in Scotland (of which 36,000, or just over a third, were full-time students) representing a youth unemployment rate of 24.3% compared to an unemployment rate of 8.6% for the whole Scottish workforce (Hudson, N, Liddell, G, and Nicol, S, 2012).

The Scottish Government divides youth unemployment into three distinct groups. In addition to ‘full-time students’ it distinguishes two other groups: those with no or low levels of qualifications (23,000 in last quarter of 2011) and those with ‘reasonable qualifications’ at SCQF level 4 or above (44,000 in last quarter of 2011).

Scottish Government’s labour market statistics also measure the number of 16-19 year olds who are ‘not in employment, education or training’ (NEET group). This measure includes individuals who are not actively seeking work, but it doesn’t include students and covers a narrower age group. In 2010 (latest statistics available) there were 36,000 young people classified as NEET.

For further detail on the scale and nature of youth unemployment, including examination of various youth unemployment related statistics, UK and international comparisons, as well as discussion on the long-term impact of youth unemployment, please see the related Financial Scrutiny Unit (FSU) briefing Youths Unemployment: Key Facts

Factors affecting youth unemployment include the skills and experience of young people, their backgrounds in terms of multiple disadvantage and vulnerable groups, as well as current economic circumstances. There are a number of strategies, policies and initiatives linked to improving youth unemployment and skills, at both a UK and Scottish level. These strategies and policies, and their related interventions, are examined below.

SCOTTISH GOVERNMENT POLICY - SKILLS AND YOUTH EMPLOYMENT

Government Economic Strategy

The Scottish Government Economic Strategy, published in September 2011, identifies six strategic priorities to accelerate recovery, drive sustainable economic growth and develop a more resilient and adaptable economy, one of which is ‘Learning Skills and Wellbeing’.

Referring to the skills strategy and stating the priority of structuring the post-16 education system to have a strong focus on jobs and growth, the Government’s Economic Strategy identifies the following specific actions for supporting employability and tackling youth unemployment:

- “Through ‘Opportunities for All’ ensuring every 16-19 year old in Scotland who is not in work, a Modern Apprenticeship or education will be offered a place in education or training;
Delivering over 46,500 training opportunities with a record 25,000 Modern Apprenticeships per year, including developing Technical and Graduate Apprenticeships;

Ensuring that access to higher education is based upon ability to succeed rather than ability to pay;

Through Skills Development Scotland, developing Skills Investment Plans for key sectors that prioritise skills development that supports growth;

Through 16+ Learning Choices, working with local authorities and their partners to enable every young person to get the skills they need for future work;

Rolling out Activity Agreements across Scotland to provide tailored learning and support for vulnerable 16-19 year olds;

Continuing to provide Education Maintenance Allowance to help young people from low income families and other vulnerable groups, particularly young carers, to remain in learning beyond school leaving age. They will also be available to young people in circumstances similar to those who participate in Activity Agreements;

Working with Scotland's colleges and universities to respond quickly and flexibly to employer demand and new economic challenges and opportunities;

modernising career services to build the capacity of individuals to help them understand and adapt to the changing jobs market, make informed decisions about their learning, job opportunities and career options and to help them get, stay and progress in work;

Continuing to work closely with universities and the Association of Graduate Careers Advisory Services (AGCAS) Scotland to improve employability and help graduates take their first steps into the jobs market;

Supporting enterprising young Scots through the new Youth Enterprise Scotland Challenge with a National Prize Fund of £100,000;

Delivering 7,000 flexible training opportunities in 2011-12;

Investing £10m through Community Jobs Scotland to provide 2,000 work and training opportunities for young people in the third sector;

Implementing a framework - developed by the Workforce Development Action Group - to improve the accessibility, responsiveness and effective design of learning and development services for employers and employees;

Promoting effective joined-up working at both the national and local levels with a view to overcoming barriers to work through Workforce Plus, our employability framework; and

Continuing to support union learning throughout Scotland which enables people - often in lower skilled, lower paid work, and furthest from other learning resources - to develop and demonstrate their skills and access opportunities to progress"

(Scottish Government, 2011a)

‘Workforce Plus’

‘Workforce Plus’ is the Scottish Government’s employability framework, first published in 2006. The framework is designed to support local action to increase the number of people in sustained employment and decrease the number of people dependent on benefits.
Since the publication of Skills Strategy, detailed below, 32 ‘Workforce Plus’ or Local Employability Partnerships have been established in every local authority area, operating as sub-groups of Community Planning Partnerships and accountable for employability indicators in Single Outcome Agreements. The local partnerships also form part of a National (Employability) Delivery Group, which have taken forward specific pieces of development work, particularly in relation to hard to reach groups.

‘Workforce Plus’ is also supported by the Scottish Employability Forum (SEF), who’s aim is to ensure that development of national policy and funding supports local action (Scottish Government, 2006a) and by the Employability Learning Network, which offers practical help and support to organisations and individuals working locally throughout Scotland.

‘More Choices, More Chances’

'More Choices, More Chances' is the Scottish Government’s strategy for reducing the number of young people who are not in education, employment or training (NEET). The strategy was published in 2006 (at which point the NEET group was measured as 35,000 or 13.5% of 16-19 year olds) alongside the complementary ‘Workforce Plus’ employability framework, with a particular emphasis upon preventing the 16-19 year old age group falling into the NEET group. ‘More Choices, More Chances’ demands action (including within the pre-16 system) from a range of agencies in every LA in Scotland and engagement with businesses, to help tackle the problem of NEET (Scottish Government 2006b). The Strategy acknowledged that the measure of the NEET group includes individuals in a wide range of circumstances (some simply in a period of transition, others in a position of disadvantage and disengagement) and that evidence suggests that the ‘true’ measure of those who may need support/intervention to access and sustain a position in the labour market was around 20,000.

The Strategy proposed seven NEET hotspot areas (Glasgow, West Dunbartonshire, North Ayrshire, East Ayrshire, Clackmannanshire, Inverclyde and Dundee) where NEET was a particular challenge and where reducing NEET locally would make an impact at the national level (whilst expecting multi-agency action across all Local Authorities). It also identified the sub-groups most likely to be, or become, NEET: care leavers; carers; young offenders; young parents; low attainers; persistent truants; young people with physical/mental disabilities; young people misusing drugs or alcohol.

Throughout the Strategy it is made clear that the range of policies and programmes aimed at these sub-groups - for example, in health, housing, social care - need to engage more effectively with the concept of employability to enable the individuals concerned to progress towards the labour market, regardless of their starting point (Scottish Government 2006b).

‘Skills for Scotland’

The Scottish Government launched a refreshed Skills Strategy, Skills for Scotland: Accelerating the Recovery and Increasing Sustainable Economic Growth, in October 2010. The Strategy set out a new partnership approach to meeting Scotland’s skills needs for economic recovery. The refreshed skills strategy had a renewed focus around “the skills required to accelerate economic recovery and to sustain a growing, successful country with opportunities for all of Scotland to flourish” (Scottish Government, 2010a). It noted some outstanding key challenges, for example, that an improved skills base had not led to higher productivity and economic growth. It called for the better anticipation and delivery of the strategic skills required for future economic challenges. The Strategy was structured around four key priority themes:
empowering people
• supporting employers
• simplifying the skills system
• strengthening partnerships

(Scottish Government, 2010a)

The Strategy called for all bodies involved in the delivery of skills to work together in a more coherent manner, from local authorities to higher education institutions. The Strategy is closely aligned with the Government Economic Strategy

Scottish Government’s Youth Employment Strategy

The Smith Group Report, published in November 2011, amongst other things, recommended the creation of a dedicated Ministerial post to tackle issues relating to youth employment. The Smith Group, which comprises business and education representatives, was set up in 2005 to advise the Scottish Government on education policy, enterprise in education and youth employment issues.

Angela Constance MSP was confirmed as Minister for Youth Employment on 6 December 2011.

The Scottish Government’s draft Youth Employment Strategy was published on 31 January 2012 and was the subject of debate at the National Economic Forum meeting the following day. The Strategy refers to many of the policies mentioned in the economic strategy and highlights the importance of working across all portfolios to ensure that, wherever possible, policy and spending decisions seek to promote potential opportunities for young people. It also stresses the importance of working with local authorities, employers and third sector organisations to ensure effective use of resources (Scottish Government, 2012a). The finalised Youth Employment Strategy is due to be published imminently.

SCOTTISH GOVERNMENT POLICY – INCREASING THE PROPORTION OF YOUNG PEOPLE IN LEARNING, TRAINING OR WORK

‘16+ Learning Choices’

‘16+ Learning Choices’ was launched in 2008 with the aim of full roll-out by December 2010. Its purpose is to give every young person moving into the Senior Phase of the Curriculum for Excellence the guarantee of an offer of post-16 learning (Scottish Government, 2008). The ‘16+ Learning Choices’ framework, in March 2010, sets out a model and an agreed offer of an appropriate place in learning, which must include an agreed start date. In measuring the success of 16+ Learning Choices, local partnerships should establish the number of:

• young people who have reached the statutory school leaving age and who have an offer of post-16 learning in place
• school leavers across S4-S6 who have an offer of post-16 learning in place
• young people who have left school, but remain within the Senior Phase and require a further offer of a place in learning
Local authorities were given the lead role to develop a partnership approach. Agencies involved include: local authorities, including schools; community learning and development; colleges; Skills Development Scotland (SDS); training providers and the third sector. The role of the main partners was described as follows:

- Strategically, it is for local authorities to provide leadership and direction on implementation; ensuring that all partners are clear about what is expected of them in supporting local delivery.

- Schools are at the heart of sustainable delivery of 16+ Learning Choices since they are the primary partner for delivering learning during the Senior Phase, and for supporting young people into positive destinations.

- Skills Development Scotland: as the national provider of IAG (information, advice and guidance); as the national 16+ Learning Choices Data Hub; and in managing and delivering the National Training Programmes.

Local authorities, schools and SDS were to work in partnership to identify and track ‘vulnerable young people’ in order to provide them with an offer of learning. If that learning ended before a person was 18, SDS would try to find them another offer. If no alternative offer was available then SDS would provide them with information, advice and guidance. There was a particular focus on advice and guidance:

“All eligible young people will get high quality, impartial careers information, advice and guidance from SDS to help them decide on and take up the post-16 learning choice that is right for them. Additionally, they will get the support they need to help them sustain their learning choice; with more intensive, on-going support for particularly vulnerable young people.”

Examination of the implementation of ‘16+ Learning Choices’ up to March 2010 found that:

“16+ Learning Choices has provided the catalyst for tightening up transition planning, bringing together community planning partners to support young people into positive and sustained destinations.”

(Scottish Government, 2010b)

Further detail on the ‘16+ Learning Choices’ initiative is available at Education Scotland.

Opportunities for All

‘Opportunities for All’ aimed at 16-19 year olds, was announced by the First Minister to Parliament on 7 September 2011, as part of the Programme for Government. He said:

"Our key commitment is to those young people who, as I said before, yearn to be productive….No young person should go through school only to become an unemployment statistic at the age of 16. We will not allow that in Scotland….That's why today I can announce the 'Opportunities for All' initiative - a commitment that every single 16 to 19-year-old in Scotland will be offered a learning or training place if they are not in already in a job, a Modern Apprenticeship or in education."

(BBC News, 2011)
This commitment is specifically aimed at the estimated 35,000 16-19 year olds in Scotland who are not in work, education or training.

‘Opportunities for All’ intends to provide existing national and local policy and strategy – Curriculum for Excellence, More Choices More Chances, Post-16 learning and training - with a single focus to improve young people’s participate in post-16 learning or training, and ultimately employment through appropriate intervention and support up until their 20th birthday.

This is intended to build on existing activity underway to improve post-16 transitions through 16+ Learning Choices and wider youth employment. The recently published Draft Youth Employment Strategy states that Opportunities for All will take the 16+ Learning Choices approach to the ‘next level’ with a focus on on-going engagement in education and training for those 16-19 year olds at greatest risk of becoming long term unemployed. The Draft Youth Employment Strategy refers to a number of existing policies which will support the delivery of Opportunities for All. The Scottish Government will:

- Offer 46,000 training places including 25,000 Modern Apprenticeship opportunities in each of the next 5 years;
- Prioritise provision in colleges for 16-19 year olds;
- Invest record funds in universities to protect the level and quality of higher education available in Scotland without passing the cost onto young people through a prohibitive fees regime;
- Provide £4 million to support local authorities in the on-going national rollout of Activity Agreements. Activity Agreements provide a package of tailored activity and learning to re-engage those young people furthest from the labour market;
- Maintain the Education Maintenance Allowance to provide financial support to those young people who need it most;
- Provide a more in depth range of support to young people around career options through My World of Work and other channels; and
- Introduce a more intensive support service for those young people most likely to disengage from learning and employment through Work Coaching – Youth Employability Service to be delivered through Skills Development Scotland

(Scottish Government, 2012a)

16+ Learning Choices is now well established as the national post-16 transition planning model and will be central to supporting the 16-19 year olds eligible for an offer under Opportunities for All, to increase their participation. Young people will be deemed to be participating when they are engaged with an organisation for learning, training or work.

Opportunities for All officially became operational on 1 April 2012 (Scottish Government, 2012d) with the Scottish Government stating that this initiative is supported by £30 million for improving youth employment, additional funding which had been previously announced in December 2011 (Scottish Government, 2011e). The specific allocation of this funding is detailed later in the next section.

It is unclear at this stage how a ‘training or learning place’ is defined as part of the ‘Opportunities for All’ guarantee. It is also uncertain what specific additional actions are being taken as part of the ‘Opportunities for All’ initiative, over and above already existing interventions such as SDS national training programmes.
SPEND ON YOUTH EMPLOYMENT INITIATIVES AND THE ‘OPPORTUNITIES FOR ALL’ GUARANTEE

Scottish National Training Programmes and youth employment initiatives are mainly funded by the Scottish Government, primarily through Skills Development Scotland, the Scottish Funding Council (SFC), as funding providers to Scotland’s colleges, a major public training provider; and through European Social Funds. Local authorities will also use funds from their budgets, including block grant to support employability activity in their areas (the SFC revenue budget for Higher Education Institutions is not examined here).

Funding - Skills Development Scotland

Skills Development Scotland is funded by the Scottish Government to administer and deliver National Training Programmes (Modern Apprenticeships, Get Ready for Work, Training for Work and Flexible Training Opportunities) and various forms of employment support for the employer (e.g. the employer recruitment incentive), and individual (such as the online resource ‘My World of Work’). SDS’ main activities to support youth skills and employment are detailed in the next section of this briefing.

The Scottish Government’s Spending Review 2011 and Draft Budget 2012/13, published on 21 September 2011, outlined the draft budget for SDS (Scottish Government, 2011c). These figures are reproduced in cash and real terms (using latest HM Treasury GDP deflators, as shown) in table 1 below:

Table 1: SDS Budget, 2011/12 to 2014/15, (£millions, cash and real terms)

<table>
<thead>
<tr>
<th>Original (Spending Review 2011 and Draft Budget 2012/13) - £ million (cash)</th>
<th>Original (Spending Review 2011 and Draft Budget 2012/13) - £ million (real - 2011-12 prices)</th>
<th>HMT deflator</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>181.3</td>
<td>181.3</td>
</tr>
<tr>
<td>2012-13</td>
<td>176.4</td>
<td>171.8</td>
</tr>
<tr>
<td>2013-14</td>
<td>187.4</td>
<td>178.0</td>
</tr>
<tr>
<td>2014-15</td>
<td>185</td>
<td>171.5</td>
</tr>
</tbody>
</table>

In addition to Scottish Government funding, the SDS Operating Plan 2011/12 shows that SDS receives income from the European Social Fund (discussed below), shared services recharges, invoicing and other income, taking its total budget to £222.5m for 2011-12 (Skills Development Scotland, 2011).

Funding - Scottish Funding Council (SFC)

The SFC provides the majority of funding for Scotland’s colleges which are key to improving young people’s vocational skills. Over the spending review period, the Scottish Government has reduced the SFC’s revenue grant for Further Education (FE) from £554 million in 2011/12 to £471 million in 2014/15, a decrease of 13.6%, or 21.3% in real terms over the period. This is shown in tables 2 and 3 below:
Table 2: SFC revenue budget for colleges, 2011-12 to 2014-15, as at 28 March 2012 (all figures in £million, cash terms)

<table>
<thead>
<tr>
<th></th>
<th>Original (Spending Review 2011 and Draft Budget 2012/13)</th>
<th>Budget Revisions</th>
<th>Revised SFC Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>534.0</td>
<td>20.0*</td>
<td>554.0</td>
</tr>
<tr>
<td>2012-13</td>
<td>506.9</td>
<td>19.5*</td>
<td>526.4</td>
</tr>
<tr>
<td>2013-14</td>
<td>494.7</td>
<td></td>
<td>494.7</td>
</tr>
<tr>
<td>2014-15</td>
<td>470.7</td>
<td></td>
<td>470.7</td>
</tr>
</tbody>
</table>

(Source: Scottish Government correspondence)

*Budget was transferred to SFC as part of the final revisions for 2011-12. Funding announcements since the Draft Budget 2012/13 have added a total £39.5 million to the FE sector, comprising: college transformation fund of £15.0 million; student support additional funding of £11.4 million; and funding for college places in academic year 2012/13 at £13.1 million. £20 million of this was transferred to SFC as part of the final budget revisions for 2011-12.

The additional funding of £30m for measures to support youth employment has not yet been fully allocated; The full £18 million available in 2012/13 has already been allocated to specific youth employability projects, with an additional £1 million allocated across 2013/14 and 2014/15, as detailed earlier in this briefing.

Table 3: SFC Revenue Budget for Colleges, 2011-12 to 2014-15, as at 28 March 2012 (£ million, real terms)

<table>
<thead>
<tr>
<th></th>
<th>Original (Spending Review 2011 and Draft Budget 2012/13)</th>
<th>Budget Revisions</th>
<th>Revised SFC Budget</th>
<th>HMT deflator</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>534.0</td>
<td>20.0</td>
<td>554.0</td>
<td>102.20</td>
</tr>
<tr>
<td>2012-13</td>
<td>493.6</td>
<td>19.0</td>
<td>512.6</td>
<td>104.96</td>
</tr>
<tr>
<td>2013-14</td>
<td>469.9</td>
<td></td>
<td>469.9</td>
<td>107.58</td>
</tr>
<tr>
<td>2014-15</td>
<td>436.2</td>
<td></td>
<td>436.2</td>
<td>110.27</td>
</tr>
</tbody>
</table>

Funding of College Places

Colleges play a key role in training provision to support Government youth employability initiatives. Ministerial Guidance to the SFC suggests that SDS and the SFC will be jointly delivering college places. The core SFC FE revenue budget will fund 96% of college places in 2012/13, with a further 4% being delivered through SDS (Scottish Government 2012c).

A new SDS college places scheme was announced on Thurs 29th March 2012. This scheme is to be supported by the £13.1 million ‘college places’ funding, which at the time of writing is included in the ‘SFC Revenue Budget 2011-12 to 2014-15’ (see table 2). The Scottish Government news release states that colleges will be able to bid for a share of this funding, a proportion of which will be made available in college regions where student demand most significantly exceeds current provision. (Scottish Government, 2012d)
Funding – European Social Funds

Since 2009, SDS has received European Social Fund support for a number of projects. These include Government led ScotAction projects (Adopt, Innovate and Safeguard an Apprentice) which provide incentives for employers to recruit, or continue to support, an apprentice during the economic downturn. Funding is also received to support the delivery of two strategic projects across Scotland. These are Supporting Business Through Recovery (SBTR), delivering a range of initiatives to support apprenticeship training and employer incentives to encourage employee training and recruitment, and Local Training Opportunities (L-Tops) which provides pre-employment support via the Get Ready for Work and Training for Work National Training Programmes.

Where appropriate, and where ESF funding is available, SDS will continue to work with Scottish Government, European Structural Funds colleagues to develop new ESF projects which support the delivery of Scottish Government policies and targets.

Additional Funding for ‘Youth Employment’

Alongside the creation of the Youth Employment Ministerial post and the ‘Opportunities for All’ Guarantee was the announcement of plans to allocate an additional £30m towards helping Scotland’s young people into training, work or education. Of the £30m total, £18m was the result of Barnett consequentials resulting from the elements of the UK Government’s £1bn “Youth Contract” (considered later in this briefing) that do not apply in Scotland. The additional £30m funding is to be allocated over three years as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>£18m</td>
</tr>
<tr>
<td>2013-14</td>
<td>£6m</td>
</tr>
<tr>
<td>2014-15</td>
<td>£6m</td>
</tr>
</tbody>
</table>

To date, £19m of this funding has been allocated, including the full £18m for 2012-13:

- **£6 million** to create 1,000 jobs for young people aged 16 -19, through a continuation of Community Jobs Scotland into 2012-13, a programme which supports social enterprises in taking on young unemployed people for paid work and job-related training.

- **£2.5 million** towards a challenge fund to support the third sector to work with employers, delivering 800 opportunities for young people.

- **£1.5 million** available over three years to create up to 1,000 opportunities for particularly vulnerable young people, such as those who have been in care or are young carers. The funding will provide financial incentives to employers who recruit 16-24 year olds from disadvantaged backgrounds (these employer recruitment incentives are discussed below) and allow Skills Development Scotland to offer tailored support to disadvantaged young people to assist them to access the new opportunities.

- **£9 million** to be allocated in 2012-13 across 6 Local Authorities, with flexibility for local authorities to determine measures appropriate to their particular areas.

These interventions are examined in greater detail in the next section of this briefing. The allocation of the remaining £11m for future years has yet to be announced (Hudson, N. Liddell, G. Nicol, S, 2012).
TRAINING AND EMPLOYMENT OPPORTUNITIES FOR YOUNG PEOPLE IN SCOTLAND

As can be seen from the preceding sections of this briefing, there are a number of cross-cutting policies, strategies and initiatives in place, related to improving skills and youth employment in Scotland. The following section provides more detail on the national training and youth employment programmes and opportunities available, over and above mainstream school, college and university, as a result of these policies. It also details funding of each of these initiatives.

SDS NATIONAL TRAINING PROGRAMMES AND EMPLOYER INCENTIVES

Modern Apprenticeships

A Modern Apprenticeship (MA) is a training opportunity for individuals over the age of 16 to work towards an industry-recognised vocational qualification, whilst in paid employment. The Scottish Government's Spending Review 2011 and Draft Budget 2012/13 and Government Economic Strategy included the Scottish Government’s intention to deliver 25,000 Modern Apprenticeships (MAs) in each year of this Parliament, delivering 125,000 MAs by 2014-15, and they are a key part of the 'Opportunities for All' initiative.

All individuals who want to undertake a Modern Apprenticeship have to be employed, so the actual availability of MA places is demand/employer led. Where gaps in skills or employment exist, employers may seek to take on a new recruit as a modern apprentice or encourage existing employees to become an apprentice. In the latter case, Modern Apprenticeships do not lead to an increase in employment. In the case of new recruits, because MAs can be undertaken under permanent or temporary contracts these may not all necessarily lead to a permanent job.

Given the investment that an employer makes in an apprenticeship, they will want to have a period of time to assess whether the individual will provide a return on their investment, and thus there is lead in time from recruitment to starting training. The 2006 Evaluation of MAs and Skillseekers showed that the majority of 16 to 24 year old trainees commenced training within 6 months of employment (Cambridge Policy Consultants, 2006).

Modern Apprenticeships are not qualifications in themselves. Rather they comprise a Framework made up of an existing qualification and a range of required work experience and skills. These MA Frameworks are industry specific and are developed by the Sector Skills Councils in conjunction with employers (Skills Development Scotland, 2012a). They are then approved by the Modern Apprenticeship Group (MAG), an independent group, which draws its authority from the Scottish Government and is responsible for the approval of all Scottish Frameworks. It encourages Sector Skills Councils to develop robust frameworks with high participation and completion rates. Members of the MAG group are drawn from the Scottish Government (Chair) and representatives from Scotland’s Colleges, Scottish Training Federation, STUC, SQA Accreditation, SDS and an employer representative.

There are nearly 100 MA Frameworks, at SCQF level 5 to 11 (equivalent to standard grade credits through to post-graduate level study) (SCQF). The majority of publicly funded MAs follow frameworks at levels 2 and 3, covering different industries and all include 5 core skills: communication, numeracy, problem solving, working with others and information technology. They are updated as industry requires, reflecting up to date working practices and qualifications.
How are MAs Funded and Delivered?

Individuals work towards their MA in a variety of ways including: on the job-training, block or day release to a college, or private training provider, and self-study. The ‘cost’ of an MA varies depending on the framework, level of qualification and the complexity of learning involved. For example, it costs more to train an engineer than a retail assistant. Modern Apprenticeships are funded by a mixture of public funding and employer contribution. The public funding contribution to the Modern Apprenticeships programme is delivered through SDS, and indirectly by the SFC, through the funding of colleges.

Public Funding of Training of MAs - Skills Development Scotland

The mix of occupational MA Frameworks which SDS support is informed by evidence including industry demand (from Sector Skills Councils and known growth opportunities) as well as previous contractor performance. Initial estimates of the occupational mix and levels of MAs can change in year, in response to changing demand.

SDS administers the public funding contribution towards the costs of training and/or assessment through contracts with over 350 public and private training providers, including colleges. Funding per framework ranges from £500 to £9,000 per person dependent on the age of apprentice, qualification level and complexity of learning. This funding is for the lifetime of the Apprenticeship, not annually. Funding is given to training providers, including colleges, who formally contract with SDS to deliver MAs. Final SDS spend on the MA programme is subject to year-end consolidation as payment is made on evidence of achievements made and dependent on individuals achieving milestones and final certification.

Table 4 below shows public expenditure on MAs over the last 6 years:

**Table 4: MA Public Expenditure, 2005/06 to 2010/11, £ millions (cash terms)**

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>MA spend (£ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005/06</td>
<td>56</td>
</tr>
<tr>
<td>2006/07</td>
<td>60</td>
</tr>
<tr>
<td>2007/08</td>
<td>56</td>
</tr>
<tr>
<td>2008/09</td>
<td>54</td>
</tr>
<tr>
<td>2009/10</td>
<td>60</td>
</tr>
<tr>
<td>2010/11</td>
<td>69</td>
</tr>
</tbody>
</table>

(SDS)

SDS will be able to report final spend figures for 2011/12 in May 2012. Funding of MAs in future years is not yet known.

MA Training Provision - SFC Funding of Colleges

Colleges play a key role in the delivery of training provision for Modern Apprentices. Further Education Colleges in Scotland are currently directly contracted by SDS to deliver around 11% of all MA starts. In addition, a number of colleges are sub-contractors to private training providers to deliver some elements of the MA such as National Certificates or some core skills. The SFC funds colleges through its revenue budget.
MA Employer Contributions

As detailed above, SDS contributes between £500 and £9,000 per person for training an MA. The employer is expected to meet the rest of the costs of training, as it leads to business benefits from having staff up-skilled and certified against industry standards. The employer and SDS contribution to training is dependent on the MA level and framework. For example, it costs around £85,000 to train a 16-19 year old engineering apprentice over 4 years (including wage costs) and SDS contributes £9,000 to this. Therefore the employer contribution for this would be around £76,000.

As the MA is an employee, the employer is also required to pay the relevant National Minimum Wage for the apprentice. Responsibility for monitoring adherence to NMW legislation rests with HMRC.

Employer Incentives to Recruit MAs – SDS Funding

SDS also plays a key role in attempting to raise employer awareness of MAs, to support achievement of the Scottish Government target of 125,000 MAs delivered by 2014/15.

There are several financial employer incentives currently in place (detailed below) that are funded by SDS, to encourage employers to offer MAs and recruitment opportunities. The size of the incentive can depend on the size of the company:

- The ‘Adopt an Apprentice’ Scheme – This is a Scottish Government scheme to give employers an incentive of £2,000 to employ a redundant Modern Apprentice for at least 12 months, to allow the Modern Apprentice to complete their training. This scheme was in place in this form until 31 March 2012. It is unclear what financial support this employer recruitment incentive will offer employers from April 2012 onwards

- The Employer Recruitment Initiative – This incentive delivered by SDS offers businesses up to £2,000 when recruiting an MA or employee. To qualify for this incentive, businesses have to employ specific categories of individuals, such as those who have been unemployed, 16 to 19 year olds who are care leavers, ex-young offenders or young carers who are moving into employment or commencing an MA. This scheme was in place in this form until 31 March 2012. It is unclear what financial support this employer recruitment incentive will offer employers from April 2012 onwards

- The ‘Safeguard an Apprentice’ scheme was stopped in September 2011.

Part of the £19 million already allocated from the additional £30 million ‘youth employability’ funding (detailed above) is £1.5 million available over three years to create up to 1,000 opportunities for particularly vulnerable young people, such as those who have been in care or are young carers. This money will support funding of the employer recruitment incentives detailed above.

Delivery of MAs

A total of 128,431 MA actual starts have been delivered in the last 7 financial years, from 2005/06 to 2011/12. The breakdown of this appears in table 5 below.
Modern Apprenticeship statistics show that in the first three quarters of 2011/12 (April to Dec 2011) there were: 16 to 19 year olds = 9,237 MA starts and 21,971 MAs in training. 20+ year olds = 8,552 MA starts and 12,563 MAs in training. This equals a total of 17,789 MA starts and 34,534 MAs in training, in the first three quarters of 2011/12 (SDS).

On 26 March 2012, the Scottish Government announced that the target of 25,000 MA starts had been achieved in 2011/12 (Scottish Government, 2012e).

**MA Completion Rates**

The Scottish Government target of 125,000 MAs delivered over the next 4 years (including 2011/12) is based upon MA ‘starts’, not those who have ‘completed’ their MA. MA completion rates (the proportion of MA starts who finish their MA and gain their vocational qualification) have been rising over recent years, with the MA completion rate for 2010-11 being 71%. Officials giving evidence to the Economy, Energy and Tourism Committee pointed out that the apprenticeship programme has one of the highest completion rates of any part of the post-16 system (Scottish Parliament, 2012a).

Included in the 25% of non-completers are those who do not achieve MA certification for a variety of reasons e.g. caring responsibilities, detention, disciplinary reasons, which are not necessarily to do with the quality of learning and assessment provided. The 2006 Evaluation of MAs and Skillseekers showed that for 16-19 year olds 10% were dismissed; 11% left to follow another career path; and 18% had a “poor attitude/not interested” (Cambridge Policy Consultants, 2006).

MA Completion rates from 2008-09 to 2010/11 are set out in table 6 below (source: SDS internal briefing).

**Table 6: MA Completion Rates (2005/06 to 2010/11)**

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>MA Completions</th>
<th>% of MA Starts (completion rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005/06</td>
<td>10,962</td>
<td>59</td>
</tr>
<tr>
<td>2006/07</td>
<td>12,566</td>
<td>65</td>
</tr>
<tr>
<td>2007/08</td>
<td>11,401</td>
<td>69</td>
</tr>
<tr>
<td>2008/09</td>
<td>9783</td>
<td>67</td>
</tr>
<tr>
<td>2009/10</td>
<td>9232</td>
<td>70</td>
</tr>
<tr>
<td>2010/11</td>
<td>16968</td>
<td>71</td>
</tr>
</tbody>
</table>

In order to continually improve these completion rates, SDS follows an output based funding model which makes payments on the basis of evidence of achievement of milestones towards the overall qualification and a balance of between 25% and 35% is paid once the MA certificate is achieved. Currently, 34,500 MAs are being publicly funded in Scotland. A proportion of the Scottish Government’s 125,000 MA target will be delivered by the public sector.
MA Outcomes

Successive MA studies show that employers and employees benefit from MAs in terms of future career earnings for the individual, and productivity returns for the employer. However, as MAs are in employment, there has been to date no tracking system put in place to monitor individuals' progress once they have completed their apprenticeship with their employer. As part of the recommendations of the ‘Making Training Work Better’ review (Scottish Government, 2011d), the Scottish Government asked SDS to explore a cost-effective ways in which career progression could be tracked. A recent pilot large scale survey of MAs in training was undertaken by SDS’s research and evaluation team in November 2011, to test methodologies for MA contact (SDS, 2012b).

Individuals who are on SDS records as leaving the Programme but restarting within 8 weeks are not counted as a new start.

Sector Skills Councils register all individuals for a MA, including those who are not publicly funded. Some employers offer their own Apprenticeship programmes which do not necessarily meet the standards of the approved MA framework, although there are no centrally collated statistics on the numbers of these.

The Scottish Parliament’s Economy, Energy and Tourism Committee took evidence from the Minister for Youth Employment on Wednesday 29th February 2012. Scottish Government officials noted the difficulty for SDS in collecting statistics on the employment rate for people who have completed MAs, but confirmed that SDS has been asked to carry out research in this area (Scottish Parliament, 2012a)

MA Policy

In contracting for MAs, SDS seeks to prioritise funding support towards younger age groups, those employed in key sectors or traditional industries and individuals following higher VQ/SCQF level frameworks. Policy for the delivery of MAs to 2011/12 was that SDS would fund an MA in any industry if the apprentice is aged 16 to 19, or aged 20 to 24 years and has only been employed for three months. Otherwise they would only be funded if they were in a ‘key sector’ or a ‘traditional apprenticeship’ such as construction. From 2012/13, SDS have extended the ‘any industry’ funding from 16 to 19 year olds to those aged up to 25 years, regardless of how long they have been employed (i.e. they have removed the ‘3 month’ rule for the 20 to 24 year old age group). As before, SDS will only fund individuals aged 25 years or older if they are in identified ‘key sectors’ or traditional industries.

The Scottish Government recently announced that new advanced level apprenticeships will be introduced from April 2012. These will be technical apprenticeships at SCQF levels 8 and 9 and professional apprenticeships at SCQF level 10 (Scottish Government news release 2012f).

As well as MAs (training in employment), other key programmes delivered by SDS are ‘Get Ready for Work’ and ‘Training for Work’ which are examined below.

‘Get Ready for Work’

The ‘Get Ready for Work’ (GRfW) programme provides training for unemployed 16 to 19 year olds, to prepare them to enter the world of work. The programme aims to give young people essential basic skills such as reading, writing and numeracy and the confidence to enter the labour market and find employment. The programme involves ‘work tasters’ and work placements. This programme is jointly delivered by SDS and Community Planning Partnerships (SDS).
It can be seen in table 7 below that in financial year 2009/10, the GRfW programme had 10,383 starts and positive outcomes\(^1\) were achieved for 36% of these starts. The GRfW programme over three quarters, from April – Dec 2011 delivered: 6,906 starts and 2,819 ‘positive outcomes’ (41%). This training programme is partly-funded through bids for European Social Funds, from the Priority 5 ‘Employability’ funding stream (bids put forward by SDS).

### Table 7: Get Ready for Work Programme Statistics, 2009-10 (SDS)

<table>
<thead>
<tr>
<th>Get Ready for Work programme</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 April 2009 to 31 March 2010</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Starts</strong></td>
<td>10,383</td>
</tr>
<tr>
<td>Leavers</td>
<td>9,226</td>
</tr>
<tr>
<td><strong>Positive outcomes(^*)</strong></td>
<td>3,726 (36%)</td>
</tr>
<tr>
<td><strong>Breakdown of positive outcomes</strong></td>
<td></td>
</tr>
<tr>
<td>Job Outcome</td>
<td>2,283</td>
</tr>
<tr>
<td>Full-time Education</td>
<td>1,026</td>
</tr>
<tr>
<td>Mainstream</td>
<td>417</td>
</tr>
<tr>
<td>Total</td>
<td>3,726</td>
</tr>
<tr>
<td><strong>April 2011-December 2011</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Starts</strong></td>
<td>6,906</td>
</tr>
<tr>
<td><strong>Positive outcomes(^*)</strong></td>
<td>2,819 (41%)</td>
</tr>
</tbody>
</table>

Note: Some individuals with positive outcomes may have joined GRfW prior to 1 April 2009.

**Training for Work**

The Training for Work programme provides vocational skills training to individuals aged 18 or over, who have been continuously unemployed for at least 13 weeks. It can be seen in table 8 below that in 2009/10, the number of those on the training for work programme who followed on to enter jobs that were sustained for at least 13 weeks was 2,115, or 36% of total starts on the programme.

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\(^{1}\) Positive outcomes are defined as the number of Get Ready for Work and Lifeskills participants moving into a job, going on to further education or progressing to mainstream GRfW from Lifeskills.
Table 8: Training for Work Programme Statistics, 2009-10

<table>
<thead>
<tr>
<th>Training for Work programme</th>
<th>1 April 2009 to 31 March 2010</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Starts</td>
<td>5,886</td>
<td></td>
</tr>
<tr>
<td>Leavers</td>
<td>5,528</td>
<td></td>
</tr>
<tr>
<td>Leavers into jobs</td>
<td>2,691</td>
<td></td>
</tr>
<tr>
<td>% Leavers into jobs</td>
<td>48.7%</td>
<td></td>
</tr>
<tr>
<td>% all leavers into jobs that were sustained*</td>
<td>78.6% (2,115)</td>
<td></td>
</tr>
<tr>
<td>April –December 2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Starts</td>
<td>3,555</td>
<td></td>
</tr>
<tr>
<td>Leavers into jobs</td>
<td>2,022</td>
<td></td>
</tr>
</tbody>
</table>

*Employment lasting 13 weeks or more

(Source: Skills Development Scotland)

The Training for Work programme over three quarters from April – Dec 2011 delivered 3,555 starts, and of these 2,022 leavers got jobs. This training programme is also delivered through SDS and Community Planning Partnerships and is partly-funded through bids for European Social Funds, from the Priority 5 ‘Employability’ funding stream.

Flexible Training Opportunities

Scottish businesses (with up to 150 employees) are also able to apply to SDS for up to £5000 towards their employee training costs, for flexible training opportunities. SDS will provide non-refundable public funding for training up to 10 employees per eligible business. SDS will refund up to 50% of the total cost of each episode of employee training, up to a maximum of £500 per employee. The types and levels of training that are eligible for support are:

- Qualifications including individual units
- Masterclasses
- Learning based on National Occupational Standards
- Industry recognised qualifications
- Supervisory and management training
- Workshops
- Taster sessions

(Source: SDS)

In 2010/11 SDS delivered over 5,500 flexible training opportunities. In 2011/12 SDS were charged by the Scottish Government with delivering 7,000 flexible training opportunities for Small and Medium Enterprises (SMEs), 2000 more than originally planned in the Draft Budget in 2011/12 (SDS internal briefing).
‘My World of Work’

‘My World of Work’ is a web based career information service, launched by Skills Development Scotland in August 2011. It provides information on key industries and skills demands in Scotland, and detail on what specific jobs or careers involve, including required experience and qualifications, and prospective earnings information. The information also extends to include voluntary work, self-employment and home working. Jobcentre Plus vacancies can also be searched on the ‘My World of Work’ website.

On Tuesday 20 March 2012, the Scottish Parliament Education and Culture Committee took evidence on youth employment initiatives and the ‘Opportunities for All’ guarantee, from a panel of witnesses including the Scottish Trades Union Congress (STUC), Federation of Small Businesses (FSB), the Alliance of Sector Skills Councils (ASSC) and SDS. During this evidence session, a representative of the STUC explained that Unions have concerns with this move to web based services for careers advice (Scottish Parliament 2012b):

Stephen Boyd (STUC): (…) the feedback that we are getting from trade union reps in Skills Development Scotland, through their union, is that they are very concerned about the potential impact on the services that are being delivered and of the shift towards web-based services, which they see as being financially driven. There is concern that the loss of professional, face-to-face advice is extremely unhelpful, especially at this time, and that a lazy assumption has been made that young people want to engage through the web [Official Report, col 909]

SDS states that ‘My World of Work’ supports the Scottish Government’s ambitions for the improved delivery of an all age, universal careers service and that the online service complements SDS’s face-to-face and telephone services, as well as those provided by partners, so that customers can access or utilise services dependent on their needs (SDS correspondence).

‘Work Coaching’ – Youth Employability Service

SDS is developing a Careers Information and Guidance role that is aimed at providing targeted support for all young people transitioning from school and at risk of progressing to a negative destination. This service, to be provided by SDS careers staff, will provide intensive one to one ‘career coaching’ for young people, helping them to access employment opportunities, develop individualised skills plans and benefit from coaching to help them sustain their employment.

OTHER TRAINING AND EMPLOYABILITY PROGRAMMES

In addition to these National Training Programmes and employability initiatives delivered by SDS, opportunities through programmes delivered by Community Jobs Scotland, ‘Inspiring Scotland’s’ 14:19 Fund, Local Activity Agreements and Community and Employability Partnerships also contribute towards delivery of Scottish Government youth employment and skills policy and the ‘Opportunities for All’ guarantee. These are considered below.

Local government and partnerships

Community Planning Partnerships and, within these, local employability partnerships also support delivery of measures to improve youth employment. Local partnerships play an important role in the delivery of programmes funded through the European Social Fund (ESF) and local authorities are responsible for developing and implementing Activity Agreements,
which aim to provide intensive support for school leavers who might not otherwise find work or training.

Following a pilot of Activity Agreements in 2010-11, and a subsequent evaluation, the programme is being rolled out to all local authority areas and received funding of £4m in 2011/12. The Government is continuing this financial commitment of £4m in 2012/13.

In addition, as part of the additional £30 million youth employment funding, a total of £9m is to be allocated across six Local Authorities facing particular challenges in respect of youth unemployment, with flexibility for local authorities to determine measures appropriate to their particular areas. The total is to be distributed as follows:

- Glasgow – £3,371,000
- North Lanarkshire – £1,825,000
- South Lanarkshire – £1,457,000
- North Ayrshire – £828,000
- Renfrewshire – £799,000
- East Ayrshire – £720,000

**Inspiring Scotland**

*Inspiring Scotland LTD* was launched in 2008 and manages three funds, one of which is the 14:19 fund. In 2011 this fund received £6.1 million investment, including £4 million Scottish Government funding and 'levered in' £4.9 million additional funding. The fund currently invests in 20 ventures all working to significantly reduce the number of young people who are not able to make a successful transition from school. In 2011, 5,242 young people were actively engaged in venture services and 2,617 were supported into employment, education or training. The 2,617 individuals helped via Inspiring Scotland represent 7% of the total number NEET. The 14:19 Fund is intended to be a seven to ten year programme and the Government is committing a further £4 million in 2012-13 to support Inspiring Scotland’s work.

For further detail, please see *Inspiring Scotland's 14:19 Fund 2010 Report*.

**Community Jobs Scotland**

*Community Jobs Scotland* (CJS) is delivered by the Scottish Council for Voluntary Organisation (SCVO) and Social Enterprise Scotland (SES) in partnership with the Scottish Government. A pilot was run in 2011/12 and it is designed to support young people into sustainable employment through providing meaningful paid work experience in the third sector.

All opportunities through CJS must offer a minimum of 25 hours of paid work each week, paid at least the National Minimum Wage, although offering more hours and/or a higher wage rate is encouraged. Opportunities must last a minimum of 26 weeks, or 39 weeks for 16 – 17 year olds and will be created in all 32 Scottish Local Authority areas. Each job created must be ‘additional’ and generate demonstrable community benefit. CJS employers must commit to providing a high quality package of support to the individual. This includes provision of an induction, on-the-job training, support and supervision, job search support, and an ongoing focus on assisting the individual into lasting employment (SCVO).
The CJS pilot was aimed primarily at 18 – 24 year olds, although a proportion of opportunities are reserved for 16 – 17 year olds and also 25+ year olds. Eligibility is generally six months of unemployment, although some individuals may qualify for early entry. Any individuals wishing to apply for a CJS opportunity must first be referred by a Jobcentre Plus or Skills Development Scotland Advisor (Source: SCVO)

Community Jobs Scotland has been extended into 2012/13 following this one year pilot, and aims to deliver an extra 1,000 jobs for young people aged 16-19, supported by £6 million public funding. This investment is part of the second tranche of funding from the additional £30 million public funding announced in December 2011 to tackle youth unemployment throughout Scotland (Scottish Government, 2012g)

**Challenge Fund**

As part of the additional £30 million to support youth employment, £2.5 million has been provided towards a challenge fund in 2012-13 to support social enterprises and third sector organisations to provide support to young people across the youth unemployment cohort. A key feature will be for them to work with employers to deliver 800 opportunities for young people. SDS are currently working with the Scottish Government to identify what their plans are for this fund. Nothing has been finalised to date.

**UK WIDE YOUTH EMPLOYMENT SCHEMES**

In addition to the programmes and activities funded by the Scottish Government, as part of the plans for welfare reform, the UK Government has introduced several measures to 'Get Britain Working'. The Department for Work and Pensions (DWP) operates a number of UK-wide schemes aimed at alleviating youth unemployment, as part of the wider Youth Contract.

Specific measures that apply in Scotland include:

- **Work Programme wage incentives** – as of 2 April 2012 wage incentives worth up to £2,275 each, will be available for employers who recruit an 18-24 year-old Work Programme participant for a job lasting at least 26 weeks. The Work Programme is a scheme to support the long-term unemployed (or those considered at risk of becoming long-term unemployed). Those under 25 typically become eligible for Work Programme support once they have been unemployed for nine months. Separate Employer Recruitment Incentive schemes are also funded by the Scottish Government via Skills Development Scotland, and these are available to employers of young unemployed persons meeting specific conditions who are not part of the Work Programme.

- **Work Experience scheme** – providing unpaid work experience placements of two to eight weeks to unemployed 16-24 year olds. Participants continue to receive their benefits during the placement period and may receive help with transport and/or childcare costs. The scheme has recently been criticised due to the unpaid nature of the placements and the threat of withdrawal of benefits if the placement is not completed. These criticisms have led to some employers withdrawing from participation in the scheme. The UK Government states that, 13 weeks after joining the scheme, 51% of participants are no longer claiming benefits.²

In addition, the Youth Contract commits greater support to young people through more regular and in-depth time with JobCentre Plus advisers. The sector-based work academies announced as part of the Youth Contract already operate in Scotland.

EUROPEAN POLICY MEASURES

Reflecting wider concerns in relation to youth unemployment, the European Union has announced a Youth Opportunities Initiative. This provides targeted financial support for a range of initiatives aimed at tackling youth unemployment. Many of these initiatives are similar to measures already in place in Scotland, such as youth guarantee schemes and apprenticeships. There are also measures to promote entrepreneurship among young people and to encourage cross-border job seeking.

The European Commission has stressed the need for specific action to address youth unemployment, as distinct from more general labour market interventions. It expressed concerns that Member States were not taking sufficient action to tackle the problem and also highlighted that €30bn of European Social Fund (ESF) money for the period 2007-2013 remains uncommitted.³

The next round of ESF funding will cover the period 2014-2020 and provides funding for employment and training measures. The Scottish Government has highlighted its intention to prioritise youth employment measures in its plans for application of the funds that Scotland receives.

INTERNATIONAL CASE STUDIES

Youth unemployment has become a matter of growing importance for Governments around the world, particularly since the recent economic crisis. The United Nations stated that

“There is no one-size-fits-all solution to the youth employment challenge. Policy responses depend on national circumstances” (2010).

The following paragraphs outline a number of different examples; from the Netherlands and Denmark, which have historically spent more on labour market policies and experienced more favourable labour market conditions for the young than other OECD countries, and from France where youth unemployment is currently high relative to other OECD countries.

The Netherlands

Labour market conditions for young Dutch individuals are more favourable than in other OECD countries and, although youth unemployment has increased in recent years, in 2010 the youth unemployment rate was lower in The Netherlands than any other OECD country. It is worth noting that young people in The Netherlands are obliged to attend school until they are 18 years old, or have achieved a basic qualification.

To bring down youth unemployment, the Dutch Government implemented the Youth Unemployment Action Plan aimed at preventing the young from dropping out of education or the labour market. They also introduced the Investing in Young People Act (in Dutch: Wet investeren in jongeren) which was in effect from September 2009 to January 2012. It stipulated that municipalities must offer those aged 18-27 years who applied for social assistance either a job, some form of schooling/training, or a combination of both. When a young person accepted

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³ European Commission, 2011
a job they received a salary from the employer and when they undertook some form of schooling/training they received an income up to the level of the social benefit. If the individual refused the offer then their benefits were reduced (Nederlands Jeugd instituut 2012 and Government of the Netherlands 2012).

Denmark

Denmark is another country with relatively favourable labour market conditions for young people. Historically, the transition from school to work has been successful for Danish individuals, with many finding work when they are still studying. However more recently, given the economic turbulence, youth unemployment in Denmark has increased. The OECD stated that thanks to the targeted policies in this area “the Danish government can focus on the supposedly less challenging tasks of improving its existing schemes and evaluating their capacity to combat rising youth unemployment, instead of putting in place new programmes, as is the case in a number of other OECD countries” (OECD 2010b).

In November 2009, the Danish government agreed a youth plan to improve employment prospects for young people, specifically:

- **15-17 year olds**: all pupils have to prepare an education plan with their parents, the school and the youth guidance centre. It must lead to further education or describe what the young person will otherwise be doing (such as training, employment, internship, stay abroad or volunteer work). If pupils do not follow their plan, their parents risk losing child benefits.
- **18-19 year olds**: given the assistance of the public employment service, offering a one to one interview after one week of applying for benefits, a job-search training course within the first two weeks and an educational opportunity or work placement no later than one month after the beginning of the unemployment period.
- **all youth aged 18-30**: to tackle long-term unemployment the public employment service offers businesses a hiring subsidy for young people who have been receiving benefits for more than 12 months. In addition, the public employment service provides literacy and numeracy courses for young people without qualifications (OECD 2010b).

It is interesting to note that “public funding for active labour market programmes is automatically adjusted according to the government’s official unemployment forecasts to ensure sufficient resources to support the larger number of jobless persons, including youth” (OECD 2010b).

France

Youth unemployment is a persistent problem in France which has been exacerbated by the economic crisis. There has historically been of a lack of fluidity between the transition from school to work, and young people have typically had difficulties accessing full-time jobs with temporary work and short duration contracts being very prevalent (European Commission 2010).

Since 2009 the French Government have developed three plans to tackle the youth unemployment problem:

- The ‘Hope for suburbs’ plan: this targets young people from underprivileged areas which are over-represented in unemployment, subsidised labour contracts and low wages. As part of this, 200 schools are piloting an academic success programme that involves intensive training and individual support for pupils lagging behind.
The ‘Emergency plan for youth employment’: this is a recovery measure which aims to facilitate the school-to-work transition by promoting apprenticeship and combined work and training opportunities, promote the transformation of internships into permanent employment contracts and provide additional training and employment opportunities for youth far removed from the labour market. It provides businesses with financial incentives such as social security exemptions and small business subsidies for hiring young apprentices and payments for giving interns permanent contracts.

The ‘Acting for youth’ plan: this focuses on the problem of early school leavers through improving guidance in school; extending compulsory education from 16 to 18 years of age, with the right to benefit from training or to take up a job just after leaving school; helping youth to become financially autonomous; and encouraging the youth to become better citizens (OECD 2010a and European Commission 2010).
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