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NEGOTIATE

Overcoming job-insecurity in Europe

NEGOTIATE – Negotiating early job-insecurity and labour market exclusion in Europe
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Introduction

This report focuses on the Youth Employment Initiative Funds in England¹ and discusses their (multi-level) governance. At the moment of writing, the implementation of YEI-funded activities in England had just started and outcomes are not available yet. Moreover, collecting information on the implementation of YEI funds was not easy: poor cooperation from the Managing Authority (Department for Work and Pensions) in charge of managing the funds did not help to get a clearer view. For these reasons, the report mainly discusses the political discourses in the UK context on the European initiatives against youth unemployment. It also attempts to identify whether the introduction of European funds targeting young people had any impact on the governance and delivery of programmes at the national/local level. The report is largely based on desk research and 5 interviews with relevant stakeholders.

The first part of the report explains how relevant actors received the Youth Guarantee by analysing statements, speeches and official documents. The second part summarises the main national initiatives and the overall approach adopted to tackle youth unemployment. The third part presents the vertical and horizontal governance of the YEI. The fourth part assesses the implementation of the Youth Employment Initiative in England and its governance through two cases studies. Short recommendations conclude the report.

1. National policy actors and their position towards the Youth Guarantee

Different reactions from relevant stakeholders followed the Council Recommendation on the implementation of a Youth Guarantee in the UK. We report the diverging positions of national authorities as well as the position of social partners. Opinions are mostly drawn from publicly available documents, reports, Parliament hearings and two interviews (with a trade unionist and a Brussels-based expert).

In March 2014, the UK Government sent the Youth Guarantee (YG) Implementation Plan to the Commission announcing that it would not implement a Youth Guarantee². The main reason was that the existing national policies targeting youth unemployment were more adapted to the country situation. In particular, the UK Government argued that more than 80% of claimants leave unemployment benefits before six months (Eurofound 2015). Thus, the intervention timing set by the YG at 4 months could “lock them in” instead of easing their way out of benefits³. The UK Government also expressed their dissatisfaction with the idea of a “binding guarantee” that the YG carried with it. Furthermore, they argued that the Youth Contract

¹ We decided to focus on England because of the devolution of competences of countries forming the United Kingdom.

² In contrast to other European Member State, the Youth Guarantee Implementation Plan is not available online and not publicly accessible.

³ <http://www.publications.parliament.uk/pa/cm201516/cmselect/cmeuleg/342-iv/34214.htm>, last accessed 27 September 2016.

programme was close enough to the idea of YG and would have ensured the achievement of the same goals. The European Commission, although it expressed a strong preference for the adoption of the YG, finally accepted that the Youth Contract programme (see below for more details) could act as a Youth Guarantee (Brussels-based expert250916).

This reaction should be seen within the broader position of the UK towards European Funds and European strategies. The UK government stated that the contribution of the ESIF for the UK (European Structural Investment Funds which also include the European Social Fund, ESF) is marginal compared to the national efforts in the domains covered by the funds (HM Government 2014). Equally important, the UK has formally decided not to sign up to any new domestic targets for employment, education and reduction of poverty in relation to the Europe2020 strategy in spite of broadly recognising their relevance (HM Government 2014; DWP 2015). This position denotes an overall reluctance towards specific interventions proposed at the EU level, such as the Youth Guarantee. One of our interviewees underlined that this lack of interest in European initiative is a long-standing trend of UK Governments. According to him, this has pushed other actors, including trade unions, to limit their focus on national issues rather than trying to introduce European initiatives in the national context (TU171016).

Not all national actors agreed with the UK Government position. In April 2014, the House of Lords, the upper house of the British Parliament, supported the implementation of the YG. It argued that the YG could bring an innovative approach and foster the coordination of Member States in tackling youth unemployment⁴. Further the House of Lords invited the Government to use the ESF money not to subsidise national projects, but rather to promote interventions with a longer time perspective and foster the introduction of approaches that had been successful in other countries. The European Commission praised the position of the House of Lords⁵ and other actors, namely the Trade Union Congress (TUC), also supported it. The TUC⁶ esteemed that the Recommendation for a Youth Guarantee was even too flexible. It suggested that the Member States should have tightly linked access to the funding available under the Youth Employment Initiative to the implementation of the YG⁷.

The Confederation of British Industry (CBI) did not issue a published public position. However, the CBI is also part of BusinessEurope, the Representative of Employers at the European level, which published a position paper on the initiatives proposed at the European level. BusinessEurope recognised the urgency of targeting youth unemployment; however, it underlined the need of allowing Member States to adapt the Youth Guarantee to their economic and labour market situation⁸. In 2012, during the European negotiations between social partners on youth employment, European employers repeatedly expressed their mixed feelings about the

⁴ <http://www.publications.parliament.uk/pa/ld201314/ldselect/ldcom/164/16406.htm>, last accessed 22nd September 2016.

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http://ec.europa.eu/dgs/secretariat_general/relations/relations_other/npo/docs/united_kingdom/2013/com20130144_246/com20130144_246_lords_reply_en.pdf, last accessed 22nd September 2016.

⁶ The national federation of trade union representing the majority of trade unions in England and Wales.

⁷ <http://www.publications.parliament.uk/pa/ld201314/ldselect/ldcom/164/16406.htm#n111>, last accessed 27 September 2016.

⁸ <https://www.busesseurope.eu/sites/buseur/files/media/imported/2013-00155-E.pdf>, last accessed 29 September 2016.

Youth Guarantee and they made many attempts to reduce the scope of the initiative. Their reluctance was mostly linked to the high costs of the Youth Guarantee particularly in those countries where it was already implemented (e.g. Finland)(Bussi 2013). Moreover, in his contribution to the debate on youth unemployment in the House of Lords, a policy officer of the British Chamber of Commerce argued that although being supportive of guaranteeing access to training and work experience, the idea of guaranteeing a job should go hand in hand with a stronger approach to skills. This would imply making young people stronger and more able to compete for existing jobs rather than “assigning” jobs to them (House of Lords 2013).

a. National priorities and actions taken against youth unemployment

The economic crisis played a role in making youth unemployment a priority for the Labour Government that took the first measures against the rise in youth joblessness. Even though the Coalition Government implemented other measures in the following years (most notably the Youth Contract in 2012) when they first entered into power in 2010 there were no references to youth unemployment policies in their joint programme.⁹

The focus of recent policies has been mostly on the supply side with the aim of allowing young people to find different yet quick paths to integrate the labour market or training schemes (Bussi and O’Reilly 2016). The overall approach of national reforms was characterised by increasing forms of ‘contractualisation’ between the Public Employment Service and young claimants; a strong emphasis on reducing benefits dependency by strengthening individual responsibility and stricter conditionality and harsher sanctions. The programmes have mostly promoted work schemes with hands-on experience, intense job-search and short periods of training, mostly focusing on basic skills (e.g. English and Maths), though poor attention has been paid to the quality of jobs on offer. A detailed review of the most recent reforms is available in WP3.4 UK National country report for the NEGOTIATE project¹⁰. Here we only recall the most important and recent policy targeting young people: the Youth Contract.

The Youth Contract

The Youth Contract (YC) was presented by the UK Government as the equivalent to a UK version of the Youth Guarantee (Eurofound 2015); for this reason the UK is still part of the monitoring system of the Youth Guarantee. Like the Youth Guarantee, the YC was targeted at helping young people 16-24 find work. Launched in 2012 it provided a combination of existing schemes (Mirza-Davis 2014) until it was formally ended in March 2015 when no new admissions were accepted to the programme.

Like for the Youth Guarantee, the YC included different measures ranging from promoting training, apprenticeships and employment/work placements. Young people could register through the JobCentre Plus (Public Employment Service) or online (European Commission 2016). It included the Apprenticeship Grant for Employers, and the Work Experience

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/78977/coalition_programme_for_government.pdf, last accessed 18th November 2016.

¹⁰ <https://negotiate-research.eu/files/2015/04/NEGOTIATE-working-paper-D3.4.pdf>

Programme providing placements through Jobcentre Plus. This was targeted at young people who had been claiming Jobseekers' Allowance for at least 13 weeks. The YC also included specific financial support to providers targeting NEETs aged 16 to 17. This involved a scheme of intensified meetings with a work coach every two weeks.

The final evaluation showed that for this component of the YC, significant and positive impacts were recorded on reducing NEET rates. Young participants had much lower NEET rates than the counterfactual group at six and twelve months following on from the start of the YC. Further positive returns were found in terms of re-engagement in education and training (Newton et al 2014).

The Youth Contract also included wage incentives for a duration of three years for employers, preferably those in the private sectors who wanted to employ young people between 18 and 24 years old. Eligible young people had to have been unemployed for 6 months, but no wage, training or job quality requirement was required of employers. Wage incentives linked with the Youth Contract were paid only if the person stays employed for at least 26 weeks.

b. UK approach to activation of young unemployed in time of crisis

There is potentially some discrepancy between the European Commission approach and how ALMPs in the UK make use of these ESF/YEI funds. The EU Commission promotes the implementation of a more in-depth holistic approach for young NEETs and the unemployed through ESF. A personalised and individualised approach to social inclusion is often the first step before targeting the inclusion in the labour market (Brussels-based expert 250916). A similar approach is found in the UK, but there is greater emphasis on encouraging a speedy return into training or employment, even though young people might not be ready for that.

The initial proposal of Trade Unions was to use the YEI funds to establish a Job Guarantee inspired by the Future Jobs Fund (TU171016). The Future Jobs Fund (FJF) was introduced in October 2009 by the last Labour Government and supported the creation of subsidised jobs for unemployed young people. The jobs offered were temporary (6 months) and were paid a real wage. The aim was to help young people to get unsubsidised work after leaving supported employment. The programme primarily targeted young people aged 18 to 24 year olds who received Jobseeker's Allowance (JSA) and were living in disadvantaged areas¹¹. The programme was scrapped right after the Coalition Government entered into power. However several evaluations confirmed its effectiveness. Young people who took part in the FJF had much higher probability of being employed afterwards and lower probability of going back to unemployment¹². Furthermore, the FJF engaged employers, provided young people with real jobs and real wages; it was beneficial for the voluntary and social economy sector; it improved

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http://www.learningandwork.org.uk/sites/niace_en/files/publications/CESI_future_jobs_fund_evaluation.pdf?redirectedfrom=cesi, last accessed 26th October 2016.

¹² <http://www.niesr.ac.uk/blog/future-jobs-fund-what-waste#.WBB3M1dlu8U>, last accessed 26th October 2016.

participants' health and stimulated cooperation across sub-regional partners¹³. For all these reasons, the TUC strongly supported that the YG in England should be inspired by the FJF.

In recent years, particularly since the stark increase of youth unemployment, there have been several reforms (for a more complete review of recent reforms see NEG 3.4 UK Country Report). Overall reforms were in line with existing policies and approaches. However we report here two main reforms that will potentially bring major changes in the UK youth labour market and skills policy panorama: the changes in the delivery, design and monitoring of apprenticeships and the introduction of the Universal Credit.

Apprenticeships and work-based learning have been for a long time at the centre of policy initiatives because of its underdevelopment in the UK and the lack of social partners involvement (Keep 2015). In 2012, the Coalition government implemented several measures aimed at reinforcing the involvement of employers, one of the weakest features of the English apprenticeship system. These initiatives included the Apprenticeship Trailblazers and the Apprenticeship Levy. The first programme was launched in 2012 and included 140 trailblazers and over 1,200 employers who developed new apprenticeship standards. A recent evaluation shows positive results in terms of employers' engagement and ownership in the design of apprenticeship scheme (Newton et al 2015). The Apprenticeship Levy was approved by the Conservative government in 2016 and will be introduced in April 2017. The Levy is intended to provide further incentives for employers to make initiatives to develop apprenticeship schemes, or otherwise pay a levy for others to do so.

In spite of the fact that there was a strong interest in apprenticeship at the European level, no significant reference to the European context was found in official documents. The Richard Review of Apprenticeship, which inspired the Apprenticeship reform, mentioned other European apprenticeships systems but rather suggested an English-adapted approach (Richard 2012).

Another major structural reform, which is currently being rolled-out, is the implementation of Universal Credit. Universal Credit streamlines several existing benefits and will affect unemployed young people who did not qualify for unemployment insurance. Compared to the previous benefits, the UC allows single young people under 25 to receive in-work benefits, who could not be paid under the Working Tax Credit (one of the former six benefits replaced by the UC). This means that a single young person under 25 who moves into work will have their benefits reduced more gradually and not withdrawn as soon as they get into work.¹⁴

Among other criteria, UC cannot be granted to young people under 18, although some exceptions apply. In March 2016, there were more than 97000 young people aged 16-24 receiving UC representing 43% of the total amount of recipients. The vast majority of young people receiving UC were not in employment. In April 2017, the introduction of the Youth Obligation will affect young people aged 18 to 21 receiving Universal Credit. Young people

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http://www.learningandwork.org.uk/sites/niace_en/files/publications/CESI_future_jobs_fund_evaluation.pdf?redirectedfrom=cesi, last accessed 26th October 2016.

¹⁴ <https://www.gov.uk/government/news/universal-credit-will-support-young-people-in-work>, last accessed 18th May 2016.

will be required to take part in an intensive support programme from the first day of their claim. They will be required to attend a three-week intensive activity programme aiming at providing high-quality job-search skills necessary to move quickly into work or training. If still unemployed after 6 months, they are expected to apply for an apprenticeship, traineeship, gain work-based skills or go into mandatory work placement in order to gain significant work experience and get back to work. A first evaluation carried out on a pilot implementation showed that the intense activity programme is particularly beneficial for young people (18-24).

However some concerns are raised for those young people facing multiple barriers to employment and in need of more complex support. Both the intense activity programme and the mandatory requirements to find a job could lead to an increasing rate of non-take up or drop out.¹⁵ Again, this major structural reform was not inspired by European policies or orientation. One interviewee suggested that there was a tension between national reforms encouraging an accumulation of working hours in any kind of employment compared to the aims of the YEI of targeting NEETs. For instance, the recently introduced Universal Credit aims to make claimants accepting any type of employment. This means that even some hours of work, which does not necessarily lead to stable labour market integration, make young people ineligible for a more comprehensive support provided by YEI measures as they can no longer be considered as NEET.

“it’s (the YEI) actually working in a different direction to the direction of travel of DWP’s policy overall with the move towards Universal Credit, where young people are encouraged to have more hours of employment. The direction of travel is moving the cohort of young people away from the eligibility for the Youth Employment Initiative, which is a good thing. But the problem is that the Youth Employment Initiative is not matching the national direction of travel on policy” (BMG281016)

c. Examples of activation policies funded by the Youth Employment Initiative

At the national level, the YG does not seem to have had any direct influence in fostering the coordination of existing policies. The UK Government was clear in defining the objectives of the YG as “shared” but it was not the catalyst shaping UK policies to address the rise in NEETs.

Nevertheless, the picture looks different at the local level. In Birmingham, for instance, the Youth Guarantee was an inspiration for the Youth Promise, a programme launched by the Birmingham City Council in November 2014 and targeting young people aged 14 to 25. The Youth Promise included among others a new career service, an improved monitoring and tracking system for young NEET and a targeted employment fund for young people living in areas with high unemployment. The YEI-funded Youth Promise Plus programme is an “extended version” of the existing Youth Promise programme and it brought together numerous existing providers.

¹⁵ <http://www.employment-studies.co.uk/news/will-youth-obligation-work-disadvantaged-young-people>, last accessed 26th October 2017.

“(Youth Promise) followed the Youth Guarantee. Exactly. It explicitly followed the Commission’s Youth Guarantee. That’s why the project is called Youth Promise Plus, because it kind of extends that promise, and deepens it.” (BMG281016)

As explained in the following sections, the cooperation created for the Youth Promise Plus programme is, nonetheless, facing several challenges mostly linked with the funding mechanisms and eligibility requirements.

2. Implementation of Youth Employment Initiative-funded schemes

The Government position on the Youth Guarantee obliges us to concentrate our analysis on the Youth Employment Initiative and its implementation in England. YEI-funded measures started their delivery between February and May 2016. No official outputs are available yet. In this section we present the overall horizontal and vertical coordination of actors implementing YEI-funded scheme, the type of measures financed as well as their target groups.

Youth Employment Initiative Funds for England amount to €206,098,124 matched by the same amount from the ESF (European Commission 2016). The UK used the limited flexibility of the YEI funds to include NUTS3 together with NUTS2¹⁶ areas. The following areas will be receiving YEI funds: Inner London, Merseyside, Southwest Scotland, Tees Valley & Durham, West Midlands, and the locations of Hull, Leicester, Nottingham and Thurrock¹⁷.

YEI-funded activities have been included in the Operational Programme 2014-2020 as an integrated priority axis (Priority Axis 1, Inclusive Labour Markets). The Operational Programme was approved only in September 2015 (European Commission 2016), somewhat later compared to other European countries.

Depending on the target and time-frame of different projects, potential delays in approving the Operational Programme might lead to an increased pressure on managing partners and providers who are still expected to deliver outcomes in 2018 despite having less time at their disposal. However, our Brussels-based expert also argued that including the YEI in the broader Operational Programme might also improve the coherence in the use of funds (Brussels-based expert250916).

Increased pressure on delivery was also confirmed by the case of a provider in the West Midlands. The managing provider and the providers involved are struggling between delivering an effective programme for the most vulnerable and the delay for receiving the funds. The tight time schedule makes the 2018 deadline extremely close (BMG281016). This is likely to imply some changes to the initial programme. In the case of a provider in the Liverpool City Region,

¹⁶ <http://ec.europa.eu/eurostat/web/nuts/overview>, last accessed 1st December 2016.

¹⁷ <https://www.gov.uk/government/news/170-million-to-help-young-people-find-jobs>, accessed on 27th October 2016.

the tight deadline of the funds does not seem to pose major concerns and no change in the design or delivery of the programme is expected as it was designed in the knowledge of the tight timescales (LVP1231116, LVP2241116).

a. Target groups of YEI-funded schemes

Young NEETs, particularly those aged 18-19 years old, are a major concern in England. Young NEETs are mostly concentrated in some parts of the country and their lack of basic skills (i.e. English, Maths and ICT) is considered a major barrier to their successful transition in the labour market. The specific objectives set out in the Operational Programme and specifically financed by the YEI include (DWP 2015a):

- Providing more traineeship and apprenticeship opportunities to young people up to 29 years old but with a focus on teenagers.
- Outreach to marginalised NEETs (e.g. lone parents, care leavers, young lone parents, ex-offenders) to engage them in education and training measures, particular focus on young teenagers.
- Address basic skills needs of NEETs aged 15-29.
- Provide work experience and pre-employment opportunities for NEETs.
- Support lone parents towards employment or self-employment also by providing childcare.

Lone parents are a specific target objective because of the difficulties they have entering the labour market due to a lack of affordable childcare.

As for local YEI projects that have already been approved, these mostly target young people: with no access to career guidance; NEETs with low qualifications; NEET who are not claiming any benefits; NEETs with more complex needs such as homelessness and travellers. Young people with mental health problems or with learning difficulties and those who have been qualified as “at risk” of becoming NEETs are also on the target group. Most of the programmes also have specific provisions for sub-groups of young people in order to target specific barriers (e.g. in London there is a specific programme helping young people from migrant backgrounds – BAME people - Black, Pakistani, mixed ethnicity, Bangladeshi etc.).

Outreaching activities are mostly provided by the third sector organisations. These have a long history of participation and are well-integrated in the delivery system of active labour market policy in England. While those on the Youth Contract were enrolled via the JobCentre Plus or a website (European Commission 2016), young NEETs were targeted by local YEI-financed projects that specialise in outreaching to these kinds of communities. These young people are not necessarily registered at the JobCentre Plus as they belong to the broader of group NEETs.

Young people who take part in YEI-funded programmes are very likely to receive a personalised support whose intensity varies according to the young person’s needs and an

individual action plan. This is, for instance, the case of young people involved in the Working Futures programme, implemented in the Liverpool City Region (more details in the next section).

b. Objectives of YEI-funded schemes

Overall, the objectives are in line with the existing policy trends. However local providers raised some doubts about the potential opposite direction of national policies - aiming at bringing claimants back to work by all means even for very short amount of time (such as the Universal Credit)- and the willingness of the YEI of providing comprehensive and more holistic approach.

The approach outlined in the Operational Programme reflects an emphasis on putting young people who are old enough (25-29) back to the labour market even through short-term and low paid/non-paid experience.

For those who are younger (16-24), there is an emphasis on training leading to qualifications and apprenticeships. The role of basic skills is underlined.

Most prioritise a “job-first”. Employer involvement is on the basis of them providing rather short (pre-employment work experience) or longer (apprenticeship) programmes; wage subsidies for employers are not used, and the national minimum wage regulates statutory pay for young people. Enabling programmes mostly include basic skills training, apprenticeships and support for young people with special needs. Self-employment was also mentioned as a possible positive exit for young NEETs.

There was no evidence of measures to promote mobility within or outside the country.

c. Quality job and gender aspects of YEI-funded schemes

In March 2015, the European Court of Auditors (ECA) raised some doubts about the quality of the offers delivered by the Youth Guarantee in some Member States (ECA 2015). Questioned by the House of Commons on the UK situation, the UK Ministry for Employment underlined that the Government does not set standards for the quality of jobs in the labour market. Instead, Ofsted (Office for Standards in Education, Children's Services and Skills) monitors the quality of apprenticeships, traineeships and continued education and statutory standards have been implemented. The Minister further argued that the ECA's suggestion of setting a single blueprint to determine quality across Member States is not viable or advisable (DWP 2015b).

Reconciliation of work and family life is included in the Operational Programme and pursued by targeting lone parents and addressing barriers to work including childcare (DWP 2015a). No specific programme was found targeting young women specifically.

c. Young people's voice in YEI-funded schemes

The YG as a legally binding entitlement was a major concern of the Central Government. The idea of an enforceable 'guarantee' made the British Government disinclined towards the project. The long run spirit of contractualisation permeating ALMPs for young people in the UK is often seen to be one-directional: young people are obliged to attend courses, workshops or enter volunteer jobs; the alternative is benefit sanctions for non-participation.

"Freedom of choice" was not mentioned as a priority in the Operational Programme, nor the importance of making choice leading to the life that young people value. A general mention to "raise aspirations" of workless people is include the Operational Programme (DWP 2015a). However, when looking at programmes implemented locally, one can find approaches to delivery that put more emphasis on helping young people elaborate personal projects and overcome individual difficulties. This is the case of the Working Future Programme in the Liverpool City Region. The enrolment on the programme is the young person's choice. Once enrolled, the young person and the provider sign a non-binding action plan where, depending on the length of the intervention, they agree on final or intermediate goals. The idea is to set achievable objectives that can help young people progress towards a longer-term final goal (LVP1231116).

Moreover, young people participating in the two programmes presented here are NEETs but not necessarily receiving unemployment benefits. Only a proportion of young participants in Birmingham and Liverpool City Region are referred by the JobCentre Plus. For instance, in the case of Liverpool, one of the providers made clear that participation in Working Futures programme is voluntary. The choice of young people is respected in so far a they can choose to attend or not attend the programme without being sanctioned for non-participation. This means that they, as provider, will not accept a mandate from the JobCentre Plus that would imply an obligation for the young person that could lead to them being sanctioned over their receipt of benefits (LVP2241116). However, young people receiving unemployment benefits, wanting to enrol on Working Futures programme, have to confirm their participation in this programme with the JobCentre. Normally, young people receiving Jobseeker Allowance are requested to spend 35h/week looking for jobs. The JobCentre Plus can allow up to half of this time to be spent in something that is not job-search as such, but that can improve the young persons chances in the labour market, like unpaid work placement (LVP2241116).

d. Actors and coordination in YEI-funded schemes

Implementing YEI-funded activation policies: vertical coordination

The vertical coordination of actors is quite complex in England. The main national and regional institutions involved in managing the funds are: the Managing Authority (the Department for Work and Pensions); the Op-in organisations; the Growth Programme Board and the Local Enterprise Partnerships (LEPs). Recent reforms have further attempted to decentralise the ESF delivery and their management to the LEPs (HM Government 2010). However, making Local

Enterprise Partnerships “Intermediary Bodies”, i.e. institutions able to select and co-finance ESF projects, is still under approval for most of them.¹⁸

The Managing Authority

The Managing Authority for the ESF is the Department of Work and Pensions (DWP). The DWP is in charge of managing the funds, of ensuring the link with the European Commission and of designing and managing the calls for projects funded by the ESF. The Managing Authority is expected to use the knowledge provided by the European Investment Funds Sub-Committees (see below), which are based at the LEP level in order to draft calls for projects that are adapted to the local context. However, many of these LEP area sub-committees have decided to work with DWP who will operate as an ESF Co-Financing Organisation (see below for more detail on this function of the DWP), for the employment element of ESF provision. Together with the DWP Co-financing organisation, the ESIF sub-committees have agreed particular requirements for their local area (DWP 2016).

The Growth Programme Board

The role of the Programme Monitoring Committee (called in England Growth Programme Board - GPB) is to ensure that the programmes are in line with the ESF requirement (Ex-ante evaluation 2015). The GPB meets four times a year, is lead by the Managing Authority and is currently composed of social partners, local authorities, academics, voluntary and community sector, LEP representatives, representatives of the Managing Authority and representative of the European Commission (DG EMP and DG REGIO). Interestingly the interviewee at the EU level reported that since 2006, DG Employment no longer has right to vote but only an advisory role. The interviewee considered this new advisory role more appropriate for the EU because “*a very in-depth country-specific knowledge is necessary to take country-specific decisions*” (Brussels-based expert250916). The role of the EU representatives in this board is then to advise on and recall the legal and policy objectives to be reached. The GPB is also in charge of approving the criteria that the Managing Authority will use to assess the programmes.

The ESIF sub-committees

ESIF sub-committees established in each LEP area support the GPB Committee. Subcommittees are in charge of specific themes (e.g. skills, employment and social inclusion) and include all relevant actors including social partners. The sub-committees advise the Managing Authority on the local development needs and opportunities, on how to efficiently achieve the targets set in the Operational Programme. Sub committees by theme are supposed to give input to the Growth Programme Board on the different matters.

The Opt-in organisations, also called Co-financing Organisations

The Opt-in organisations are those selected organisations that match fund and deliver the ESF through other organisations (the applicants). They ensure that projects are complementary to national existing schemes (e.g. the Youth Contract). There are three Opt-in organisations for the European Social Fund: the Department of Work and Pensions, the Big Lottery Fund and the Skills Funding Agency. The National Offender Management Service (NOMS) is also operating

¹⁸ For a list of devolution deals and what these implies for LEP and the managing of ESF funds see <http://www.local.gov.uk/devolution-deals>, last accessed 9th November 2016.

as a co-financing organisation for the 2014–2020 ESF Operational Programme. It receives a national allocation from the ESF Managing Authority in order to deliver services, via third party organisations, promoting social and labour market inclusion for (ex-)offenders¹⁹.

Local Enterprise Partnerships (LEPs)

Prior to abolition by the Coalition Government (2010-2015), the regional level was represented by nine English Regional Development Agencies (RDAs) and a network of Government Offices for the Regions (GOs). These organisations were previously in charge of implementing the ESF.

The introduction of Local Enterprise Partnerships (LEPs) as non-statutory bodies was intended to reduce administrative burden and enhance the ownership and the accountability of economic and social development for local stakeholders. Local authorities, businesses and other stakeholders were then invited to create their LEPs (DWP 2015). This new governance also aims to increase the private sector leverage of the funds (HM Government 2010). LEPs developed local ESIF strategic investment plans for their areas, as a necessary requirement to obtain ESF funding. LEPs were invited to submit their strategies in 2013 in order to be included in the Operational Programme.

Social partners

The involvement of social partners in the planning and delivery of the interventions was stressed during this consultation process (DWP 2015). However, trade unions are only involved in the consultations for the ESF 2014-2020 Operational Programme, but their requests were not taken into account. Consultations include a broad range of actors, including those from the third sector, and trade unions are not treated differently (TU171016). The involvement of trade unionists in the strategic planning at the local level has not the same degree of quality everywhere. In Wales, Scotland and Northeast England trade unions are more involved in designing the strategic plans at the local level. This involvement is less strong in the South of England (TU171016). Business representatives and third sector organisations are included in most LEPs.

According to our interviewee accounts, consultations with trade unions were less common under Conservative Governments. In contrast with other European countries, trade unions are not involved in the delivery of programmes financed by the ESF and or YEI. This is not just a feature related to the ESF, but a product of deeper historical roots of a more limited involvement of trade unions in the UK in delivering labour market programmes or apprenticeships, which is more common in in other European countries (TU171016).

Implementing YEI-funded projects: horizontal coordination

There is no imposed or general horizontal coordination of European programmes in England. Nevertheless, horizontal cooperation is mentioned indirectly in the YEI call for proposals issued by the Managing Authority when talking about outreaching activities and tackling complex

¹⁹ <https://www.gov.uk/guidance/england-2014-to-2020-european-social-fund-partner-information>, last accessed 6th January 2017.

needs (e.g. Call for Proposals for Birmingham and Solihull, 2015). The horizontal coordination, at the local level, includes managing partners of ESF/YEI-funded winning bidders and providers who are in charge of managing and delivering the programme. This general picture of vertical and horizontal coordination has to be taken as an indicative framework because, at the local level, different configurations of actors' might be in place.

An example of horizontal coordination bringing together different providers is illustrated by the case of Birmingham. In the case studies presented below several non-state actors from different fields were involved at different stages of the design and implementation of ESF/YEI-funded programmes. The Working Futures programme in Liverpool City Region is another example of horizontal coordination where 22 Voluntary sector partners are involved in delivering short, medium and long –term support to NEETs. Each partner is specialised in providing one or more type of support to young NEETs and one of the strengths of the network is that each partner can refer the young person to the most appropriate partner depending on their needs (LVP2241116). The support available to young people is extensive and includes training, personal/ social development, work experience and wider barrier removal support, e.g. concerning finance, travel, housing, substance misuse or mental health.

There is a strong trend towards decentralisation and the willingness to elaborate strategies and provide delivery at the local level. However, UK employment policy has been characterised as “centralised localism” (Zimmermann et al 2015). The strong centralism of certain policy areas (e.g. welfare and social security) is likely to reduce the impact of decentralisation. The role of Central Government is still very present in spite of the increasing strategic role of LEPs.

In England, the institutional framework for delivering labour market policies - including those targeting young people - is organised by the government Department for Work and Pensions (DWP) and Job Centre Plus (JCP). JCP is a decentralised network of over 700 Public Employment Services. JCP are responsible for paying unemployment benefits and implementing welfare-to-work programmes, carrying out job-brokering (for short-term unemployed) and referrals (Fuertes et al 2014; OECD 2014).

There is a division of labour between government departments on the financing and delivery of training provisions. The Department for Business Innovation and Skills (BIS) is responsible for financing training programmes for unemployed adults (over 19 years old), but the delivery of services are provided by the Department of Work and Pensions (DWP) (OECD 2014). The Department for Education (DfE) can cooperate with the DWP on recording and tracing NEETs, for instance, through the Education Funding Agency (OECD 2014). Employment policy and income maintenance transfers are then controlled centrally; while administrative decentralization comes via Jobcentre Plus (JCP).

Local authorities are not involved in the delivery of activation policies but are in charge of education and social care which are considered complementary policies, particularly regarding young people not in employment education or training. Further, ad-hoc cooperation has been

implemented in a number of Local Authorities and in cooperation with the DWP²⁰ and other local actors such as the local voluntary sector. Indirectly Local Authorities can also be involved in tackling worklessness by cooperating with local business, through the Local Enterprise Partnerships that could contribute to job creation. Local Authorities are also involved in housing policies and contribute to housing support for workless or low income citizens.

Alongside these government bodies, there exist a large number of third sector organisations (e.g. NGOs, social enterprises) delivering services to young people who are difficult to reach with “traditional” approaches to activation. These activation services are contracted out by the Department of Work and Pensions through a centralised-market governance (Fuertes et al 2014). Market governance is characterised by external contractors, performance-based payment systems and low providers’ discretion over service goals and processes. This type of governance has been supported by Labour and Conservative Governments alike, and this in spite of its mixed results particularly related to overcrowded and fragmented services (Fuertes et McQuaid 2015)

As for non-state actors, trade unions play a role through Union Learn²¹ a learning and skills organisation of the TUC. Unions are involved in directly lobbying politicians around policy and assisting unions in the delivery of learning opportunities for their members as well as managing the Union Learning Fund (ULF).

In the case study of Birmingham a network of strategic local partners got together at a very early stage to identify the challenges in the area. Some of the actors involved in this preliminary and strategic phase were also involved in the implementation of the project finally financed by the ESF/YEI (BMG2810216, more details in the following section). In the case of Liverpool City Region, an already established organisation bringing together a network of Voluntary sector providers facilitated the bidding process and guided the application to the YEI funds. This umbrella organisation is still a co-managing partner of the programme but the ultimate responsibility of the project rests upon one of the providers (LV1231116).

Mode of governance: a ‘hard’ or ‘soft’ touch?

The two figures below detail the type of governance in place at each level of government and across actors involved in the ESF/YEI. Overall, there is a mix of “hard and soft governance”. Top-down “hard governance” is mostly linked with complying with ESF/YEI and national regulations. This emanates initially from the European level and filters down to the national and local level. “Soft governance” is mostly embedded in the series of consultation bodies including different actors who are expected to provide strategic advice.

The correct implementation of ESF/YEI regulations, established by the European Parliament and the Council of the European Union, is monitored by the European Commission. ESF/YEI beneficiaries shall comply with these regulations in order to receive the funding. This “hard

²⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214613/dwp-worklessness-codesign-ir.pdf last accessed 16th July 2016.

²¹ <https://www.unionlearn.org.uk/> and <https://www.unionlearn.org.uk/introduction-ulf> last accessed 16th July 2016.

governance” is counterbalanced by the veto point that Member State could use in the framework of a non-binding Council Recommendation on the Youth Guarantee. Downward “soft governance” at the European level is also embedded in the participation of the European Commission in the Growth Programme Board, where it has an advisory role since 2006 (Brussels-based expert250916). The Managing Authority centralises funding and sends out calls for proposals for assigning the funds and it finally decides on the successful applicants. This leading role is legally regulated is meant to be supported by strategic advice coming from the Growth Programme Board and the LEP EISF sub-committees.

LEPs are in charge of drafting the strategy and they can decide whether to use the service of Opt-in organisations (Co-financing organisation – for instance the DWP) to meet the local employment and social inclusion needs. Many of them decided to work with the DWP to reach their goals. The new central role of LEPs in managing ESF funds might bring up some diversity in the capacity of managing the ESF particularly due to the strong existing disparities across LEPs in terms of funds that they manage (Pugalis et al 2015).

A recent evaluation of the role of LEPs in stimulating growth also pointed to the weak and ambiguous position of LEPs. On one hand, LEPs are not public bodies or state-owned organisation and are expected to act autonomously and take decisions on local social and economic development. On the other hand, central government is very much present and directive in the decisions they can make and approving their composition (Pugalis et al 2015). The degree of capacity for LEPs to act is effectively subject to the priorities of central government.

The last two levels of the vertical governance are the Managing Partners and the delivery partners involved in a financed project. They have to comply with both the regulations of ESF/YEI funds and national regulations on, for instance, public procurements. These regulations are not always going in the same direction and may result in longer bureaucratic procedures (see the case study of Birmingham).

However, managing partners or providers can also be a bottom-up source of pressure. An interviewee from Liverpool explained that the Voluntary Sector is involved in consultations at the LEP level concerning the social and economic growth of the city region. Although the emphasis is largely on economic growth rather on an inclusive economy, the Voluntary sector can often bring another perspective to the discussions. Their involvement also enhances knowledge to support bidding processes because they are familiar with the strategy pursued at the regional level and its expected outcomes (LVP1231116).

Figure 1: Main actors at the national level

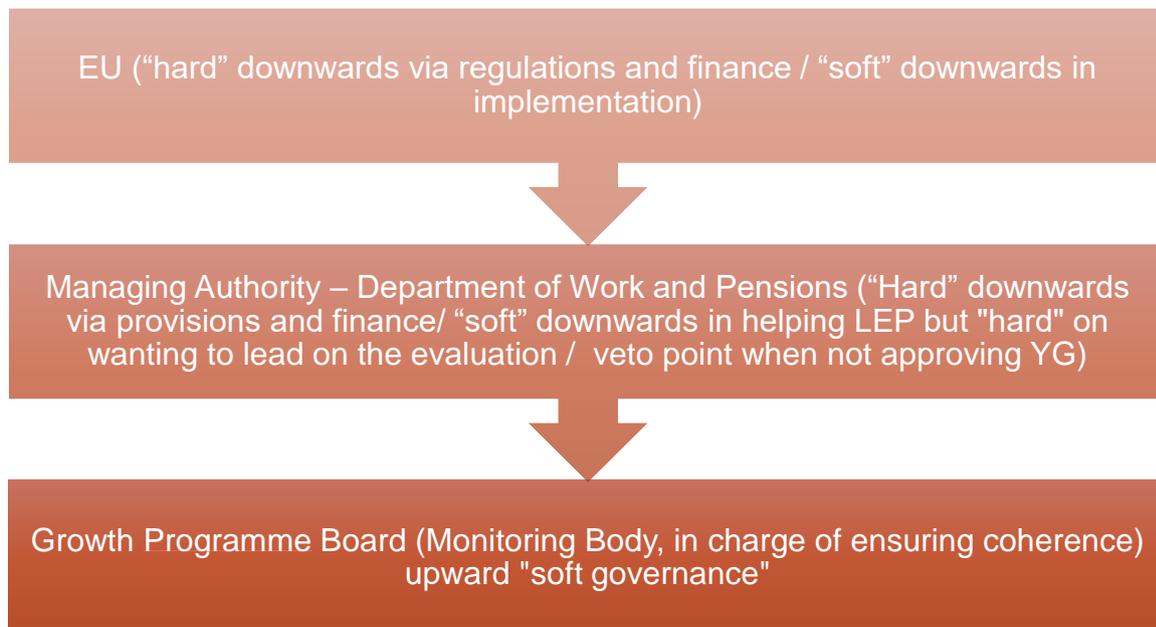
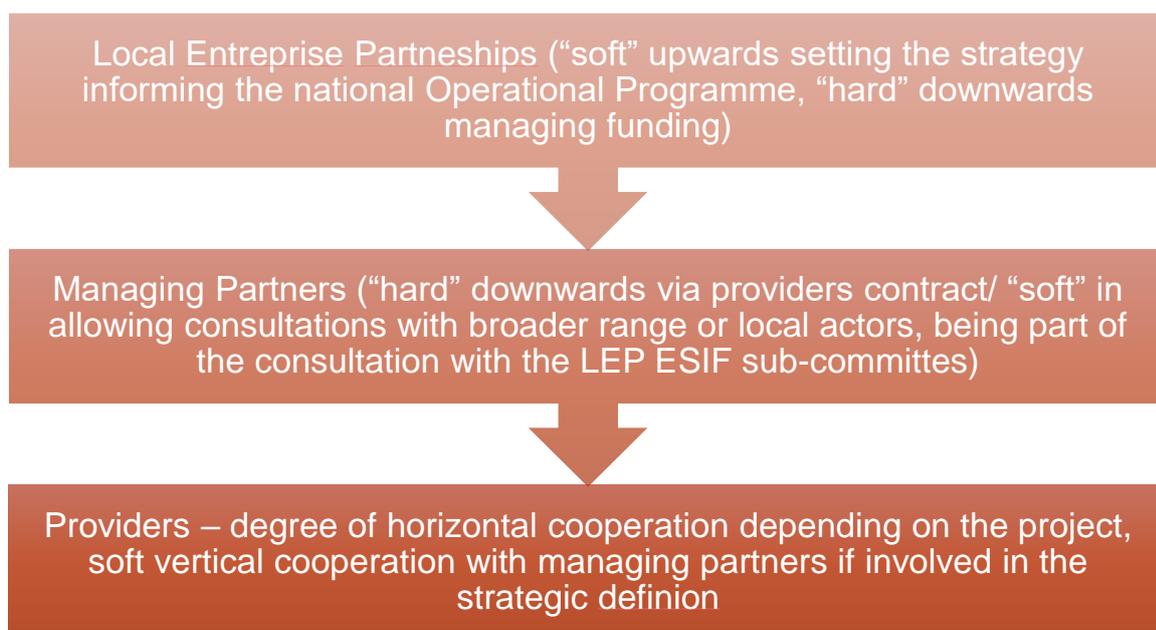


Figure 2: Main actors at the local level



e. EU funds and implementation

Overall, the money dedicated by the EU to YEI in the UK is £170 million. When matched by an equal amount from the European Social Fund and by project partners, the total amount spent on young people will reach £490.²² The funds will be distributed between the regions as follows:

- West Midlands - £42.2 million;

²² <https://www.gov.uk/government/news/170-million-to-help-young-people-find-jobs>, last accessed 1st December 2016.

- Southwest Scotland - £38.6 million;
- Inner London - £35.7 million;
- Merseyside - £22.2 million;
- Tees Valley & Durham - £19.8 million.

The following NUTS3 areas will also receive a smaller proportion of funds:

Hull - £3.7 million; Leicester - £4.1 million; Nottingham - £4.0 million; Thurrock - £1.5 million.

EU funds are supposed to be complementary to the national funds and not to substitute or finance something that would have been there anyway. This is a concern at the EU level and for the UK government. The latter has explicitly underlined the minor role that ESF funds play in the national funding landscape targeting young people (DWP 2015).

There have been issues in different areas concerning co-financing. An interviewee and the first evaluation from the YEI in Scotland reported three major problems (BMG281016, Scottish Government 2016). The first is linked with the tight deadline for delivering results and the high ambitions of the YEI programme. The other two are due to administrative barriers relating to the proof of the eligibility criteria of young participants that providers need to collect, as well as overlaying rules coming from ESF procurement guidance and public contract regulations (BMG281016). The tight schedule and the ambitious geographical scope for delivery the YEI-funded programme were a shared problem in Scotland and England.

“SDS (Skills Development Scotland the major co-financing institution) felt the criteria were too focused on geography and timescale and there was difficulty in securing additional match funding as a result”. (Scottish Government 2016)

This caused major problems for the implementation of YEI in Scotland. Other institutions finally absorbed part of the £16 million initially allocated by SDS.

“They (ESF and YEI) need to go together. They have to be spent at the same time, so that doesn’t give us any flexibility, because the YEI has got a shorter timeline on it than ESF” (BMG281016)

The need of concrete proof of the eligibility of young NEET participants also caused delays in Scotland and continues to provide an additional administrative burden in England.

“ (...) many of the difficulties can be attributed to a lack of clarity from the beginning about the way in which eligibility, cost and audit rules would apply to YEI. However, some of the difficulties also stem from the nature of youth unemployment in South West Scotland, in particular its close links to other forms of unemployment, poverty and deprivation in a former industrial area; and the policy focus for Scotland, which perhaps does not align well with the tight focus on fairly immediate and sustainable results for the individual participant.” (Scottish Government 2016)

“we began to be nervous, because the participant eligibility hadn’t been made clear, but we knew that it was NEETs rather than unemployed, and we assumed that it was- this is another issue. (...) We assumed that we’d have to prove that they were not in any hours of any

employment. We were worrying that we wouldn't be able to find 16,000 or more young people in that particular category, so we extended our age range from up to 24, to up to 30- 29, at that point" (BMG281016).

Finally, national and European regulation on public procurements and rules for costs made the search for delivery partners more difficult (BMG281016).

f. Did European funds bring a new wind to existing policies?

Relative to national efforts in tackling the NEETs problem, the contribution of ESF/YEI funds to active labour market policies in the UK is limited according to the Department of Work and Pensions (DWP 2015a). Nevertheless, ESF/YEI funding enables more innovative elements for projects that respond to specific local needs. This potential contribution of ESF and YEI in particular was mentioned by three of our interviewees (Brussels-based expert 250916; TU171016; BMG281016).

Some innovative partnerships and types of coordination were planned in the YEI-funded project in Birmingham and Solihull (see below, BMG281016). However, due to the delay in the implementation, no concrete outcome is currently available. In Liverpool City Region, a provider reported that the Working Futures programme is very much in line with what it was already doing as provider for young people's guidance. The added value of the YEI-funded programme is the availability of unpaid work placements and the possibility for young people with unclear occupational ideas to try out different work places (LVP2241116). An evaluation for all the NUT2 and NUTS3 areas receiving YEI funds in England is currently being carried out and will be available in January 2017. This would probably show whether the YEI brought about a more efficient use of funds or innovative practices.

3. Two YEI-funded schemes: "Youth Promise Plus" in Birmingham and Solihull and "Working Futures" in Liverpool City Region

We chose to present in-depth two projects, Youth Promise Plus (Birmingham and Solihull) and Working Futures (Liverpool City Region). Both programmes are funded by the YEI/ESF.²³ We selected these projects because both Local Enterprise Partnerships have a higher than national average level of youth unemployment.

Figure 3: Labour Market statistics - LEP Birmingham and Solihull, LEP Liverpool City Region and UK by age

²³ <http://workingfutures.org.uk>, <http://distinctlybirmingham.com/eu-programmes/birmingham-and-solihull-youth-promise-plus-ypp/> last accessed 14th November 2016.

Claimant count by age (September 2016)

	Greater Birmingham And Solihull (Level)	Greater Birmingham And Solihull (%)	Liverpool City Region (%)	Great Britain (%)
Aged 16+	38,025	3.0	2.8	1.8
Aged 16 To 17	15	0.0	0.0	0.0
Aged 18 To 24	8,615	4.3	4.3	2.8
Aged 18 To 21	4,910	4.4	4.5	3.0
Aged 25 To 49	21,310	3.2	3.0	1.8
Aged 50+	8,055	2.4	1.9	1.5

Source: ONS Claimant count by sex and age

Note: % is number of claimants as a proportion of resident population of the same age

Figure 4: Labour Market statistics - LEP Birmingham and Solihull, LEP Liverpool City Region and UK by main benefit claimant

Working-age client group - main benefit claimants (February 2016)

	Greater Birmingham And Solihull (Numbers)	Greater Birmingham And Solihull (%)	Liverpool City Region (%)	Great Britain (%)
Total Claimants	175,280	14.0	17.5	11.8
By Statistical Group				
Job Seekers	28,840	2.3	1.5	1.5
ESA And Incapacity Benefits	85,000	6.8	10.1	6.2
Lone Parents	18,150	1.5	1.5	1.1
Carers	26,080	2.1	2.6	1.6
Others On Income Related Benefits	3,580	0.3	0.3	0.2
Disabled	11,400	0.9	1.3	1.0
Bereaved	2,240	0.2	0.2	0.2
Main Out-Of-Work Benefits†	135,560	10.9	13.4	9.0

Source: DWP benefit claimants - working age client group

† Main out-of-work benefits includes the groups: job seekers, ESA and incapacity benefits, lone parents and others on income related benefits. See the **Definitions and Explanations** below for details

Notes: % is a proportion of resident population of area aged 16-64
 Figures in this table do not yet include claimants of Universal Credit

In February 2016, the Youth Promise Plus²⁴ programme received £50 million of which £33.6m came from the EU funds (YEI and the matched ESF). The Programme Youth Promise already existed and the YEI funds were intended to boost the project. The remaining funds come from a package of Birmingham City Council and other local matched expenditure from a range of partners.²⁵ The project ambition was to reduce the number of young people who found themselves farthest away from the labour market by adopting an innovative approach based on closely-knit horizontal coordination of partners (BMG281016).

The horizontal coordination across actors takes place by embedding workers of contracted delivery partners within, for instance, Jobcentre Plus offices. These workers will have case conferences with the work coaches so they will be able to provide more intensive support to young people. Moreover, the presence of a delivery partner in the JobCentre Plus will allow the young person's file to be shared more orderly and without the young person struggling against

²⁴ The Programme Youth Promise was already existing, the YEI funds are meant to come and boost the project.

²⁵ <http://distinctlybirmingham.com/birmingham-receives-50-million-eu-funding-to-tackle-youth-unemployment/>, last accessed 14th November 2016.

bureaucracy. This method does not aim to create new offices for each provider in order to outreach young people but to exploit existing services and structure, and make them working together in a more efficient way. Hence, the innovative horizontal governance is to join up services, reduce the fragmentation of actions²⁶ and the difficulty of young people to navigate across services and the potentially painful experience of telling their personal situations several times to different professionals. The aim is also to enhance preventive actions and create a sustainable and way of cooperation that can survive after the YEI funding period. This type of horizontal governance is being experimented and has started only in some services, hence no clashes between different actors' logics can be reported. Instead there is a strong support from the different partners involved to accelerate the implementation of this new governance structure (BMG281016).

The Working Futures programme implemented in the Liverpool City Region is managed by Greenbank College in conjunction with VOLA Consortium. VOLA is a consortium of third sector organisations created in 2007 in order to strengthen the capacity of small voluntary, charitable and social enterprise organisations to compete for increasingly bigger grants and contracts (LVP1231116). The role of VOLA is to coordinated delivery partners. Greenbank College, a charity delivering education and training to disabled and non-disabled young people and adults, is the leading partner in the implementation of the project. Working Futures is composed of 22 Voluntary sector partners and received £2.76m from the YEI and ESF, matched with approximately £1m, most of which comes from partners trading surpluses and financial reserves.

a. Implementing local YEI-funded schemes

The Greater Birmingham and Solihull Local Enterprise Partnership wrote the strategy that fed into the national operational programme for ESF and YEI funds. When the call came out, the Birmingham City Council put a coordinated local response in place. The aim was to get together relevant actors, such as the federation of colleges that could contribute to define the strategic approach of the future YEI project. Strategic talks on existing provisions and what was needed helped identify the potential partners to be involved in the call. This network of partners is still part of a steering group that provides scrutiny and advice. The City Council remains, however, the institution with the ultimate word on decisions. In this steering group there are different partners including a representative of the DWP in charge of Job Centre, the Federation of Colleges, seniors officers of some of the current delivery partners, the third sectors, Chamber of Commerce and the University Hospital. Some of these partners have become delivery partners in the framework of the Youth Promise Plus, others are providing the matching funds needed to be awarded the ESF/YEI funds. The City Council of Birmingham is the managing partner in this project, however, this informal structure of consultation with a broad range of actors testifies a willingness to include a broader range of actors directly, or indirectly, concerned with NEETs and youth unemployment.

²⁶ Ibidem.

In the Liverpool City Region, the VOLA Consortium, in partnership with Greenbank College gathered partners interested in applying for YEI/ESF grants in the field required and the resulting partnership was involved in co-creating the delivery model. Although VOLA supports in the implementation of the programme through coordinating the delivery partnership, Greenbank College as the lead organisation is ultimately responsible for the programme. Operational from March 2016, the Working Futures partnership comprises 22 not-for-profit training partners operating in the six boroughs of Liverpool, Knowsley, Sefton, St Helens, Halton and the Wirral, with the ability to offer localised delivery in key areas of need. Partners involved provide short, medium and longer term support for young people suffering from a variety of barriers to employment. Partners agreed on a common personal development plan with young people on enrolment and then support them to achieve their progression aims (LVP2241116).

b. Actors, funds and coordination at the local level

Since ESF2014-2020, there is the possibility for project bidders to find their own local matched-funds. As explained by the interviewees, the share of public money coming from the Central Government, for instance through the DWP, no longer represents the level of income of community-based and social enterprises as it once did (LVP2241116). YEI applicants have to find matching funds themselves and can rely less and less on getting matched funds from public institutions via the former competition programme. An interviewee declared that this system can be advantageous because competition to get public matched funded is very fierce and the bar set very high. When applicants rely on other types of funds, this can have both advantages and disadvantages. One advantage is that private companies funding may open the route to future cooperation and opportunities with a larger range of private actors (LVP2241116). One disadvantage is that programmes are dependent on private organisations that might not be stable funding partners in the longer run.

Public actors can be involved in funding programmes like, for instance, the Birmingham and Solihull Council that are implementing the Youth Promise Plus programme. In this case, the city council created a network of providers with different expertise. Contacts with employers are ensured via the participation of the Chambers of Commerce in the strategic preliminary phases of the programme preparation. It is likely that each provider involved in the delivery exploits its own established connections with employers to maximise the output. Trade unions were not mentioned as a partners and this is also consistent with the fact that trade unions do not deliver labour market programmes (TU171016). In our case studies the Public Employment Service is not at the heart of the delivery of the programme as was recommended in the YG Council Resolution. For instance, in Birmingham a representative of the local PES is a member of an advisory committee, but the JobCentre Plus is not a delivery partner.

In the two cases studies the local JobCentrePlus is not a delivery partner of the programmes; however, it actively engages by referring young people to (YEI-)funded projects. For instance, in the Liverpool City Region, the cooperation between the local offices of the JobCentrePlus and ESF/YEI-delivery partners was initially facilitated by a networking “speed-dating” event organised by the JobCentrePlus in partnership with the LEP. During the event, YEI/ESF-funded

partners of the City Region were invited to present their programmes to JobCentrePlus managers with the aim of raising awareness of the existing support available in the area. Since recently, the Working Futures programme is also listed in the online register from which the work coaches of the JobCentrePlus can select programmes to which young people are referred. Furthermore, with different degree of cooperation, partners of the Working Futures programmes liaise individually with the JobCentre Plus by, for instance, being present at the JobCentrePlus premises or by setting up hassle-free procedure to ease referrals (LVP2241116). However, existing providers in the Liverpool City Region area, regardless their source of financing, compete on the same ground particularly when their target populations overlap. Referrals from the JCP may also be dependent on the workload of work coaches who might be under high time pressure (around 8 minutes per recipient). Nevertheless, Working Futures providers do not rely exclusively on referrals from JCP as community-based organisations or social services can also refer young people to the programme.

Vertical coordination was made difficult by conflicting national and European regulations on public procurements and late information about the proof providers need to collect in order to establish the entitlement of young participants. Interviewees did not report problems of horizontal coordination. Moreover, because outcomes are not yet available, it is not possible to establish whether there are horizontal coordination structures that work better than others.

Box 1 The challenging implementation of YEI-funded activities in Scotland

In contrast to the position of the UK Central Government, Scotland backed the Youth Guarantee initiative since 2013 and urged the Central Government to support it.²⁷

Scotland receives²⁸ €46.30m for the YEI matched by an equal amount from the ESF and partners for a total amount of €139m in order to help young people aged 15 to 29 to find employment (Scottish Government 2016). The only NUTS 2 regional receiving YEI is the South West Scotland, which is composed of 12 Local Authorities.

The YEI aims to particularly target young people outside the labour market and the education system, in addition to the overall objectives of ESF that aim to achieve sustainable and quality employment and mobility, social inclusion and investment in education, training and life-long learning (Scottish Government 2016).

The Youth Employment Initiative in Scotland is a separate priority axis within the Operational Programmes for ESF. The objectives initially set for the YEI covered a large spectrum of ALMPs:

- the Employer Recruitment Incentive (i.e. occupational support);
- provision of additional Learning and Vocational Training Places (i.e. up-skilling)
- and improving Learning Pathways to Employment (i.e. employment support).

However these objectives could not be implemented because some of these programmes did not comply with the regulations of YEI.

The first evaluation of the YEI published in January 2016 does not present outcomes of projects but rather the challenges of implementing the YEI. One of the difficulties was that, while the Scottish Government wanted to foster self-employment by modifying the Curriculum in Universities, the Commission decided that ESF could not be used to enter into tertiary educational area.

Further, no support could be given to the Skills Development Scotland, an agency providing on-to-one career service. This because this project is currently implemented in the whole country and not just in South West Scotland and, for this reason, not eligible under YEI funds. As a result, the Scottish Government decided to concentrate on young people who are already NEETs or are ready to enter education and might not stay until a positive outcome is reached.

This final direction raised doubts about possible overlapping with existing measures. It questioned the efficacy of measures encouraging young people to go back to education who

were likely to go back anyway. In addition, it questioned the capacity of motivating those who are less likely to stay long enough in the programmes to reach the sustainable results expected in the YEI.

Similar difficulties were found when implementing measures targeting young people who are at risk of disengaging from school. The evaluation reports of this objective were initially approved but later rejected by the European Commission as not eligible for funding under the YEI programme.

Another major obstacle was the withdrawal of the main co-funding agency (Skills Development Scotland) which feared that the objectives were too ambitious and the timeline too tight. Thus some of the commitment taken could not be met.

In spite of these challenges, the Managing Authority for Scotland approved and commit the majority of YEI funds for South West Scotland (Scottish Government 2016)

4. What national approach to youth unemployment in the UK and what role for the EU policy?

The UK has been characterised by a ‘work first’ approach before and during the crisis, where the ultimate aim of active labour market policies is to get young people back in the labour market. A successful scheme of subsidies to achieve this was introduced in 2009 but then scrapped in 2010. Since 2010 activation and welfare policies have stressed both the workfare and training aspect of activation policies. Current policies targeting young people are regulated by the motto “learn or earn”,²⁹ where learn is mostly short/basic training or apprenticeships. Furthermore, the change in the minimum wage regulations has also deepened the gap between young people’s and apprentice wage and adults. Public employment is not considered as a solution.

There is a stronger accent on young people’s lack of correct behaviours, stronger conditionality, more focus on medium skills, but with a weak attention towards social inclusion (e.g. young people under 21 will no longer receive housing support, a basic need for young people with multiple barriers to work).³⁰ There has been no path breaking changes between 2013. The implementation of the new welfare scheme, Universal Credit, is to simplify procedures and benefit allocations, and increase work participation by adapting welfare benefits instead of actually improving working conditions (see also previous section).

²⁷ <http://news.scotland.gov.uk/News/Backing-the-EU-Youth-Guarantee-671.aspx>, last accessed 28 September 2016.

²⁸

<http://www.gov.scot/Topics/Business-Industry/support/17404/EuropeanStructuralFunds/YouthEmploymentInitiative2014-2020Programmes>, last accessed 28th September 2016.

²⁹ <https://www.gov.uk/government/news/hancock-every-young-person-should-be-earning-or-learning-from-april-2017>, last access 2nd December 2016.

³⁰ *ibidem*

More emphasis has been paid to apprenticeships since 2010. Incentives for employers, a stronger participation of employers in the design and implementation of apprenticeships as well as a nation-wide measure such as the Apprenticeship Levy (see 3.4 UK national report) have been or will be implemented. Active labour market policies are also strongly promoting training leading to qualifications in order to get young people closer to work. There has not been much of change before 2013 as the introduction of European policies did not bring changes to the UK policy.

Differences in the approach to ALMPs are mostly found between the Labour and the Conservative Governments. The Labour government supported full-time education via the introduction of Education Maintenance Allowance, and it also subsidised jobs for example through the Future Jobs Fund. The Conservative Government intensified efforts towards getting young people back to work through stricter sanctions and activation paths (e.g. Youth Obligation for young people receiving Universal Credit, see UK national report WP3.4). It also continued to promote training to compensate lack of basic skills or encourage apprenticeships to bring young people closer to the labour market. The main aim, of the previous and current government, is *“to end the welfare culture that is embedded in some of Britain’s most vulnerable communities”*.³¹

As for the impact of the recent EU initiative against youth unemployment, we can conclude that there is no direct impact of the European Youth Guarantee on UK youth policies. At the local level YEI-funded measures might be more likely to have benefited from the direct influence of the YG (e.g. Youth Promise). The relative closeness of the existing Youth Contract measure made the UK Government confident about rejecting the recommendation on the implementation of the Youth Guarantee without appearing to be disengaged in the fight against youth unemployment. Considering a history of weak Europeanisation through the Cohesion Funds and the current hostile political climate because of Brexit between the UK and the European Union, it is unlikely that EU funds and policy guidelines will have any relevant impact in the near future.

³¹ <https://www.gov.uk/government/news/hancock-every-young-person-should-be-earning-or-learning-from-april-2017>, last accessed 2nd December 2016.

5. Policy recommendations

- **Recommendation on vertical governance**
 - Pay attention to the perverse effects of decentralisation where strategic decisions are transferred to LEPs but not supported by an actual capacity of co-funding
 - Reduce possible overlapping and contradictory legislations on procedures
 - Simplify and make communication more transparent concerning the administrative procedures linked with ESF/YEI
- **Recommendation on horizontal governance**
 - Foster projects that adopt new modes of governance supporting long-term change in the structure
 - Systematically include trade unions in the design and strategic consultation particularly when apprenticeship, training schemes and skills development are discussed
- **Recommendation on ESF/YEI-funded projects and on funding**
 - Foster projects bringing something innovative to the existing panorama of measures
 - Guarantee that ESF funds will be replaced by national funds after Brexit
 - Guarantee an appropriate ESF-replacing national funding horizons will allow sustainable projects with long-lasting effect at the local level

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Interviews with experts

Brussels-based expert – Brussels-based expert250916

Trade Union – TU171016

Birmingham – BMG281016

Liverpool – LVP1231116

Liverpool – LVP2241116

Table 1 Typologising (employment) policies for youth

(broadly based on Bonoli 2010; Dingeldey 2011 and Graaf/Sirovátka 2012)

	before 2013			2016			Change influenced by		Comment
	strong	medium	weak	Strong	medium	weak	YG	other	
POLICY OBJECTIVES									
Work first approach Flexible forms of employment as ‘bridge’ Pricing young workers into jobs: age-related (minimum) wages Occupation job subsidies public employment Other		Flexible form of employment; some job subsidies		Flexible form of employment; increased wage gap with young people and adults			No YG adopted	x	The distinction between 2013 and 2016 is not relevant for the UK where policy change took place at Government change rather than with the introduction of the YG. The table reflects policy change linked with change in Government (before/after 2010)
social security/financial incentives - familialised support (parents plus/without child allowances etc.) - individual social transfers - transfers during educational attainment - in-work or /in-education-benefits - sanctions for non-compliance - other		Individual social transfers, in-education benefits (Education Maintenance Allowance), tax credit to stimulate return to employment		Stronger sanction for non compliance for beneficiaries, in-work benefits instead of tax credit, reduced housing benefits				x	

				for young people					
employment assistance short term measures such as: placement services, counselling	Counselling and personal advisor e.g. the "Connexion" service				Investment in National Career Service				
Upskilling/enabling Encouraging training/ formation of human capital as long term measure - within general school-system - within vocational training system - as further training in general and/ or as particular part of employment policy pathways back to education Other		Mostly encouraged with further training and basic skills and as part of activation measure; in-education benefits for mostly for disadvantaged		Stronger emphasis on apprenticeships				x	
Target groups - according to educational level - NEETs - People with migration background - young parents - women - other		NEETs, disadvantaged background, single parents		Neets young people without qualifications					

GOVERNANCE and vertical coordination									
Centralisation of/most relevant level of regulatory competences <ul style="list-style-type: none"> - General education - Vocational training - Youth employment policy Centralisation of funding/most relevant level of funding for <ul style="list-style-type: none"> - General education - Vocational training - Youth employment policy 				Decentralisation of ESF funding and strategic planning to local actors					
Forms of cooperation between actors on vertical axes <ul style="list-style-type: none"> - hierarchy - negotiation, network - other Relevance of non-state actors ^a					Indirect influence of central government				
GOVERNANCE and horizontal coordination									
vocational training system as intermediary institution between school and work									
...between different policy fields <ul style="list-style-type: none"> - organised/institutionalised school-to-work transitions - employment policy and youth welfare policy - employment policy and family policy - alternative paths from work back to education - other ...within administration <ul style="list-style-type: none"> - fragmented access to different services/transfers - creation of one-stop institution/single gateway - other 									

Forms of cooperation between actors on horizontal axes hierarchy market negotiation, network (i.e. social pacts) other Relevance of non-state actors ^a		Quasi market regulation, third sector very much involved		Stronger reliance on private funding for third sector					
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<p>Governance ‘hard’ or ‘soft’ forms of coordination</p> <ul style="list-style-type: none"> ○ employment/educational guarantee as social right (binding) ○ involvement of social partners/ other non-state actors a <ul style="list-style-type: none"> - designing youth guarantee - implementing youth guarantee <p>as mandatory (law) /informal /no involvement</p>						<p>Trade union s less invol ved with Cons ervati ves Gvmt , busin ess repre sentat ives invol ved in strate gic plann ing and appre ntices hip organ</p>			<p>No employment or education guarantee</p>
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						isatio n			
OUTCOMES									
Improvement of ○ youth unemployment ○ NEET rate ○ Educational attainment (stratification) by gender/migration/early parenthood ○ Segmentation of labour market - distribution of flexible forms of employment - low wage employment - according to sector/profession - according to age and gender				Increased number of zero hour contracts among young people					