

Hidden Talents

Purpose of Report

To update and take members' steer on the next steps of the Hidden Talents campaign.

Summary

This paper provides an update on the LGA's activity on the Hidden Talents campaign. The activity is jointly led by the Economy and Transport and Children and Young People Boards.

Recommendation

Members are asked to comment on the report, and the proposed next steps in paragraphs 23 - 30.

Action

Officers to take forward actions as steered by members.

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Background

1. The UK has a poor track record in engaging all young people that pre-dates the recession. Although there is some debate around the statistics, youth unemployment continues to rise over 1 million – and in the first quarter of this year the number of 16-24 year olds not in any kind of education, employment or training rose by 29,000 to a record 954,000.
2. Local authorities play a pivotal role in services for young people; they have a duty to protect the most vulnerable, to ensure all young people have a quality set of opportunities as part of raising the compulsory participation age – to 17 years old in 2013 and to 18 years old in 2015 - and, together with local partners, are perfectly placed to reconnect education and skills provision with local labour markets.
3. The policy and funding landscape continues to change in response to Government policy. Despite some opportunities, there is doubt within places that local partners have the levers over services supporting young people into work and learning to achieve the positive outcomes in their area.
4. Councils are ambitious for young people and want to be enabled to deliver more for the young people in their area, delivering better results and better value for money from investments. The Hidden Talents work aims to achieve this, working with councils to seek public service reform that enables local partners to:
 - 4.1. join-up support around the most disengaged young people, to re-engage them in work and learning; and
 - 4.2. reconnect education and skills provision with local labour markets.
5. The analysis and policy ideas included in this report have been tested and developed by around 40 young people at an LGA/British Youth Council (BYC) Youth Summit; engagement with young people through the BYC is continuing throughout the campaign.

The policy case, a new deal for the most disengaged

6. In March 2012, the LGA launched a report arguing for the need to join up and personalise support for the most disengaged young people, and those at risk of longer term, structural disengagement, to participate more effectively in work, learning and volunteering. The analysis and report was well covered by the press, including by the BBC, the Guardian and Observer and front page in the Metro.

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7. Beneath the headline figures are a group of around 260,000 young people entrenched in periods of long term disengagement, which have been out of work for over a year. This group has been growing through periods of growth, but has accelerated during recession, doubling since 2008.
8. The lack of job opportunities is affecting the most disengaged young people the hardest, further entrenching disengagement and increasing the risk that more young people become locked into periods of long-term unemployment. This group is also likely to have a complex range of circumstances driving this disengagement, including: place, family and poverty, qualifications and personal barriers.
9. Over the last 18 months the policy and funding of services to support young people to move into work and learning has shifted in response to Government strategy. However the offer remains awash with different national agencies, strategies, age-boundaries and requirements. LGA analysis identified that, young people between 13 – 24 years old can receive support from at least eight national organisations, funding 33 funds and schemes, spanning 13 different age groups, and – not including school funding – at an annual cost of over £15 billion. A breakdown of these schemes is found in the **Appendix A**.
10. Some national approaches work for young people who experience periods of short-term disengagement, those closest to employment, but too many tend to address spikes in youth unemployment without reaching the most vulnerable – for instance Job Centre Plus. For decades councils have witnessed national schemes scatter provision across their areas with little scope for local partners to shape, quality assure, or bring together support around individuals, or to connect this support with local jobs.
11. The Hidden Talents work seeks to build on opportunities that councils can develop for young people, campaigning for local levers to strike a new deal with the most disengaged – those missed by national schemes – in a way that joins-up services to create personalised solutions for this group.
12. To achieve this, the campaign calls for:
 - 12.1. A community budgeting approach to bring services together around the most disengaged. From the 33 funding streams we indicated the six most suitable for pooling, creating a total budget of £1 billion – these funds are set out in **Appendix A**.
 - 12.2. This would enable local partners to support the 260,000 most disengaged young people to be intensively supported back into work and learning, at a potential contribution of almost £4,000 each.

13. As champions of young people in their area, councils would offer:
 - 13.1. local early identification of young people likely to disengage, and tracking progress on their journey to offer coherent advice and support at the right times;
 - 13.2. the development of new ways of commissioning, which build on the Government's public sector reforms, including local commissioning of national and local organisations that ensure the involvement of high performing organisations in the delivery of results;
 - 13.3. integration with the early intervention approaches enabled by the early intervention grant, with a focus on offering early help to prevent young people most likely to disengage.

The policy case, matching skills to jobs

14. Hidden Talents analysis also identified that we are spending £50 billion a year on educating young people in schools, in colleges and through work-based learning. Despite rising unemployment, 17 per cent of vacancies in England are directly attributable to skills shortages. Councils are keen to make this investment work better for young people and for local economies.
15. There is doubt whether the present education and skills system is sufficiently making this link, which incentivises schools and colleges to steer students onto courses they can easily pass, rather than the skills local employers need. For instance school performance measures focus on education attainment, and post-16 colleges, schools and training providers are paid by qualification rather than by programme, with the payment being contingent on whether the qualification is passed.
16. Local authorities seek to bring employers and colleges together in places to help young people gain skills needed in the local economy, but they do not have any levers within the system to achieve this – making it extremely difficult to deliver the outcomes they want for individuals and the local economy. It is crucial councils and local partners have sufficient tools to achieve this as part of their Raising the Participation Age duties.
17. The LGA has commissioned further research to assess the skills system's performance in giving young people skills for jobs, by comparing qualifications undertaken at further education colleges with vacancies advertised by Job Centre Plus. We expect the research to:
 - 17.1. highlight significant levels of mismatch between skills and jobs at the national level, with an oversupply of skills for some sectors such as

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hairdressing and beauty, and an undersupply of skills in others, such as construction, engineering and health;

- 17.2. provide analysis at the local authority level of the variations between course qualifications and jobs in local economies, highlighting those places with the highest and lowest levels of mismatch in certain sectors.
18. The aim is to publish this research in mid-June, around the time of the Executive meeting.
19. A further piece of research has been commissioned to assess the number and geographical spread of graduate engagement in work or further learning. We plan for publication in the summer.
20. To reconnect skills to jobs, the Hidden Talents report calls for:
 - 20.1. the devolution of responsibility for commissioning education, skills and training to local partnerships – including local authorities, schools, colleges and employers; or
 - 20.2. all education, skills and training providers to be accountable to local authorities, who are able to shape, oversee and intervene to improve provision for young people.
21. As champions of young people in their area, councils can offer:
 - 21.1. matching of education and skills provision to local labour market need, reducing disengagement and slashing the level of skills mismatch;
 - 21.2. the creation of clear progression routes for individuals not going to university, with employers playing a central role in preparing young people for work;
 - 21.3. the involvement of young people in the design, scrutiny and delivery of all education and skills provision in their area;
 - 21.4. integration with additional support for identifying young people likely to disengage and joining-up support around them to reengage them in work and learning.
22. All of the published material will be made available on the Hidden Talents webpage, found via www.local.gov.uk/economy-and-transport

Building the case with local authorities

23. The Hidden Talents report sets out a persuasive and well supported case for joining-up services around the most disengaged young people, and the need for local partnerships to be empowered to do this.
24. We are now beginning to build a more thorough evidential case for change with local authorities. Up and down the country councils are implementing innovative approaches that have an impact on the lives of young people, joining-up services to deliver better value for money. We are working with a range of local authorities to capture this activity, and developing a single programme that builds a deeper evidence case for public-service reform that can better enable it. Government will be engaged in this work throughout.
25. This work was launched at a Hidden Talents roundtable by members of the Economy and Transport Board and Children and Young People Board, which was attended by the Rt Hon David Miliband MP, chair of AVECO Commission into Youth Unemployment, John Hayes MP, Minister for the Further Education, Skills and Lifelong Learning, and a range of senior local government figures and partners.
26. From new innovative approaches, we are looking to capture:
 - 26.1. Objectives – such as the targeted group, the type of support, the added-value (how it fills gap in service provision);
 - 26.2. Details – such as the financial modelling and investment, the numbers of young people supported, the partners involved;
 - 26.3. Success rates – such as the numbers supported into work and learning, the cost of doing this, projected long term savings to public services, the lessons to learn;
 - 26.4. Barriers – restrictive features in the current system, and their impact on success rates and financial value for money;
 - 26.5. Recommendations for new models – the financial and impact case for national public service reform and models.
27. The activity will also capture and develop evidence of how councils are using their own buying and planning powers to help young people into employment, for instance through public procurement.
28. A number of local authorities have signed up to this work, including: Cheshire West and Chester Council, East Sussex CC, Essex CC, Greater Manchester Combined Authority, Kent CC, Leeds City C, Staffordshire CC, and the London Tri-Boroughs.

29. This activity will be developed over the summer, and culminate in a report later in the year.

Taking the case to Government, Parliament and partners

30. The campaign will continue to engage Government, parliament and partners to take forward the policy case set out by Hidden Talents, and for instance will:
- 30.1. hold a cross-party parliamentary roundtable jointly with the Prince's Trust, bringing together local authorities and Parliamentarians;
 - 30.2. once confirmed, give oral evidence to the DWP Committee into Apprenticeships and the Youth Contract;
 - 30.3. continue meeting with Ministers, Parliamentarians and partners;
 - 30.4. develop joint working with business groups and the third sector.

Appendix A: Schemes aiming to reengage young people

33 services and funds, with total investment over £15 billion a year (not including universal credit, school funding, and programmes where the budget is unknown) * all 2010/11 figures unless stated		
Fund	Budget and targeted groups	Estimated annual budget
16-19 bursary fund	180m	£180m
19+ Further Education	1,600m (for all age groups)	£1600m
Adult Dependents Grant	£54.4m	£54.4m
Apprenticeships	£744.9m (16-18) + 314.7m (19-24)	£1000m
Care to Learn	£38.6m	£38.6m
Carer's allowance	£1.57b for all ages, 23,557 claimants under 25 claiming £56 a week in 10/11	£1.7m
Childcare grant	£46.5m	£46.5m
Dance and Drama Awards	£14.3m	£14.3m
Disability Living Allowance	£11.8b for all ages, quarterly average of 485,548 claimants under 25, claiming up to £73.60 a week in 10/11	£142m
Disabled Students' Allowance	£107.3m	£107.3m
Discretionary Learner Support 19+ hardship	£62.9m	£62.9m
Discretionary Learner Support 20 +	£35.4m	£35.4m
European Social Fund	£5,000m 2007-13	£714m
Foundation Learning	£3,980m	£3980m
Innovation Fund	£30m over three years	£10m
National Careers Service	-	-
National Citizen Service	-	-
National Scholarship Programme	£50m (£100m in 13/14)	£50m (£100m in 13/14)
New Enterprise Allowance	-	-
Parents Learning Allowance	£26.1m	£26.1m
Personal Independence Payment	-	-
Pre-16 provision in Academies, Free Schools and City Technology colleges	£4,920m	£4920m
Pre-16 provision in maintained schools	£3266m	£32660m
Professional and Career Development Loan	£159m	£159m
Residential Bursary Fund	£4.4 m (16-18 yrs old) + £2.3m (19+)	£6.7m
Residential Support Scheme	£3.3 m	£3.3m
Sector based work academies	-	-
Sixth Form colleges and general and specialist FE colleges	£3,990m	£3990m
Sixth forms in maintained schools and academies	£2,430m	£2430m
Work choice	-	-
Work experience	-	-
Work Programme	200,000 in 18-24 group in 11/12, average est £1,108 per participant	£221m
Youth Contract	£1,000m over three years	£330m
Total (33)		£52.8billion (£15 billion not incl school funding)

Funding earmarked for sub-regional commissioning responsibility, or sufficient alternative local influence, for supporting all young people in an area (combined to over £50b a year)	
* all 2010/11 figures unless stated	
Programme	Budget
19+ Further education	£1.6b
Apprenticeships	£744.9m (16-18) + 314.7m (19-24) – 1000m
Pre-16 provision in Academies, Free Schools and City Technology colleges	£4.92b
Pre-16 provision in maintained schools	£32.66b
Sixth Form colleges and general and specialist FE colleges	£3.99b
Sixth forms in maintained schools and academies	£2.43b
Foundation Learning	£3.98b
Total (6)	£50.58 billion

Schemes earmarked to pool into community budget for most vulnerable (around £1 billion, approx £4,000 for each of the 260,000 most isolated young people)		
* all 2010/11 figures unless stated		
Fund	Budget and targeted groups	Estimated annual budget
Youth Contract	£1,000m over three years	£330m
16-19 bursary fund	£180m	£180m
Adult Dependents Grant	£54.4m	£54.4m
Care to Learn	£38.6m	£38.6m
Residential Support Scheme	£3.3m	£3.3m
Work Programme	200,000 in 18-24 group in 11/12, average estimated £1,108 per participant	£221.6m
Total (13)		£1.1 billion