



House of Commons
Work and Pensions Committee

**Youth Unemployment
and the Future Jobs
Fund: Government
Response to the
Committee's First
Report of Session
2010–11**

**Fifth Special Report of Session
2010–11**

*Ordered by the House of Commons
to be printed 9 March 2011*

HC 844
Published on date
by authority of the House of Commons
London: The Stationery Office Limited
£0.00

The Work and Pensions Committee

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Fifth Special Report

On 21 December 2010 the Work and Pensions Committee published its First Report of Session 2010–11, *Youth Unemployment and the Future Jobs Fund*, HC 472. On 24 February 2011 we received the Government's Response to the Report. It is reproduced as an Appendix to this Special Report.

In the Government Response, the Committee's conclusions and recommendations are in bold text. The Government's response is in plain text.

Appendix: Government response

Introduction

1. The Government welcomes the first report of the Work and Pensions Select Committee (Session 2010-11) on youth unemployment and the Future Jobs Fund. Young people must be supported to find employment and to gain the work experience and skills they need to successfully compete in the job market. That is why this Government's response to youth unemployment is focused on support that is tailored to individuals' needs and that will prepare them to find sustainable work in the private sector.

2. From the first day that a young person claims benefit they will receive job search support from Jobcentre Plus; this kind of help can be vital for a young person entering the labour market for the first time. For those who have never had a job Jobcentre Plus is working with employers to identify suitable work experience opportunities. Those with a skills gap can access fully-funded, employment-focused training. Most will be ready to go straight into a job and can access help to find an apprenticeship and to apply for the latest vacancies. To minimise the risk of lasting damage from long-term unemployment, all those aged 18-24 who have not succeeded in finding a job after nine months will go into the Work Programme, with earlier entry for the most disadvantaged.

3. Elements of the Young Persons' Guarantee will continue to be delivered until transition to the Work Programme. New Deal for Young People contracts will be extended to June 2011 to ensure continuity of support during transition to the Work Programme. In Flexible New Deal areas, referrals to the Community Task Force will continue to June 2011 to maintain the Young Person's Guarantee nationally until the Work Programme starts.

Conclusions and recommendations

Outcomes for young people

[Paragraph 29] Despite falling behind its initial target, the Future Jobs Fund created a significant number of temporary jobs for unemployed young people on a national scale. However, it is too early to assess the extent to which the programme has supported young people in finding permanent employment.

[Paragraph 30] It must be borne in mind that the FJF was an emergency measure to tackle a particular peak in youth unemployment. We regard the wider benefits which many young people gained from the programme in terms of work experience, confidence and self-esteem and the likely consequent impact on their future employability, as another indicator of the effectiveness of the programme.

The Department for Work and Pensions is conducting an evaluation of the Future Jobs Fund, which includes qualitative analysis of customers' experiences of the Fund and an assessment of the programme's impact on the length of time customers spend in employment and benefit.

The qualitative analysis will gather feedback on their experiences of and views about the Future Jobs Fund including the skills and work experience gained; job search support received; impact on aspirations and current work activities. The Department expects to publish results in spring 2011.

Evaluation and monitoring arrangements

[Paragraph 34] We believe that DWP should conduct a robust and comprehensive evaluation of the FJF and publish the findings. We recommend that the evaluation include an analysis of the experiences of local implementation of the programme, an assessment of the impact of the FJF on long-term employment and benefit payments (as recorded in DWP databases) and a detailed cost-benefit analysis. The evaluation method should also be published to ensure the transparency and credibility of the process.

[Paragraph 38] We believe that ongoing assessment of the FJF programme at a local and national level may have been more informative if effective systems had been available to monitor participation and employment outcomes from the outset.

The Department will conduct an impact assessment to estimate the difference that the Future Jobs Fund has made to participants' employment and benefit receipt outcomes. This will be used to inform future youth employment policy. To enable participants' outcomes to be tracked for a sufficient period, analysis will be undertaken from autumn 2011 with findings published in early 2012. Results from the impact assessment will inform a cost-benefit assessment of the Future Jobs Fund. Details on the evaluation methods will be published.

The Department used internal management information to monitor participation in the Fund and published the first set of participation statistics (i.e. starts on the Future Jobs Fund) in May 2010. The Department has published analysis tracking the outcomes of FJF participants and is exploring publishing analysis of FJF destinations as soon as is feasible based on robust methodology, availability of reliable administrative data and the duration of the programme.

Effectiveness and value for money

[Paragraph 48] A robust evaluation of the FJF has yet to be undertaken. While we accept the Government's need to make savings to address the public spending deficit, it is our view that insufficient information was available to allow the Department to make

a decision to terminate the FJF if this decision was based on its relative cost-effectiveness. It is important that DWP carries out cost comparisons for welfare-to-work programmes on a like-for-like basis. In particular, statistics should clearly show what payments, including benefit payments, individuals on each programme are receiving, to reflect the full cost to government.

The Committee is right that the main factor driving the decision was the high cost of the Fund. Faced with the largest public spending deficit in the UK's history, it was imperative that the Coalition Government identified areas to reduce expenditure. The Future Jobs Fund was identified as an area where savings could be made, whilst maintaining the support available to young people. At a gross cost of £6,500 per start (£5,000 net), the Future Jobs Fund is considerably more expensive than other comparable interventions such as the New Deal for Young People (£3,480 net cost per job in 2004-05 terms).

The decision is supported by the early analysis that the Department has published on the benefit outcomes from the first two months of Future Jobs Fund starts. This analysis suggests that 50% of Future Jobs Fund participants were on benefit seven months after starting the programme. The evaluation and cost benefit analysis will provide further clarity. The cost benefit methodology will take into account the amount that would have been paid to an individual had they remained on benefits for the duration of the programme.

[Paragraph 52] While many graduates gained valuable experience through participating in the Future Jobs Fund, it is not clear to us that such an intervention is as cost-effective for this client group as it might be for those facing significant personal barriers to finding work.

[Paragraph 53] We accept that interventions like the FJF represent a more expensive option, even when adjusted to take account of the fact that Jobseeker's Allowance is not paid to FJF workers. However, despite the relatively high cost, programmes such as the FJF may still be a cost-effective option for young unemployed people who are furthest from the labour market, and who are less likely to benefit from other less intensive approaches.

The Government agrees with the Committee's analysis of the targeting of the Future Jobs Fund. Programmes like the Future Jobs Fund are best employed on a temporary basis to avoid stifling growth in the economy and best targeted at those who are furthest from the labour market and therefore unlikely to be able to find their own job.

Despite this evidence the previous Government chose to bring forward the eligibility point for access to the Future Jobs Fund (and Young Person's Guarantee). This meant that, whilst the programme did support many disadvantaged young people, it will also have spent public funds paying Future Jobs Fund employers to take on some young people who would have found work of their own accord. The evaluation will provide further evidence on the employment impact of the Future Jobs Fund.

[Paragraph 59] Comparing the effectiveness of welfare-to-work programmes is complex, given the differences in approach, funding, labour market circumstances and the characteristics of previous programmes. The evidence is limited and does not offer a clear consensus. We expect the Government to use the findings from the Future Jobs

Fund evaluation to contribute to the wider evidence base used to assess which types of programmes are most effective in tackling youth unemployment.

The Department will use findings from the Future Jobs Fund evaluation to learn lessons about the impact of the programme on the young unemployed and how to work with this group in future.

Benefits for employers and communities

[Paragraph 64] Overall, employers were impressed by the young people they recruited through the FJF and believed that they had benefited significantly from the contributions made by these individuals. As a result of the programme, recruitment methods in some organisations have already been altered to make it easier for employers to recruit young people who lack experience. The Government, working through Jobcentre Plus and its Work Programme, should consider how it can encourage more employers to open up their recruitment processes to young people who lack experience but who have the capacity to make a valuable contribution.

There is no question that the experiences gained through the work undertaken by Jobcentre Plus staff in delivering the Future Jobs Fund will prove useful when it comes to advising employers on recruiting young people in the future. Jobcentre Plus encountered a number of significant issues in administering Future Jobs Fund vacancies, which they had to quickly resolve in order to help Lead Accountable Bodies to meet their profiled number of Future Jobs Fund starts.

For example, some employers were not routinely taking on young people so the experience of a more diverse workforce was a positive for many. One industry that benefited in particular was the cultural sector. Traditionally recruitment into this area is felt to be the preserve of a narrow socio-economic group who are able to work as unpaid interns. It was felt that the Future Jobs Fund enabled young people from a more diverse range of backgrounds to gain skills to help them pursue a career in the cultural sector.

Jobcentre Plus has and will continue to work with employers to help them tailor their vacancies to young people, where appropriate. A number of vehicles have been developed for supporting young people. Work experience and work trials provide opportunities for young people to acquire an experience of work to help them in future applications and for both employers and prospective employees to test the fit of jobs prior to offer/acceptance. Pre-apprenticeship programmes will prepare young people to enter apprenticeship jobs. Jobcentre Plus advisers will continue to ensure that young people get the support they need to prepare for and enter work.

[Paragraph 67] It is clear that communities and community organisations benefited significantly through their employment of FJF workers. The programme had a positive impact across the country in terms of enhancing the scale and the quality of services in the voluntary and community sector. We welcome these positive outcomes and regard it as unfortunate that the benefits may be lost with the withdrawal of the FJF. However, the community benefits must be considered in the context of the overall cost of the programme. Moreover, it should be borne in mind that the Future Jobs Fund was

designed to be a temporary measure and these benefits were only ever intended to be experienced over a short period.

The Government agrees that the Future Jobs Fund had a positive impact on the voluntary and community sector and recognises the importance of these organisations in the successful delivery of employment programmes both now and in future. Getting Britain back to work very much depends on good partnership working that embraces the talent, ideas and good practice that can be found within the voluntary and public sectors, local service providers and the wider community.

Jobcentre Plus is working across a range of partners and sectors to enhance the support that remains at the heart of the Government's commitment to tackling unemployment. This includes the development of a number of Get Britain Working measures such as Work Together which offers the chance to develop work skills through volunteering; Work Clubs to encourage people who are out of work to exchange skills and share experiences; and Work Experience to gain greater insight into the world of work. The Department will also be formally engaging with employers as part of the Get Britain Working agenda.

Involvement of the private sector

[Paragraph 77] It is important that EU state aid rules are not perceived as a barrier to private sector involvement in employment programmes. The Department should clarify exactly what is and is not allowed under state aid rules for employers in the private sector when employing young and disadvantaged people using a government subsidy, and produce a simple guide to help build confidence of employers.

The Future Jobs Fund was not intended as an employment subsidy; it is a grant to create an extra job that will not compete with the private sector, substitute for real employment or lead to someone losing their job. That was the reason all Future Jobs Fund jobs had to be “additional” and of benefit to the community, as opposed to economic activities. On the one hand the Department wanted to make the jobs as real as possible so that they gave people the right skills and led to jobs; on the other hand if the Fund had simply subsidised private sector employment it might have led to jobs being lost elsewhere in the economy and distorted competition. The Department managed this through the bidding criteria—emphasising sustainability and supporting people to find unsubsidised work.

Generally, to ensure that the Future Jobs Fund complied with State Aid legislation and the requirements of additionality and community benefit, the Department required each non-public body grant recipient to be a Social Enterprise.¹ Alternatively, where a grant recipient was not a Social Enterprise, they were required to channel funds through a Community Interest Company (CIC) or equivalent, for example, a Special Purpose Vehicle (SPV). The CIC/ SPV option also included an asset lock clause requirement.²

The Government ensured that the approach was compliant with State Aid legislation, avoiding a situation where the Department was giving illegal aid.

¹ A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.

² CICs are limited companies with special additional features, created for the use of people who want to conduct a business or other activity for community benefit, and not purely for private advantage.

The Department recognises that the state aid conditions limited the extent of Future Jobs Fund participation amongst private sector organisations; however this was necessary to ensure the legality of the grants. The private sector was not excluded or prevented from participating in the Future Jobs Fund. The Department provided advice and guidance for private sector organisations which wanted to be involved. This included a “How to” guide for Lead Accountable Bodies which were considering partnering within the private sector. Future grants which the Department makes will need to take account of the state aid regulations, with compliance measures incorporated into the design. However achieving compliance for grants which are not specifically aimed at creating jobs may prove to be less difficult and, therefore, less restrictive to private sector involvement.³

[Paragraph 81] We accept that the Department felt obliged to design and implement the FJF programme rapidly, given the labour market conditions at that time. However, we believe that the Department needs to take into account that engaging private sector organisations requires more time than was allowed for within the FJF programme. In future welfare-to-work programmes, a balance needs to be struck that takes advantage of the different strengths of the public, private and voluntary sectors. Given the proposed severe cut backs in public sector jobs, the Government will be much more reliant on the private sector to provide the jobs necessary to meet its targets for moving people off benefits and into work.

The Government’s aim is to help return the economy to sustainable growth, extend social inclusion and build the big society. To do this it is vital that private-sector employers have ready access to a pool of labour with the skills they need to grow their business. As the Department develops and implements the Work Programme, Universal Credit and other policies it is vital that the needs of employers are taken into account if they are to provide jobs for people seeking work. Jobcentre Plus will work locally with employers and local bodies such as Local Enterprise Partnerships to identify the kind of skills needed in order to influence the training offered to unemployed people so that it meets the demands of employers and is easy for employers to access.

In some areas, training providers and Jobcentre Plus will offer Service Academies in collaboration with local employers. These will offer the opportunity for unemployed people to access short, sector-specific training followed by a work experience placement. Employers will be able to influence the training component and try out a person’s skills during the work experience component in return for offering them a guaranteed interview at the end of the placement.

The Work Programme will be delivered by the private, public and voluntary sectors. They will be given the freedom to innovate and do what works, rather than follow a top-down, Whitehall-knows-best approach. It is recognised that many voluntary and community sector organisations are particularly well placed to deal with specific local customer needs and the Department wants them to play an important part in the successful delivery of the Work Programme. The extent to which prime providers are able to build suitable partnerships will be evaluated as part of the competition to deliver the Work Programme.

³ A guide to State Aid is available from the Department for Business, Innovation and Skills:
<http://www.bis.gov.uk/assets/biscore/consumer-issues/docs/10-951-state-aid-beginners-guide>

Lessons learned from the programme

[Paragraph 89] We accept that the FJF programme was, by necessity, implemented at speed, and that some teething problems were inevitable. The recession meant that Jobcentre Plus offices were already under significant pressure at the time the scheme was rolled out. Nevertheless, many provided an admirable service in delivering the FJF programme and we congratulate those JCP staff on this achievement.

[Paragraph 90] We do however have some concerns. Some young people were not properly prepared for the application and interview process. Jobcentre Plus has a clear role to play in supporting candidates in the application process, including the preparation of CVs and developing interview skills, and in ensuring that employers receive accurate information about candidates. DWP must ensure that JCP has the necessary resources and support to provide this service.

The Department welcomes the Committee's recognition of the efforts of Jobcentre Plus staff in delivering the Future Jobs Fund programme. During the delivery of the Fund, Jobcentre Plus took the opportunity to review its processes and to work with employers to understand how it could increase young people's chances of making a successful application. Products such as the "How to Guide" on vacancy filling will remain relevant to Jobcentre Plus staff involved in advising employers on recruitment issues for young people.

The Department recognises that some young people need more intensive support in their search for employment and offer additional help with job search techniques and in developing CVs from the start of their claim. This more intensive support is primarily available through contracted providers through the Support Contract which was introduced in December 2009. This includes specific modules to address job broking skills including CV development and improved interview skills.

There is scope to do more and alongside the introduction of the Work programme, the Department is developing a new back-to-work model that gives Jobcentre Plus managers and advisers the maximum flexibility to work with customers to give them the best available support. Jobcentre Plus advisers will have more flexibility to work with young people to help them make the transition into employment.

[Paragraph 91] Jobcentre Plus will be required to play a significant role in implementing the Work Programme. The Department must ensure that managers and frontline staff are properly prepared for this and other new programmes so that support is delivered to a high and consistent standard across the network of JCP offices. We will return to this issue as part of our forthcoming inquiry into the contracting arrangements for the Work Programme.

Jobcentre Plus operational staff will receive awareness sessions and learning products so that they can prepare customers to enter the Work Programme. This will be in line with the more personalised service that Jobcentre Plus will provide to support customers in returning to work as quickly as possible so that the majority of jobseekers do not require referral to the Work Programme. Jobcentre Plus advisers will also be equipped with the right information to give to customers entering the Work Programme.

Jobcentre Plus will be working at a local level with providers to ensure a smooth transition to the Work Programme. In addition, Jobcentre Plus is committed to making its premises available to their local strategic and service delivery partners, when and where space capacity exists. Where a provider's service delivery model includes use of premises they may wish to consider use of Jobcentre Plus premises and initiate discussions with the Jobcentre Plus Manager.

Termination and transition arrangements

[Paragraph 103] We are concerned that the transitional arrangements between FJF ending and the Work Programme being fully established will mean that young people are not offered targeted employment programmes for some time. It has been demonstrated that periods of unemployment are detrimental to young people's future prospects and that the longer the period out of work, the more serious the damage to their job prospects. The cancellation of the FJF has also coincided with increased levels of unemployment amongst young people. It is therefore essential that addressing youth unemployment is given appropriate prominence within the Government's welfare-to-work policies. We intend to pursue the issue of the continuation of provision in our Work Programme inquiry

[Paragraph 104] We expect DWP to ensure proper transitional arrangements are in place and to monitor provision for young people in the period before the Work Programme is fully implemented. We recommend that it record, and publish on its website in October 2011, the following information in relation to unemployed young people who would have been eligible for the Future Jobs Fund:

- **the number receiving welfare-to-work services between January 2011 and the introduction of the Work Programme;**
- **the number receiving services for the first three months after the introduction of the Work Programme, showing how these numbers vary across geographical areas (to indicate variations between areas which currently do and do not have Flexible New Deal contractors); and**
- **the actions the Department has taken in mitigation if the numbers are substantial or if there is significant variation across regions.**

The Government recognises the need to ensure that, until the Work Programme is introduced, there is continuity of provision, and that the transitional arrangements between the end of existing legacy programmes and the start of the Work Programme should not leave any customers unsupported. New Deal for Young People (NYDP) contracts will be extended to June 2011 to ensure continuity of support during transition to the Work Programme. In Flexible New Deal areas, referrals to the Community Task Force will continue to June 2011 to maintain the Young Person's Guarantee nationally until the Work Programme starts.

The Department is currently developing its plans for publishing official statistics on the Get Britain Working measures, including the Work Programme. The Department expects to publish headline official statistics on Work Programme starts from December 2011 followed by job outcomes from summer 2012, allowing time for job outcomes to be

achieved and recorded. Detailed National Statistics, including lower level geography information, are expected to be published from late 2012. The official and National statistics will be produced in line with UK Statistics Authority guidance.

The Department will continue to publish information on the Six Month Offer and Young Person's Guarantee on its website. The Department has previously announced that for technical reasons the NDYP National Statistics can only report up to spring 2010.

[Paragraph 108] Ensuring contracted employment programmes meet the needs of those furthest from work, as well as the easiest groups to place, has been a challenge for governments in the past and this will be equally true under the Work Programme. The Government must ensure that the differential payments arrangements within the Work Programme create a sufficient incentive for providers to deliver appropriate support for longer-term unemployed young people, including the low-skilled and those without any work experience, who are currently targeted by the Future Jobs Fund. We will pursue this as part of our forthcoming inquiry into the contracting arrangements for the Work Programme.

The Department is breaking new ground in the way it will pay providers delivering the Work Programme. For the first time, the Department will be providing clear incentives to providers to focus their resources on the hardest-to-help customers so that it is financially attractive to ensure all customer groups are appropriately supported.

Jobseeker's Allowance (JSA) customers who face disadvantage in the labour market will be able to enter the Work Programme as part of a higher rate payment group. These customers will include 18 year olds who have not been in education, employment or training (NEET) for the previous six months.

The point at which different customer groups enter the Work Programme will also vary. Young jobseekers, customers aged 18-24, will enter the Work Programme from nine months into their JSA claim, compared to an entry point of 12 months for jobseekers aged 25 plus. Disadvantaged customers, including 18 year olds who have been NEET for six months, will enter the Work Programme from three months; this early entry will be on a voluntary or mandatory basis, depending on the particular disadvantage that a customer faces.

Full details of the Work Programme pricing model and customer groups can be found in the Work Programme Invitation to Tender.⁴

[Paragraph 113] Valuable local partnerships have been built up under the Future Jobs Fund which draw on knowledge of local labour markets and the needs of communities. The Government has promised that it will ensure that this expertise is not lost as the Work Programme is rolled out. We will use our forthcoming inquiry into the contracting arrangements for the Work Programme to explore how the Government plans to meet this commitment.

The Department is keen to ensure the continued involvement of smaller, specialist organisations as part of our employment programmes. There will be lots of opportunities

⁴ <http://www.dwp.gov.uk/docs/work-prog-itt.pdf>

for small organisations to work with larger delivery partners as sub-contractors. In future contracted employment support, including the Work Programme, will be commissioned through the newly-established Framework for Employment Related Services. Small organisations had the opportunity to bid as consortia to gain access to the Framework.

The Framework will allow communities to build relationships with a small and stable group of providers, to ensure that the Work Programme meets the needs of the community and employers. To support the development of local relationships, providers' plans to work with local partners will form part of the qualitative evaluation of Work Programme tenders.

The Department will rigorously assess the capacity and capability of potential prime providers tendering for Work Programme contracts including their ability to manage and develop their supply chains. The DWP Code of Conduct and the Merlin standard set out clear standards and expectations for how prime providers should treat their sub-contractors. Support delivered through the Work Programme will not be specified by central Government, but will be designed by individual providers to best meet the needs of individuals in localities which means that local partners have an unprecedented opportunity to work with providers and influence the support that is put in place.

Apprenticeships

[Paragraph 119] We welcome the increased funding for and increased number of apprenticeships and expect the Government to ensure that, where appropriate, these opportunities are made available to unemployed young people previously targeted by the FJF.

Skills provision, policy, funding and delivery are devolved. The Devolved Administrations are responsible for apprenticeships in their respective countries. The information below refers to England only.

As the Committee has recognised, the Government has committed to significantly increase the number of apprenticeship places in England. Apprenticeships offer valuable opportunities for people who are already ready for work to train in a particular occupation. Unemployed people with the right skills and experience can compete on a level playing field for apprenticeship vacancies.

In June 2010, Jobcentre Plus agreed with the National Apprenticeships Service in England to feature the apprenticeship vacancies logo and link on the JCP intranet, effectively enabling around 14,000 JCP advisers to access Apprenticeship vacancies and signpost unemployed individuals to apply for apprenticeships. From spring 2011, customers will also be able to directly access apprenticeship opportunities via the Jobcentre Plus area on the Directgov internet site.

[Paragraph 120] We recommend that, in response to this Report, the Government provides us with statistics on:

- **the number of apprenticeship starts planned for January to June 2011 compared with the corresponding period in 2010; and**

- **the number of these apprenticeships expected to be taken up by 18-24 year olds who were previously unemployed for six months or more.**

Apprenticeships are a demand-led programme for young people and adults. In England Government funds apprenticeship training, in full for 16 to 19 year olds and in part for adults but relies on employers and providers to work together to offer sufficient opportunities, in the context of the greater freedoms and flexibilities that have been created in the further education system. Therefore, Government does not plan apprenticeship places but provides funding and forecasts the number of places that may be afforded as a result. These forecasts do not differentiate the employment status of individuals before they enter apprenticeships.

The Government has recently set out indicative forecasts of apprenticeships in England in documents published by the Young People's Learning Agency (YPLA) and the Department for Business, Innovation and Skills. For 16 to 19 year olds, the YPLA document *16 to 19 Funding Statement*, published in December, states that 131,200 apprentice starts are planned in 2010-11.

The BIS documents *Skills for Sustainable Growth* and *Investing in Skills for Sustainable Growth* set out the abolition of central targets and increased freedom and flexibility for further education colleges and training organisations in England to respond effectively to the needs of employers, learners and their communities. It will be for individual colleges and training organisations, working directly with their local partners, to determine the offer that best meets the needs of their communities.

In this context, *Investing in Skills for Sustainable Growth* offers an indicative forecast for apprenticeship learner numbers, including apprentices expected to continue learning from the previous year. It does not provide a direct comparison in starts for adult (19 plus) apprentices and does not differentiate by age band. Officials have converted the learner numbers to starts for comparison, so the indicative forecast is for 220,900 adult (19 plus) starts in 2010-11.

[Paragraph 121] We are concerned that apprenticeships may not be the most suitable route into employment for those young people at the highest risk of long-term unemployment. These young people may have left school with no qualifications, have no experience of work, or have difficult family circumstances, and in some cases they may not be ready to start an apprenticeship. We are keen to ensure that alternative provision (for example, personal support, training and work opportunities) should be available to help those who are not ready for an apprenticeship.

[Paragraph 125] The DWP and Work Programme providers should consider how to attract those furthest from the labour market to apprenticeships and how to encourage employers to take on such individuals as apprentices. We recommend that the Government looks closely at the lessons to be learned from the Future Jobs Fund in terms of the most effective ways to prepare such individuals for apprenticeships.

The Government recognises that apprenticeships may not be the immediate answer for all young people, particularly those who are furthest from the labour market. Nor will an apprenticeship necessarily be of interest to all young people whose employability could be

enhanced with skills training. To help these individuals into work the Government will provide a state subsidy for training provision that is targeted at helping people on active benefits to obtain work. This provision might be single units from the Qualifications and Credit Framework or full qualifications below apprenticeship level, depending on what the individual needs to help them obtain work.

The Government's aim is to ensure that those on active benefits are supported to improve their labour market relevant skills, to help them enter sustainable employment. In support of this aim, DWP and BIS are working closely together to ensure the incentives in both the skills system and the employment system are aligned. Colleges and training providers will have greater freedom to tailor their provision to the needs of the local community and economy. Jobcentre Plus will have a vital role to play in shaping skills provision locally through engagement with local colleges and providers.

The Government is committed to developing a "ladder" of training so that individuals can readily understand progression routes. As part of this, the Government will create clear paths into apprenticeships, to widen access to the programme for young people who have the potential to benefit. The Government is also exploring options for an "Access to Apprenticeships" strand within the programme itself, but other education and skills measures have a part to play too, underpinned with sound careers advice to help people plan ahead and make the right choices. Professor Alison Wolf's review of vocational education for 14-19 year olds is likely to have a significant impact on options that might prepare young people for apprenticeships.