CE2 WELFARE TO WORK - NEW DEAL

The Strategic Services Manager introduced a report which outlined the first major elements of the Government’s Welfare to Work Programme entitled “New Deal” for young people and the long-term unemployed.

It was noted that Welfare to Work, or “New Deal” was designed to help young people aged 18 to 24 who had been unemployed for six months to get back into work. The initiative would offer four options, all of which could last for at least six months and included education or training toward an accredited qualification. Options included a job with an employer for which the employer would receive a subsidy of £60 per week; a job with a voluntary sector employer; a place in the Environment Task Force; or for those who needed it the option of full-time education and training. It was noted that the New Deal would also offer employers subsidies to take on people aged 25 or over who had been unemployed for two years or more. The objective of the Programme was to tackle the problems of youth and long-term unemployment and to reconnect people with the labour market and mainstream job and learning opportunities. It was highlighted that within the Council area a total of 467 people fell into these two target groups, representing over 21% of total unemployment.

It was pointed out that a COSLA Paper had recently been published looking at how Local Authorities should approach the New Deal. It was highlighted that Stirling Council was already well placed in terms of this new initiative given that much of the suggested new practice had already been adopted.

Decision

The Committee agreed:-

1. to note the content of the submitted report;
2. to request that a further report and presentation be brought forward to the Committee once further details were released on the Programme;
3. to refer the report to the Care Committee for information
4. to note that the Council’s Policy Unit in partnership with Youth Services, and the Skills Development and Training Service will influence and advise COSLA’s Welfare to Work Task Group on local programme delivery issues.

(Reference - Report by the Chief Executive dated 28 August 1997, submitted)
WELFARE TO WORK - NEW DEAL

PURPOSE

The Purpose of this report is to outline the first major element of the Government’s Welfare to Work Programme entitled “New Deal” for young people and the long term unemployed.

SUMMARY

Welfare to work or “New Deal” is designed to help young people aged 18 to 24 who have been unemployed for six months to get back into work. It will offer four options - all of which can last for at least six months and include education or training towards an accredited qualification. The first option will be a job with an employer for which the employer will receive a subsidy of £60 per week. The other three options will be a job with a voluntary sector employer; a place in the Environment Task Force; or for those who need it, the option of full time education and training. The “New Deal” will also offer employers subsidies to take on people aged 25 or over who have been unemployed for two years or more. The objective of the programme is to tackle the problems of youth and long term unemployment and to re-connect people with the labour market and mainstream job and learning opportunities. Within the Council area a total of 467 people fall into these two target groups. This represents over 21% of total unemployment.

RECOMMENDATION(S)

It is recommended that the Committee:

Notes the content of this report,

Requests that a further report and presentation be brought forward to the Committee once further details are released on the Programme

Refers the report to the Care Committee for information, and

Notes that the Council’s Policy Unit in partnership with Youth Services, and the Skills Development and Training Service will influence and advise CoSLA’s Welfare to Work Task Group on local programme delivery issues.

CONSIDERATIONS

The “New Deal” for young people and long term unemployed adults is the first element of the Government’s Welfare to Work Programme. At present, almost 275,000 people throughout Great Britain have been unemployed and claiming Job Seekers allowance for six months or more. Of these 18,000 are young Scots. When
the “New Deal” is introduced it is envisaged that it will help young people who have been unemployed for six months or more; it will help all young people who reach six months unemployment and will help many long term unemployed adults.

Overall the governments commitment is that the “New Deal” will help more than 275,000 people into work over the full potential life of the programme i.e. 5 years at a cost of up to £3.5 billion funded from the windfall levy on the excess profits of the privatised utilities.

It is also envisaged that there will be additional resources for a “New Deal” for lone parents and various measures relating to child care and for employment support for people with disabilities.

Locally a total of 467 people fall into the two target groups, representing 21% of all the unemployed in the area. This comprises 261 18 - 24 year olds and 206 people aged over 25. It is very likely that these official figures under-represent the true level of unemployment in these target groups. The unemployment count includes only those eligible to claim unemployment benefit. Many young people never worked and cannot claim unemployment benefit, so, although they are unemployed they do not appear in the count. As yet there is no way of finding the true level, however the government is reviewing the definition of unemployment. It is very likely therefore that the numbers counted as unemployed will increase as a result.

**What is New Deal?**

“New Deal” for young people will help those aged 18 - 24 who claim job seekers allowance (JSA) for six months or more. The “New Deal” will be tailored to suit individual needs and circumstances. It will begin with an intensive period of counselling, advice and guidance entitled “Gateway to the New Deal”. This will include the provision of intensive help over a three month period from the Employment Service (who have been identified as the lead agency in delivering New Deal) including help with finding employment and developing a personalised training or employment plan. Each young person will have both a dedicated Employment Service Advisor and opportunities to take advantage of independent careers guidance.

Where appropriate, young people will also have access to a range of services designed to improve basic skills literacy and numeracy etc. and will have the chance to do so before progressing on to one of the “New Deal’s” four options outlined below. During the “Gateway” stage in the programme, it is envisaged that the Employment Service and other local agencies/partners will be able to help many young people to find jobs and to move off welfare and into work.

Importantly, young people who remain unemployed after gateway stage will have the opportunity to pursue a place in one of the four “New Deal” options. Young people will be helped to decide which options will do most to improve their skills and employment prospects. The four “New Deal” options are:

- A job with an employer, including one day per week (or its equivalent) in education or training designed to reach an accredited qualification. Employers will be offered £60 per week for up to 26 weeks to contribute to the costs of recruiting and employing a young person and £75 per week for older recruits who are
unemployed for more than 2 years. “New Deal” will also contribute to the cost of training designed to reach an accredited qualification.

- A job for six months with the Government’s Scottish Environment Task Force which will include day release education or training towards an accredited qualification.

- A job for six months with a voluntary sector employer, again including day release education or training designed to reach an accredited qualification.

- The opportunity, for those who do not have the qualifications they need to have good employment prospects, to take up full time education or training for up to twelve months on an approved course and leading to a qualification.

Having outlined the options surrounding “New Deal” the Government has been keen to point out that the New Deal is also accompanied by an acknowledgement that for all participants “rights and responsibilities must go hand in hand” - in other words, the Government has made it clear that if young people refuse or fail to take up places they will run the danger of losing benefit i.e. JSA benefit sanctions will be applied to young people who unreasonably refuse a placement. The threat of loss of benefit does introduce the element of compulsion for young people - the consequences of which result in loss of benefit on a sliding scale i.e. young people who unreasonably refuse a placement on one of New Deal’s four options will lose two weeks benefit. If they refuse a further offer at any time in the following 12 months they will lose four weeks benefit.

The overall objective of “New Deal” will be to get as many young people as possible into sustainable employment. It is anticipated that the later stages of each New Deal option will assist young people to enter and ‘stay in’ the labour market through the added provision of intensive job search and jobs career advice and guidance for every trainee.

For those who remain unsuccessful in securing employment or a viable training or education opportunity after pursuing one of the four options New Deal will provide a further ‘safety net’ through the provision of intensive guidance and assistance delivered by the Employment Service to get back to work as quickly as possible. This programme will include:

- An advisory process for every young person who returns to claiming JSA after completing a “New Deal” option (e.g. further vocational guidance), the focusing of job search action plans, continued support with job search, work trial placements with employers etc. and access to the Job Club Programme;

- Business start up advice e.g. help for those young people who want to set up in business on their own;

- Special provision for those young people who continue to lack necessary skills to find work. This will include immediate access to training and basic employability skills.
DELIVERY
The "New Deal" for 18 - 24 year olds will begin in a number of areas throughout the UK which will be known as "Pathfinder Areas" in January 1998. New Deal will then be introduced nationally in April 1998.

The Employment Service will act as lead agency and will be responsible for co-ordinating the delivery of the programme in partnership with various other agencies including: Local Businesses; Scottish Enterprise (LECS); Voluntary Organisations; Environmental Groups; Education and Training Partners; Local Authorities; Trade Unions and the Careers Service.

Partnership working will be a critical factor in the delivery of this programme. Local Authorities will have a key role to play in terms of delivery. In real terms, this may mean that Local Authorities could be in a position to act as partners, advisers, delivers for the Employment Service. Whilst the administrative rules and regulations in the delivery of New Deal requires to be consistent, the Government has taken cognisance of the need to tailor the scheme to fit the particular needs of Scotland. It is envisaged therefore that these needs will be addressed by the Scottish Advisory Task Force who will have the job of advising on the design of New Deal, and once established, the ‘fine tuning’ of the programme. The Advisory Group will also direct its efforts towards assisting business, voluntary sector and wider community involvement in adding value to the programme.

POLICY IMPLICATIONS
There are a number of potential policy implications arising from the introduction of the Welfare to Work - New Deal Programme. After consulting with various Council Services, and based upon the level of detail available so far, the following represents an initial assessment of the potential policy and service delivery implications for Stirling Council:

Greater Council Involvement - It is understood that there will be a national framework for the Welfare to Work Programme and that the CoSLA Scottish Advisory Group on training for the unemployed would at a Scottish level tailor this to meet local circumstances. There is a need however for the involvement of Councils and local agencies in the detailed specification of programmes and local delivery mechanisms. Ultimately this will ensure that Welfare to Work integrates well with existing initiatives e.g. Programme for Partnership and Regeneration Area Initiatives.

Social Inclusion/individual rights and responsibilities - individual needs should be paramount, in so far as the New Deal programme and its various options should be built around individual needs rather than fitting people into pre-determined schemes. In addition, there are concerns relating to the compulsory nature of the programme given that non compliance will lead to loss of benefit, and that loss of benefit may in turn lead to the creation of a further range of barriers for young people in playing an active part in society - i.e. problems that may or will fall to local authorities and other agencies such as the Health Service to deal with. Significantly, it is entirely possible that those people who are subjected to the mandatory sanctions for refusing to participate in welfare work may also be judged not to be actively seeking employment. In extreme cases, this could lead to an open ended exclusion from benefit. Undoubtedly, there will be individuals who cannot or will not participate in the New Deal and resultingly will face the prospect of hardship. This will have an impact on Council Services including Housing & Social Services. The provision of quality information, advice and assistance to individuals will be essential in alleviating hardship and reducing the need for those same individuals to require further service input.
This advice could form one element of an holistic set of measures such as income maximisation, and money management. This package could be offered to individuals as a means of support during the transitional period between welfare and work/training/education.

This programme of social education would help create the supportive environment which would allow individuals to make the transition and would actively promote their sustainable participation. Various Council Services would have a key role in developing and delivering such a programme which would actively promote Social Inclusion by enabling the active participation of individuals. It is important to ensure that the four options available under Welfare to Work contain as wide a range of opportunities as possible before the compulsion element comes into force. It is critical that those options supply the breadth, range, depth and volume of opportunities necessary to ensure that there is a guarantee that before sanctions are introduced, the Programme has been able to offer candidates/trainees credible opportunities and that if they turn down those opportunities it has not been for very valid reasons.

**Social Inclusion/Disadvantaged Client Groups** - there is a need to promote the case for strong Council involvement in the development of the programme and the ways in which we would like to see it develop (e.g. as part of the Council’s commitment to Social Inclusion). It should take steps to ensure that those most disadvantaged or divorced from the labour market are targeted by the programme.

**Complementary of Funding Sources** - in order to capitalise on the opportunities for real improvement locally (e.g. creation of Intermediate Labour Market Schemes, work related placements etc.), there is a need for guidance about how monies from Welfare to Work can be packaged with other funding such as the European Social Fund (Objectives 2, 3 and RECHAR) and other job related assistance programmes currently run by Stirling Council (e.g. the Council’s considerable involvement in job subsidy schemes such as Employment Grants etc.).

**Creation of Additional Jobs** - Whilst the creation of Welfare to Work opportunities is to be welcomed, the initiative should not be developed out of kilter with efforts to create additional jobs through inward investment and business development/creation. Stirling Council plays an important role in attracting business investment to Stirling - as with most other local authorities a brake is often placed on such activities due to the constraints of additional capital finance for the provision of infrastructure. Enhanced training resources should go hand in hand with job creation infrastructure initiatives.

**Public Sector Job Subsidy** - There is a need to explore/ascertain the potential contribution that Councils and other public sector employers could make as part of the job subsidy element of New Deal. For the moment, the position on whether the public sector would be eligible for the subsidy option remains unclear. What is clear is that emphasis will be placed firmly on the private/business sector. However, within a local context, the Council is one of the areas biggest employers accounting for 11% of all jobs locally. Access to a public sector employee subsidy could influence positive outcomes quite considerably.

**FINANCIAL IMPLICATIONS**
None at present
CONSULTATIONS
Consultations have taken place with the Skills Development and Training Service (Environmental Services), Advice Services (Housing & Social Services), Youth Services (Community Services) and the Social Inclusion spokesperson.