

## **DEL Oral Statement - Youth Employment Scheme and NEETs Initiatives**

Mr Speaker, I would like to make a statement on the launch of a new programme to help unemployed young people into the world of work, and some other measures to address those people who fall in the category of NEETs – Not in Education, Employment, or Training.

Members will recall that in March of this year, the Executive approved my policy proposals targeted at 18 to 24 year old unemployed young people, and at the end of May also endorsed the NEETs' Strategy - "Pathways to Success".

I have been in discussions with the Finance Minister over the resourcing of these new measures, and am pleased that a business plan covering this and the next two financial years has been agreed.

I warmly welcome the decision of the Executive to agree to the Finance Minister's recommendation of £5.8 million of funding in the June Monitoring Round to fully cover these costs in this financial year.

The Executive is making the investment in the future of our young people, and therefore our economy, a key priority.

We should be clear on the scale of the task ahead, and the reasons why we must act.

Youth unemployment is a major and growing issue across these islands and elsewhere in Europe and further afield.

At present, in Northern Ireland, there are around 20,000 unemployed 18-24 year olds.

Those young people who are unemployed but actively seeking work are only one aspect of those falling within the NEET category. There are also those that are economically inactive and are not engaged in education or training. Overall, the number of young people aged 16 to 24 that fall within the NEET category is around 46,000.

Whatever way you look at it, in absolute terms, it presents a major challenge.

The raw numbers do not, of course, capture the personal impact of the ongoing difficult economic conditions on young people.

Many young people find themselves unemployed, despite their education and training. These are people who would have otherwise expected to be in work today if it was not for the economic downturn and reduced opportunities. Some simply need the chance to gain experience.

It's a Catch 22 position for these young people; they can't secure a job without experience but they can't get experience without a job.

If we don't intervene, there is a real risk that the current generation of young unemployed people may become the long term unemployed of the future. The costs of this in terms of impact on public finances, and lost economic opportunities, will be considerable. This is a risk we are not prepared to take.

There is also a wider economic case for additional measures which link new interventions to the future skills needs of the economy. This is a vital step to prepare for the upturn in the economy.

One of the few assets we have is the skills of our workforce. We need to develop those skills as they can help to create the employment opportunities required to rebuild and rebalance the economy in line with the Northern Ireland Economic Strategy. If we miss this opportunity we risk losing some of the added value already provided by our existing investment in education and training, as some skills they already have will go stale.

These are long term effects that will be difficult to reverse.

Measures are therefore needed to help young people to compete on a more equal basis with older, more experienced workers in a difficult labour market.

That said, it is important to recognise the difference between, on the one hand, this type of youth unemployment, and on the other hand, the issue of those young people who are NEET and facing obstacles to re-engagement.

They require much more intensive support and more tailored interventions to overcome their barriers.

The overall aspiration of the NEET Strategy "Pathways to Success" is that by 2020:

"Every young person will not only have an opportunity to access education, training or other preparation for employment but, to the extent that they are able, they will also avail of that opportunity."

The strategy aims to deliver a three tier package of measures aimed at preventing young people falling into the NEET category in the first place; helping young people in the 16-18 age group, especially those facing barriers; and assisting unemployed young people aged 18-24 more generally.

I will start with new initiatives specifically for 16 to 18 year olds. While it is clear that current DEL and DE provision is comprehensive and the overall

level of activity is demand led, current provision may not fully meet the needs of some of our most vulnerable young people.

While much of what follows is intended to be additional to existing provision, many programmes and strategies, such as Essential Skills provision, the Training for Success programme and courses at further education colleges, are also highly relevant, in addition to the role of the Careers Service.

The additional measures include:

- A community based access programme which will engage and mentor young people using community and voluntary sector organisations.
- A new training allowance for 16 and 17 year olds participating on existing programmes funded by the European Social Fund.
- An innovation fund to test new approaches based on sound evidence aimed at piloting a range of other approaches to re-engaging those young people in the NEET category.
- A new Community Family Support Programme which will focus on the needs of the most disadvantaged families, to enable young people to re-engage with education, training or employment.

We will invest £1.8 million in these initiatives in 2012/13 and £3.6 million and £4.6 million respectively in the following two financial years.

I now want to turn to proposals for 18 to 24 year olds.

In overall terms, the proposal for the 18 to 24 unemployed age group aims to deliver annually, by March 2015, up to 6,000 work experience, training and job opportunities.

It is comprised of the following elements -

The first is enhanced support through improved diagnosis of skills needs and additional adviser time from both the Employment and Careers Services.

This is complemented by immediate additional referral and support for young people who have barriers to participation.

Initially 1,000 short 2 to 8 week work experience placements designed to ensure early engagement with the labour market will be available. This will rise to 3,000 placements annually by March 2013. The cost of this element will be £200,000 in 2012/13, rising to £400,000 and £600,000 respectively in 2013/14 and 2014/15.

400 training places will be offered coupled with additional sector based work experience of between 6 and 9 months in sectors which have the potential to help rebuild and rebalance the economy. The number of such training places

will rise to 1,800 by 2014/15. While in training young people will receive a training allowance of £100 a week. This will cost £1.1 million in 2012/13, rising to £5.3 million in 2013/14 and £6.4 million in 2014/15.

800 employer subsidies of £5,750 a year will be provided in sectors which have the potential to help rebuild and rebalance the economy, provided employers agree to facilitate and enable further skills development.

The number of employer subsidies will rise to 1,200 in 2014/15. The costs will be £2.3 million in 2012/13, rising to £5.75 million in 2013/14 and £6.9 million in 2014/15.

My Department will also invest £400,000 this year in direct employer engagement, rising to £1.1 million in 2014/15. This will provide for marketing and developing a cadre of staff to manage employer engagement and participation in the various strands of the initiative.

This brings the total cost of the package of proposals for both age groups to £5.8 million in 2012/13, rising to £15.6 million in 2013/14 and £19.6 million in 2014/15.

This is a major investment, at an enhanced level relative to our neighbouring jurisdictions. Under devolution, the Northern Ireland Executive and my Department are doing more than any other region of the UK to assist our young people.

Members will note the strong employer emphasis in this initiative. There is a very sound evidence base for such an approach both locally and internationally.

However, the success of the 18-24 initiative in particular will depend on the commitment of a large number of employers.

My Department is putting in place a strategic approach to engaging employers in both the private sector and social economy sector to secure the necessary work placements, training placements and, potentially, job opportunities and apprenticeships. We will initially target major indigenous employers and seek to recruit high-profile champions from key sectors to help secure commitment to this initiative.

The approach will be to ensure that a range of businesses and sectors are seen as equal partners with government in securing workforce development and economic growth.

I have had informal discussions with employer representative bodies, including, but not limited to, the Confederation of British Industry, Federation of Small Businesses, Northern Ireland Chamber of Commerce, the Northern Ireland Manufacturing Group, the Construction Employers Federation, NICVA and the Bryson Group to gauge the level of commitment.

These discussions indicate that there is genuine interest in supporting this initiative and a number of companies have already signed up to offer different elements of the package.

The public sector must also play a role, therefore a variety of work placements will be sought in key parts of the public sector such as health, education and local government.

In discussions about the package, Executive colleagues have signalled their commitment to ensuring that their departments and arms length bodies will contribute to the initiative.

Continuous communication and liaison between participating young people, participating employers and the Employment Service will be necessary to ensure that the right levels of quality and commitment are being maintained by all the parties involved.

Now that the resources are available, my department will commence this initiative and we will build our capacity to deliver over the coming months. The formal engagement of both employers and clients will now begin. There will be a challenge to continuously improve the quality and range of opportunities available.

The focus of the whole initiative is to ensure that young people who are currently unemployed are provided, at the earliest possible stage, with the skills to gain jobs, compete for jobs created in the future and retain employment and progress in jobs.

The focus is to reduce the short-term employment development cycle that many face. This is not only beneficial for the individual economically and socially, but benefits society as a whole.