

PILLAR I : IMPROVING EMPLOYABILITY

INTRODUCTION

Promoting employability means enabling people, through education, training, mobility and other assistance, to find fulfilling employment in an age when no-one can expect to have only one job throughout his or her career. This involves

- tackling youth and long term unemployment and social exclusion;
- easing the transition from school to work;
- improving skill levels generally and ensuring that individuals have the skills they need in a modern, constantly changing labour market;
- and removing obstacles to labour mobility.

We believe that employability support for the unemployed should start as soon as someone becomes unemployed and should be intensified as the duration of unemployment lengthens. Most people find work quickly but those who are likely to face particular problems - disabled people, ex-offenders, people returning to the labour market and people who have low levels of literacy and numeracy - should have immediate access to appropriate employability measures.

We acknowledge that women may need specific employability help to reflect their different pattern of participation in the labour market, in particular help to improve skills, remove obstacles to mobility and to make the transition from caring responsibilities to the labour market.

Combined with an active benefit regime, our employability measures are designed particularly to tackle youth and long term unemployment, to develop key skills and to move people from dependence to independence. Once fully operational, we believe that these measures will meet the targets set out in the Guidelines.

TEXT OF GUIDELINES 1 and 2

• Tackling youth unemployment and Preventing long-term unemployment

In order to influence the trend in youth and long-term unemployment the Member States will develop preventive and employability-oriented strategies, building on the early identification of individual needs; within a period to be determined by each Member State which may not exceed five years and which may be longer in Member States with particularly high unemployment, Member States will ensure that:

- ***every unemployed young person is offered a new start before reaching six months of unemployment, in the form of training, retraining, work practice, a job or other employability measure;***
- ***unemployed adults are also offered a fresh start before reaching twelve months of unemployment by one of the aforementioned means or, more generally, by accompanying individual vocational guidance.***

These preventive and employability measures should be combined with measures to promote the re-employment of the long-term unemployed.

Labour market context

Young People aged 18-24

- In January 1998 118,000 18-24 years olds had been claimant unemployed for 6 months or more (86,000 men and 32,000 women).
- Around 75% leave the unemployment register within six months but between 15,000 - 20,000 reach six months unemployment each month.

Adults aged 25 and over

- In January 1998 over 380,000 adults had been claimant unemployed for 1 year of which 216,000 adults had been unemployed for 2 years or more (185,000 men and 31,000 women).
- 80% leave the register within 1 year; 95% within two years but each month 20,000-30,000 reach the one year threshold and 10,000-15,000 reach two years unemployment.

GUIDELINE 1 : OFFERING EVERY UNEMPLOYED YOUNG PERSON A NEW START

The cornerstone of our policy towards the young unemployed is the **New Deal for Young People** (aged 18-24). This starts when a young person reaches six months unemployment. It begins with an intensive period of counselling, advice and guidance lasting up to four months. This is called the New Deal Gateway. Those who do not find a job in that time and those who are not ready for a job, will have a choice of four options:

- a job for six months for which the employer will receive a subsidy of £60 per week;
- work for six months with a voluntary sector employer;
- work on the Environment Task Force;
- full time education or training for up to 12 months for those who need it.

Each of the three work options will offer training equivalent to a day a week, for which the provider will get £750. Those who refuse any of these four options will lose benefit.

The Gateway is proving a particularly important element of the New Deal, valued by both young people and employers. We announced in our March 1998 Budget that we will provide a further £50m in 1998 - 2002 to ensure that the Gateway meets the needs of the

most disadvantaged young people and provides more training and support for mentors to help more young people make the often difficult transition from welfare into work.

Resources

£3.16 billion over the five years 1997 - 2002.

The structural funds contribute to this support for young people. More than £80m is potentially available from the ESF to increase the scope and range of New Deal projects in 1998, with a similar amount available in 1999. Approximately £11m was committed in 1995-97 from 'EMPLOYMENT-Youthstart' to fund innovative projects for young people under 20 years of age. Priority 2 of the ESF Objective 3 programme helps unemployed young people aged 16-24 to compete effectively in the labour market, through projects covering motivation, vocational advice and guidance, vocational training and work experience. In 1997, ESF part funded 1200 projects in the UK (total cost £143 million) under Priority 2.

Indicators

- Employment rate (without distinction between full time and part time)
- Youth unemployment rate (% of labour force LFS)

Timetable

The New Deal for 18-24 year olds began in 12 "pathfinder areas" on 5 January 1998, covering 19,000 young people. It will cover the whole of the UK from April 1998.

Implementation Arrangements

The Employment Service has overall responsibility for the delivery of the New Deal but is working in partnership with all sections of the community including employers, trade unions, Training and Enterprise Councils (Local Enterprise Companies in Scotland), voluntary organisations, environmental groups, education and training partners, local authorities and careers services. The private sector has been invited to lead the delivery in ten locations. The partnerships plan the required provision for their area for each year and are involved in ensuring that sufficient provision exists to meet local needs.

GUIDELINE 2 : OFFERING EVERY ADULT A NEW START

Employability help for unemployed adults intensifies as the period of unemployment lengthens. At 6, 12 and 18 months, all unemployed adults are offered a range of support measures including Jobclubs, Work-based Training for Adults and Work Trials. This is described in more detail in Guideline 3 (page 12). This range of support has been enhanced by the introduction of the New Deal.

The **New Deal for long-term unemployed people** is designed to help people aged 25 and over who have been unemployed for two years or more. It will offer:

- a job with an employer for 6 months with an employer subsidy of £75 per week;

- the opportunity for up to 10,000 people lacking basic skills to study full-time for up to a year while remaining on benefit.

In the March 1998 Budget, we announced funding for the introduction from November 1998, of new pilots to provide 70,000 opportunities for long-term unemployed adults, who have been unemployed for 18 months. The pilots will

- offer a Gateway of help, similar to that offered in the New Deal for Young People;
- provide an intensive programme of training and work experience, lasting 3 months for those who do not find work through the Gateway;
- provide the six months subsidy of £60 a week to employers of those finding work;
- include specific measures tailored to the needs of long-term unemployed people aged over 50.

Although the main focus will be on those unemployed for over 18 months, the pilots will also look at helping adults who have been unemployed for between 12 and 18 months.

We are also providing funding to help the partners of unemployed people, who are themselves out of work, to get jobs. Childless partners under 25 will be included in the New Deal for Young People. Partners over 25 will be offered the advice and help they need to get back to work.

Resources

Following the July 1997 budget, we announced the expenditure of £350m over the five years 1997 - 2002 for the New Deal for unemployed people. In the March 1998 Budget, we announced further funding over the years 1998 - 2002 of £100m for the 70,000 opportunities to be offered to unemployed adults, and £60m to help partners of unemployed people.

There is also support for long-term unemployed people from the European Social Fund. Priority 1 of ESF Objective 3 aims to help adults aged 25 years and over, particularly those who are at special disadvantage in the labour market. In 1997, ESF part funded nearly 1400 projects (total cost £113 million) under priority 1.

Timetable

The New Deal for adults starts in June 1998. The pilots for those unemployed for 1 year or 18 months will start in November 1998.

Implementation Arrangements

As with the New Deal for Young People, through local partnerships involving the private, voluntary and public sectors.

TEXT OF GUIDELINE 3

• Transition from passive measures to active measures

Benefit and training systems - where that proves necessary - must be reviewed and adapted to ensure that they actively support employability and provide real incentives for the unemployed to seek and take up work or training opportunities. Each Member State:

- *will endeavour to increase significantly the number of persons benefiting from active measures to improve their employability. In order to increase the numbers of unemployed who are offered training or any similar measure, it will in particular fix a target, in the light of its starting situation, of gradually achieving the average of the three most successful Member States, and at least 20%.*

Labour market context

The UK labour market is dynamic, with large numbers of people moving into and out of unemployment every month.

- About 250-300,000 people join and leave unemployment each month.
- Half of those who become unemployed leave the register within 3 months and over two thirds do so within six months.

GUIDELINE 3 : ACTIVE MEASURES TO IMPROVE EMPLOYABILITY

We are taking steps to remove the distinction between passive and active assistance to unemployed people. Participation in active labour market measures is now a condition for receiving the basic form of unemployment benefit - the Job Seekers Allowance. This applies to 76% of unemployed people (ILO definition). From the first day of unemployment, all jobseekers are required to take part in a progressive programme of interviews and job search help.

The key elements are:

- All unemployed people must attend a New Jobseekers Interview during which they agree a jobsearch plan with an employment adviser.
- Jobseekers must then attend the jobcentre once a fortnight to consider job vacancies and review their jobsearch.
- After 13 weeks unemployment the jobseeker must attend an in-depth interview to review his or her jobsearch activity.
- After 6 months the jobseeker must attend a further in-depth Restart interview. At this stage, adult jobseekers become eligible for a wider range of more intensive employability measures including:
 - a work trial, which allows jobseekers to prove their skills to employers for up to three weeks without risk of loss of benefit if the trial is not successful;
 - a place on a jobclub, which provides practical help with jobsearch techniques;
 - a guaranteed interview with an employer for selected jobseekers;

- work-based and pre-vocational training , which provide help for people to get jobs through guidance, training, approved qualifications and/or structured work experience;
 - six monthly in-depth Restart interviews, which continue for as long as the person remains unemployed.
- At 6 months, young people enter the New Deal Gateway.
 - At 12 months, jobseekers who have not taken up any other offer, are required to attend a "Jobplan Workshop".
 - After 2 years any jobseekers who are still unemployed and have not taken up any other employability measure are required to attend a series of intensive "Jobfinder" interviews to reassess their job prospects. They are then eligible for the New Deal for Long-Term Unemployed People. Some will also be eligible for the Jobfinder's Grant, a one off payment (£200) designed to help with the start-up costs involved with taking a job.

This regular and increasingly intensive contact with the Employment Service is designed to encourage jobseekers to find a job or develop their employability as early as possible. It also enables the Employment Service to identify those who require further help and to refer them to the range of more intensive employability measures on offer. These measures include the following (1997-8 figures)¹ - Work-based Training for Adults and Work-based Training for Young People (400,000 places) Jobclubs (157,000 places) Restart courses (47,000 places) and Jobplan workshops (88,000 places). This provision is likely to increase with the New Deal.

Resources

The funding for the specific measures described above totals £988m for 1997-8. The overall cost of funding the Employment Service, including the full range of employability measures mentioned above, is £1,220m in 1997-98.

Timetable and Implementation

Most of this is already in place. The New Deal provision started in phases from January 1998.

¹ Figures for these programmes cover England, Scotland and Wales.

TEXT OF GUIDELINES 4 AND 5

• Encouraging a partnership approach

The actions of the Member States alone will not suffice to achieve the desired results in promoting employability. Consequently:

- ***the social partners are urged, at their various levels of responsibility and action, to conclude as soon as possible agreements with a view to increasing the possibilities for training, work experience, traineeships or other measures likely to promote employability;***
- ***the Member States and the social partners will endeavour to develop possibilities for lifelong training.***

GUIDELINE 4 : SOCIAL PARTNERSHIP AGREEMENTS TO INCREASE THE POSSIBILITIES FOR MEASURES TO IMPROVE EMPLOYABILITY

Partnership is important at all levels: enterprise, locally, regionally and nationally. Our role is to encourage partnerships and to set the right legislative framework. Our overall approach will be set out in the forthcoming White Paper on Fairness at Work.

We are promoting co-operation and communication between the social partners at all levels - e.g. on education and training, on the minimum wage and on tax and benefit reform. For example, co-operation with employers, training providers and unions has helped to secure many opportunities for young unemployed people as part of the New Deal at local, regional and national levels.

Partnership in the UK takes many forms. At the regional and local level, Training and Enterprise Councils, Education-Business Partnerships, New Deal partnerships, Territorial Employment Pacts and Single Regeneration Budget companies deliver a range of services to promote employability. Employers and trade unions have a role to play, alongside other local actors e.g. voluntary sector, local authorities, education interests. This is illustrated by the active role they are playing in the regional and national monitoring committees of the European Social Fund, where they oversee and contribute to the overall strategy, policy development and monitoring of the programme.

Contribution from the UK Social Partners (Italicised Text)

The social partners have agreed at European level that access to effective vocational training throughout working life to meet rapid changes in markets, technology and work organisation is one of the requirements for enhancing the competitiveness of member states. This principle is embodied in an Opinion of the Economic and Social Committee of the EU.

The Employment Guidelines emphasise that the social partners must rise to the challenge of creating a labour market that is adaptable to change. Taking further actions building on and strengthening existing initiatives to promote employability and adaptability is essential if the targets fixed by the Guidelines are to be met.

The CBI and the TUC share the view that the effectiveness of organisations depends on the skills and competencies of all employees. This requires a high quality system of foundation learning and the development of a national culture of lifelong learning. Employers and trade

unions in the UK recognise the need to train workers to meet the needs of their organisations in a rapidly changing market place.

The social partners have supported the need for high quality work placements, good guidance and training opportunities leading to recognised qualifications to increase the employability of young people. There is also a need to ensure that young people have access to the acquisition of key skills such as numeracy, communication and information technology to enhance their employability.

There has been a high level of trade union and employer support for and delivery of initiatives such as Modern Apprenticeships, National Traineeships, Investing in Young People and the New Deal, all of which are aimed at improving the employability of young people.

Individuals, supported by Government, the education service, trade unions and employers have a responsibility to plan their careers to achieve their potential throughout their working lives.

The Investors in People standard is an important vehicle for supporting organisations to achieve competence in the workplace with its focus on organisational performance and the training and development needs of all employees.

There are several areas where employers and trade unions are working together to enhance employability:

- framework agreements at sectoral level making provision for both apprentice and continuing training leading to NVQ outcomes;*
- work in National Training Organisations at sector level to develop and promote occupational standards;*
- unions providing learning services with the support of employers (e.g. UNISON's Return to Learn);*
- TUC regional / TEC Bargaining for Skills partnerships which are enhancing the capacity of union representatives to work together with employers to promote learning through Modern Apprenticeships, take up of NVQs, commitment to Investors in People, employee development schemes and the establishment of learning centres at the workplace;*
- the National Advisory Council for Education and Training Targets (NACETT) provides an opportunity for the social partners and others to work together to influence national policy development to achieve the National Targets.*

GUIDELINE 5 : DEVELOPING THE POSSIBILITIES FOR LIFELONG LEARNING

We have published a consultation paper on lifelong learning. This sets out our proposals for creating a new "Learning Age" to meet the challenges of the 21st century. We will:

- establish a **University for Industry** to make it easier for firms and individuals to learn.
- set up **individual learning accounts** to encourage people to save to learn, and begin by devoting £150m to match the investment of about a million people;
- improve access to **Investors in People** for small firms to encourage improvements in business performance by linking training and development of employees to an organisation's business objectives;
- invest in young people so that more continue to study beyond age 16;
- support provision for basic literacy and numeracy skills amongst adults;
- widen access to learning in further, higher, adult, and community education and through the University for Learning;
- work with business and trade unions to support and develop skills in the workplace;
- build an easily understood and valued qualifications system.

A separate consultation paper "Learning for Everyone" will be published in the Spring, setting out the Government's proposed national learning strategy for Wales. Similarly, a paper on lifelong learning in Scotland is being prepared which we expect to publish in late Spring.

Resources

In the March 1998 Budget, we announced

- funding of £90m for a package of measures to improve skills, particularly communication and IT skills through the establishment of 40 new centres of excellence formed through the development of local partnerships; and
- an extra £10m for the University for Industry (Ufi), in addition to the £5m we allocated to the Ufi last year. This investment will be used to build a new private-public partnership to ensure that both business and individuals can readily access flexible and cost effective training, tailored to their particular needs.

An additional £160m is available in 1998/99 from the ESF Objective 4 programme, to complement our strategy for lifelong learning, by assisting workers to adapt to industrial change. Funds from the ADAPT Community Initiative are also available for ADAPT-Ufi projects for 1998/99.

Timetable

The consultation paper was published on 25 February.

TEXT OF GUIDELINES 6 and 7

• Easing the transition from school to work

Employment prospects are poor for young people who leave the school system without having acquired the aptitudes required for entering the job market. Member States will therefore:

- ***improve the quality of their school systems in order to reduce substantially the number of young people who drop out of the school system early; and***
- ***make sure they equip young people with greater ability to adapt to technological and economic changes and with skills relevant to the labour market, where appropriate by implementing or developing apprenticeship training***

Labour Market Context

- Currently 14% of the UK's 16 year olds are not undertaking any form of learning. This figure rises to 21% for 17 year olds and 40% for 18 year olds.
- In 1997 45% of 16 year olds and 71% of 19 year olds held a level 2 qualification, ie 5 GCSEs at grades A-C, an Intermediate GNVQ or an NVQ Level 2. We consider this to be the minimum level of qualification needed for basic employability.

GUIDELINES 6 AND 7 : IMPROVING THE QUALITY OF THE SCHOOLS SYSTEM AND EQUIPPING YOUNG PEOPLE WITH SKILLS RELEVANT TO THE WORKPLACE

Education is the foundation stone of employability and lifelong learning and we are determined to reduce the number of young people who leave school inadequately prepared for working life. For this reason our policy is not targeted simply on reducing the number of those "who drop out of the school system early", but is focused even more on the level of educational qualification acquired by those leaving the education system.

A wide range of measures is being introduced in order to improve the quality of education in schools by the year 2002, beginning with a major drive to improve and extend pre-school provision and to secure a significant advance in the literacy and numeracy of children in primary schools. Equipping children with basic skills at an early stage will, in time, produce greater achievement later on in their careers and reduce one of the underlying causes of adult unemployment.

The most important task is to increase levels of achievement and aspiration. This means making available to young people a wide range of high-quality learning options, irrespective of whether they remain in full-time education or enter the job market at 16.

To raise participation and achievement for 16-19 year olds, we are introducing a new strategy called "Investing in Young People", which:

- requires all schools from September 1998 to set and publish targets for pupil performance each year;
- introduces a single school leaving date at the end of June, starting in 1998, so that no child should be able to leave school, in the year they become 16, until they have had a chance to sit for GCSE or other external examinations;

- increases the range and quality of work-related learning for 14 - 17 year olds, particularly those who are disaffected and at risk of educational under-achievement. 17 New Start partnerships to help re-engage young people in learning have been funded for 18 months from September 1997, with £5m in 1998-99 to support locally based projects;
- introduces a new National Record of Achievement to help young people plan and manage their own learning. This will benefit 1.8 million young people at a cost of £3.27m in 1998/99 and £3.97m in 1999/2000;
- introduces a Learning Card in England, promoting young people's entitlement to continue in learning post-16. In 1997/98 £6.5m was allocated to help 600,000 young people;
- refocuses the Careers Service to target support and guidance at those who need it most. Careers Services will receive an extra £6m in 1998-99 for this;
- legislates to ensure that all 16 and 17 year olds in a job are entitled to take paid time off (the equivalent of 1 day a week) for study or training up to NVQ Level 2 or equivalent;
- introduces National Traineeships as the high quality work-based route to NVQ Level 2. Started in September 1997 and covering more than 25 sectors, they combine occupational and key skills;
- makes an extra £10 million available in 1998-99 for Modern Apprenticeships. This highly successful initiative covers 75 sectors and leads to the more advanced NVQ Level 3. Total funding in 1998-99 will be £401m;
- raises standards by improving the quality of all post-16 provision: setting targets, identifying success, spreading good practice and eliminating failure.

The Investing in Young People strategy supports ambitious National Targets for Education and Training which are currently the subject of consultation. The aim is to ensure that up to 90% of 16-18 year olds remain in some kind of learning and as many as possible 19 year olds achieve a level 2 qualification. The strategy includes measures for improving provision within schools and the transition from school to work.

These measures apply to England and Northern Ireland. Similar arrangements are being made in Scotland and Wales.

We have also announced the creation of an additional 500,000 places in further and higher education by 2002 to increase skill levels and broaden the range of lifelong learning opportunities available.

Indicators

We expect the new National Targets for Education and Training to set challenging participation and achievement levels to be met by the year 2002.

Timetable

We are considering comments on the proposed new National Targets for Education and Training. The National Targets themselves are expected to be announced in Spring 1998. The timing of elements of Investing in Young People varies.

Resources

Costings for individual elements are shown above.

Implementation arrangements

We are committed to working in partnership with a wide range of agencies - local authorities, schools, colleges, the social partners, Training and Enterprise Councils, the Careers Service and the Youth Service. It has set up specific New Start partnerships to deliver work-related learning.