



European Union



The Scottish  
Government  
Riaghaltas na h-Alba

**EUROPE & SCOTLAND**

European Social Fund

Investing in a Smart, Sustainable and Inclusive Future

# **YOUTH EMPLOYMENT INITIATIVE (YEI)**

## **Evaluation Report for the 2014-2020 Scottish Operational Programmes**

**JANUARY 2016**

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## 1. INTRODUCTION

This document is the Youth Employment Initiative (YEI) Evaluation Report for the Scottish Government (SG), in its role as Managing Authority (MA) of the European Social Fund (ESF). It has been prepared with respect to various European Commission-produced guidance including, Guidance documents on [Monitoring and Evaluation of ESF](#), and building-upon Scotland's prior experience of evaluating ESF fund programmes.

## 2. THE ROLE OF ESF IN SCOTLAND

ESF Funds provide European Union Member States with financial assistance to deliver the [EU2020](#) strategy of Smart, Sustainable and Inclusive Growth, increasing economic activity and employment across the EU.

The EU2020 strategy focuses on five ambitious goals in the areas of employment, innovation, education, poverty reduction and climate/energy. The [Scottish Government Economic Strategy](#) highlights the same areas for growth and development. The main objective is therefore to focus on how Scotland can best align the investments which have the greatest impact on long-term sustainable growth. This means Scotland's ESF [Operational Programmes](#) (OP's) are focused on a smaller set of priorities than in the past, and aim to achieve a bigger impact in each of those areas by concentrating the funds.

ESF play a particular role in strengthening human capital, particularly:

- Helping individuals with multiple barriers progress into work
- Supporting deprived communities and individuals out of poverty and towards social inclusion
- Building the skill sets Scotland's future economy will require, and ensuring that everyone has the opportunity to increase and widen their own skill set, which means they are less likely to fall into unemployment

Scotland's ESF OP's, in accordance with the thematic objectives for 2014-20, are focused on the following priorities:

- Promoting sustainable and quality employment and supporting labour mobility
- Promoting social inclusion, combating poverty and any discrimination
- Investing in education, training and vocational training for skills and lifelong learning

### 3. THE PURPOSE OF THE YOUTH EMPLOYMENT INITIATIVE IN SCOTLAND

In addition to the three objectives set out above, the purpose of the [Youth Employment Initiative](#) (YEI) is to tackle youth unemployment and to support the sustainable integration into the labour market of young persons who are already outside the education system.

The YEI sits within the investment priority – sustainable integration into the labour market of young people (YEI), in particular those not in employment, education and training, ([NEET](#)) including young people at risk of social exclusion and young people in marginalised communities, including through the implementation of the [Youth Guarantee](#).

The objective of YEI is to fight against youth unemployment and to support the sustainable integration into the labour market of young persons who are already outside the education system.

Development around the Youth Guarantee activity will be oriented towards achieving sustained results. Support under the YEI should lead to a young person receiving a quality offer of employment, education/training, full qualification, apprenticeship or traineeship. It does not support systems or structures.

The total YEI allocation for the South West Scotland region is **EUR 46.3m** which is matched further by funds from Scotland's mainstream ESF and matched again by project partners, giving a total budget of approximately **EUR 139m**.

All Structural Funds in Scotland are delivered through strategic Intervention (SIs), which are projects or groups of projects overseen by a Lead Partner (LP). SI applications are the first stage applications for ESF. The approval process involves various assessments, consideration of eligibility as well as audit and compliance risks. Approval of these applications allows LPs to develop one or more second stage applications for detailed Operations. The final step in approving the Strategic Interventions is consideration by the Portfolio Minister.

The LP is responsible for the implementation and delivery of the YEI intervention and the overall process is managed by Scottish Government (SG). The LP is also responsible for dealing with the audit burden associated with European funding. LPs include SG, its agencies, local authorities or other arms of Government.

The SG has worked closely with a number of LPs in the development of YEI and has approved nine SI applications totalling £45.6m (**EUR 61.7m**)<sup>1</sup>. SG has received a further five SI funding applications totalling £10.7m (**EUR 14.5m**); in total £56.3m (**EUR 76.2m**), inclusive of mainstream and match funding.

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<sup>1</sup> Link to the Commission's currency converter, [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/infoeuro/infoeuro\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm).

The second stage process involves the submission of an Operation Application (OA) from LPs. To date SG has received fifteen OAs totalling grant of £59.2m (**EUR 80.2m**). In order to absorb the remaining funds, some LPs were able to secure additional match funding. This resulted in a number of LPs requesting additional grant funding to deliver more of the same activities. These operations have now been approved by Scottish Ministers and cover a range of support, including:

- employers recruitment incentive to encourage businesses to recruit a young person
- barrier removal for those individuals with additional support needs to enable them to access employment opportunities
- additional college/learning places which are aligned to the skill needs of local employers
- vocational pathways to gain skills, qualifications and work experience responding to the demands of the labour market

#### **4. METHODOLOGY FOR EVALUATION OF YEI**

Since the inception of the 2014 programme SG has experienced a number of difficulties in terms of the commitment of YEI funds. The reasons for this are set out in detail at section 6 of this report. In view of these circumstances, a full evaluation of the YEI is not possible at this stage.

There are two YEI evaluations required for the 2014-2020 Programmes. This Evaluation will take the shape of a lessons learned report, focusing on the difficulties in establishing suitable action for the YEI, with evidence gathered from policy teams, the MA and external partners.

A second evaluation in 2018 will be more substantive and assess the success of the chosen interventions in addressing youth unemployment; whether any of the interventions were more successful at delivering sustainable outcomes; and whether there have been any adverse impacts on unemployed individuals not in the YEI age bracket (extended to 16-29 in Scotland's operational programme).

Both evaluations will be supported by the Youth Employment Initiative Territorial Committee (YEITC), which focuses exclusively on the impact of this allocation of funding, and which reports into the Joint Programme Monitoring Committee as part of the normal fund governance arrangements.

## **5. YOUTH UNEMPLOYMENT AND YOUTH EMPLOYMENT POLICY IN SOUTH WEST SCOTLAND**

Significant regional variation in youth unemployment rates have been generated by the period of recession beginning in 2008.

Eurostat data indicates that the youth unemployment rate in 2012 was slightly lower in Scotland than in the EU as a whole, 21.6% and 23.3% respectively. The increase in youth unemployment rate over the period 2007- 2012 was greater in Scotland (8.4 percentage points) than in the EU (7.7 percentage points).

South West Scotland qualifies for support from the Youth Employment Initiative, as the region had a youth unemployment rate of 25.8% in 2012. This rate was not simply caused by the impact of the economic crisis since 2008, but has been inherent in the region for some considerable time. Regional variations in youth unemployment follow the same pattern as variations in the overall unemployment rate (ages 16+). For example in 2012, the unemployment rate in Scotland (8.0%) was slightly above the UK rate (7.9%), but in South West Scotland, this was 10.2%. This is also the largest conurbation in Scotland, and the statistical pull of this is relevant: All other [NUTS2](#) regions in Scotland had long-term unemployment rates below the Scottish Average, indicating that Scottish figures are to a great extent driven by what happens in South West Scotland.

### **5.1 Youth Unemployment: one of many deprivations**

South West Scotland is one of the most deprived areas in Scotland. Former heavy industry and coal mining had already resulted in lower life expectancy rates and health indicators, as well as the lower income levels associated with manual labour compared to managerial and skilled trades. There was subsequently a move towards lighter manufacturing in general which was further exacerbated when the UK economy took a decisive move towards service based business in the 1980's, leading to mass unemployment in the region. The region has been left with long-standing areas of social and material deprivation as a consequence of these decisions.

These areas are highlighted in the [Scottish Index of Multiple Deprivation \(SIMD\)](#) a combination of indicators in seven domains: Employment; Income; Health; Education, Skills, and Training; Geographic Access to Services; Crime; and Housing. Data is collected relating to each of these domains and combined to give an overall measure of how deprived an area is in relation to other areas in Scotland.

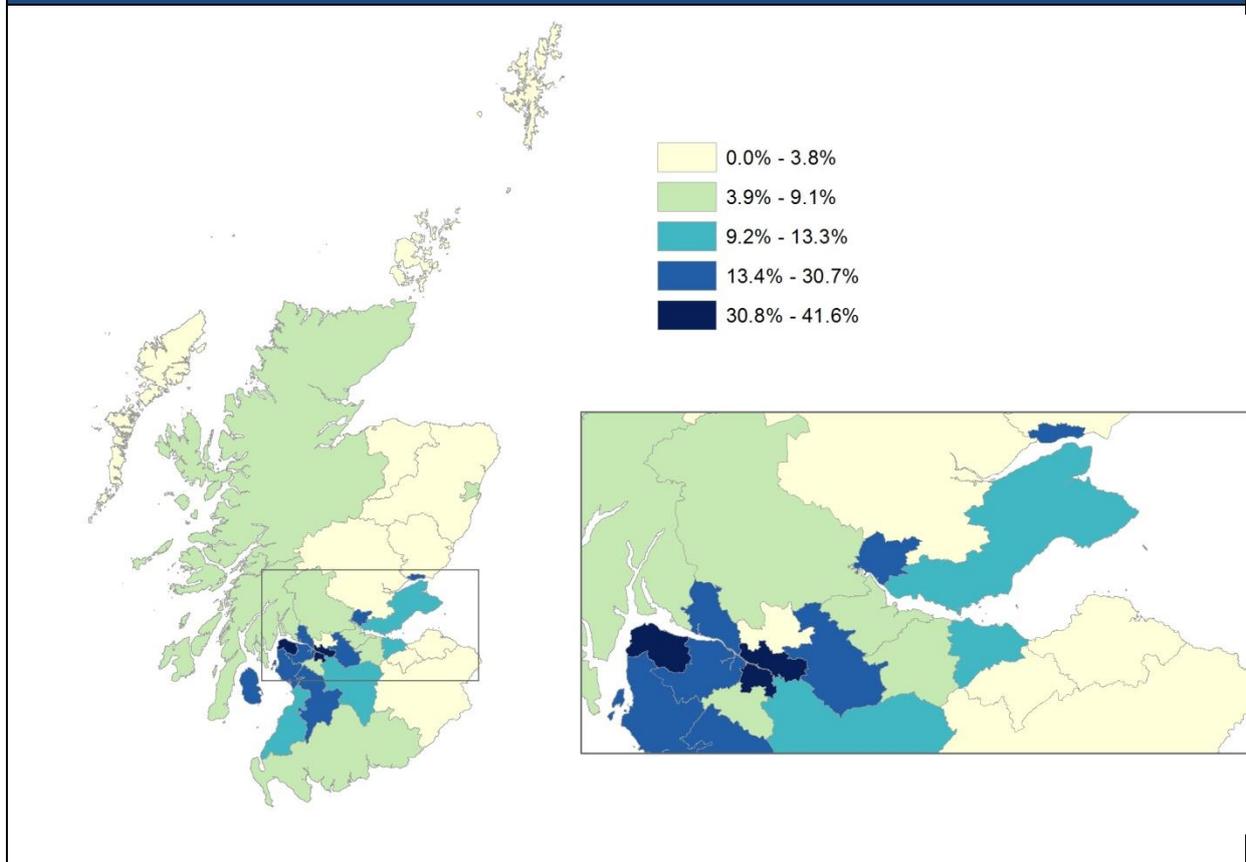
The SIMD on page 7 shows the proportion of data zones in each local authority area that are among the 15% most deprived data zones in Scotland. The most deprived local authority areas by this measure are Glasgow (41.6%), Inverclyde (40.0%) (both of which in SW Scotland), and Dundee City (30.7%).

These areas are likely to be extremely vulnerable to the further planned changes in welfare policy at a UK level, with the real and perceived barriers to employment and other forms of participation (such as the level of lone parent households, child care, health and disability, declining industries and lack of retraining) more likely to increase than to decrease unless significant numbers of jobs, and particularly more

stable and higher-wage jobs, can be created locally and with a reasonable skills match.

### Proportion of data zones in local authority area that are in Scotland's 15% most deprived data zones

Source: Scottish Index of Multiple Deprivation 2012



The insight offered by the index is not just the geographical concentration, but the inter-relatedness of the factors contributing to deprivation and social exclusion. For example, in 2011:

- The employment rate (aged 16-64) in the 15 per cent most deprived areas in Scotland was 58% compared with a rate of 73% for the rest of Scotland.
- The reasons for economic inactivity vary greatly depending on deprivation levels - the number of people in the most deprived quintile who reported “sickness” as their reason for economic inactivity was 47% compared with a level of 10% for the least deprived quintile, whereas the number of people who reported “being a student” as their reason for economic inactivity was 14% in the most deprived quintile compared with 31% in the least deprived.
- Educational attainment varies greatly: the proportion of individuals in the most deprived region with low or no qualifications was 27% compared with 5% in the least deprived area. The proportion of those living in the most deprived region who had a degree level or above qualification was just 9% compared with 39% for the least deprived areas.

- Self-assessed health is also significantly associated with deprivation. The proportion of people reporting good or very good health increases as deprivation decreases, so that just 60% of people living in the most deprived quintile assess their general health as good or very good, increasing to 86% for people living in the least deprived quintile.

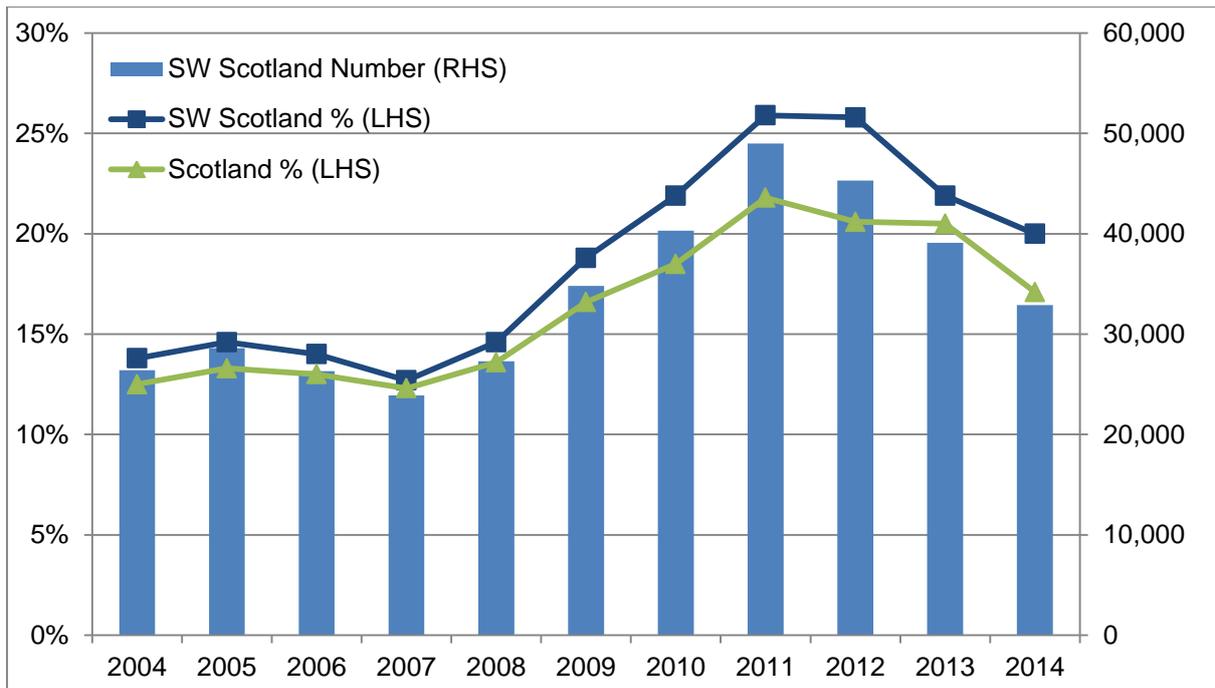
These are additional factors that may impact on a young person's ability to take up a training place, education or employment or their ability to engage effectively and positively with an initiative such as YEI.

Although SW Scotland qualified for the YEI with over 25% of youth unemployment, it is also worth noting that the trend and proportion of 16–24 year olds not in Education, Employment or Training (NEET) in Scotland has shown no significant trend downwards over the last 10 years. The lowest rate recorded was in 2007 (14.6%) increasing to 18.3% by 2011, although this figure has now dropped slightly to 17.7% by 2013. Similarly the trend in levels and proportion of 16–19 year olds not in Education, Employment or Training (NEET) in Scotland has not dropped below 11% over the last 10 years.

## **5.2 Recent Trends in Youth Unemployment in South West Scotland: Potential Impact on Effectiveness of the YEI Interventions**

Prior to the recession, the youth unemployment rate (unemployed as a proportion of economically active i.e. excluding inactive students) in South West Scotland was similar to the rate in Scotland as a whole and averaged 13.8% between 2004-2007.

Part of the reason the rates were so close was the fact that 44% of the population aged 16-24 lived in South West Scotland. However, in 2008 while the youth unemployment rate began to rise in both South West Scotland and in Scotland as a whole, the two rates began to diverge. The gap reached 5.2 percentage points in 2012, with youth unemployment peaking at 25.9%.

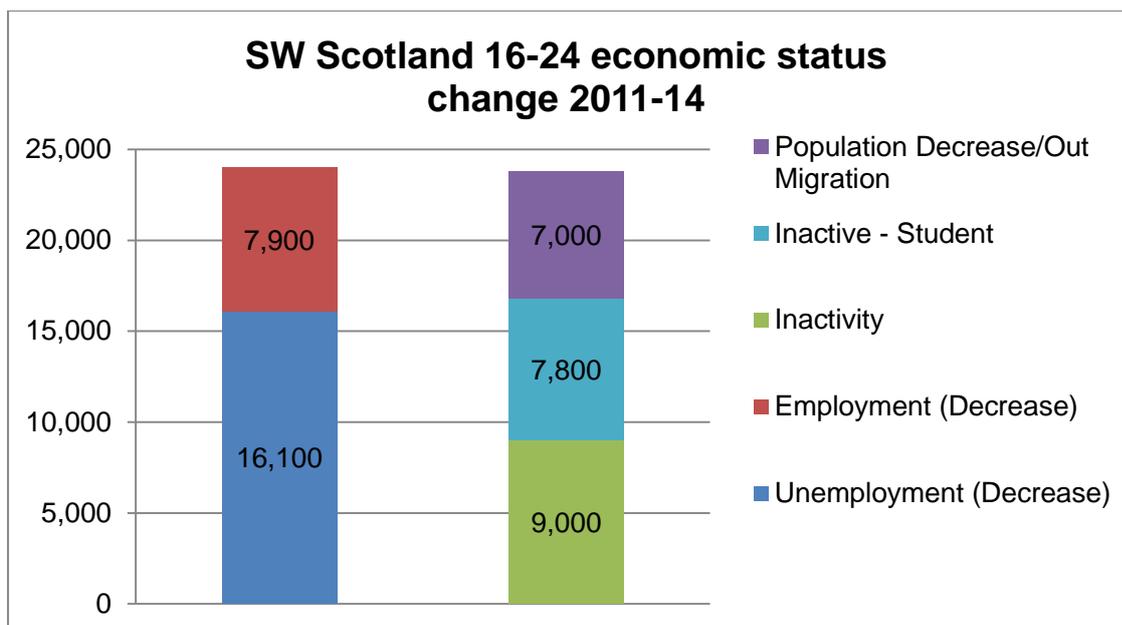


Source: Annual Population Survey Jan-Dec 2004 to Jan-Dec 2014

The youth unemployment rate in the other Scottish NUTS regions has historically been much lower than the rate in South West Scotland. For example, youth unemployment peaked at 14.8% in the Highlands and Islands region in 2013.

### 5.3 Changes in Economic Status 2001-2014

As the Figure above shows, the number of unemployed young people in South West Scotland peaked at 49,000 in 2011 and since then has fallen back to 33,000. This fall in the number of unemployed young people since 2011 in SW Scotland (16,100) has been matched by an almost equal increase in the number of economically inactive people (16,800). Around half of the increase (7,800) in the inactive population came from those that were studying (46 per cent). This may suggest that programmes or policies aimed at expanding training and education opportunities had some effect in reducing the number of unemployed people. However, it is concerning that around half of the people moving out of unemployment are not looking for a job and are not in training and are classified as inactive.



Source: Annual Population Survey Jan-Dec 2011 to Jan-Dec 2014

Also of concern is the fact that over the same period, the number of young people in employment has **decreased** by 7,900. Bringing these numbers into balance, there has been a concurrent fall in the population aged 16-24 of 7,000 during the period. This may be due to migration out of the area either for employment or education.

These trends are similar in Scotland as a whole. Some forms of intervention such as (education) are more straight forward to achieve an individual result in, particularly given other socio economic factors faced by young people in SW Scotland. Long-term inactivity in the family and neighbourhood and a high prevalence of areas of multiple deprivation are also key factors.

#### 5.4 Youth Employment Policy in Scotland and the Focus of the YEI

Youth employment has been a natural focus of Scottish policy for many years, with emphasis on those who are furthest from and face most barriers to entering employment or training. Experience shows that they need more intensive support – they are more likely to drop out or abandon initiatives and frequently take more than one opportunity to move into a sustainable positive destination.

To have an impact in an area where deprivation levels are high, and where the underlying trend of NEETs has not changed despite growth and contraction patterns in the economy, it has been clear that more of the same approach to these young people would not work under the YEI.

Within both proposed age ranges, interventions under YEI were therefore focused on two target groups – young people who are furthest from the labour market and need significant additional support to get into work, qualifications or self-employment; and those who are more work-ready, with a higher level of skills, qualifications and behavioural motivation. In both cases, support was restricted to those who are within the first 6 months of becoming inactive or unemployed in order to maintain separation from domestic instruments and funding, such as the work programme.

## **6. LESSONS LEARNED: DIFFICULTIES AROUND COMMITMENT OF YEI FUNDS**

Over the past 12 months Scottish Government has experienced a number of difficulties in terms of the commitment of YEI funds. The reasons for this are explained in detail below, and are further evidenced by the findings of an internal Scottish Government lessons learned exercise. This is complemented by the following section which explored many of the same issues with external partners.

It is worth noting that many of the difficulties can be attributed to a lack of clarity from the beginning about the way in which eligibility, cost and audit rules would apply to YEI. However, some of the difficulties also stem from the nature of youth unemployment in South West Scotland, in particular it's close links to other forms of unemployment, poverty and deprivation in a former industrial area; and the policy focus for Scotland, which perhaps does not align well with the tight focus on fairly immediate and sustainable results for the individual participant.

### **6.1 Policy 'Crowding' and Policy Maturity**

Those furthest from the labour market already form the majority focus of Scottish Government domestic policy and the associated match funding that is made available. It was difficult for the MA to gain an additional focus on 25-29 year olds; and on those who needed only marginal support to enter employment or education. Proposals for activity in the new programme tended to focus on the target group (16–29) that was most difficult to obtain the required results for YEI, which means that YEI may not prove suitable.

Another key policy area for SG is self-employment and entrepreneurship activity. The SG wants to see more people from all walks of life with the ambition and skills to create, lead and grow successful businesses. SG believes this can be achieved through an education system with entrepreneurship and innovation at its core, seizing the opportunities presented by Curriculum for Excellence, college reform and the world-leading strength of Scotland's universities. However, the Commission's decision not to enter into tertiary educational areas leaves this activity outwith the remit of YEI.

Apprenticeships provide fundamental training and developing for Scotland's young people to move into the workplace. SG Policy on apprenticeships is developing but development is on a Scotland wide basis. Skills Development Scotland (SDS), a Government agency delivers face-to-face career information, advice and guidance at schools across Scotland. SDS's work is focussed on pan Scotland and therefore unsuitable for YEI

Two target groups remained; the first is those furthest from the labour market, they are the group who are difficult to engage with, to retain, and to complete training programmes. Results are needed over the longer term which makes them more difficult to achieve and report on when using public funding. There is further a perception that too much money is focused on the same individuals;

The second group is those ready to enter education. However, if participants are ready, then recent trends suggests they do it themselves, so the question becomes how to motivate the remainder, who share the difficult to retain characteristics of the group above, and who may therefore be less likely to remain with a YEI sponsored project for long enough to obtain a positive sustainable outcome.

The SG assessment is backed up by the survey of partners presented in the following section, which rates unskilled school leavers and NEETs as the highest policy priorities, and skilled unemployment as the least important.

The second group are those ready to enter further education. These individuals have taken responsibility for educating themselves; recent trends back this, so the question becomes how to motivate the remainder?

The SG carried out an assessment which is backed up by the survey of partners presented in the following section, which rates unskilled school leavers and NEETs as the highest policy priorities, and skilled unemployment as the least important.

## 6.2 Eligibility of Participants

In addition to targeting young people who were already NEET, The West of Scotland local authorities proposed to target young people who are at risk of disengaging from school as they had established that this was a key priority area. Experience showed that lack of engagement sets the scene for future problems in accessing positive destinations at later stages.

[The ESF Regulation 1304/2013 \(11\)](#) states that “YEI may also support actions to combat early school leaving”. During OP discussions the EC intimated that such activity was eligible, and on that basis the local authorities and MA had several discussions around how the intervention would take shape.

On the basis of the ESF Regulation 1304/2013 (11) and in consultation with the SG, the Local Authorities had proposed 3 strongly interrelated interventions which sought to address issues highlighted in the [Wood Commission](#) report drawing on ESF resources to enhance and develop existing activity. It was anticipated that these interventions would provide an opportunity to make a significant improvement in youth employment outcomes, as fewer people would leave school into unemployment or inactivity. The interventions were outlined in the proposed Improving Learning Pathways to Employment document. The intervention involved the following 3 core components:

- Improving Learning/ Vocational Pathways
- Enhanced Work Experience; and
- A Targeted Key Worker/ Mentoring Programme

However, it was subsequently established at a seminar organised by the European Commission (EC) in July 2014 based on the practical implementation of the YEI that actions relating to combating early school leaving was **not** an objective of YEI. The European Commission has now confirmed that the objective of YEI is not to prevent early school leaving but to tackle existing youth unemployment. It is also expected to

support the sustainable integration into the labour market of young persons who are already outside the education system.

Although the ESF Regulation 1304/2013 (11) refers to early school leaving this has to be understood in the context of the YEI target group (young people not in education, training or employment) and therefore YEI can only be used to support young people who are already outside the education system and not those who are estimated to be “at risk” of leaving school early.

The EC’s decision to exclude young people who are only nominally still in education had a major impact on both the local authorities and the MA in terms of being able to commit to the YEI. The overall scale of the proposed Improving Learning Pathways to Employment Programme was estimated to be in the region of £25 million over the programme period including local match funding, with an intervention rate of 67%, the ESF requested would have been in the region of £16.7m and this would have had a significant impact on the YEI budget.

Scotland’s labour market has improved significantly since the December 2012 sample of youth unemployment, which means that many of the work ready but unemployed young people have in fact moved into employment. This leaves the hard-to-reach group, often affected by multiple barriers to participation. As outreach to those young people leaving school and possibly about to join this group is not permitted, SG expects to see this difficult-to-help group grow rather than shrink over the medium term, potentially exacerbating long-term youth unemployment.

### **6.3 Major Sponsor Withdrawal from YEI**

Skills Development Scotland (SDS) is the national skills agency for Scotland. They withdrew from YEI discussions during the latter part of 2014 over concerns about making a separate proposal for YEI in addition to activity being considered across Scotland under the mainstream ESF. SDS felt the criteria were too focused on geography and timescale and there was difficulty in securing additional match funding as a result.

SDS are committed to supporting young people into employment and in order to do this they have decided to concentrate their efforts and match funding on their Developing Scotland’s Workforce SI. This activity is pan Scotland and for the first 3 years will largely focus on foundation apprenticeships which targets young people while at school providing work experience and industry recognised qualifications. This type of activity does not meet the criteria for YEI because the young person is still in tertiary education, but it is likely to help young people in SW Scotland who might otherwise have gone on to become unemployed or inactive.

SDS originally had a tentative allocation of £16m for YEI made up of £8m YEI and £8m ESF match funding. Some of this has been absorbed by other proposals, but the geographical constraints and reluctance to work within them explains much of the commitment shortfall in Scotland.

## 6.4 Geographical Flexibility

As it became apparent that not all funding was likely to be committed within South West Scotland, and that other areas of Scotland were recovering less quickly from high levels of youth unemployment, the SG has written to the EC to explore the use of the geographic flexibility as outlined in the ESF regulation (1304/2013)

*“Member States may decide to allocate a limited amount not exceeding 10% of the funds under YEI to young person’s residing in sub-regions which experience high youth unemployment levels and which are outside the eligible NUTS level 2 regions”.*

The EC responded and advised that the flexibility applied at Member State level and if Scotland wanted to make use of the flexibility then the [Scottish Partnership Agreement](#) would need to be amended to specify the use of it, identify the regions concerned and specify the amount of YEI resources planned to make use of the flexibility arrangements. Furthermore the MA would have to formally request a modification to the Operational Programme underpinned by a justification for the choice made.

Any amendment to the Partnership Agreement and Operational Programme would need to be submitted to the European Commission Inter-service Consultation. Due to time constraints the MA did not pursue this course of action.

## 6.5 Simplified Cost Option

As the YEI is focused on four positive destination results (employment, self-employment, apprenticeship/traineeship; achievement of a full qualification) the MA explored a results based unit cost model. This followed recommendations in the EC Guidance on Simplified cost options that simplified costs be used where Member States wanted ESIF management to focus more on outputs and results instead of inputs.

SG, in consultation with prospective LPs, developed a cost model that was based on the National Minimum Wage (NMW), which is enshrined in UK law and enforced by Her Majesty Revenue and Customs (HMRC). The MA considered that use of the NMW followed the principles set out in [CPR Article 67 \(5\)](#).

In line with the EC Guidance on Simplified Cost Options, and in order to alleviate the administrative effort involved in the management of the funds, the MA decided to develop the cost model around the adult NMW of £6.50 per hour. This was in contrast to working across four different models/rates as outlined below:

From	Adult Rate	Development Rate	16-17 Year Olds Rate	Apprentice Rate
1 Oct 2014	£6.50	£5.13	£3.79	£2.73

The MA had experience of applying the four different rates in the 2007-2013 programme. Programme project sponsors had repeatedly used the wrong rate for

the categories of individuals, which resulted in error rates and irregularities from the beneficiaries. Consequently, the MA decided that operating one model would reduce the risk of audit errors and that given that the majority of participants were expected from the 18-29 age-range, the use of this single rate would be appropriate, and represent a considerable simplification for beneficiaries.

The model used one agreed rate per result, no matter what costs it covered as long as these costs were part of a young individual's 'action plan'. Costs could include support, mentoring, training, work experience, in work support, wage subsidy or any combination thereof. The payment schedule developed was therefore used to cover the wage element (one type of unit) as well as any other costs associated with helping the young person back into the labour market (a separate unit as not all participants would require it). This particular model ensured that delivery partners were focussed on achieving the sustained outcomes.

In May 2015 the European Commission undertook an early audit of the YEI in Scotland. One of the findings in relation to the cost model highlighted that

*“The simplified cost model developed for YEI needs to be refined in order to be applicable to all actions that the MA intends to finance through this model as well as to ensure that the requirements of [Article 67 \(5\) Regulation No 1303/2013](#) are complied with i.e. the cost model includes units for which the calculation method is not verifiable; the model is based on the highest rate of the national minimum wage whereas it would be more appropriate to take account of various rates set in the national legislation for different categories of workers; the incentive payment for the provider is not linked with any costs that could be attributed to the operation”.*

Having to verify the cost of training, mentoring or associated costs over a three year period as well as separating the cost model into the four different rates would complicate the process of data collection and would create more, not less audit issues. Consequently, the varying nature of young people's needs and varying costs of activities means that the MA would be unable to provide robust historical data to build into a unit cost.

The MA responded to the report and provided further justification for using one rate/model. However, it is clear from feedback that the Commission will not accept the cost model without substantial modification. Following discussion with the YEITC the MA decided that the safest option was to progress with actual costs for the Employment Recruitment Incentive and Flat Rate for support and barrier removal activity e.g. training. In terms of the applicable flat rate, this would be direct staff costs +15% and where justifiable direct staff costs +40%. These flat rates were chosen as the most appropriate as there is no requirement to perform a calculation to determine the rate, and they therefore offer the greatest possible simplification. Consequently, the results based model has not proven acceptable to the Commission without the retention of a not-simplified level of data beneath it.

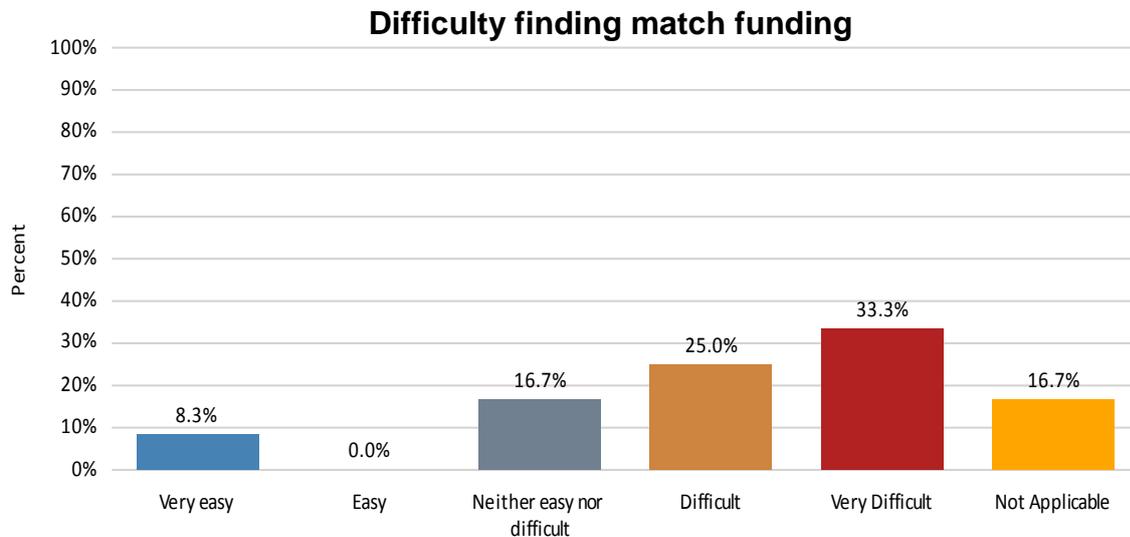
As evidenced in the following section, the inability to use a simple cost based on results had a significant impact on prospective LP's ability to garner support for applications, including marshalling the required match funding.

## 7. QUESTBACK SURVEY AS PART OF YEI EVALUATION

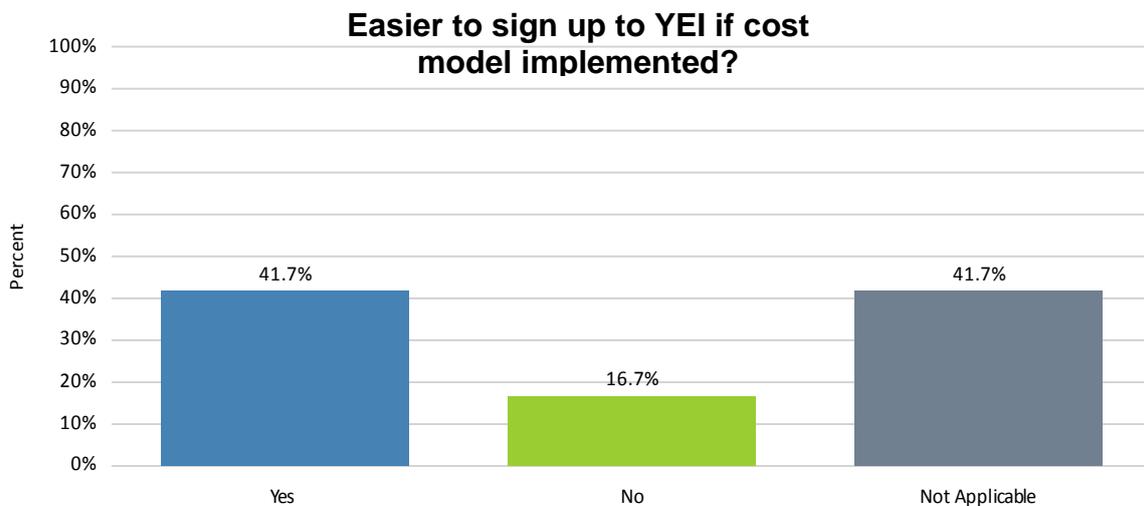
SG issued a survey as part of this evaluation to key stakeholders and LPs in November 2015 to gather views on a range of issues connected with the YEI, including whether the long term outcomes (sustainable employment, apprenticeships, traineeships, continued education, etc.) are realistic.

There were a total of 13 respondents to the survey, and the analysis of the results is outlined below:

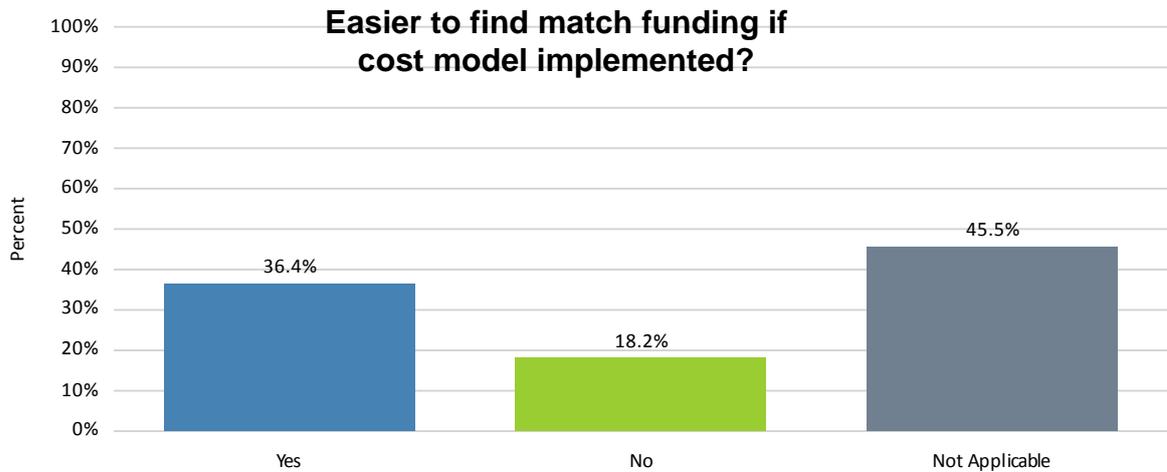
- **Over half of respondents found it difficult or very difficult to find match funding. This rises to 70 per cent when not applicable responses are excluded**



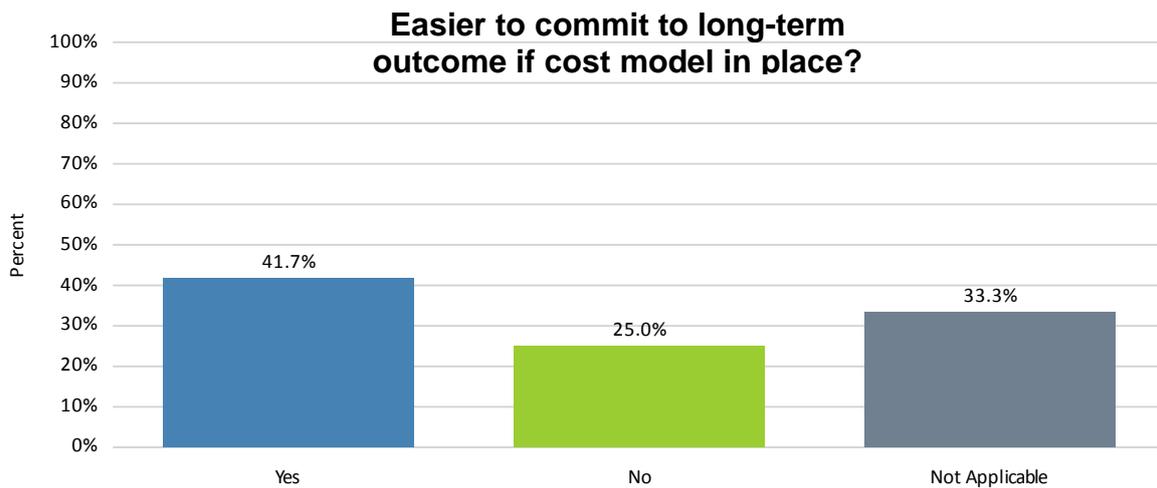
- **40 per cent would have found it easier to sign up to YEI if the cost model had been implemented – 70 per cent excluding not applicable responses**



- **Similar proportions responded that it would have been easier for their organisation to find match funding using the unit cost model**



- **Again, similar proportions responded that it would have been easier to commit to long term outcomes with the unit cost model in place**



**Most challenging issues facing South West Scotland:**

- **33% of people felt the number of individuals with multiple barriers to employment was the biggest concern**
- **There was a split – 25% of people thought highly skilled unemployment was a big concern due to the challenge the issue poses, but 42% rated this as the least important issue on the understanding that they are closer to the labour market.**
- **Unskilled school leavers was ranked as the second highest issue according to the survey respondents – it can only be assumed respondents are worried about the number of people leaving school without sufficient skills.**

	% ranking in each category				
	1	2	3	4	5
<i>Highly Skilled unemployed</i>	25%	-	25%	9%	42%
<i>Unskilled school leavers</i>	17%	33%	17%	18%	17%
<i>Individuals with multiple barriers</i>	33%	17%	33%	9%	8%
<i>Insufficient labour market demand</i>	17%	25%	8%	45%	8%
<i>Pre-NEET</i>	8%	25%	17%	18%	25%

Current domestic policy focus (based on what respondents believe is the policy agenda)

- 36 per cent of respondents think that the current policy focus is on individuals with multiple barriers, followed by pre-NEET
- Most people rank highly skilled unemployment as lowest on the policy agenda, followed by insufficient labour market demand

	% ranking in each category				
	1	2	3	4	5
Highly Skilled unemployed	18%	-	9%	27%	42%
Unskilled school leavers	9%	27%	45%	9%	8%
Individuals with multiple barriers	36%	36%	18%	-	8%
Insufficient labour market demand	9%	9%	-	55%	25%
Pre-NEET	27%	27%	27%	9%	17%

- 80 per cent of respondents feel that the improving labour market has reduced the potential YEI target group
- 92 per cent of respondents think that the long-term outcomes of the YEI are sustainable
- Of the 4 YEI outcomes, 50 per cent of people thought that the money would be best spent on modern apprenticeships, followed by 33 per cent on employment including self-employment
- Only 8 per cent think the money would be best spent on achieving a full qualification and 8 % on further education and training

Additional Stakeholders that could have made a positive impact on Scotland's ability to successfully allocate the funding and achieve targets:

- Third sector and voluntary organisations
- Employers

What else could have made the YEI easier to implement in Scotland?

- EC taking into account national labour market conditions and more flexibility with respect to eligible activities
- Other outcomes should have been eligible such as progression through the pipeline or gaining lower level qualifications.
- A clear cost model (mentioned by several respondents)
- Improved communication and guidance (from MA)

- **Ability to use the funding to meet the needs of young people unlikely to sustain long term unsupported unemployment (mental health/ disabilities, etc.)**
- **Looking at employability schemes in Scotland that already have success in getting 16-29 year olds into employment and adapting these to utilise YEI. The focus needed to be on NEET prevention and helping those furthest from the labour market make positive steps towards employment**

The findings from the above survey will be incorporated into a wider lessons learned exercise capturing the views of policy and operational colleagues within Scottish Government alongside the views of stakeholders.

## 8. CONCLUSIONS

There are a number of factors which can be attributed to the delay in implementing YEI. This report has detailed the difficulties that stem from the nature of youth unemployment in South West Scotland, in particular its close links to other forms of unemployment, poverty and deprivation in a former industrial area; and the policy focus for Scotland, which perhaps does not align well with the tight focus on fairly immediate and sustainable results for the individual participant. In addition, the inability to use a simplified cost based on results had a significant impact on prospective LP's ability to garner support for applications, including marshalling the required match funding. This was exacerbated by actions relating to combating early school leaving being ineligible.

Despite these difficulties, the Managing Authority has still managed to approve and commit the majority of the YEI allocation for SW Scotland, and remains confident that it can deliver positive support for 17,000 young individuals in the region to progress into sustainable education, employment or training.

### 8.1 Strategic Interventions

The SIs and OAs have been approved by the MA and have been legally committed. The breakdown of operations is as follows:

LEAD PARTNER	GRANT REQUESTED
Dumfries and Galloway Council	£1,113,298.82
East Ayrshire Council	£1,950,000.00
East Dunbartonshire Council	£134,000.00
Inverclyde Council	£920,000.00
Glasgow City Council	£7,966,992.00
North Ayrshire Council	£2,130,000.00
North Lanarkshire Council	£5,019,999.78
Renfrewshire Council	£5,030,253.40
South Lanarkshire Council	£2,984,190.00
South Ayrshire Council	£647,950.50
West Dunbartonshire Council	£1,389,005.00
Scottish Funding Council	£27,954,825.00
East Ayrshire Council (Ayrshire Consortium)	£1,015,050.00
West Dunbartonshire 2	£355,191.00
<b>TOTALS</b>	<b>*£59,243,053.70</b>

\*In order to fully commit the YEI budget some of the LPs requested additional grant at operation stage. This explains the difference between the £56.3m detailed above for SI applications and £59.2m (**EUR 80.2m**) committed for operational applications.

## **9. FUTURE MONITORING AND EVALUATION OF YEI**

The YEI in Scotland has not been distributed or spent as quickly as intended, and it is therefore not possible to report on any results at this stage. However, the YEI evaluation scheduled to take place in 2018 will provide a robust report on what has been achieved with the YEI following the implementation of the operations. It will assess what support has been successful, what types of training have provided the best outcomes with the focus on young people attaining new skills, entering long term sustainable employment and contributing to the economic growth of Scotland.

In particular, a desk based data review and participant survey will seek to answer:

- What types of skills training are being delivered to 16-24 year olds (ESF)?
- How many 16-24 years olds have achieved sustainable employment, education or training (ESF)?
- Has youth unemployment among 16-24 year olds reduced as a result of Structural Funds intervention, or other factors?

The findings of this report, as well as the more in-depth evaluation in 2018, will apply beyond the YEI and into the wider ESF programme. In particular, the notion of policy crowding and finding a suitable niche for funds and the understanding of different client groups for similar interventions (e.g. employability) will be considered across the ESF Programme in Scotland.

In the meantime, and as part of implementation, the MA will monitor carefully any significant rises or falls in unemployment levels in the region, and may adjust the YEI programme if required, in consultation with the European Commission and with lead partners and other stakeholders.