

## ANGUS COUNCIL

ECONOMIC DEVELOPMENT COMMITTEE  
POLICY AND RESOURCES COMMITTEE

21 August 1997  
9 September 1997

**SUBJECT: NEW DEAL, WELFARE TO WORK**

**JOINT REPORT BY CHIEF EXECUTIVE AND DIRECTOR OF PLANNING, TRANSPORT  
& ECONOMIC DEVELOPMENT**

**Abstract: This report provides information on the recently announced New Deal - Welfare to Work initiative.**

### **1 RECOMMENDATION**

1.1 It is recommended that the Committee agree to:-

1. Note the details of the Government's New Deal Initiative to tackle youth and long-term unemployment, as outlined in this report;
2. Welcome the initiative as a means of encouraging employers to create jobs; as a vehicle for upgrading basic skills amongst the unemployed; and as a means of assisting local people to become more competitive through enhanced quality training opportunities;
3. Accept the invitation by Employment Services to join the design/ strategy group for Tayside alongside other prospective partners;
4. Agree, in principle, to participation by Angus Council Training Services in the delivery of suitable programmes/ projects commencing as part of the Pathfinder scheme in January 1998 on a self financing basis; and
5. Agree to investigating the costs and benefits of establishing a special employment scheme utilising the employer subsidy if available.

### **2 BACKGROUND**

- 2.1 In the Chancellor's budget statement of 2 July 1997 the 'New Deal' element of the Government's Welfare to Work programme was announced. The Government aims to assist over 250,000 people back into work at a cost of up to £3.5 billion to be funded from the windfall levy on privatised utilities.
- 2.2 There are currently just under 180,000 6 month plus unemployed young people and of these some 15,700 are in Scotland. There are also thousands of young people flowing into this category every month and therefore the labour market does not stand still.
- 2.3 The Employment Service will be the lead agency in the delivery of the initiative. There is however a strong emphasis on working in partnership with relevant

agencies who can help design and deliver the initiative e.g. local authorities, Local Enterprise Companies, voluntary sector, careers service etc.

- 2.4 A meeting was held recently with the Employment Service District Manager for Tayside who outlined the new initiative and the next steps. The New Deal will be introduced nationally in April 1998 and in Scotland will begin with a 'Pathfinder' programme for the Tayside area (Tayside is one of several Pathfinders throughout the UK) in January 1998.

### **3 NEW DEAL- WELFARE TO WORK**

- 3.1 Appendix 1 gives a summary of key facts about the New Deal Initiative.

Essentially young people (aged 18-24 years) will be offered one of four options in an effort to improve their job prospects and get them back into work. Failure to take up a suitable place could lead to loss of benefit for a period. The four options are:

- a job with an employer (employers will receive a £60 per week subsidy for up to 26 weeks and a contribution towards the costs of training) based upon the equivalent of one day per week being spent in education or training to reach an accredited qualification;
- a job with the Environmental Taskforce;
- a job with the voluntary sector; or
- a full-time education or training place for those who lack basic qualifications.

- 3.2 As young people reach the six month unemployed stage they will be offered a period of guidance and counselling to help them decide which of the four options will best meet their individual needs. The Employment Service will deliver this 'Gateway' service.

- 3.3 Those who remain unemployed after their options will receive additional advice and guidance to help them return to the labour market.

- 3.4 The second component of New Deal is aimed at people aged 25 years and over who have been unemployed for two years or more.

- Employers will be offered a subsidy of £75 per week to recruit individuals from this client group.

### **4 THE SCALE OF UNEMPLOYMENT IN ANGUS**

- 4.1 This is summarised in Appendix 2 (Tables 1 & 2) which give details about the age and duration of the unemployed within Angus. The key points are:

- There are 282 people aged 18-24 who have been unemployed for at least six months.
- There are 522 people aged over 25 who have been unemployed for 2 years.

- There are of 3157 unemployed within the Angus Council area.

4.2 It is important to note that the principal measure of unemployment - the monthly 'claimant count' is generally regarded as understating the true level of unemployment. The 'claimant count' is an accurate measure of the number out of work and claiming unemployment related benefits but does not represent the totality of the problem. Eligibility to receive unemployment related benefits has become more restricted with no less than thirty important changes since the early 1980's that have effectively reduced the claimant count. In October 1996 the shift from unemployment benefit to the Job Seekers Allowance imposed even stricter conditions on the eligibility for benefit and this further reduced the claimant count. In the light of the difficulties associated with the present system the Government has recently announced a review of unemployment statistics with a view to ensuring "the widest possible acceptance" of a revised scheme.

## 5 DISCUSSION

5.1 The aim of the Welfare to Work initiative is to be welcomed as a means of focusing upon the difficult problems of young and long term unemployment. However two of the key issues which have to be addressed if the initiative is to realise its aims are firstly that employers fully participate and that the economic climate allows them to create additional jobs and secondly that the training is of an appropriate quality to equip trainees with the skills which are relevant to the jobs market.

5.2 Angus Council has an opportunity to play a key role in the development, design and delivery of New Deal - Welfare to Work. Although at this stage the exact details of the operation, administration and funding of the initiative are not known, however there is an opportunity to influence these decisions locally through membership of the Strategic Design Group, to which an invitation to participate has been received from the Employment Service Area Manager.

5.3 Angus Council is a major employer in the area and there maybe an opportunity to be involved in the initiative by employing young people (using subsidy) and offer training leading to a recognised qualification. Based upon the information which is presently available it would appear that local government is not eligible for the jobs subsidy (this option relates to "private sector employment") but the Employment Services District Manager is presently investigating this matter.

5.4 The Environment Task force will require projects which will benefit the community. There are possibilities for Council departments to identify rural initiatives, insulation projects, energy and water saving projects which could be completed by young people.

5.5 With regard to the delivery of training the Department, through its Training Services, is currently the largest non FE provider of vocational training in the Angus area and a could play a clear role in each of the four options for the 18-25 year old age group:-

- close links are maintained with local employers and Council Departments through the Skillseekers and TEGS initiatives. Training services is in a position to assist employers (including Angus Council) identify the most appropriate training for their new recruits (using subsidy) and in some instances e.g. administration and retail occupations, deliver the training on the employers behalf.

- The level of expertise available in Angus Council Training Services (e.g. the ability to organise vocational qualifications) will be of benefit to the Voluntary sector, whose involvement to date in government funded initiatives and in the delivery of vocational qualifications has been minimal.
- The environmental task force could be managed and delivered locally (in whole or in part) by Training Services, in collaboration with other Council departments.
- The full-time training/education option the delivery of vocational qualifications on a full-time basis is feasible in the Information Technology Training Facility based at the Arbroath Business Centre.

5.6 In summary the main opportunities for Angus Council are therefore as follows:-

- To help shape the New Deal initiative in Tayside by accepting the invitation to join the design/strategy group led by Employment Services.
- To participate directly in the Pathfinder pilot programme.
- To seek to maximise the benefits of the Initiative in Angus by encouraging employers to create new jobs; by bringing forward projects under the various options for delivery via Angus Council Training Services; and by investigating further how Angus Council may participate as an employer.

## **6 FINANCIAL IMPLICATIONS:**

- 6.1 There are many detailed questions about the initiative which remain unanswered but participation on the design / strategy group will enable these to be addressed in a positive manner.
- 6.2 Although it is unclear at this moment what the financial implications will be, generally speaking any additional programmes. projects designed for delivery by Angus Council Training Services would be undertaken on a self financing basis utilising the resources available under the new Deal Initiative plus any other available sources of financial assistance e.g. European funding.
- 6.3 There may be an opportunity for the Council, as an employer (dependent upon whether the subsidy option is open to it) to design a Special Employment Programme of its own. This is likely to require a financial input by the Council regardless of other funding available and a further report would be brought forward when further details are available.
- 6.4 Because the windfall levy is separate from traditional blocks of government finance, it should be possible to bolt on European Funding to resultant projects. The matter is currently being investigated.

## **7 CONSULTATION**

- 7.1 The Directors of Education, Finance, Personnel and Law and Administration have been consulted and are in agreement with the terms of this report.

## 8 CONCLUSION

- 8.1 The aim of the New Deal Welfare to Work initiative is welcomed, but the success of the programme will depend to a large extent upon the availability of additional jobs in the private sector and the quality and relevance of the training. Details of the scheme have yet to be finalised and during this development phase there is an opportunity to shape the future of the initiative locally, through partnership with Employment Services in the design of programmes within Tayside and in the delivery of programmes directly in Angus..

### NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

AA/DV/SELC/MR

4 August 1997

A B Watson  
Chief Executive

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Director of Planning, Transport & Economic Development



## ANGUS COUNCIL

### THE NEW DEAL - SUMMARY OF KEY FACTS

#### GOVERNMENT OBJECTIVES?

- Tackle youth and long term unemployment
- Pull together all sections of the community
- Reconnect people with the labour market
- Help 250,000 people become more employable

#### WHAT IS THE NEW DEAL?

- Help for 18-24 year olds unemployed for six months
- 'Gateway' provision of intensive counselling, help and guidance
- Four options available - each option lasts six months
- All options involve education/ training for accredited qualification
- Option 1 is a job with an employer
  - ⇒ each person will receive a 'wage'
  - ⇒ the employer will receive a £60 per week subsidy
  - ⇒ the employer will receive a training grant
- Option 2 will be a job with a voluntary body
- Option 3 will be a job with the Environmental Task Force
- Options 2 & 3 will benefit the community as well as the person
  - ⇒ each person will receive an allowance (benefit plus top up)
  - ⇒ voluntary bodies/ environmental groups may pay a wage
  - ⇒ each person will spend one day per week in training
- Option 4 is a place in full time education/ training
  - ⇒ this options is generally for people lacking basic skills
  - ⇒ each person will be paid allowance (benefit and grant)
  - ⇒ this option is to improve the person's 'employability'
- Measures also available for
  - ⇒ people aged 25 years + unemployed for 2 years
  - ⇒ lone parents/ childcare
  - ⇒ people with disabilities and special needs
- Employers will be given a £75 per week subsidy for employing people in the 25 year old group.

#### WHEN DOES IT START?

- The main UK programme for 18-24 year olds starts in April 1998
- The main UK programme for 25 year olds starts in June 1998
- A 'pathfinder' programme for Tayside will start in January 1998
- The programme will last for the period of this parliament

#### HOW WILL IT WORK?

- Employment Services (ES) are in the lead
- ES organised at UK, Scottish, sub-regional and district levels
- Local authority support has been sought at all levels
- Partnerships will be established including, local authorities, LEC's, businesses, voluntary bodies, environmental groups, education & training organisations, Trades Unions, Careers Services and organisations experienced in running schemes
- New Deal will build on existing partnerships
- ES will hold events to win support and to design programme
- Each young person will be assigned an ES adviser/ additional job search help will be given
- Young people will be offered a place on at least one option
- Not all options will be available everywhere
- There is no fifth option - benefit sanctions will be applied to those refusing an option

TABLE 1

UNEMPLOYMENT FIGURES FOR ANGUS COUNCIL AREA BY AGE & DURATION - APRIL 1997

Duration (weeks)	AGE													TOTAL
	<17	17	18	19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60>	
1 or less	3	5	6	9	23	25	15	11	13	7	13	9	2	141
1-2	3	1	10	6	13	16	17	10	17	20	10	11	3	137
2-4	3	7	10	8	20	23	17	23	12	9	9	13	5	159
4-6	5	2	11	16	37	25	14	13	11	15	15	16	2	182
6-8	2	7	12	8	27	16	15	15	10	6	15	7	1	141
8-13	7	20	23	14	47	42	35	29	30	20	19	19	6	311
13-26	3	16	52	38	144	76	48	46	56	44	46	39	8	616
26-39	1	6	12	18	49	54	32	29	19	28	32	16	5	301
39-52	0	0	6	13	39	34	24	20	14	15	32	16	1	214
52-65	0	0	5	6	27	26	18	13	13	14	20	13	0	155
65-78	0	0	2	7	12	18	9	9	5	13	10	10	0	95
78-104	0	0	6	4	37	20	29	16	16	8	16	19	0	171
104-156	0	0	0	1	23	35	22	10	9	23	17	26	0	166
156-208	0	0	0	0	7	35	22	10	9	23	17	25	0	166
208-260	0	0	0	0	5	6	9	10	10	10	8	8	0	66
260+	0	0	0	0	3	17	38	28	20	31	31	44	3	215
Total	27	64	155	148	513	445	359	295	260	273	305	277	36	3157

18-24 YEARS UNEMPLOYED 6 MONTHS > = 282

25 YEARS UNEMPLOYED FOR 2 YEARS > = 522

TABLE 2

TOTAL UNEMPLOYED BY TRAVEL TO WORK AREAS - APRIL 1997

	TTWA	MALES	FEMALES	TOTAL
ARBROATH		823	395	1218
BRECHIN/MONTROSE		778	290	1068
FORFAR		518	206	724
TOTAL		2119	891	3010