

OECD YOUTH ACTION PLAN

OPTIONS FOR AN IRISH YOUTH GUARANTEE



January 2014

OECD Youth Action Plan

Options for an Irish Youth Guarantee



Foreword

The global financial crisis has reinforced the message that more must be done to provide youth with the appropriate skills and help to get a better start in the labour market. Sharp increases in youth unemployment and underemployment have compounded long-standing structural obstacles that are preventing many youth in both OECD and key partner countries from developing the skills they need and being able to use those skills effectively to make a successful transition from school to the labour market.

Therefore, in May 2013, all OECD governments agreed to take a comprehensive range of measures to improve employment prospects for youth as set out in the *OECD Action Plan for Youth: Giving Youth a Better Start in the Labour Market*. The first objective of these measures is to tackle the current situation of high youth unemployment and underemployment. The second objective is to produce better outcomes for youth in the longer run by equipping them with relevant skills and removing barriers to their employment.

The OECD is committed to working with countries to help them implement the *OECD Action Plan for Youth* in their own national and local context. This includes providing countries with advice on specific youth policies, short policy notes or more comprehensive country reviews as well as the organisation of international workshops to share good practice in policy design to improve the employment prospects of youth.

In this context, the Irish Government requested the advice of the OECD in implementing a Youth Guarantee scheme as recommended by the Council of the European Union in April 2013. This report on *Options for an Irish Youth Guarantee* responds to this request and seeks to provide guidance on the design and delivery of a Youth Guarantee in Ireland based on the experience of other countries in designing guarantees or other comprehensive policy packages to help youth find productive and rewarding employment.

The report was prepared by Paul Gregg, Professor of Economic and Social Policy, and Director of the Centre for Analysis and Social Policy at the University of Bath, under the supervision of Mark Keese (Head of Division) and Glenda Quintini (Senior Economist) from the Employment Analysis and Policy Division within the OECD Directorate of Employment, Labour and Social Affairs. The Department of Social Protection deserves special thanks (especially John McKeon, Assistant Secretary General, and Terry Corcoran, Head of Activation and Employment Policy) for responding to queries and requests for additional data as well as for organising a study trip for the OECD to consult with key stakeholders as part of the preparation of the report. The Department also organised a special seminar on 10 December 2013 at which a draft of the report was presented by Stefano Scarpetta, OECD Director of Employment, Labour and Social Affairs, to the Minister for Social Protection, Joan Burton, and the Minister for Jobs, Enterprise and Innovation, Richard Bruton, as well as a number of other high-level government officials. The final report has also benefited from their comments and insights. Nevertheless, the OECD is solely responsible for the accuracy of the factual information provided in the report and for any of the views expressed therein.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	7
OVERVIEW AND DIRECTIONS FOR POLICIES	9
INTRODUCTION.....	15
Institutional reorganisation and unemployment activation policy	15
Youth unemployment and scarring	16
Objectives of the report	17
TARGETING WITHIN YOUTH UNEMPLOYMENT AND POLICY	19
New flows first	19
Longer durations first	20
Targeting on the probability of leaving unemployment	20
Phased models	22
Phased programme access	22
A proposed framework	23
Early entry into Phase 2.....	25
Programme progression	25
Non-claimants of unemployment benefits	25
PROGRAMME CONTENT OPTIONS.....	29
Programme elements	32
Additional elements	34
SUPPORTING POLICIES.....	37
Activation and job search support	37
Extending education/apprenticeships	37

Tables

Table 1. Youth unemployment by duration.....	19
Table 2. Youth unemployment by education	21
Table 3. Labour market closure rates for under-25s in regions with higher relative unemployment	22

Figures

Figure 1. “Survival” rate, young Jobseekers’ claims commencing in 2012	20
------------------------------------------------------------------------------	----

Boxes

Box 1.	Youth Guarantee delivery in Finland: strong partnerships at all levels	26
Box 2.	The UK Future Jobs Fund: impacts and costs and benefits.....	29
Box 3.	Criteria for the identification of young people who are potentially NEET: Keeping in Touch project, Wales	38
Box 4.	Early intervention: PES-school partnerships to prevent disengagement (Ghent, Flanders, Belgium)	39

EXECUTIVE SUMMARY

The global economic and financial crisis hit the Irish labour market very hard and youth were one of the worst affected groups. The youth unemployment rate peaked at around 31% in the second quarter of 2012 but it has since declined to 26% in the third quarter of 2013. Many unemployed youth face long spells of being out of work as only around 30% of young people on benefits move into employment within a year of making a claim. For those with less than third-level education, exit rates into employment are likely to be even lower.

In this context, the recently-launched EU Youth Guarantee, which calls on countries to offer youth an education, training or work experience intervention within four months of leaving education or entering unemployment is a highly relevant but challenging initiative for Ireland to implement. This report seeks to offer guidance around the design and delivery of a Youth Guarantee in Ireland based on experiences of other countries in designing guarantees or other comprehensive policy packages to support the young unemployed.

A full and immediate implementation of the Youth Guarantee would require the creation of around 70 000 extra places in employment and training measures, reflecting the large stock of young unemployed as well as the expected flow of new claimants. In the short-term, this is not feasible either in terms of the considerable increases in funding that would be required or the ability to scale up programmes quickly enough and the number of open vacancies available for placing young people in jobs. A *phased* implementation of Youth Guarantee might allow the Irish government to deliver an effective response to the current high levels of youth unemployment by creating opportunities for youth and ensuring that they have an incentive to take these up.

There are a number of alternative ways of phasing in a Youth Guarantee. The one proposed in this report is to start with two phases, each with a distinct policy focus. The first phase, starting at three months of unemployment duration (or earlier for those requiring training in basic skills) and lasting six months in the first instance, would involve low cost interventions aimed primarily at enhancing human capital and rapid job entry. This phase would seek to maximise the potential to move young people into work opportunities ahead of a more substantive, intensive and hence more expensive second phase. This second phase would include: *training with considerable workplace-based experience*; a *work experience programme* with a strong focus on the quality of the experience delivered; and *Intermediate Labour Market (ILM) positions* such as jobs created in the local government or non-profit sectors. Such placements should be predominantly part-time so as to facilitate on-going job search and public employment service support should be maintained throughout the placement and in the period immediately after the placement. A third even more intensive phase for very long-term unemployed and those with serious additional issues such as health problems could be developed at a later stage.

The motivation for this escalator-style approach, starting with low-intensity supports in the first phase then ramping up towards more intensive and costly interventions at longer durations, is threefold. First, starting as early as four months with an intensive re-training/work experience programme will incur significant costs and a lot of deadweight (i.e. unnecessary spending) as many unemployed youth can be reasonably expected to find work without such intensive supports. This is especially true as the Irish public employment service is developing a new back-to-work conditionality

and support process, and because the youth labour market is starting to recover. Second, effective existing programmes such as JobBridge, which require a certain amount of time to work, are likely to be crowded out if an early fixed-time deadline is imposed, such as placing everyone after 4 months. Third, an escalator model offers a progression from one phase to the next if the early phase(s) are not successful. This is in contrast to programmes with only one main treatment phase, where those who do not find work are likely to face repeating the same programme multiple times.

The duration thresholds put forward in this two- (or three-) phase approach should be regularly reviewed and adapted to ensure that they are in line with the state of the economy and evidence of programme effectiveness. This could be done either by reviewing the unemployment durations that give access to specific services or by regularly updating the model that is used to assess the likely probability of exit from unemployment.

OVERVIEW AND DIRECTIONS FOR POLICIES

The global economic and financial crisis of 2008-09 hit the Irish labour market very hard, with employment contracting by an astonishing 16% in just over three years. The consequent tidal wave of unemployment overwhelmed the Irish Public Employment Service (PES) and the (re-)training system designed to help contain long-term unemployment. Youth unemployment rates peaked at around 31% in Q2 2012, with the youth employment rate almost halving (falling by 22 percentage points from 50% to 28%) between Q4 2007 and Q2 2012. Moreover, many unemployed youth face long spells of being out of work. For claims that began in 2012, only around 30% of young people on Job Seekers Allowance, a benefit for those with little past work experience, moved into employment within a year of making a claim. For those with less than third-level education, these exit rates into employment are likely to be even lower. However, the Irish labour market improved significantly over the course of 2013 (especially in the second half), with the youth unemployment rate falling to 26% in the third quarter of 2013.

The initial and sensible response by many young people to the sudden rise in unemployment and limited job opportunities following the onset of the global crisis was to prolong their participation in education – which was also supported by specific government policies. This helped to contain the rise in youth unemployment. Emigration by young people also increased. As a result unemployment among youth tripled but this was broadly in line with the rise in the overall unemployment rate despite the much more substantial fall in employment that youth experienced relative to those aged 25 and over. In response to the strong general increase in unemployment, the Irish government initiated a far reaching re-organisation of service delivery in the public employment and re-training services. It is in this context of very harsh labour market conditions for many youth and changing institutional and policy settings that the Irish Government is considering options for a Youth Guarantee programme (i.e. ensuring that all youth are offered training or a job within a given period of being unemployed) as recommended by the EU Council in April 2013.

Why introduce a Youth Guarantee?

Even in tight labour markets, young people tend to face a higher risk of unemployment than older workers. This is due to the fact that many of them are school leavers looking for their first job and also that in their early phases of their career there is a tendency to move between jobs with greater frequency than older workers, as they seek better matches between their skills and career ambitions and the jobs available. Youth are also more affected by recessions as firms initially respond to financial distress by halting recruitment rather than laying off experienced staff. Furthermore, unemployed youth often lack the experience needed for existing vacancies compared to their older counterparts. As a result, the key concern about youth unemployment and the need for a Youth Guarantee relates first of all to the sheer scale of the problem and the very low job entry rates among young people without third level education or prior work experience. A second main motivation is based on the evidence of scarring effects, whereby extended periods of unemployment when young damage employment and earnings prospects well into peoples' adult working lives.

For most young people, unemployment comes in a block between leaving education or training and starting sustained employment. This block may well have brief periods of temporary or seasonal work but there is little sustained employment. This suggests that a broad youth employment strategy

will seek to close gaps between leaving education and starting work by extending education, ensuring as many young people as possible leave education with higher level skills (Post-Leaving Certificate or third level qualifications), bringing forward job entry and engaging young people in activities to strengthen their employability when unemployed. Therefore, while a Youth Guarantee may be the primary policy response to youth unemployment, how other elements, such as extending education, can also be enhanced to support a more rapid transition into sustained employment outcomes is also worthy of discussion.

Objectives of the report

This report seeks to offer guidance around the design and delivery of a Youth Guarantee based on experiences of other countries in designing guarantees or other comprehensive policy packages to support young unemployed. The EU initiative to implement a Youth Guarantee that was endorsed by the European Council in April 2013 calls for all young people (under the age of 25) to be given a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education. The delivery of such an early intervention at a time of very high levels of youth unemployment is extremely challenging, particularly in light of the fact that the sustained inflow into unemployed is accompanied by a large stock of existing unemployed youth. There is also the issue of cost effectiveness more generally. While for youth facing a high risk of long-term unemployment, it may make sense to intervene intensively within the first four months of unemployment, for others they may need less help to find employment. It is also important that the primary goal of moving people into employment is kept centre stage in any Youth Guarantee scheme. This report thus tries to draw out a proposed framework for developing a cost-effective Youth Guarantee scheme and in the process it seeks to offer guidance around three main questions:

1. *Targeting*: Who should the Youth Guarantee be targeted on given the limited resources and number of vacancies that are likely to be available as well as considerations of cost effectiveness? Moreover, which options for the numbers of places or target populations look the most sensible as staging posts on the road to rolling out the guarantee?
2. *The Youth Guarantee package*: What should be the key elements of a Youth Guarantee and what additional programmes might add value to those already available?
3. *Supporting policies*: What wider policy development might offer support to the delivery of a Youth Guarantee by reducing the number of potential participants and increasing the value added of programmes?

A proposed framework

A full and immediate implementation of the Youth Guarantee would require around 70 000 extra places in employment and training measures to be created to cater for the estimated 100 000 youth who are unemployed or already on programmes that would be potentially covered by the Youth Guarantee. The large numbers involved initially reflect an existing large stock of young unemployed – a little under 40 000 young people in 2013 had durations in excess of four months – plus the flow of new claimants that will reach the four months' duration mark in any year – estimated in 2013 to be just over 30 000. In the short-term, this would not be feasible either in terms of the considerable increases in funding that would be required or the ability to scale up programmes quickly enough and the number of open vacancies available for placing young people in jobs. So an examination of current programmes and the scale and pattern of youth unemployment suggests that a *phased* implementation of Youth Guarantee might allow the Irish government to deliver an effective response to the current

high levels of youth unemployment by creating opportunities for youth and ensuring that they have an incentive to take these up.

There are a number of alternative ways of phasing in a Youth Guarantee. This report proposes two phases, each with a distinct policy focus. The first phase would involve a low cost intervention aimed primarily at enhancing human capital and rapid job entry. This seeks to maximise the potential to move young people into work opportunities ahead of a more substantive, intensive and hence more expensive second phase. After the initial stock of unemployed have passed through the new system, it is expected that Phase 1 would start at about four months into a benefit claim while Phase 2, the more intensive and expensive intervention, would start at around nine months, although there could be fast tracking for groups with lower expected chances of finding a job. A third even more intensive phase for the very long-term unemployed and those with serious additional issues such as health problems could be developed at a later stage.

The motivation for this escalator-style approach, starting with low-intensity supports in the first phase then moving to more focused interventions at longer durations, is threefold. First, starting as early as four months with an intensive re-training/work experience programme would incur significant costs and a lot of deadweight (i.e. unnecessary spending) as many unemployed youth can be reasonably expected to find work without such intensive supports. This is especially true as the PES is developing a new back-to-work conditionality and support process, and because the youth labour market is starting to recover. Second, effective existing programmes such as JobBridge, which require a certain amount of time to work, are likely to be crowded out if an early fixed-time deadline – for example, that everyone must be on a placement after four months – is imposed. Third, an escalator model offers a progression from one phase to the next if the early phase(s) are not successful. This is in contrast to programmes with only one main treatment phase, where those who do not find work are likely to face repeating the same programme multiple times.

The first phase should, thus, be designed to maximise the effectiveness of job search supports, recruitment supports (Job Path, JobBridge and JobsPlus) and part-time education (e.g. basic skills programmes). These elements need some time to work effectively. For JobBridge and JobsPlus, this stems from the nature of the programmes; they are essentially hiring supports and thus the timing of their take up is determined by employers, in contrast to programmes with fixable start dates under the control of the PES. For the part-time educational elements, this is based on the fact that such programmes tend to raise longer-term employability and thus are also worth starting early in the Guarantee. Participation by youth in Phase 1 would be subject to a mutual obligation approach, whereby participation is compulsory subject to benefit sanctions with few justified exceptions. The full Guarantee, that is required participation in a specific nominated programme is then delivered in Phase 2, at a second later threshold in terms of unemployment duration and consists of work experience, vocational courses with significant workplace experience and Intermediate-Labour-Market style placements.

The phased delivery of the Youth Guarantee in more detail

Phase 1 – This phase, starting at three months of unemployment duration (or earlier for those requiring training in basic skills) and lasting six months in the first instance, would be designed to deliver components of a Youth Guarantee that need time to work effectively. This is either because they are trying to influence employer hiring of young people, and, hence, the starting point of the intervention is not fully under the control of the PES, or because the placement raises longer-term employability but not short-term job entry. Hence this phase would have three main support elements:

- *Part-time classroom-based educational enhancement courses*, covering basic skills, and *Springboard*. These seek to raise longer-term employability rather than current job entry. Hence starting early makes sense and they must be

designed not to inhibit job search and entry into employment and so they should be part-time and backed by job search requirements and effective job search support. In addition, to help prevent early withdrawal, payments for course completion could be used. *Back to Education Allowance* which supports full-time education programme could also be available in this Phase 1 window.

- *Pathways to Work* which would be enhanced for young people to include Personal Progression Plan development and monthly one-to-one interviews with a personal advisor through this period. The Pathways to Work support would also continue for those in part-time education programmes and at the end of JobBridge and JobsPlus placements if participants are not kept on by the firm providing the placement.
- *JobBridge and a low-cost version of JobsPlus*. JobBridge is already available at this duration but JobsPlus is only available after 12 months on benefits. The alternative of a guaranteed placement, which would be expensive, makes an early lower cost version of JobsPlus attractive. There are fears that such subsidies carry high deadweight cost as the employer would either be recruiting anyway and is just bringing forward planned recruitment or would be substituting a person eligible for the subsidy for one that is not. When an eligible person is about to enter an expensive programme, however, the value of getting that person straight into work is greatly enhanced and the entry rate into work between three and nine months is low especially for young Job Seeker Allowance (JSA) claimants with below tertiary level of education. As such, a lower value subsidy of EUR 3 500 could be cost effective. This hiring subsidy might be targeted on those least likely to secure employment without this aid.

Phase 2 – This delivers on making sure that all remaining young claimants on the live register who are not already receiving an intervention are moved into an effective programme. In this case, continued benefit receipt without participation would in general no longer be an option. The staging of this phase is based on giving Phase 1 sufficient time to be effective. As job entry rates are currently low, this may need to be six months. The case for earlier entry into Phase 2 is debatable. On the one hand, groups with low scores in terms of their assessed probability of exit (PEX) from unemployment may warrant earlier intervention while, on the other hand, the supports in Phase 1 may take longer to be effective for such groups. However, upon the introduction of the Youth Guarantee, addressing both the existing stock alongside new flows offers a considerable delivery challenge and hence a nine month duration cut-off for the start of Phase 2 may be a sensible starting position.

In Phase 2, three main programme elements are likely to be needed to deliver a Guarantee. The start dates for placements in these programmes need to be under the control of the PES for delivery of the Guarantee to be practical. Hence the three programme elements are likely to be made up of: *training with considerable workplace based experience*; a *work experience programme* with a strong focus on the quality of the experience delivered; and *Intermediate Labour Market (ILM) positions* (called Transitional Jobs in the United States). Such placements should be part-time (three or four days a week) so as to facilitate ongoing job search and Pathways to Work supports should be maintained throughout the placement and in the period immediately after the placement. The duration thresholds mentioned above could be regularly reviewed and adapted to ensure that they are in line with the state of the economy and evidence of programme effectiveness. This could be done either by reviewing the unemployment durations, giving access to specific services or by regularly updating the model that allows determining the probability of exit from unemployment.

Programme delivery

There will obviously be an initial delivery regime that will differ from the longer-term model. Phase 1 will initially be expected to have a six month delivery window. It would cover all young people reaching benefit durations of 3 months and all of the existing stock with durations under 15 months. Those who have benefit durations of 15 months or more have already been eligible for all the elements in Phase 1 and thus it makes sense to move them as soon as possible onto Phase 2. So, in the first 6 months of the programme, only those on unemployment benefits for 15 months or more would start the intensive Phase 2. After that, the flow of young people whose benefit claim reaches 9 months plus the stock with durations of 9 to 15 months will go into Phase 2, less any success that has been had in raising job entry through Phase 1. As the programme matures and the labour market recovers, Phase 1 could sensibly be shortened to cover a three month window centered on the four month proposed EU limit. In this window the ambition would be for all young people to have moved into employment, had a JobBridge style work trial or participated in an education support programme. Accordingly, Phase 2 would then follow at six months duration of unemployment. This bringing forward of Phase 2 might start with the least likely to gain employment without intervention, although it should be noted that their greater difficulties in finding employment might justify longer periods for delivering JobBridge or JobsPlus supports. There is an issue of whether young people would repeat programmes under a guarantee if they do not secure employment within four months of completion of an initial placement. A logical position is of an intervention escalator, designed to avoid repetition and offer alternatives. So a young school leaver would start with an education programme or a work-trial orientated programme – such as JobBridge. If this is unsuccessful, Phase 2 offers a more sustained vocational or work experience programme and a third tier might be placement in an Intermediate Labour Market position which can serve to close a system where otherwise repeat participation may deliver poor value. This last phase would be focused at very long duration (around 18 months) people who have already been through the first two phases and a period of supported job search after Phase 2. The numbers participating would thus be small.

Introduction

The global economic and financial crisis of 2008 had a major impact on Ireland, with a collapse in the housing market and construction sector as mortgage funding evaporated. The crisis led to acute distress in the banking sector with access to international money markets restricted and high levels of bad debts. As a result employment contracted by an astonishing 16% in just over three years with a consequent tidal wave of unemployment overwhelming the Public Employment Service (PES) and (re-training programmes designed to help contain long-term unemployment. Youth unemployment rates peaked at around 31% in the second quarter of 2012, with the youth employment rate almost halving (falling by 22 percentage points from 50% to 28%) between the fourth quarter of 2007 and the second quarter of 2012. Moreover, many unemployed youth face long spells of being out of work. For claims that began in 2012, only around 30% of young people on Job Seekers Allowance (JSA), a benefit for those with little past work experience, moved into employment within a year of making a claim. For those with less than third-level education, these exit rates are likely to be even lower. However, the Irish labour market improved significantly over the course of 2013 (especially in the second half), with the youth unemployment rate falling to 26% in the third quarter of 2013.

Institutional reorganisation and unemployment activation policy

As a response to the crisis, the Irish government initiated a far reaching re-organisation of the delivery of its employment and training services for the unemployed. At its heart, the old combined PES and training service is being reformed into three agencies: INTREO, a Public Employment Service with responsibility for benefit assessment, profiling and activation under the Pathways to Work programme which will in turn sub-contract some PES services around job search support to new non-governmental (private or non-profit) organisations; and SOLAS (Further Education and Training Authority) which will set strategy for the Further Education sector and act as a commissioning body for vocational training; and Education and Training Boards (ETBs) which will deliver vocational courses and courses with strong general education components, including basic literacy and numeracy programmes at the foundation and bridging (e.g. Skills for Work) levels. In addition to these agencies, two other government agencies or networks carry out actions that are relevant for the new Irish government strategy: Local Development Companies which deliver Community Employment and Tús, which offer public works employment to the long-term unemployed in deprived communities, as well as support for business start-ups by the unemployed; and the Youth Service network which has a large number of volunteers in youth services and has strong reach among young people including those who may disengage from schooling but be outside the benefit system.

Prior to the crisis, Ireland did not have a strong system of job search focused activation for the unemployed like those seen in the United Kingdom, Australia or Germany. This is set to change with the new Pathways to Work programme. A fairly novel feature of this will be client profiling according to the probability of exiting (PEX) unemployment benefits in the following year based on previous statistical data and developed at the Economic and Social Research Institute (ESRI). PES clients with a high (i.e. positive) PEX rating – currently about 20% – will be mostly encouraged and helped to search for work with very few other services targeted at them. Clients with a mid-point PEX rating will be invited to participate in Group Advisory Sessions – such as job clubs – where they will be provided with guidance regarding support programmes that would enable them to improve their

re-employment prospects. Finally, clients with a low PEX score (i.e. those with a particularly high probability of becoming long-term unemployed), as well as those with medium and high PEX scores still on the register after 3 and 12 months respectively, will work with advisors to draw up a personal development plan based on the needs of the client and the range of options available, and will then be directed to the most relevant work experience and/or training programmes. New clients signing on the unemployment register should, as a minimum, benefit from a group engagement within the first few weeks of applying for jobseeker income supports and a referral to job placement/training after a maximum of 18 months. However, earlier triggers for those with lower PEX scores will be introduced.

Along with vocational training and basic skills courses to be delivered by the 16 ETBs, the main existing programmes for addressing unemployment are: Momentum – a scheme that provides access to free education and training measures and supports to assist long-term unemployed people access work; JobsPlus – a financial incentive paid to hiring employers who offer employment opportunities to the long term unemployed; and JobBridge – an internship programme offering full-time work experience placements for six or nine months with regular employers on a EUR 50-benefits-plus per week basis, open to anyone who has been on unemployment benefits for at least three months. Unfortunately, in the context of the difficult economic climate, the new system has struggled to generate as many work placements as required while it is too early to evaluate the performance of JobsPlus. On the other hand, a recent evaluation of JobBridge offers very positive employment outcomes with around 20% of participants leaving the unemployment register before completing the placement – most going into unsupported employment or being kept on by the employer offering the placement – rising to around 50% in employment three months on from completion (Idecon, 2013). Although there is no counterfactual (i.e. assessment of outcomes in the absence of the intervention), this is a reasonably impressive set of outcomes for such a programme and would suggest added value over normal patterns of exit into employment. This programme, as with JobsPlus and Momentum is not targeted except by unemployment duration. Thus, around 30% of participants in JobBridge are aged under 25 (compared to 20% on the live register) and only 40% have educational attainment below third level (Idecon, 2013), about half that for the proportion on the live register.

Other programmes to support return to education for more advanced courses – such as the Back to Education Allowance Scheme (BTEA) and Springboard as part of the Part-time Education Option (PTEO) – also exist. However, these programmes are more about raising longer-term employability than immediate job entry and so they are a useful adjunct to the array of measures offered to the young unemployed.

It is into this changing architecture of support and programmes for the unemployed that the Irish Government is considering options for a Youth Guarantee. In the first wave of policy responses to rising unemployment during the crisis, youth were not especially targeted, apart from boosting education participation. However, the very high incidence of youth unemployment combined with the launch the EU Youth Guarantee initiative makes this is an opportune moment for further action.

Youth unemployment and scarring

Even in tight labour markets young people tend to face a higher risk of unemployment than older workers. This is due to the fact that they are still in the process of securing their first employment after leaving education and they also move between jobs with greater frequency than older workers as they seek better matches between their skills and career ambitions and the jobs available. The amplitude of youth unemployment with respect to the economic cycle is also greater than for older workers. This is driven by firms responding to a downturn in the first instance by halting recruitment rather than laying off experienced staff. Experienced workers have valuable skills and knowledge about the operation of the firm and hence firms seek to hold on to them except in instance of acute financial

distress.¹ Furthermore, compared with older unemployed, young people often lack the experience required by existing vacancies and hence find themselves in something of a “Catch 22” situation of needing experience to gain employment but needing employment to gain the desired experience. This means that youth face a higher incidence of unemployment compared to their older counterparts but not necessarily that they have lower job entry probabilities since all unemployed workers face difficulties re-entering the labour market with few new vacancies. Indeed, compared with some age groups such as the over 50s, job entry rates among the young unemployed are likely to be higher.

In this context, the heightened concern about youth unemployment and the need for a youth guarantee stems from first of all the sheer scale of the problem. In the aftermath of the crisis, youth unemployment rates peaked at around 31% in Q2 2012 while, over the same period, the employment rate of youth fell by 22 percentage points from 50% in Q4 2007 to 28% in Q2 2012, almost halving. The initial response by young people and supported by the government was to stay on longer in education which capped the rise in unemployment. As a result, while unemployment among youth tripled, this increase was broadly in line with the increase in the overall unemployment rate despite a much more catastrophic fall in employment.

A second key motivation for a youth guarantee is the evidence that extended periods of youth unemployment damages that person’s future employment and earnings levels well into their working lives (see for example Gregg, 2001, Gregg and Tominey, 2005, ACEVO, 2012). For most young people, unemployment comes in a block between leaving education or training and starting sustained employment. This block may be interspersed with brief periods of temporary or seasonal work. However, a minority of youth enter sustained employment early on but then suffer a significant period of unemployment later. UK evidence suggests that this latter group makes up about a fifth of those experiencing substantial periods of unemployment (Dorsett and Lucchino, 2013). This proportion seems in line with Irish situation where about a fifth of young people receive Job Seeker Benefit (JSB) – a contribution-based benefit – instead of JSA – a means-test not contributory benefit. This evidence of the primary problem being inability to make successful transitions into work immediately after leaving education underlines the need for a broad youth unemployment strategy seeking to reduce the length of this gap between education and work by extending education, accelerating job entry, and filling any remaining gap with useful activities (i.e. activities that raise skills and/or job entry rates). The Youth Guarantee is the primary policy tool aimed at reducing youth unemployment, but how other elements can be enhanced is also worthy of discussion.

Objectives of the report

This report seeks to offer guidance on the design and delivery of a Youth Guarantee based on the experience of other countries in supporting the young unemployed. The EU-driven initiative calls for a guaranteed education, training or work experience intervention within four months of a young person leaving education/training or leaving employment. The delivery of such an early intensive intervention at a time of very high levels of youth unemployment is extremely challenging. Thus this note seeks to offer guidance around three main questions:

1. *Targeting*: Who should the Youth Guarantee be targeted on given the limited resources and number of vacancies that are likely to be available as well as considerations of cost effectiveness? Moreover, which options for the number of places or target populations look the most sensible as staging posts on the road to a full guarantee?

1. Although this is not the case of Ireland, the fact that youth tend to be over-represented in temporary contracts can also lead to a sharper rise in the unemployment rate of this age group. In fact, in the face of economic difficulties, most businesses start reducing their workforce by not renewing temporary contracts.

2. *The Youth Guarantee package:* What should be the key elements of a Youth Guarantee and what additional programmes might add value to those already available?
3. *Supporting policies:* What wider policy development might offer support to the delivery of a Youth Guarantee by reducing the number of potential participants and increasing the value added of programmes?

TARGETING WITHIN YOUTH UNEMPLOYMENT AND POLICY

The first fundamental problem with introducing a Youth Guarantee in the midst of a major recessionary period is the existence of a large stock of long-term unemployed youth combined with a steady flow of new claimants reaching any chosen target duration for interventions to start. There are around 40 000 young people with durations in excess of four months on the Irish register of unemployment-related benefits (Table 1). In addition, the Irish government estimates that the flow of young people reaching four months duration of unemployment was around 36 000 in 2012, and is likely to be of the order of 31 000 in 2013.² In the first instance, delivery of services to such a large population of 70 000 extra places to cover both stock and flow in one year is not feasible either in terms of the considerable increases in funding that would be required, the ability to scale up programmes quickly enough and the number of open vacancies available for placing young people in jobs. Therefore, a phased strategy is proposed (the details are developed in the next section) whereby efforts to raise job or internship entry would be intensified in a first phase and a full-guarantee at a longer duration than four months would be put in place in a second phase.

Table 1. **Youth unemployment by duration**

	Under 25	Under 25 share	Over 25	Over 25 share
Under 3 months	22 719	35%		
3-6 months	7 741	12%	189 051	54%
6-12 months	12 019	19%		
Over 12 months	22 481	35%	163 582	46%

Source: Live register data supplied by Department of Social Protection (DSP) for October 2013.

There are three obvious ways to deliver such a strategy progressively with different combinations possible:

New flows first

The first approach might be to focus on the new entrants (i.e. with an unemployment duration of four months or less) and to address the initial stock of unemployed youth with a longer duration in a small-scale way over a longer period or wait for them to leave the register and perhaps return as new flows later. This runs against reasons of both natural justice and efficiency in the sense of trying to avoid the scarring effects of long-term unemployment. The current stock of youth who are unemployed contains a sizable group of long-term unemployed (22 000 over one year) who will have substantially lower chances of securing employment than those with short durations. Furthermore, the literature on scarring effects suggests that the damage is cumulative at least until two years of unemployment duration, suggesting that this group have already experienced sizable adverse effects from their unemployment exposure hence excluding them from a potential recovery programme would be unjust.

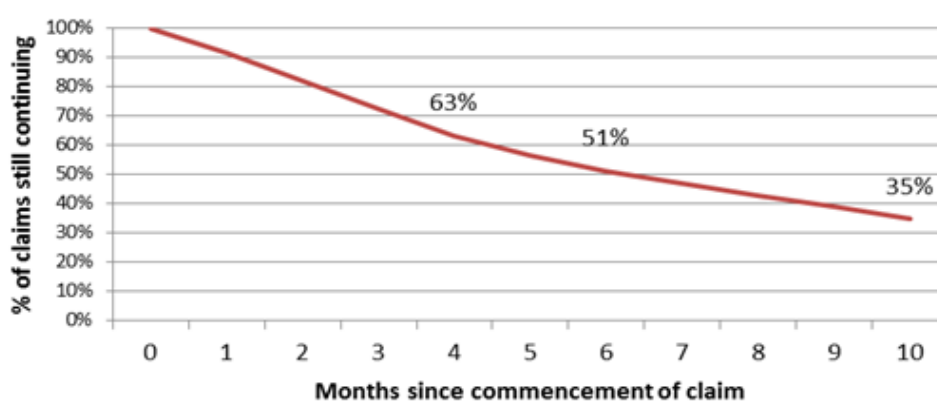
2. These estimates relate to young people making new claims based on full-time unemployment. Claims for partial unemployment compensation from young people working reduced hours are not included.

Longer durations first

A second approach would be to target youth with longer durations of unemployment. To assess any evidence of critical periods as a guide for potential targeting, it is worth discussing further the likely extent of scarring with respect to time spent out of work. Part of this literature looks at duration-based effects whereby the chances of exiting unemployment into work diminishes with the duration that a person has been out of work in the current spell of unemployment (duration dependence, see Machin and Manning, 1999, for a discussion). Other rather limited research looks at how the cumulative history of unemployment for young people impacts on future outcomes much later in life. ACEVO (2012) suggests that there is a cumulative effect for every extra month out of work in a broadly linear way. However, there is some reason to believe that at very high exposures – after two years of cumulative youth unemployment – there is no further damage done. While scarring is a serious well-documented effect of youth unemployment whose reasons are not fully understood, it is possible that in the context of very high youth unemployment rates, such as the levels seen in Ireland currently, employers are less judgemental about unemployment histories of job applicants. This might suggest the scarring effects may be less dramatic for spells out of work under a year or so than seen in the UK studies.

Figure 1 shows the fraction of new claims for unemployment benefits that remain “live” (i.e. where unemployment benefits are still being claimed) at monthly duration markers for those aged under 25. The probability of a new claim lasting at least a year is high, at around 30%³. However, there appears to be little evidence of a critical period after which exit for benefits slows and the extent to which there is one would suggest a small slackening of the rate of fall in claim survival at around six months. Together, these results suggest that delaying the start date for a Guarantee type intervention so as to reduce the size of target population would need quite a long delay to reduce the flows substantially. Thus, at four months duration, the fraction of unemployment claims by youth that are still live is around 63% and by nine months the proportion of claims that are still live is 40%. So only around one in three of the claims still live at four months is closed by nine months. Furthermore, less than half of claim closures are as a result of gaining employment in this duration window between four months and a year. Thus just delaying the intervention to reduce the flow into an intensive programme seems an insufficient response. The proposal discussed in more detail therefore argues for using this window to accelerate job entry.

Figure 1. “Survival” rate, young Jobseekers’ claims commencing in 2012



Source: Department of Social Protection (DSP).

- It is worth noting that estimates produced by ESRI suggest a higher – close to 50% – fraction of claims lasting longer than a year with the difference partly due to the fact that, in Figure 1, entry into JobBridge, or to the Back to Education Allowance scheme are considered an exit from unemployment.

Targeting on the probability of leaving unemployment

A third approach would be to target certain high risk groups among youth rather than on unemployment duration alone. The PEX scoring provides one possible way of operationalizing this. The obvious dimensions by which targeting by characteristics might occur would be by previous work experience, education or locality. As mentioned above, the Irish unemployment benefit system has two types of award, JSB, for those with significant contributions made whilst in work and JSA for those without. Among youth, some 20% of new claims are for JSB. DSP estimates indicate that the proportion of new young JSB claimants reaching one-year duration is around 20 percentage points lower than in the case of JSA claims. When only claim closure as a result of labour market entry is considered the differences are even starker, highlighting further the low job entry among those with little or no past employment history.

Table 2 shows youth unemployment by education level achieved. An analysis of claim survival by level of education is not readily available but is likely to reflect the differences in observed unemployment and long-term unemployment rates. Nearly two-thirds of the young unemployed have education levels at Leaving Certificate or lower and these groups have substantially higher unemployment rates, especially long-term unemployment rates, than those with third-level qualifications. The Post-leaving certificate group appear to be more closely related to the Leaving Certificate group than the tertiary-educated unemployed, though the group is somewhat smaller compared with the other groupings.

This analysis suggest that targeting those with Post Leaving Certificate or lower levels of education achieved and who are claiming JSA benefits is justified on the grounds of their low probability of exit into employment. Moreover, because they have a low probability of exit, delaying the Youth Guarantee for those with lower qualifications and little or no past work experience, and hence on JSA, would achieve little in reducing caseloads. Hence, a model that focuses on early intervention for those with lower level qualifications and no work experience has some justification but would still be challenging to implement given the numbers involved.

Table 2. Youth unemployment by education

	Numbers of observations	Unemployment rate	Long-term unemployment rate	Share of youth unemployment
Below higher secondary	33 700	44%	21%	15%
Higher secondary (Leaving Certificate)	109 300	28%	13%	49%
PLC	22 700	35%	18%	10%
Higher	57 100	19%	5%	26%

Source: Quarterly National Household Survey data supplied by Department of Social Protection; data are averages of the four quarters to Q2 2013.

Table 3 shows the share of new claims closed at different durations for Ireland as a whole and three regions with higher-than-average unemployment and thus lower proportions of claims closed at any duration. Differences across regions are very small given the overall low level of claim closure, being around 2 to 3 percentage points lower. This suggests that regional based targeting is probably not worthwhile.

Table 3. Labour market closure rates for under-25s in regions with higher relative unemployment

Duration	Under 25s	S-East	Midlands	Border
5	0.107	0.093	0.115	0.099
10	0.153	0.134	0.143	0.140
20	0.243	0.226	0.222	0.221
30	0.358	0.342	0.336	0.323
40	0.414	0.394	0.389	0.379
50	0.488	0.473	0.452	0.462
Number of observations	61 212	12 551	2 788	9 763

Source: Live register data supplied by Department of Social Protection (DSP) for the year to May 2013.

Phased models

It is not clear within the EU call for a Youth Guarantee whether initial targeting at long durations before full roll out once the back log is addressed would be treated differently than a characteristics-based targeting approach. Irrespective of this, hybrid models might be more sensible. One form of this would be a longer duration trigger for lower risk groups combined with early entry for higher risk groups. Such approaches are widely used and apply to the PEX approach operated by DSP. The three grouping PEX indicator might offer a neat hook to hang a staged duration-based intervention at say three, six and nine months. The scale of this form of a Guarantee would still look extremely challenging to deliver as exits into employment between three and six months among the middle PEX group look likely to be very low, based on the data discussed above. The logical next step then is to assess a further alternative that seeks to raise exits to employment prior to the delivery of the full Guarantee.

Phased programme access

The discussion above would suggest a delayed treatment model where the initial focus is for delivery of the core Guarantee at a substantially longer duration than the four months proposed by the EU. The core Guarantee could then be brought forward toward four months once the initial stock of unemployed have been addressed, perhaps starting with those with lower PEX scores (e.g. those with lower educational qualifications and no substantial previous work history). A logical next step would be use the window created by the delay to introduce supports to job entry so as to reduce the numbers going onto the more intensive and expensive core Guarantee. These supports would thus need to be low cost but reasonably effective in raising job entry to be worthwhile. The proposed model, detailed below, can be seen on one level as having this structure. However, the model outlined suggests that maintaining an early low cost Phase focused on raising job entry may prove to be optimal even in the medium term.

The initial Phase 1 would thus seek to support job hiring with low-cost interventions. As the start date of new hiring is not determined by the PES but by employers, such approaches need a window to work effectively rather than a specific duration cut off (this is discussed further in the next section). JobBridge is an example of a successful programme that needs such a window to operate effectively. In addition, part-time basic skills programmes or part-time education enrolment that have limited initial impact on job entry but raise longer term employability are also worth starting early in a person's claim, especially if efforts are made to maintain active job search whilst participating on these courses. The aim in the medium term would be for all groups to become eligible for a meaningful intervention in a relatively short window around 4 months but with the high-intensity and

higher-cost elements of vocational training and work experience being introduced later. As discussed above, this Phase 2 could start at different durations based on the PEX approach so the Low and Medium PEX might reach the Phase 2 Guarantee earlier than the High PEX group. The existing stock of youth who have been unemployed for at least four months would start Phase 1 immediately and those with very long durations (over 15 months) might be fast tracked into Phase 2 within the first year of the programme. This approach has the value of both delivering an early commitment at 4 months as well as a more intensive component to the Guarantee later on. A third even more intensive phase for very long-term unemployed and those with serious additional issues such as health problems could be developed at a later stage.

The motivation for this escalator-style approach, starting with low-intensity supports in the first phase then ramping up towards more intensive and costly interventions at longer durations, is threefold. First, going early as four months with an intensive re-training/work experience programme would incur significant costs and a lot of deadweight (i.e. unnecessary spending) as many unemployed youth can be reasonably expected to find work without such intensive supports. This is especially true as the PES is developing a new back-to-work conditionality and support process, and because the youth labour market is starting to recover. Second, effective existing programmes such as JobBridge, which require a certain amount of time to work, are likely to be crowded out if an early fixed-time deadline is imposed, for instance, that everyone must be on a placement after four months. Third, an escalator-type model offers a progression from one phase to the next if the early phase(s) are not successful. This is in contrast to programmes with only one main treatment phase, where those who do not find work are likely to face repeating the same programme multiple times.

A proposed framework

Drawing these arguments together implies a phased Youth Guarantee might allow the Irish government to deliver an effective response to the current high levels of youth unemployment. The first phase should be designed to maximise the effectiveness of job search supports and recruitment supports (e.g. JobPath, JobBridge and JobsPlus) and part-time education (ranging from basic skills to return to education programmes). These elements need a window to work effectively before the more intensive element to the Guarantee subject to the mutual obligations approach, is enforced.⁴ For JobBridge and JobsPlus, this stems from the nature of the programmes which are essentially hiring supports where the timing of entry is determined by employers, rather than under the control of PES. For the part-time educational elements, this is based on the fact that such programmes tend to raise longer-term employability and thus also worth starting early in the Guarantee. The second phase to the Guarantee is then delivered at a later threshold and consists of work experience, vocational courses with significant workplace experience and Intermediate-Labour-Market style placements.

Phase 1 – This phase starting at three months of unemployment duration (earlier for the teaching of basic skills to low PEX group) would be designed to deliver components of a Youth Guarantee that need time to work effectively. This is either because they are trying to influence employer hiring of young people, and hence the starting point of the intervention is not under the control of the PES or because the placement raises longer-term employability not short term job entry. Hence this phase would have three main support elements:

- Part-time classroom-based educational enhancement courses, covering basic skills and Springboard. These seek to raise longer-term employability rather than current job entry. Hence starting early makes sense and they must be designed not to inhibit job search and entry into employment. Hence they

4. The application of a mutual obligation approach implies that participation in the guarantee is compulsory and subject to benefit sanctions, except for youth in special situations – e.g. sickness.

should be part-time, be backed by job search requirements and effective job search support. Payments for course completion might be used to encourage course completion. Back to Education Award may also be offered here.

- Pathways to Work would be enhanced for young people to include Personal Progression Plan development and monthly one-to-one interviews with a personal advisor through this period. The Pathways to Work support would continue for those in part-time education programmes and at the end of JobBrige and JobsPlus placements where participants are not taken on by the firm providing the placement. Thus it looks rather like JobPath, which is under development currently but is focused on long-term unemployed.
- JobBridge and an early low-cost version of JobsPlus. JobBridge is already available at this duration but JobsPlus is only available from 12 months. The imminent delivery of a guaranteed placement which comes at significant exchequer cost makes an early lower cost version of JobsPlus attractive. There are fears that such subsidies carry high deadweight cost as the employer would either be recruiting anyway and is just bringing forward planned recruitment or would be substituting a person eligible for the subsidy for one that is not. When an eligible person is about to enter an expensive programme, the value of getting this person straight into work is greatly enhanced and the entry rate into work between 3 and 9 months is low especially for young JSA claimants with below third level education. As such, a lower value subsidy of EUR 3 500 could be cost effective. This may be targeted on the low PEX groups to reduce deadweight losses but any reduction in numbers flowing onto the more intensive and expensive Phase 2 might make this element financially viable for all PEX groups.

Phase 2 – This delivers on making sure that all remaining young claimants on the live register not already participating in a placement are moved into an effective programme. In this case, continued benefit receipt without participation would no longer be an option. The staging of this phase is based on giving Phase 1 sufficient time to be effective. As job entry rates are currently low this may need to be six months. The case for earlier entry into Phase 2 is debatable. On the one hand, groups with low PEX scores may warrant earlier intervention while, on the other hand, the supports in Phase 1 may take longer to be effective for such groups. Implementing the Youth Guarantee for both the existing stock alongside new flows poses a considerable delivery challenge and hence a nine month duration cut-off for the start of Phase 2 may be a sensible starting position.

In Phase 2, three main programme elements are likely to be needed to deliver a Guarantee. The start dates for such placements need to be under the control of the PES for delivery of the Guarantee to be practical. Hence the three programme elements are likely to be made up of: training with considerable workplace based experience; a work experience programme with a strong focus on the quality of the experience delivered; and Intermediate Labour Market (ILM) positions (called Transitional Jobs in the United States). These are discussed further below.

All such work experience and training placements should be part-time (three or four days a week) so as to facilitate ongoing job search, and Pathways to Work supports should be on-going through the placement and in the period immediately after the placement, in order to prevent a return to open unemployment. There are issues of capacity to deliver these job search supports through the placement period and thus they might be initially focused in the period just before and after the placement ends. The duration-based thresholds mentioned above should be regularly reviewed and adapted to ensure that they are in line with the state of the economy and evidence of programme effectiveness. This could be

done either by reviewing the unemployment durations that give access to specific services or by regularly updating the model that is used to assess the likely probability of exit from unemployment.

Early entry into Phase 2

Delaying the start of Phase 2 for youth who already have experienced a long period of unemployment (the stock with over nine months duration) and those with a low probability of exit into employment can be argued to be wasteful as few will naturally leave in this window. This thinking would suggest starting Phase 2 as early as four months duration. However, a window to allow the positive components on offer during Phase 1 to work may produce higher exit patterns than is currently the case. Hence, allowing time for these options to produce positive outcomes is likely to still prove valuable. On the other hand, youth who have been unemployed for at least 15 months will have been exposed to all elements of Phase 1 (JobBridge, JobsPlus), except perhaps to the enhanced job search supports, and thus further delay is more likely to be wasteful for this group.

Programme progression

The remaining issue is whether young people would repeat programmes under a Guarantee if they do not secure employment within four months of completion of a placement. If a single treatment model is envisaged then the only options would be for a one shot intervention or repeating the same programme. Neither of which are very attractive. The alternative model discussed above offers a two-phase escalator-design offering alternatives in sequence. A third tier might be placement in an ILM position, which can serve to close a system where otherwise repeat participation may deliver poor value. If Phase 2 starts at 9 months and offers a placement that lasts at least 5 months, subsequently followed by a 4 month supported job search window, then an ILM-based Phase 3 would start at 18 months durations.

Non-claimants of unemployment benefits

So far the discussion has been based on the assumption that the target population is all or a sub-set of all young people on the live register, i.e. claiming unemployment (JSA or JSB) benefits. This is a common approach in countries applying the Youth Guarantee (see the example of Finland in Box 1). However, there are three groups outside this population worth discussing. First are lone parents, who are not required to look for work until the youngest child reaches a certain age. This is currently in transition from being age 18 to age 7. Among those under 25 the age threshold is immaterial and this is a small but non-trivial group. The cost and availability of childcare often restricts labour market activity of this group before the youngest child is at school, but leaving a very deprived and potentially marginalised group of young lone mothers entirely outside a Youth Guarantee makes little sense. However, this group is eligible for all existing elements considered here except the job search activation regime. Hence, it would seem sensible to allow this group to participate voluntarily in the Youth Guarantee with eligibility for all programme elements. The second, are recipients of disability benefits for which very similar arguments to those listed for lone parents apply.

Box 1. Youth Guarantee delivery in Finland: strong partnerships at all levels

Finland has been experimenting with provisions similar to youth guarantee since the 1990s. The current model has its roots in 2005 when the employment administration set a target that measures to improve employability of a young jobseeker should be provided within three months of registering as unemployed. This operating model was called a Social Guarantee. The Youth Guarantee that came into force in January 2013 is an extended version of the Social Guarantee.

The current Youth Guarantee combines an employment and education guarantee. According to the definition, every young person under 25 and recent graduates under 30 will be offered a job, a work trial, a study place, a workshop place or rehabilitation, within three months of registering as unemployed. Every person completing basic education will be guaranteed a place in upper secondary school, vocational education, apprenticeship training, a workshop, rehabilitation or a place in some other form of study. An employment plan is drafted together with young unemployed jobseekers, which sets on the agreed measures that the PES office will offer within three months of unemployment. The preparation of the plan has to start within two weeks of registering as unemployed.

The Youth Guarantee is delivered through five main channels: *i*) Education guarantee *ii*) Skills Program for Young Adults; *iii*) Employment and Economic Development services for youth; *iv*) Rehabilitative services including municipal social and health services, and *v*) other individual services for young people (youth outreach work and youth workshop activities).

The reforms put in place **more training opportunities** including more study places in vocational education; regional re-distribution of study places according to the changes in the age groups; changes of acceptance criteria for vocational education and training; higher training compensation (EUR 800 per month) for employers for apprenticeships. **Additional resources have been allocated within the PES** to increase: career counselling opportunities; wage subsidies (the so called Chance card); support for active job seeking; training; and language courses and counselling for young immigrants. **Local youth work networks are being strengthened** to increase municipal responsibility in counselling school graduates and to widen the coverage of outreach youth work and youth workshops.

Private-Public-People-Partnership. From the outset a broad partnership was set up to define the new model. A National Youth Guarantee Working Group (WG) brought together five ministries, the Finnish National Board of Education, the Association of Finnish Local and Regional Authorities, trade unions, employers' associations, labour market organisations and a youth organisation, to review the Social Guarantee and provide recommendations on a new provision. Twenty-one recommendations have been developed to define the new provisions. The WG decides on the allocation of funds and steers the implementation process. The Ministry of Employment and the Economy has the overall co-ordination responsibility in the implementation of the guarantee. The Ministry of Education and Culture has the responsibility to co-ordinate the Educational guarantee and the Skills Program for Young Adults.

The youth guarantee is implemented across administrative borders through cross-sectoral partnerships at regional and local level and with a strong vertical co-ordination across governance levels. At municipal level, each municipality has to form a youth guidance and service network to monitor youth unemployment and co-ordinate local youth employment programmes accordingly. It is not obligatory for this network to include Youth Guarantee in its agenda, however, most of the networks have done so (some 80% in 2013). The Association of Finnish Local and Regional Authorities disseminate information on good practices and promotes opportunities for local authorities to implement the Youth Guarantee. At regional level, the regional ELY-Centres are responsible for creating a co-operation network for guidance and counselling services operating in the region, which are tasked with coordinating the provision of guidance services and monitoring the availability and quality of services. Youth guarantee co-ordinators located in ELY-Centres and PES offices operate as a link between the national and regional levels.

Awareness raising. A national media campaign was designed to spread information on the new provisions and encourage parents and youth to contact PES offices to request and benefit from the services. The media campaign is also intended to foster the involvement of other stakeholder including employers.

Source: www.nuorisotakuu.fi/en/youth_guarantee; OECD (2014), "Local Implementation of Youth Guarantee: How to make it work?", *OECD Local Economic and Employment Development (LEED) Working Papers*, OECD Publishing, Paris.

The third group are those young people who are not eligible for JSA as a result of high family income and other youth not claiming any benefits. For these youth, exclusion from the Youth Guarantee is difficult to justify in theory, except these may not be a highly deprived group. The obvious problem is that they are outside the welfare system and thus potentially hard to reach and engage. The Youth Service has potential value for this group as well as for any others outside the welfare system (e.g. those on the edge of criminality). Therefore, for operational reasons, the starting point for a proposed strategy to implement the Youth Guarantee will be to focus on those on unemployment benefits, but outreach to these marginal groups would need to be developed as the Guarantee matures. Further the numbers appear to be far smaller in Ireland than in other comparable countries.

PROGRAMME CONTENT OPTIONS

Effective delivery of a youth guarantee has a number of key requirements. First, the programme options delivered should be effective in raising job entry. It is common for participants in programmes to reduce job search whilst on the programme (training scheme or work experience). On the one hand, this is due to the reduced time available for job search and a sense that job search will be best on completion of the programme. On the other hand, participants in work experience programmes may hope that the current employer will keep them on and, hence, only resume job search when it is clear that this is not going to occur. This means that the first effect of programme participation is to reduce job entry. This is called the lock-in effect (Sianesi, 2001). Positive programme effects then follow in the first few months after programme completion. In some cases, these employment gains compared with a well-constructed comparison group decline over time. However, there are examples of cost-effective programmes where this is not the case. For instance, the Future Jobs Fund programme in the United Kingdom saw near 10 percentage point increases in employment (or lower welfare receipt) up to two years after completion (Box 2).

Box 2. The UK Future Jobs Fund: impacts and costs and benefits

The Future Jobs Fund (FJF) was introduced in October 2009 with the aim of preventing long term “scarring” of young people as a result of the recession. The programme was designed to build skills and work experience for disadvantaged young jobseekers to assist them in securing long-term unsubsidised employment after completing their FJF subsidised job. Time spent in a FJF job is therefore not regarded as an end in itself, but rather as a means of providing skills and experience to help participants to move into unsubsidised employment after the FJF job has ended.

The programme was implemented by the Department for Work and Pensions (DWP) in partnership with the Department for Communities and Local Government (DCLG), and with input from Jobcentre Plus Regional Government Offices in England and the Devolved Administrations in Scotland and Wales. Any organisation from the public, private or third sector from across Great Britain was eligible to bid for funding for the creation of jobs on the condition that the posts met the following criteria:

- Each job had to be at least 25 hours per week;
- Jobs had to be paid at least at the minimum wage;
- The jobs were required to be “additional” posts; i.e. posts that would not exist without the FJF funding and that would not otherwise be filled by the employer as part of their core business;
- Jobs were required to last at least six months;
- The work had to benefit local communities; and
- Providers were required to provide support for employees to move them into long term, sustained employment.

Box 2. The UK Future Jobs Fund: impacts and costs and benefits (*cont.*)

The cost paid to each organisation was a maximum of GBP 6 500 for each job: 40% (GBP 2 600) was paid in advance to cover set up costs; and the remaining 60% (i.e. up to GBP 3 900) was claimed in arrears based on actual weeks worked by FJF employees (i.e. GBP 150 per week for a maximum of 26 weeks). Over the lifetime of the fund, 481 organisations, mainly in the public and third sector, received funding. Jobs were offered by grant recipients with referrals being made through Jobcentre Plus.

Participants started on FJF posts between October 2009 and March 2011. On 25th January 2010, the Government formally introduced the Young Person's Guarantee (YPG) with the following options:

- Apply for jobs created through the Future Jobs Fund (FJF);
- Apply for a job in a key employment sector, with pre-employment training if needed;
- Take up work-focused training;
- Take a place on a Community Task Force;
- Access help with self-employment; or
- Access equivalent provision delivered through New Deal for Young People in Flexible New Deal phase 2 areas.

The YPG was introduced initially as a voluntary programme. The guidance was that it would be available to young people who had been claiming Jobseeker's Allowance for at least six months. From 24th April 2010, while the YPG remained voluntary for young people who had been claiming JSA for six months, young people reaching the ten-month point of their claim were required to take up one of the options. If they were unwilling to take up one of the programmes above, participation in the Community Task Force became mandatory with the possibility of sanctions for non-attendance.

Total funding of around GBP 1.3 billion was pledged to the FJF between October 2009 and March 2012, to create around 200 000 jobs. However, following budget cuts in 2010, the Coalition Government ended certain elements of employment programmes, including the further provision of temporary jobs through the YPG. As a result, DWP stopped accepting any further bids for the programme from providers, but stated that existing guarantees would still be met. By the end of March 2011, just over 105 000 FJF jobs had started.

A rigorous evaluation of the employment impact and cost-benefit ratio of FJF was launched in 2009. The full estimated impact of FJF is to reduce time on welfare support by 59 days and increase unsubsidised employment by 90 days over the four years after starting a job. However, experience from other labour market programmes indicates that this rate would be likely to decay beyond the two years for which participants were followed, in which case the cumulative impacts would be less.

The evaluation also showed that there is considerable uncertainty regarding the costs and benefits of the FJF programme. However, under all of the scenarios considered in this analysis, the programme is estimated to result in a net cost to the Exchequer and a net benefit to participants, their employers and society as a whole.

Under the baseline assumptions, the FJF programme is estimated to result in:

- A net benefit to participants of approximately GBP 4 000 per participant;
- A net benefit to employers of approximately GBP 6 850 per participant;
- A net cost to the Exchequer of approximately GBP 3 100 per participant; and
- A net benefit to society of approximately GBP 7 750 per participant.

Box 2. The UK Future Jobs Fund: impacts and costs and benefits (cont.)

Under the baseline assumptions, the total net cost of the programme to the Exchequer was estimated to be approximately GBP 330 million. The gross cost to the Exchequer was approximately GBP 720 million but it is estimated to have recouped roughly 50 pence for each pound that was spent on the programme. The longer the beneficial impacts of the programme persist beyond the 104-week tracking period, the greater the estimated net benefit to participants, the Exchequer and society would be. However, these impacts would have to persist at a sustained rate for many years for the programme to result in an estimated net benefit to the Exchequer.

Source: Impacts and Costs and Benefits of the Future Jobs Fund, Department of Work and Pensions (2012).

In addition, it has been frequently found (e.g. in the meta-analysis by Greenberg et al., 2004) that the “work first” approach of employment programmes dominates the human-capital approach of training measures, and Sianesi (2001) finds that those programmes providing subsidised workplace experience and on-the-job training at an employer are not only cheaper, but considerably more effective for participants’ subsequent labour market success than classroom training courses. This was also the experience of the UK New Deal programme (Dorsett, 2006). Yet, more sustained education or skill enhancing programmes can have long-term benefits. This is particularly the case when job-entry rates without intervention are low for the target population and/or when work experience placements are constrained or require a pre-placement period of basic skill enhancement. In these cases, it is reasonable to believe that intensive training/education can be a valuable investment.

In light of this evidence, a number of key lessons for operationalising work experience and vocational programmes should feature heavily in a Youth Guarantee:

1. The quality of the placement matters in terms of enhancing job entry. Work creation schemes such as collecting litter, cleaning up public spaces offer little that future employers are likely to be looking for. The success of the Future Jobs Fund in the United Kingdom supports this view as, within the scheme, work experience (at no cost to employers) was subsidised on the basis of the quality of the experience the firm was offering in a proposed placement. On the other hand, under the New Deal for Youth taskforce, places were offered to make up numbers to deliver the guarantee part but these elements were found to be less successful in terms of subsequent job entry (Dorsett, 2006).
2. Job entry can be enhanced even whilst a person is on the programme by job search activation and support, especially toward the end of a placement and immediately after a placement is completed. This is difficult to operationalise for recruitment subsidies or internships (such as JobsPlus or JobBridge) during the supported period when there is a clear expectation that the person will stay with the firm, as job search efforts would imply the person is not expecting to stay (this is discussed further). However, more generally, full-time programmes (except internships or subsidised job hirings) are not necessary, and allowing at least a day a week for active job search adds value to work experience and training programmes. Overall, part-time, three-day-a-week placements combined with supported job search can be as, or more, effective and cheaper. It is also important to recognise that even in the depth of recession the prospects of an individual gaining employment are not zero and in a recovering labour market these improve even further (as is clear in the claim survival curves presented above). Thus melding support programmes with support for effective job search is essential.

3. Whenever possible, providers (firms, NGO etc.) should be given incentives to promote an employment entry outcome on the completion of a programme. This will include reward payments for successful destination outcomes or retention payments for firms that keep workers on at the end of a programme placement, including internships or recruitment subsidies. These are built into JobsPlus currently, in the form of a monthly payment but more could be done elsewhere.
4. The immediate post-placement period is critical and everything that can be done to support job search and recruitment must be built into the programme's design. The beneficial effects of work experience and vocational courses dry up quite quickly if a person does not find work soon after programme completion.

Programme elements

Activation and job search support

The Irish government is developing a system of activation and job search supports for the unemployed which is being rolled out across the country. This involves: *i*) group support sessions; *ii*) one-to-one intensive engagement with a case worker; and *iii*) development and implementation of a Personal Progression Plan. The more intensive forms of this support package start at different unemployment durations based on each person's PEX score. Given the high cost of intensive work experience or vocational training placements relative to these services, it makes sense to engage these support services sufficiently early and with sufficient intensity to reduce flows onto subsequent high-cost programmes. Monthly meetings between caseworkers and their clients is a sensible frequency. These services should also be delivered on completion of more intensive programmes. Perhaps less obvious is that, with the possible exception of those on JobBridge or JobsPlus recruitment programmes, such activation and engagement should continue through programme participation and especially in the last few weeks of placements. As mentioned above, programmes should seek to avoid crowding out job search, including by making them part-time to facilitate search efforts. In the Irish context, job search assistance after-care for those participating in programmes is not highly developed and some extra investment in this area by PES and local/private job search support agencies would be worthwhile.

JobBridge/JobsPlus

Recruitment subsidies, such as JobsPlus, and employer recruitment to internships, such as JobBridge, are difficult to utilise extensively for a duration-based Youth Guarantee that aims for immediate starts as people pass a fixed duration-based marker. This is because they are based on employer initiated hiring and thus the employer determines both the selection of the candidate and the timing of the recruitment. They can be of great value if available in periods before the intended Guarantee implementation date to reduce the flow into other core programmes. As it stands, JobBridge, which claimants become eligible for at three months into a claim, follows a hybrid of an internship and work experience model. As such, it involves a relatively long period before firms need to make a decision (six or nine months) to retain the internee, and, thus, with EUR 50 extra a week plus potential lock-in effects, it is an expensive programme. Making JobBridge shorter, followed by a standard (i.e. waged) job probationary period would probably not reduce subsequent employment retention for participants and may have limited effects on the number of places offered. JobsPlus already offers a substantial retention bonus for employers retaining a JobBridge participant as an employee at the end of the internship and this could be maintained for a shorter JobBridge programme. A shorter JobBridge which is more clearly a work trial rather than a work experience placement would thus allow for the development of a new work experience placement where the start date is under the

control of the PES, a vital component for delivering a Youth Guarantee. This is discussed further below. It would also release resources for other programme elements.

JobsPlus is currently on offer from 12 months of unemployment duration at a cost of EUR 7 000 paid to the employer over a period of 24 months. There is a risk that such subsidies carry high deadweight cost as the employer would either be recruiting anyway – hence planned recruitment is just brought forward to take advantage of the subsidy – or is substituting a person eligible for the subsidy for one that is not ineligible with no net impact on job creation or unemployment. Such substitution of a long-term unemployed person for a shorter-term one has some value but when the eligible person is about to enter an expensive programme then the value of getting them straight into work is enhanced considerably. Given low exit rates from benefits in the three to nine month duration of claim period, especially for JSA claimants with below third-level education, extension of JobsPlus subsidies to young people in this zone (or say at least three months before a core programme of work experience or workplace training starts) is likely to prove cost effective. JobsPlus also has clear value in promoting employment on completion of core programme placements. The aim being to boost job entry through subsidies either side of other elements of a Guarantee in order to reduce the flows eligible for the full Guarantee and raise post-programme employment rates. The early use of JobsPlus for youth before 9 months duration might be offered at a lower level of subsidy than currently utilised at 12 months duration. So for instance a JobsPlus recruitment subsidy of EUR 3 500, available for all or part of a window of between three and nine months, prior to the full Guarantee coming into force, would be financially attractive. This lower subsidy might be restricted to those with lower job entry chances (PEX scores) but even for those with higher chances of getting work, accelerating job entry and avoiding the costs of the more intensive Phase 2 programme elements might prove financially worthwhile.

Education and training courses

Education and training courses will be an essential part of a Youth Guarantee delivered at key duration dates. In discussing them it is useful to distinguish between classroom-based courses – whether centred around basic-literacy or more advanced Post Leaving Certificate level – and those involving a significant amount of time in an employment setting.

- Basic Literacy/Numeracy and Foundation courses – Such courses tend to have little or no impact on immediate job entry but can raise longer term employability and wages. Thus they may well be worthwhile for those with very low educational achievement but they must not be allowed to displace job search. Thus such courses should start early in a claim as there is no value in delaying them to see if job entry occurs without this intervention. They are not really about immediate job entry but trying to address acute and long-term labour market disadvantage. What also follows is that they should be part-time to allow space for job search and that job search monitoring and support should be ongoing whilst the claimant is participating, such as the monthly one-to-one session with a claimant advisor and a Personal Progression Plan. Where the courses can lead to recognised qualifications, bonus payments for completion and achievement can try and address drop out which occurs frequently, especially if the participant gains employment during the course delivery window.
- Advanced Classroom Courses – Ireland has programmes to support return to education for more advanced courses – the Back to Education Allowance Scheme (BTEA) and Springboard which forms part of the Part-time Education Option (PTEO). Again these programmes are more about raising longer term employability than immediate job entry and so they are useful part of the offer to

the young unemployed and should be available early in claims. Furthermore, as with basic skills courses, the focus on effective job search needs to be maintained through periods of part-time educational participation. Such course should be viewed as enhancements to the participants' long-term employment prospects but must not inhibit current effective job search. The Back to Education Allowance is more problematic in this regard as it concerns full-time educational participation.

- Vocational Training with employer based experience – Apprenticeships are very valuable, especially for unemployed youth. However, as discussed in the last section of the report, they should also be seen in the context of extending education participation more generally and preventing youth from leaving the education and training system without adequate qualifications for the labour market.
- Local Training Initiatives/Traineeships – There are a large array of vocational-based intermediate programmes which will be delivered by the new ETB's. These offer a mix of education/vocational training and some represent pre-apprenticeship access type courses (i.e. lead onto further more advanced course participation). Whether these programmes form part of the options in an initial phase of a Guarantee or to deliver the backstop full Guarantee probably depends on how successful these courses are in securing job entry. The Momentum programme offers extensive re-training for the long-term unemployed in skill shortage areas, with the curricula being employer led. Its justification is that the claimants current job entry chances are low and thus the short term costs of reduced job search are small and that extensive retraining in shortage areas will thus be valuable to them in the longer term. However, the number of places under Momentum is currently small.

A useful addition to this space might be a similar programme for youth only in sectors with high likelihood of future vacancies, such as hotels, retail etc. In this context, employers anticipating future recruitment needs may be prepared to engage in a programme that offers tailored training for their sector with significant employer involvement in its design, in return for participants being offered a guaranteed job subject to acceptable performance on the programme. The courses would be relatively short 12 to 18 weeks and would be designed to equip participants for a range of entry jobs in target organisations. Participants might not receive a wage but only a training allowance whilst on the training programme but the employer-guarantee offers high value to the PES compared to other training programmes whilst the tailored training obtained is valuable to employers (and as such is rather like JobBridge but with more explicit training and a clearer focus on lower skill levels).

Additional elements

Out of the above discussions and approaches there are unlikely to be enough places for the operation of a Youth Guarantee. This suggests the need for the following additional elements.

ILMs (Community Employment/Tús)

Community Employment and Tús are targeted at very long-term unemployed in high unemployment areas. They offer permanent positions and as such are rarely appropriate for young people where progression into regular work should clearly be the expected destination. So a variant that is perhaps worth exploring would be the development of an Intermediate Labour Market or Transitional-Jobs (as they are called in the United States) model. In this case, the placements would be with Community Employment/Tús or social enterprises but the delivery organisation would be paid substantial rewards for moving the person into regular employment but rather little to meet current

wage costs of employing the participant. This would require the development of a business model from a combination of commercial contracts (e.g. home insulation, cafes, parks/gardens, etc.), state contracts to support the current employment of participants and incentive payments for moving people into regular employment. The Wise Group in the United Kingdom is an example of this⁵ – and such models are often focused on those with high end needs (those at risk of long-term exclusion such as the homeless or those with mental health problems). Thus the upfront payments to providers would be well below current CE/Tús levels but with big incentive payments for moving people into regular employment which makes the funding of the model work. Such a model could be developed quickly from CE/Tús placements and more steadily for social enterprises if there is not a strong sector already. The focus would clearly be on low PEX group and perhaps most particularly those in the stock of unemployed with already long or repeat unemployment exposures. Over the medium term such a programme might be developed for those who fail to get work after having participated in multiple (training, work experience, JobBridge) programmes already.

Work experience

JobBridge is mainly a recruitment support (a trial period) programme rather than a work experience programme. In the sense that the expectation is that a large fraction of participants will be hired by the firm they are placed with. This is borne out by assessment data where about half of employment attained whilst on JobBridge or in the immediate post-completion period is with the host firm (Idecon, 2013). On the other hand, a pure work experience programme would be primarily about giving young people (and sometimes very long-term unemployed) a period of work to try and overcome their lack of (recent) experience when applying for work. There may be training allied to the placement but that is not the dominant motive. Similarly, participants might be kept on by the employer but again this is not the expected norm. As such not all places need be with regular market or public sector employers and hence charities, social enterprises and even sectors like theatres and other arts bodies have valuable experiences to offer young people. Experience suggests that quality of the placement, in the sense of its value to potential future employers, is central to the success of such programmes. Thus, it should look like regular work (for instance, employers should be able to fire participants for not turning up, etc.). Hence, getting a good reference from a reputable employer/manager is the key added value alongside CV enhancement and networks. To deliver a Youth Guarantee, Ireland needs to develop such a programme where the employer cannot be the primary selector of participants (though they may be offered a choice) so that something for even the most unattractive job seeker can be delivered. Also the employer should not be determining the start date so PES can deliver on the time limit duration objective. Typically such placements are paid on a “benefits plus” basis, which may be equivalent to a minimum wage position. Placements are often part-time with the additional time used for job search and attending courses to help find regular work. Supporting job search, especially toward the end of placement and immediately afterwards is essential. Financial incentives may also be offered to those delivering places for successful outcomes (these might include keeping the person on a JobsPlus award). Employers have extensive networks and their recommendations can carry weight and such payments also encourage the providers of work experience places to focus on the ultimate aim of job placement in regular employment.

Campaigns and one-stop employer engagement

Employers can often close doors on young people in recruitment when unemployment is high owing to abundant availability of more experienced job seekers (which is why work experience is so valuable for the young). Active campaigns by the government or local groups (including employers) can seek to boost employment offers to young people and raise employers’ willingness to recruit at all,

5. www.thewisegroup.co.uk/content/default.asp?page=s1_14.

especially for SMEs and for apprenticeships. Such campaigns can utilise both Corporate Social Responsibility and broader country/area economic performance arguments. Employers both at CEO level and secondments to campaign teams (PR, Marketing, HR functions) have huge potential in supporting such campaigns as business-to-business engagement is often more powerful than through government. Local (e.g. city or region) campaigns can potentially be more successful as they create positive publicity for firms. Another related area of boosting provision is the use of riders in public procurement contracts that can be used to request additional apprenticeships or work experience places by organisations (within EU regulations).

SUPPORTING POLICIES

Activation and job search support

DSP is developing a revamped activation and job search support system under the mantle of Pathways to Work. Evidence from the UK system of fortnightly/weekly interview and signing in suggests that this type of monitoring is costly and time intensive. Furthermore it is a backward looking monitoring system rather than a forward looking motivational tool. Whilst there is clear evidence that such activation increases job entry (and some increase in flows onto disability benefits), see McVicar 2008, this approach may not be optimal especially with scarce resources. The Pathways to Work model for youth is proposing to adopt a monthly interview system to be used as an opportunity to update the Personal Progression Plan. It should and it seems that it will be focusing on identifying upcoming job applications and promoting activity and the quality of job application (CV, interview, etc.). Thus, it is more forward looking than the UK model. However, low-cost, web-based tools should be developed to support the case worker in monitoring past efforts and to call those who appear to be making little effort in for an interview to boost activity. Online job search diaries where the claimant posts all job search activities undertaken, application letters and details of interviews could also be developed with a low administrative cost and limited time costs for the job seeker. The local PES offices or local job search support NGOs would need to have computers available but job seekers need access to these for job search in any case. With such tools case workers can very quickly ascertain if action is needed, making one-to-one meetings forward looking and proactive for most jobseekers. Such a system is under trial in the United Kingdom with encouraging signs.

Extending education/apprenticeships

The recession has produced a collapse in youth employment which young people have responded to, sensibly, by extending educational participation. This suggests that the room for further use of education/apprenticeships might be limited. However there may be groups where further strengthening of this response could be developed. There are moderate numbers leaving school at age 16 with no Leaving Certificate (LC) or just the basic Leaving Certificate. Youth with additional problems on top of low school attainment are likely to be over-represented in this group. There is a well-developed system of re-engagement for under-16s dropping out of school through local education welfare boards and the Youth Reach and Community Training Centre programmes that appear reasonably successful in generating re-engagement.

There remain, though, some areas that might be worth considering. Around 15% of the stock of unemployed young people lack the Leaving Certificate, although they represent a smaller share of the young people in general as their unemployment rate is nearly twice the average. The bulk of the young unemployed though have the Leaving Certificate but no Post-Leaving Certificate qualification (see Table 2 based on the Quarterly National Household Survey). This is partly due to those leaving education at the LC stage or starting but not completing higher level courses. As the bulk of any age cohort of young people do start Post-Leaving Certificate and third level courses, drop out and subsequent entry onto the unemployment register is reasonably frequent.

A number of UK Local Authorities run prevention programmes to try and prevent early school leaving. They typically identify at risk youth via a mix of local knowledge (teacher and youth workers) and a set of Risk of NEET Indicators (so-called RONIs – see Box 3 for an example of how these are identified in Wales). These risk factors include children in care, evidence of truanting/expulsion and poor attainment and deprivation markers. The young person then receives more intensive engagement around careers guidance and educational progression at critical junctures from around age 14. A similar programme is being implemented in Belgium (see Box 4). These approaches have had some evidence of success in reducing NEET rates among the under 19s and may provide some valuable insights for reducing school leaving in Ireland at the Leaving Certificate stage. There may well be some potential for developing a map of destinations of participants in various such courses and to assess which people, courses and institutions are associated with such high drop-out rates and develop a response perhaps along the lines of the PEX/RONI markers of risk. Financial incentives to institutions to address high drop-out rates could also be considered. Tracking data to facilitate destination assessment has proven important for prevention work in this area in the United Kingdom. In Finland, the Youth Guarantee is accompanied by an education guarantee, whereby youth leaving basic are guaranteed a place in upper secondary school, apprenticeship, vocational education and training or some other remedial education programme (see Box 1). As noted earlier, this is less of a problem in Ireland than in many other countries, but extending education participation among the small group who do not complete the LC and those who do not go on to complete PLC or third level qualifications could offer a reduction in new entries to unemployment benefits.

**Box 3. Criteria for the identification of young people who are potentially NEET:
Keeping in Touch project, Wales**

As part of their Keeping in Touch strategy, Careers Wales North East – more specifically, the counties of Wrexham and Swansea – have developed a data-led approach to identify youth at risk of becoming NEET. These have been used and refined across North Wales over a number of years and are listed below:

- Looked-after status;
- Carer;
- Statement of Special Education Needs (SEN);
- Participation in School Action (SA) – i.e. the involvement of extra teachers and may also require the use of different learning materials, special equipment or a different teaching strategy – or School Action Plus (SA+) – used where SA has not been able to help the child make adequate progress; at SA+ the school will seek external advice;
- Poor literacy and numeracy skills;
- Likely to achieve low/no qualifications at end of Year 11;
- History of poor attendance or that of older siblings; history of repeated fixed-term exclusions; or persistent truancy;
- History of offending behaviour; likely to become involved in antisocial behavior;
- Fixed-term exclusion;
- Drug/alcohol issues/family with history of drug /alcohol issues;
- Receives support over and above usual entitlement: e.g. sustained input from services;
- Pregnant, a history of pregnancy or have a dependent child;
- From a family with low economic activity /joblessness (based on knowledge of practitioners involved in the identification process – teachers, career advisers, youth workers); and
- Low aspiration or from a family with low aspirations (based on knowledge of practitioners involved in the identification process – teachers, career advisers, youth workers).

**Box 3. Criteria for the identification of young people who are potentially NEET:
Keeping in Touch project, Wales (cont.)**

Other factors are also considered alongside the above – youth supported by social services, living in a ward with high economic inactivity and ethnic minority background indicators – and these are used by Careers Wales staff (careers advisers and personal advisers), senior school managers and inclusion co-ordinators, youth workers in education and learning.

Source: Arad Research (2011), “Efficiency and Innovation Board: New Models of Service Delivery: A study of approaches to increase the proportion of young people in education, employment or training, with a focus on potential and actual efficiency savings”.

**Box 4. Early intervention: PES-school partnerships to prevent disengagement
(Ghent, Flanders, Belgium)**

Within the OECD, local PES offices are increasingly involved in preventive approaches to facilitate the school-to-work transition. In Ghent (Flanders), the VDAB (the Flemish PES) has developed an intensive co-operation with secondary schools running special information sessions to prepare pupils for the labour market. The Ghent labour office has put together a special toolkit with two hours of teaching material for use in the classroom. The assumption is that teachers do not have the sufficient knowledge about how to prepare CVs and job applications and this free toolkit helps them do just that. VDAB advisers intervene in the schools to train groups of teachers so that they can prepare for those kinds of lessons and obtain answers to all the specific questions they may have. This partnership is actively sought by the Ghent labour office with regular visits from PES staff in the local schools. Equally, the PES organises special information sessions about recruitment and apprenticeships which teachers attend with their pupils. The Ghent labour office plans to further intensify this partnership in the future.

Source: OECD (2014), “Local Implementation of Youth Guarantee: How to make it work?”, *OECD Local Economic and Employment Development (LEED) Working Papers*, OECD Publishing, Paris, forthcoming.

References

- ACEVO (2012), *Youth Unemployment: The Crisis We Cannot Afford*, London.
- Dorsett, R. (2006), “The new deal for young people: effect on the labour market status of young men”, *Labour Economics*, Vol. 13, No. 3, June, pp. 405-422.
- Dorsett, R. and P. Lucchino (2013), “Visualising the school-to-work transition: an analysis using optimal matching”, *NIESR Discussion Papers*, No. 414.
- Greenberg, D., K. Ashworth, A. Cebulla and R. Walker, R. (2004), “Do welfare-to-work programmes work for long?”, *Fiscal Studies*, Vol. 25, No. 1.
- Gregg and Tominey, (2005), “The wage scar from male youth unemployment”, *Labour Economics*, Vol. 12, No. 4, August, pp. 487–509
- Idecon, International Economic Consultants (2013), “Idecon’s Evaluation of JobBridge: Final Evaluation Report”, April.
- Machin, S. and A. Manning (1999), “The causes and consequences of long-term unemployment in Europe”, *Handbook of Labor Economics*, Vol. 3, pp. 3085-3139.
- McVicar, D. (2008), “Job search monitoring intensity, unemployment exit and job entry: Quasi-experimental evidence from the UK”, *Labour Economics*, Vol. 15, No. 6, December, pp. 1451-1468.
- Sianesi, B. (2001), “Differential effects of Swedish active labour market programmes for unemployed adults during the 1990s”, *IFS Working Papers*, No. W01/25.