EXPLANATORY MEMORANDUM ON A EUROPEAN UNION DOCUMENT

COURT OF AUDITORS SPECIAL REPORT: EU YOUTH GUARANTEE FIRST STEPS TAKEN BUT IMPLEMENTATION RISKS AHEAD

Submitted by the Department for Work and Pensions  F June 2015

SUBJECT MATTER

1. The European Court of Auditors (ECA) has produced a special report on progress with the European Youth Guarantee and allied funding arrangements. This has been sent to the Council and the European Parliament; and to the European Commission, whose reactions are included in an annex to the report.

2. The ECA explains that its audit sought to assess whether the Commission provided appropriate support to Member States setting up Youth Guarantees and to review possible risks to their implementation. A survey of the youth unemployment situation across Europe is followed by consideration of the European Youth Guarantee and EU funding to tackle youth unemployment available through the European Social Fund (ESF) and its subsidiary Youth Employment Initiative (YEI).

3. Council Recommendation 2013/C of 22 April 2013 embodied the idea of a European Youth Guarantee, whereby Member States would offer young people under the age of 25 a job, education or training within four months of their becoming unemployed or leaving formal education. The Commission invited Member states to submit a "Youth Guarantee Implementation Plan" (YGIP) describing the measures they were putting in place, and it is establishing a monitoring framework to keep track of Member States’ progress. The ECA report addresses itself to the Youth Guarantee in terms suggesting that it is an EU scheme or programme; however, since a Council Recommendation is not binding, there is no question of implementation being required of a Member State. The UK chose to continue with its existing plans rather than adopt every recommendation, in particular the idea of a 4 month trigger period in all cases.

4. The report gives prominence to the ESF and YEI as sources of funding for the Youth Guarantee. Receipt of these is not conditional on a Member State establishing a Youth Guarantee. In the UK measures to address youth unemployment are being implemented through national programmes as well as through the European Social Fund and the Youth Employment Initiative.

5. The report concludes that Commission did provide sufficient and timely support to Member States setting up Youth Guarantees, for example providing guidance and giving feedback on YGIPs promptly. The report also identifies a number of risks to the effective implementation of the Youth Guarantee. First it worries that the EU funding provided may not be enough to implement Youth Guarantees, and recommends that Member States submit information to the Commission to enable it better to assess funding needs. The report also expresses concern that the lack of a consistent definition of the quality of the offer made to young people risks inconsistency across Member States, and recommends that the
Commission explores using the definition that is in its guidance for projects funded through the YEI. Finally, the report notes the absence of a comprehensive monitoring and reporting system covering all measures embraced by the Youth Guarantee. It recommends that the Commission puts such a system in place and reports to the European Parliament and Council.

6. The Commission’s reply to the Report is reproduced in an annex to the report (page 40 et seq.). The Commission recalls in general terms that on the Youth Guarantee it operates in a soft-law environment on the basis of a Council Recommendation, not all of which is relevant to every Member State. In response to the ECA recommendation on funding the Commission says it would welcome a better overview of Member States’ estimated costs. On a uniform definition of quality the Commission explains that consistent “one-size-fits-all” application of the Youth Guarantee across Member States is not possible and would be against the spirit of the Council Recommendation. The Commission ends by outlining the monitoring activities that are in place, including under the European Semester process, and improvements to statistics that are in hand.

SCRUTINY HISTORY

7. Scrutiny history of related documents is at Annex A.

MINISTERIAL RESPONSIBILITY

8. The Secretary of State for Work and Pensions has the main responsibility for policies on employment and labour market. The Secretaries of State for Business, Innovation and Skills and for Education have interests in apprenticeships, training and education.

9. As regards EU funding, the Secretary of State for Work and Pensions has the main responsibility for implementation of the European Social Fund and the Youth Employment Initiative in England. The Secretary of State for Business, Innovation and Skills has overall responsibility for the EU structural funds. The Secretary of State for Foreign and Commonwealth Affairs also has an interest arising from his responsibility for international relations. The Chancellor of the Exchequer has an interest as he has overall responsibility for the budget of the European Union.

INTEREST OF THE DEVOLVED ADMINISTRATIONS

10. Except in Northern Ireland, employment policy is an area where responsibility is not devolved. Education and training policy are devolved issues and Scottish Executive Ministers, Ministers of the Welsh Assembly Government and Northern Ireland Ministers have an interest in policies covered by the Youth Guarantee recommendation. In particular, the recommendation suggests that young people should receive an offer of employment, a traineeship, continued education or an apprenticeship. While policy responsibility for the first of these is reserved, the latter two elements are devolved and there is shared responsibility for
latter two elements are devolved and there is shared responsibility for traineeships. The devolved administrations were consulted during the preparation of this EM.

11. Policy on EU cohesion funding is a reserved matter with regard to Scotland and Wales and an excepted matter with regard to Northern Ireland. The Devolved Administrations nevertheless have an interest as they administer EU Structural Funds.

LEGAL AND PROCEDURAL ISSUES

I. Legal Base

12. The report is made pursuant to Article 287(4), second subparagraph TFEU, which provides for the ECA at any time to submit observations on specific questions, particularly in the form of special reports.

13. The Justice and Home Affairs (JHA) opt-in is not a consideration.

   ii. European Parliament Procedure

   Not applicable – the Report is not subject to decision

   iii. Voting Procedure

   Not applicable - the Report is not subject to decision

   iv. Impact on United Kingdom Law

   None.

   v. Application to Gibraltar

   None.

   vi. Fundamental Rights Analysis

   No fundamental rights issues arise from this proposal.

EUROPEAN ECONOMIC AREA

14. Not applicable.

SUBSIDIARITY

15. There is no issue of subsidiarity. The TFEU provides for the ECA to make such reports on EU initiatives.

POLICY IMPLICATIONS

16. The European Court of Auditors report raises no policy issues of concern to the Government, which believes that when considering the ECA’s report it is important to remember that the European Youth Guarantee is not a spending
programme. Rather, the non-binding Recommendation establishing a Youth Guarantee agreed by the Council in 2013 suggested a range of avenues for Member States to explore in tackling youth unemployment, in ways suited to national and local conditions and priorities. The UK does not have a youth guarantee scheme of the kind envisaged by the EU. Instead the Government prefers to pursue its own programme of successful interventions and support for young people.

17. Further, it is clear that the launching of a national youth guarantee scheme of the kind envisaged is not a pre-condition for receiving funding under the Youth Employment Initiative. The Government is pleased to see these points acknowledged in the report. The report offers an interesting appreciation of aspects of progress tackling youth unemployment across Europe, and concludes with the ECA’s ideas about improvements, including to data. On this, the Government will be keen to ensure that any new information gathering activities are justified and minimal.

FINANCIAL IMPLICATIONS

18. There are no financial implications.

CONSULTATION

19. The report contains no legislative proposals; no consultation is planned.

TIMETABLE

20. The Latvian Presidency of the Council will present to the EPSCO Council on 18 June for agreement draft conclusions, noting the report and underscoring the need for approaches to be geared to national and local conditions and focused on practical outcomes.

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