



## Securing a place for young people in the nation's economic recovery

### A rapid response to COVID-19

Supporting young people's employment opportunities – in the immediate and medium term – will be key to ensuring that the UK makes a rapid and full economic recovery from COVID-19. This short briefing note has been prepared by the lead organisations of the Youth Employment Group (YEG)<sup>1</sup>: Youth Futures Foundation, Impetus, Youth Employment UK, The Princes Trust and the Institute for Employment Studies.

We believe the government should respond to the concerns of young people and urgently consider the following priorities to design an appropriate and proportionate response to the present economic crisis.

#### 1. Prioritise funding to support youth employment in any forthcoming labour market response

Supporting young people's education and employment opportunities must be a key pillar of the UK's economic recovery. Young people are critical to getting the economy started quickly and safely. They are adaptable and flexible in terms of skill acquisition and ability to relocate to find employment. They are, however, more vulnerable to economic downturns. In the previous recession, young people saw their unemployment rate grow three times faster than their older counterparts<sup>i</sup>. In this recession, the impact on young people will be greater.

Young people will be hit by a perfect storm of weak demand in the economy and high competition for available jobs - particularly in 'shut-down' sectors<sup>ii</sup>. For those leaving education with low qualifications and/or little or no work experience there will be high barriers to finding that first employment opportunity. Over half of the pupils currently in Year 13 will not go onto higher education, they must now find a job without completing the academic year or having access to any career advice.

There is clear evidence that young people who have repeated and/or long-term spells of unemployment are much more likely to be out of work later in life, to be in poor quality work and have lower earnings<sup>iii</sup>. Research from Impetus using LEO data shows that few people 'escape' from long-term NEET<sup>iv</sup>. There are also knock on effects for physical and mental health<sup>v</sup>. The likely economic and fiscal cost of not intervening to protect young people from permanent labour market 'scars' will be significant and persistent.

Pre-lockdown, 750,000 young people were NEET (not in education, employment or training) in the UK. The Resolution Foundation estimates that a further 600,000 could find themselves unemployed this year<sup>vi</sup>, with estimates from the Institute for Employment studies (IES) and Learning and Work Institute (LWI) that 500,000 young people will become long term unemployed over the next eighteen months.

Swift active labour market interventions for young people can mitigate these potential negative impacts.

Given the scale of the challenge and the potential benefits of directing funding towards a youth employment solution, we recommend the government consider:

- Releasing emergency funding for the Department for Work and Pensions to enhance Jobcentre Plus capacity to deliver mainstream services at greater scale and to commission targeted interventions, ensuring funding is actually spent to meet need.
- Re-directing funding from a phased wind-down of the Job Retention Scheme to support youth-focused retraining programmes and assistance switching sectors for those on furlough or made redundant.
- Updating the apprenticeship levy to enable employers to spend it on pre-employability support and prioritise new starters over existing employees.

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<sup>1</sup> The YEG group brings together around 100 organisations with significant expertise and experience of supporting young people into sustained, meaningful employment.



- Utilising new and existing funding streams to deliver a nationally joined up and coordinated youth employment offer that delivers youth education, employment and training (EET) outcomes, including:
  - European Social Fund / UK Shared Prosperity Fund monies (post April 2021)
  - Jobcentre Plus resources including the Flexible Support Fund
  - Existing skills funding, for example the National Retraining Scheme and new National Skills Fund
  - The National Citizens Service

## 2. Effective government co-ordination

Given the scale of the challenge, a strong response to the current labour market will require a co-ordinated, agile, system-based approach, that is both national and local. We recommend that the government rapidly:

- Establishes a Cabinet subcommittee on employment, chaired by the Chancellor and bringing together DWP, DfE and other ministers.
- Launches a cross-departmental Youth Employment Taskforce, located within the Cabinet Office with a remit to support the Cabinet subcommittee by developing, overseeing and monitoring a three-year national youth employment strategy.
- Convenes a wide range of national, local and cross-sector partners drawing on the membership of the Youth Employment Group, to help shape and co-ordinate the national response.
- Aligns local and national industrial strategies to develop a robust medium and longer term plan for economic growth, productivity and prosperity.
- Embeds and invests in oversight mechanisms and labour market data access to ensure that all funding decisions across departmental silos can evidence impact on rates of youth employment/EET outcomes.

## 3. Support on every step of the journey to employment

The economic impact of COVID-19 will affect many young people, but different young people will be affected in different ways. An effective strategy – as proposed below – makes cost-effective decisions at the right time, ensuring all young people can be moved to productive employment, minimising fiscal and economic costs.

### a) Finding the right opportunity

Government should offer young people a wide range of high-quality career guidance options they can access at their chosen moment to make informed choices. This could be achieved through:

- Promoting, enhancing and expanding online and telephone job advice and connections services, including the National Careers Service, Apprenticeships.gov.uk, recruiter<sup>vii</sup> and VCSE platforms<sup>viii</sup> to include hooks to attract young people to engage, such as critical mass of live opportunities, peer to peer content, music, sport and arts content, competitions, recognition and rewards
- Providing guidance and funding for schools, FE Colleges, youth organisations and Universities to enhance and adapt career support for pupils/students through the Careers & Enterprise Company and others
- Encouraging employers and training providers to offer virtual work experience placements, introductory training courses<sup>ix</sup>, workplace tours, internships, graduate placements and apprenticeships to keep young people safe and widen participation<sup>x</sup>
- A new 'September Promise' guaranteeing access to high quality education or training places this Autumn to every young person who wants one – both to avoid a September spike in NEET but also to improve the longer term employment and earnings prospects for young people; this needs to be particularly focused on supporting those with lower qualifications alongside high-quality careers and employment guidance so that young people can make informed choices about their education and qualification options



- Offering enterprise support to young people who wish to set up their own business through a blend of grants and loans from Government, Social Investors, The Prince's Trust, Unltd and others

#### b) **Moving into work**

For young people entering the labour market or who find themselves newly unemployed, government should prioritise fast access to employment opportunities through commissioning of expanded high quality local employment and careers services. There is good evidence that supply-side interventions for these cohorts are effective and cost-effective<sup>xi</sup>. Rapid action is crucial to prevent young people from becoming long term unemployed. We recommend:

- Young people accessing Jobcentre Plus support should have access from day one of their claim to high quality careers advice and guidance, and to dedicated work coach employment support. Those with specific barriers to work (for example low qualifications, no previous work experience, care leavers, a health condition etc) should have rapid access to locally commissioned support services on a voluntary basis, for example via adaptation/enhancement of a rebranded Youth Obligation Support Programme, the Flexible Support Fund, and widening existing capacity (with additional procurement where necessary). This cross-sector partnership approach will be crucial to meet high levels of demand (The Youth Employment Group is well placed to act as convener to develop these commitments).
- Any commissioned youth employment response should leverage and build upon (rather than potentially duplicate) existing local youth employment provider services<sup>xii</sup> – particularly where local and devolved administrations already have contracted provision. With support to scale, existing providers embedded in local economies can rapidly engage young people and deliver high quality employment support.
- Encourage the expansion and creation of thematic programmes to support young people into the jobs of the future, led by government funded business / VCSE partnerships. This would address urgent skills mismatches in response to Covid19 (e.g. young people working in agriculture, health and social care) and longer-term skills requirements (e.g. technology, music & media<sup>xiii</sup>, e-commerce).

#### c) **Avoiding long term unemployment**

A bold and positive announcement the government could make quickly would be to offer a job, training place or further education guarantee for all young people unemployed for an extended period of time. We recommend that the government considers:

- Building into the Youth Obligation a guaranteed offer of a job (incentivised via wage subsidy scheme), apprenticeship, or high-quality training place for all young people out of work for more than six months, building on learning from past government programmes<sup>xiv</sup>.

Over time government should also consider incentivising skills and training providers to track learner destinations, achieve employment outcomes from F.E courses and support enhancements in qualification quality and responsiveness to employer skills needs in a rapidly changing economy.

#### d) **Ensure that no young person is left behind**

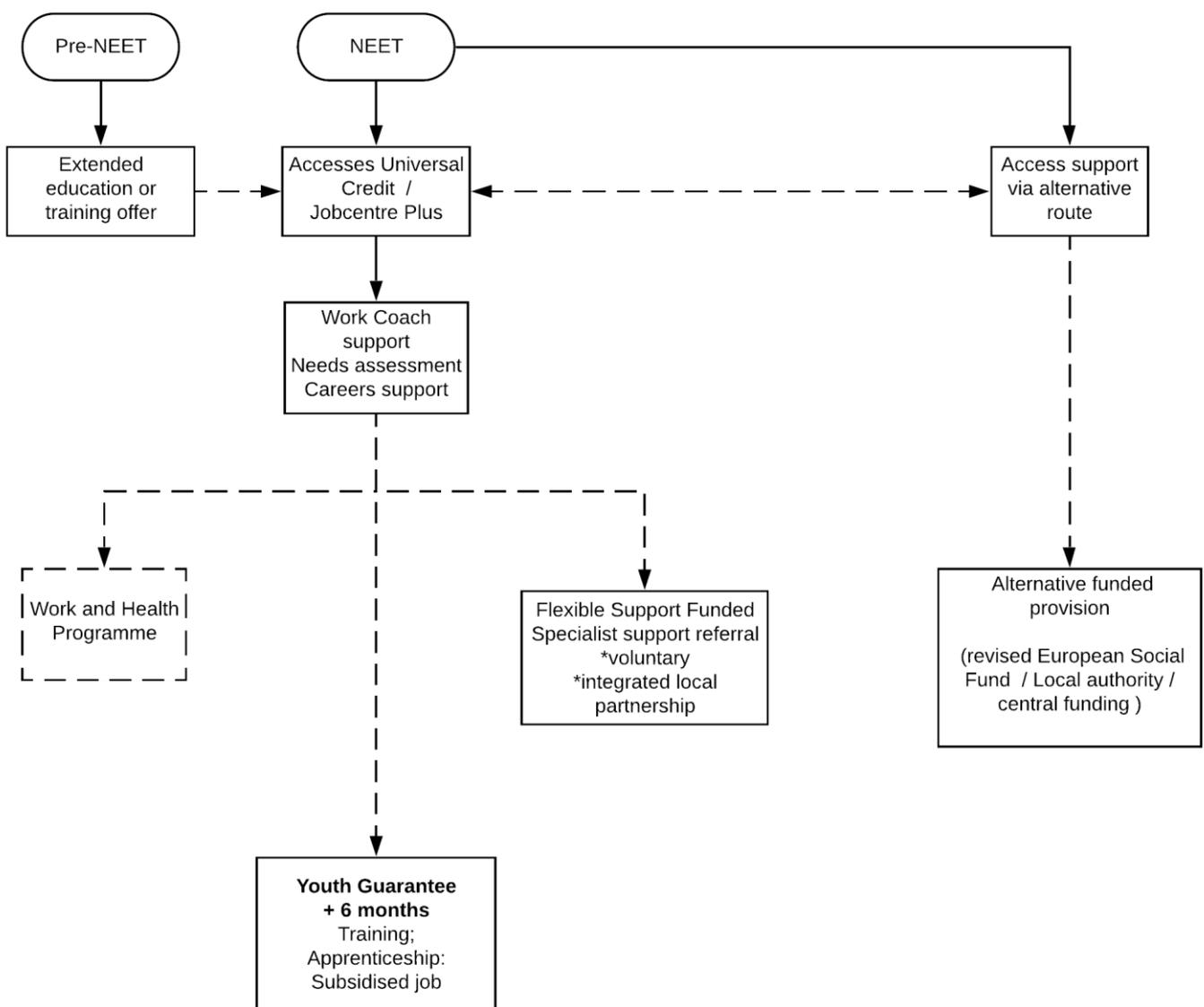
Young people with additional and complex needs should receive targeted, high-quality services to prevent further increases in employment gaps. Before the COVID-19 economic shutdown, youth unemployment was steadily declining, but there were some 750,000 young people neither earning nor learning<sup>xv</sup> and one in ten young people were economically inactive (usually due to health or caring responsibilities)<sup>xvi</sup>. Young people with an existing track record of NEET status are much more likely in present economic conditions to be the least able to access EET opportunities. We know that the pre-existing NEET population is disproportionately low qualified, and disproportionately from a socioeconomically disadvantaged background.<sup>xvii</sup>. Government must not allow these young people to be pushed to the back of the jobs queue in the recovery.



We recommend:

- Focusing on the specific needs of different groups, including young people from Black, Asian and Minority Ethnic backgrounds, care leavers, young offenders, young carers and those with disabilities.
- Ensuring young people are not lost in the system and that there are no 'wrong doors' to accessing support. National government should strengthen Local Authority duties to track NEET / unknown status young people, so they are directed to a training place, employment support or wage-supported job.
- Simplifying funding draw down for ESF programmes already reaching NEET young people to support those sitting outside the JCP system.

### A young persons journey into employment





#### 4. Draw on what young people want and what is known to work

We recommend that when commissioning universal or targeted youth employment services, government builds on what young people want and what is already known to work to support youth employment outcomes.

Data has been collected by and from young people to better understand the current economic situation and uncover solutions. It is vital that this is considered and acted on to ensure high levels of take up and positive outcomes.

There is an extensive body of literature on what works regarding advisor support and a recent rapid evidence assessment by the Youth Futures Foundation and IES found robust national and international evidence to support common features of effective practice<sup>xviii</sup>:

- Targeted referral to address additional needs and barriers
- Effective engagement with, and prompt attachment to, employment support programmes
- Accurate individual needs assessment and triage processes, ideally with embedded tracking data systems to ensure effective case-management
- High levels of personalisation, tuned to individual needs-assessment and goal setting, with regular review
- Wage subsidies and intermediate labour markets (i.e. creating short term, paid jobs where individuals receive support to help them transition to permanent roles)

We also recommend that all employment services are rigorously evaluated to grow the evidence base of what works and to support broader understanding of the drivers of youth employment outcomes. The work of the DWP's Employment Data Lab should be fast tracked in order to support these efforts.

#### 5. Build a better youth employment system overall

Although the scale of the youth employment challenge is large, we urge the government to ensure that the overall focus of any government intervention is to create a stronger, more coherent education, employment and training system for all young people. The levers and partners to achieve sit across different departments and their engagement and cooperation will be crucial.

We recommend that government seeks to ensure that when taken together, government interventions:

- Reduce fragmentation between education and employment services, allowing young people to better navigate and/or transition between services.
- Prevent young people becoming lost in the transition between education or training and work.
- Provide a clearer support journey for a young person moving between education or training and work.
- Reduce local economic skills-mismatches and prioritise youth employment opportunities in local industrial plans.
- In the medium term, focus on young people's career progression by testing (and learning from) in-work support and scaling-up promising interventions to enable young people to move up and off Universal Credit.
- Build and use the evidence base on what works to ensure effective support for all young people into EET outcomes through support and investment into government data initiatives<sup>xix</sup> and partnership working with the Youth Futures Foundation<sup>xx</sup> an affiliate of the What Works Network<sup>xxi</sup>

**The Youth Employment Group will be working through the details of these proposals in the next weeks and we are happy to further share and work with officials on our findings.**



## Endnotes

- <sup>i</sup> Institute for Employment Studies (2020) Getting back to work: dealing with the labour market impacts of the Covid-19 recession. Available at: <https://www.employment-studies.co.uk/system/files/resources/files/541.1.pdf>
- <sup>ii</sup> Joyce, R. and Xu, X. (2020) 'Sector lockdowns during the coronavirus crisis: which workers are most exposed?' Institute for Fiscal Studies Briefing Note, 6 April 2020
- <sup>iii</sup> IBID; IES (2020)
- <sup>iv</sup> <https://impetus.org.uk/blog/2019/youth-jobs-gap-how-early-disadvantage-impacts-youth-employment-outcomes>
- <sup>v</sup> Papoutsaki, Byford, Wilson, Newton (2019) 'Young People's Future Health Inquiry, The quality of work on offer to young people and how it supports the building blocks for a healthy life' Available at: [https://www.employment-studies.co.uk/system/files/resources/files/532\\_2.pdf](https://www.employment-studies.co.uk/system/files/resources/files/532_2.pdf)
- <sup>vi</sup> Resolution Foundation (2020) <https://www.resolutionfoundation.org/press-releases/corona-crisis-could-increase-youth-unemployment-by-600000-this-year-and-scar-young-peoples-prospects-for-far-longer/>
- <sup>vii</sup> <https://www.cv-library.co.uk/career-advice/>
- <sup>viii</sup> <https://www.youthemployment.org.uk/>
- <sup>ix</sup> <https://www.futurelearn.com/>
- <sup>x</sup> Construction firms Morgan Sindall and Willmott Dixon offering [virtual work experience](#) placements. BT, Ipswich Town FC, Suffolk County Council, & the Ipswich Building Society offering [virtual tours of their workplaces](#).
- <sup>xi</sup> Ibid Institute for Employment Studies (2020) *Getting back to work*
- <sup>xii</sup> <http://ersa.org.uk/documents/better-commissioning-local-skills-and-employment-ersa-guide-commissioners-local>
- <sup>xiii</sup> [The Big Music Project](#)
- <sup>xiv</sup> Institute for Employment Studies (2020) *Supporting disadvantaged young people into meaningful work: An initial evidence review to identify what works and inform good practice among practitioners and employers*. Available at <https://youthfuturesfoundation.org/wp-content/uploads/2020/04/v14-IES-evidence-review-FINAL.pdf>
- <sup>xv</sup> Youth Futures Foundation and Impetus (2020) Young, vulnerable and increasing – why we need to start worrying more about youth unemployment [https://youthfuturesfoundation.org/wp-content/uploads/2020/04/YFF\\_NEET\\_Report51.pdf](https://youthfuturesfoundation.org/wp-content/uploads/2020/04/YFF_NEET_Report51.pdf)
- <sup>xvi</sup> Ibid Institute for Employment Studies (2020) *Getting back to work*
- <sup>xvii</sup> Institute for Employment Studies (2020) *Supporting disadvantaged young people into meaningful work*: Impetus (2019) *Establishing the Employment Gap* <https://impetus.org.uk/assets/publications/Report/Youth-Jobs-Gap-Establishing-the-Employment-Gap-report.pdf>
- <sup>xviii</sup> Ibid Youth Futures and IES (2020) *Supporting disadvantaged young people into meaningful work*
- <sup>xix</sup> DWP Data Lap, Learning Educational Outcomes (LEO) data, ONS etc
- <sup>xx</sup> <https://youthfuturesfoundation.org/>
- <sup>xxi</sup> <https://whatworks.blog.gov.uk/about-the-what-works-network/>