



European Employment Observatory

EEO Review: Youth Measures, 2010

United Kingdom

Kenneth Walsh

Training and Employment Research Network

October 2010

This article is the sole responsibility of the author(s)

1. Trends

Youth unemployment¹ remains a persistent problem and policy challenge for the UK labour market which has been exacerbated by the recent economic crisis. This is evident in the key indicators derived from the Labour Force Survey (LFS), as discussed below (with the relevant tables in the Annex).

The employment rate for all three age groups has fallen between 2008 and 2010 but those in the 15-19 age group have been most affected with a 7.5 percentage point decrease. By contrast, the fall in the 25-29 age group was just 3.6 percentage points. This is reflected in the unemployment rate which has risen by 10 percentage points over 2008-2010 for the 15-19s to 28.4 %, compared to 15.1 % for the 20-24s and 9.0 % for the 25-29s. However, the long-term unemployment (LTU) figures show a somewhat different picture where the older age groups are more severely affected. For example, in 2010 (Quarter 1) the LTU rate was 21.1 % for the 15-19s, rising to 25.6 % for the 20-24s and 30.2 % for the 25-29s and the increasing difficulties faced by young people in the labour market are reflected in the significant increases in LTU over the period 2008 to 2010. The rate for the 15-19s increased by 9.0 percentage points and for the 25-29s by 7.2 percentage points, with the smaller increase among the 20-24s of 3.6 percentage points comparing favourably.

The LFS data also show that the proportion of young people on temporary contracts is comparatively small with the highest number among the 15-19s at 14.0 %, which falls to 8.4 % for the 20-24s and then 5.5 % for the 25-29s. Also, while the proportion of early school leavers is still a cause for concern at 17.7 % of 18-24s in 2009, this has fallen by a significant 1.5 percentage points over the previous year which reflects policy interventions aimed at encouraging retention – particularly for the 16-19 age group.

However, the problem of how to deal with the growing number of those not in employment, education or training (NEET) remains challenging. The LFS figures for 2008 are somewhat dated but indicate that the incidence for the 20-24s at 16.1 % is significantly higher than for the 15-19s at 7.9 %. More recent information from the Department of Education² shows that the NEET rate for 16-17 year olds was 5.0 % in the first quarter of 2010 – down from 6.3 % in 2008, but the NEET rate for 18-24 year olds was much higher at 17.6 % in 2010, an increase of 1.7 percentage points from 2008. However, the analysis recognises that within the NEET group there are many variants. For example, three categories are identified with the first of these considered to be out of the scope of any policy (they may be gap year students for example) and these constitute around 22 % of the total (see Section 2.3 for further details).

¹ The definition of 'youth' for statistical and policy purposes in the United Kingdom covers the age range 16-24 and reflects the completion of compulsory schooling at age 16 (Year 11). Furthermore, the focus tends to be on two sub groups – 16-17 years olds and 18-24 year olds and this is reflected in the national data.

² This is a Quarterly Brief but covers England only. Available at:

<http://www.dcsf.gov.uk/rsgateway/DB/STR/d000924/NEETQ12010final.pdf>

2. Measures taken to promote youth employment

The UK has a long history³ of interventions to tackle the ever-present problem of youth inactivity and unemployment. The seminal Youth Opportunities Programme (YOP) introduced by the then Labour government and expanded by the Thatcher (Conservative) government lasted until 1983, to be replaced by the Youth Training Scheme which ran throughout the 1980s. Both programmes focused on training combined with work placements and, significantly, it was during this period (in 1986) that National Vocational Qualifications (NVQs) were first introduced and which have endured as a key plank of vocational education and training (VET). Subsequent interventions have to a great extent followed the same route and the emphasis on providing some vocational training to 16-18 year olds in particular reflects the well documented shortcomings of the education system in the UK.

The main approaches to supporting youth employment and training are set out below under the relevant headings. However, the new coalition government is in the process of reviewing most policy areas and so things could change – particularly after the pronouncements of the Comprehensive Spending Review in October 2010 when the full scale of the planned cuts in public expenditure will be clearer. Already some announcements will affect young people. For example, the Connexions services which provide careers advice, have seen cuts in some areas as local authorities implement savings following reductions in grants from central government. Other changes announced include a new ‘pupil premium’ which gives schools extra funding if they take children from disadvantaged families and a ‘National Citizens Service’ that appears to require that 16 year olds must complete at least ten days away from home participating in outdoor challenges or community work. The full details of these and other measures should become apparent later on.

2.1 School education and training policies

The 2009 Apprenticeships, Skills, Children and Learning Act set out a new approach to, *inter alia*, vocational education for young people, including a revision of the agency structure. Following the closure of the Learning and Skills Council (LSC), the government agency charged with the task of funding post 16 learning, from April 2010 the various elements of its responsibilities were sub divided and the Young Persons Learning Agency (YPLA) now focuses on 16-19 provision. However, local authorities have taken over responsibility for securing suitable education and training provision for 16-19 year olds⁴ and this will become a much more focused activity when the statutory participation age increases to 17 in 2013 and then to 18 in 2015. It is based on the concept that 14-19 year olds will achieve a qualification normally through one of four routes as follows:

- apprenticeships – open to all those with the appropriate entry requirements;
- foundation learning tier – providing clear progression pathways for learners at entry level and level 1;

³ For a chronology of youth measures in the UK to 2001 see:
<http://www.keele.ac.uk/depts/so/youthchron/Education/8090educ.htm>

⁴ Local authorities also have responsibility for young offenders in custody and those with learning difficulties up to the age of 25.

- general qualifications – such as the General Certificate of Secondary Education (GCSE) and Advanced or ‘A’ levels which are the most common route⁵;
- diplomas – at level 1 (Foundation), level 2 (Higher) and level 3 (Advanced).

Local authorities must set out provision in these areas to meet the needs of the ‘September Guarantee’ whereby all 16 and 17 year olds must be offered an appropriate route with support provided where needed⁶.

Focusing on the implications of these changes, a recent study in the London borough of Newham (a relatively deprived area) highlighted a number of concerns that are likely to inhibit progress in reducing inactivity among young people. In particular it found a fundamental difference between what employers tend to look for in young recruits and what policy is trying to deliver. Many employers favoured good softer skills above formal qualifications and there was a lack of contact between education and employers, making the situation more difficult.

However, recent changes have been announced by the new government that involve a simplification of the planning process. Under the new system the YPLA will directly fund general further education colleges, sixth form colleges and other providers, though some types of schools with 16-19 provision will still be funded directly from local authorities. Apprenticeships are not funded through this system but are instead the province of the Skills Funding Agency (SFA) which also came into existence in April 2010.

Apprenticeships have received much attention over the recent period with an expansion in the number of places on offer, facilitated by the development of a new National Apprenticeship Service (NAS) that has streamlined the routes and application process, all with the aim of increasing the reach of this form of training so that by 2020 around one in five of all 16 and 17 years olds, will be in an apprenticeship. This, it is hoped, will be achieved by raising the profile of apprenticeships so that more employers become involved and more young people see it as a viable route. However, the concern is (clearly outlined in a recent report by The Young Foundation) that currently apprenticeships are too closely associated with being an option for low achievers and particularly NEETs, and therefore the aim is to make it an attractive route for those with good academic achievements. Towards this aim, from October 2010 a National Minimum Wage for apprentices is being introduced, set at GBP 2.50 (EUR 2.84) per hour for work and training time.

Careers support relies on the provision made by individual schools with the support of the Connexions service in England and similar provision in the other home countries (such as Careers Wales). Schools encourage work placements, but these are short (one week usually and two weeks at the most) and are not always well organised or supported by the schools and employers concerned. A recent report from LSN Learning highlighted some of the key problems at school that contribute to problems for young people after they leave – many falling into the NEET group. The curriculum post 14 does not have sufficient flexibility to engage those disaffected pupils who would perform better in a practical environment – perhaps spending a year out completing practical training and tasters of work. The Labour

⁵ This does not apply to Scotland where the education system has its own qualifications structures.

⁶ More details of the September Guarantee are available at: http://www.dcsf.gov.uk/14-19/documents/september_guarantee_guidance2010.pdf

government did introduce a 14-19 year old diploma provision to offer a more practically oriented approach, however take-up by schools has been disappointing, not least because of the inadequate funding arrangements. The report also points to the shortcomings in IAG provision to young people, with a need to start it much younger (from age 12 for example) and with an emphasis on connecting the curriculum to the world of work.

2.2 Labour market and employment-related policies and access to benefits

The *New Deal* programme has been around since the late 1990s and for the moment it is the main measure aimed at tackling long-term unemployment⁷. It developed into a range of programmes targeted at particular sub groups such as lone parents, over 50s, and specifically young people. From October 2009, *Flexible New Deal* (FND) was introduced into parts of England, Scotland and Wales which covered all groups and offered a customised approach to those claiming Jobseeker's Allowance – in the case of young people aged 18-24 involvement is mandatory after six months of claiming benefit⁸. It is delivered through providers contracted by Jobcentre Plus and involves a series of activities including personal advice and guidance, development of an action plan and work experience. It is too early to judge the effectiveness of FND and it may even be too late because it is unlikely to survive much longer as the new government is reviewing all support to the long-term unemployed. Previous evaluations of New Deal have produced mixed results (see, for example, Wilkinson (2003)) and to a great extent the success of programmes, such as these, depends heavily on the state of the economy and more particularly the ability of the labour market to create jobs.

The *Future Jobs Fund* programme was launched by the Labour government in the recession to tackle growing long-term unemployment – particularly among young people. Among its provisions was the 'Young Person's Guarantee' (announced in the 2009 Budget) which required all those reaching ten months of unemployment to take up an option from:

- a work placement,
- community task force,
- routes (such as pre-employment training) into work,
- care first careers or work focused training.

Initial figures for the first five months of the programme⁹ show take-up of the various options reaching over 58 000 with the majority (around 70 %) made up by placements from the Future Jobs Fund. However, despite the growing take-up in the programme, it was an early victim of the spending cuts announced shortly after the new government took office in May with savings made by ending the provision of temporary work placements under the Young Person's Guarantee.

The new government has endorsed a cross-departmental review of the financial support available for 16-18 year olds, a process started by the previous government, and therefore

⁷ The new government has announced that current measures will be replaced from April 2011 by an overarching initiative called 'The Work Programme' offering tailored support delivered largely through the private and voluntary sectors.

⁸ For those aged 25 and over the requirement is 18 months claiming Jobseeker's Allowance.

⁹ Full details are at: http://campaigns.dwp.gov.uk/asd/asd1/jsa/ypg/YPG_Statistical_Release_August_2010.pdf

current provisions are likely to change following the publication of the recommendations later in the year.

To encourage young people from poorer households to stay in learning after school, the *Education Maintenance Allowance* (EMA) is available¹⁰. Applicants must be either in full-time education at school sixth form or college, taking part in an *Entry to Employment* programme, or on a programme-led apprenticeship (as opposed to an employer-led apprenticeship where the trainee is employed). The EMA pays out up to GBP 30 (EUR 34) per week, subject to household income and can be paid in addition to other benefits the young person might be eligible for (such as help with the costs of childcare), transport and discretionary support (such as help to buy books and equipment for the training being undertaken). Normally unemployment benefit in the form of Jobseeker's Allowance (JSA) is not payable to those under 18¹¹ and for those over 18 and under 25 the flat rate is currently GBP 51.85 (EUR 58.89) per week¹². Young people are also able to claim other benefits if they satisfy the criteria – such as housing benefit, or the new Employment and Support Allowance (ESA) if the individual has an illness or disability that affects their ability to work.

For those moving into higher education and degree courses in particular, there is a range of support measures available but with some variation between the four home countries¹³. For example, in England and Wales student loans are available to pay for course fees and living costs. Those from disadvantaged backgrounds can receive a grant which is means tested against family income and in Wales, Welsh students studying in Welsh universities receive a bursary to offset some of the costs they will encounter. All student loans are charged at favourable rates of interest and are not required to be repaid until after graduation and when a certain level of income is reached (the repayments being taken directly from earnings). In Scotland the system is entirely different with students meeting Scottish residency rules studying in Scottish universities having no course fees and receiving grants. However, all this may change as the new government is planning to introduce a new system of funding.

2.3 Addressing problematic features of youth employment

The problem posed by the so-called NEET group of young people is not new – there has always been inactivity – but more recently attention has been focused on it and it has become a policy issue. Table 2.1 summarises the trend in the NEET group over the period 2008 to 2010 by the highest level of qualification using national LFS data. It shows that the NEET problem is not confined to those young people with low or no qualifications – the incidence is high among those with higher level qualifications and degrees and in fact this group has demonstrated the largest increase over the reference period. The NEET group with higher education qualifications, for example, has increased by over 63 % and that for graduates by 52 %, compared with little change for those having no qualifications. The recession has particularly affected the demand for graduates, for example, not helped by the increasing supply coming out of the universities.

¹⁰ It was recently announced that the EMA is to be abolished as part of the government spending review.

¹¹ A person aged 16 or 17 may in exceptional circumstances receive JSA such as where estrangement from family can pose severe hardship on the individual.

¹² The JSA rises to GBP 65.45 (EUR 74.33) for those aged 25 and over.

¹³ Student financing is currently under review in each country, with the system in England set to involve significant changes from 2012 – not least a big increase in the maximum course fee universities can levy on students.

Table 2.1: Changes in the Proportion of 16-24 year olds Not in Education, Employment or Training (NEET)

Highest level of qualification	% NEET Q1 2008	% NEET Q1 2010	% Change 2008-2010
Degree	7.5	11.4	52.0
Higher Education	7.9	12.9	63.3
Level 3	6.4	9.1	42.2
Level 2	14.0	16.1	15.0
None	34.6	36.1	4.3

Source: Labour Force Survey

The NEET problem is therefore not the preserve of low or no skilled young people and many of the group do not necessarily represent a burden on the welfare system (many live in affluent households) and here the main concern is the waste of opportunity¹⁴. This was to some extent recognised in the recent Select Committee report of its inquiry into NEETs and the subsequent response which highlighted a number of key issues that are likely to influence forthcoming policy. It emphasised the importance of good quality, accessible information, advice and guidance (IAG) and the need for work placements – particularly for 16 and 17 year olds. One novel approach it suggested was to organise ‘work pairings’ with a young person working alongside a sole trader.

A recent study by Migration Watch examined whether there was a relationship between youth unemployment and migration in local labour markets, based on the premise that where there was a high concentration of migrants, they may displace job opportunities for young people as employers would prefer the more experienced workers. While the research cannot offer any clear causal link between youth unemployment and high levels of migration, it does suggest that there is a positive correlation in the 50 local authorities in England with the highest rates of migration over the period 2003-2009 and in London¹⁵.

2.4 Roles of the labour market actors

The main employer representative body, the Confederation of British Industry (CBI), has been very vocal in the need to tackle issues such as poor basic skills among school leavers and a lack of knowledge of the world of work. Various surveys of member companies have led to sometimes severe criticism of not only school leavers but also graduates and in turn of the education system’s alleged inability to deliver what industry requires. More recently it has focused on the NEET situation in the UK compared to other countries, associating the comparatively high level with higher incidences of crime and health related problems.

Similarly the Trades Union Congress (TUC) has been involved in the debate over growing youth unemployment. During the recession it produced a series of *Recession Reports* that highlighted the growing plight of young people and how they were being affected

¹⁴ The Department of Education identifies three categories of NEET as follows: Category 1 (out of scope) – young people who are doing some activity which is not formally counted as education, employment or training. This will include gap year students and those undertaking voluntary work. It will also include those in custody (22 % of all NEETs). Category 2 (identifiable barrier) – young people who have an identifiable barrier to participation, as they have a child or are experiencing serious illness or disability. Some of these individuals may be perfectly able to participate now, but others may require specific help to do so (23 %). Category 3 (no identifiable barrier) – young people who are NEET but are not in either of the specific categories outlined above (55 %).

¹⁵ The report suggests that on average for every 1,000 immigrants to the local authority areas, the number of unemployed young people rises by 900.

disproportionately by the lack of job openings. Also, through its *Unionlearn* arm (supporting individual trade unions in their learning activities) it has developed its learning focus. Recently it has drawn attention to the growth in apprenticeships and the number of women apprentices which has grown significantly in certain sectors such as business administration and health care, but overall the traditional occupational gender segmentation remains largely intact.

3. Conclusions

Youth employment rates have fallen and unemployment rates have increased during and since the recession and both are proving slow to respond to improvements in the economy. Government policy to ensure recent 16-17 year old school leavers are occupied has proved largely successful, though less positive has been the prospects for the 18-24 year olds, in particular with the curtailment of the Future Jobs Fund and the Young Person's Guarantee within it – an early casualty of the budget cuts. Furthermore, the situation is not likely to improve in the immediate future with a fall in the number of job and training openings in the public sector which seems an inevitable consequence of the Comprehensive Spending Review.

The problems posed by the NEET group continue to represent a policy challenge, mainly in the 18-24 age group where this category now stands at over 15 % of the cohort. It is also interesting to observe that the propensity to fall into the NEET group cuts across all levels of educational attainment and graduates have seen the largest percentage point increase.

In the past, government in the UK has recognised the problems posed by youth inactivity and has been active with targeted policy. However, there is much uncertainty about the future direction of policy as the new Coalition Government makes sweeping changes – some already clear and others about to emerge – many in response to measures aimed at reducing the budget deficit. Important planks of youth policy such as the Young Person's Guarantee and the Connexions IAG service are early casualties and changes in other measures such as welfare reform and student financing are starting to become apparent.

Bibliography

- Confederation of British Industry (2008) *Towards a NEET solution: Tackling underachievement in young people*. Internet: http://publicservices.cbi.org.uk/uploaded/Towards_a_neet_solution.pdf
- Department for Children, Schools and Families (2009) *Apprenticeships, Skills, Children and Learning Act*. Internet: <http://www.legislation.gov.uk/ukpga/2009/22/contents>
- Department for Education (2010) *NEET Statistics - Quarterly Review*. Internet: <http://www.dcsf.gov.uk/rsgateway/DB/STR/d000924/NEETQ12010final.pdf>
- Department for Education and Skills (2005) *Youth Matters* (Green Paper, Cm 6629). Internet: <http://www.dcsf.gov.uk/everychildmatters/Youth/youthmatters/youthmatters/>
- Department for Innovation, Universities and Skills (2008) *World class apprenticeships: Unlocking talent, building skills for all* (The government's strategy for the future of apprenticeships in England). Internet: http://webarchive.nationalarchives.gov.uk/tna/+http://www.dius.gov.uk/publications/world_class_apprenticeships.pdf/
- House of Commons (2010) *Young people not in education, employment or training: Government response to the Children, Schools and Families Committee's Eighth Report of Session 2009-2010* (Education Committee). Internet: <http://www.dcsf.gov.uk/rsgateway/DB/STR/d000924/index.shtml>
- Infogroup/ORC International (2010) *Newham's educational and training 16-19: Understanding Newham's vocational needs* (Newham Borough Council, London). Internet: http://www.newham.gov.uk/NR/rdonlyres/85422347-13BB-4884-9CC7-215E26008652/0/Newham1619_Final_Report.pdf
- LSN (2010) *Changing the NEET Mindset – Achieving more effective transitions between education and work* (LSN Learning). Internet: <https://crm.lsnlearning.org.uk/user/order.aspx?code=100133>
- Migration Watch UK (2010) *Immigration and youth unemployment*. Internet: <http://www.migrationwatchuk.org/briefingPaper/document/200>
- The Young Foundation (2010) *Opening doors to apprenticeships: Reaching young people who are disadvantaged and disengaged from apprenticeships* (Paper 2). Internet: http://www.youngfoundation.org/files/images/OpeningDoors2_FINAL.pdf
- Trades Union Congress (2010) *Apprenticeships and Gender* (TUC with the YWCA). Internet: <http://www.unionlearn.org.uk/extrasul/initiatives/Apprenticeship/Apprenticeships%20and%20Gender%20TUC%20format.pdf>
- Wilkinson D (2003) *New Deal for Young People: Evaluation of Unemployment Flows* (Policy Studies Institute). Internet: <http://www.psi.org.uk/docs/rdp/rdp15-new-deal-for-young-people.pdf>

Annex

Table 1: YOUTH EMPLOYMENT / UNEMPLOYMENT TRENDS (Q1 data)									
Data	Age group 15-19			Age group 20-24			Age group 25-29		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Employment rate (%)	35.9	32.8	28.4	67.9	64.0	62.3	80.3	78.4	76.7
Unemployment rate (%)	18.4	23.6	28.4	10.5	14.2	15.1	5.0	8.0	9.0
Long-term unemployment as a % of unemployed	12.1	14.1	21.1	21.8	18.9	25.6	23.0	19.7	30.2
Youth unemployment to population ratio	8.1	10.1	11.2	7.9	10.6	11.1	4.3	6.8	7.6

Source: Eurostat, Labour Force Survey

- : Data not available

Data in brackets not reliable due to small sample size.

Table 2: YOUTH UNEMPLOYMENT TRENDS (Q1 data, %)						
Data	Age group 15-24		Age group 20-24		Age group 25-29	
	2009	2010	2009	2010	2009	2010
Unemployment for the low-skilled (ISCED 0-2)	32.6	34.6	22.3	27.5	18.0	19.9
Unemployment for the medium-skilled (ISCED 3-4)	13.9	16.6	11.4	12.9	8.3	9.8
Unemployment for the high skilled (ISCED 5-6)	9.8	11.2	9.2	11.0	3.9	4.7

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

Table 3: YOUTH TEMPORARY CONTRACTS (% OF EMPLOYEES) (Annual data)			
Data	Age group 15-19	Age group 20-24	Age group 25-29
	2009	2009	2009
Temporary work as a % of employment	14.0	8.4	5.5

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

Table 4: NEITHER IN EMPLOYMENT NOR IN ANY EDUCATION OR TRAINING (NEET) (Annual data)

Data	Age group 15-19	Age group 20-24
	2008	2008
NEET rate (% of the age group) (annual averages)	7.9	16.1

Source: Eurostat, EU Labour Force Survey, Annual averages

Table 5: EARLY SCHOOL LEAVERS* (Annual data)

Data	Age group 18-24	
	2008	2009
Early school leavers (% of the age group)	19.2	17.7

Source: Eurostat, Labour Force Survey

* Percentage of the population aged 18-24 having attained at most lower secondary education and not being involved in further education or training.

Table 6: DIFFERENCE IN YOUTH UNEMPLOYMENT RATE BETWEEN Q4-2009 AND Q4-2007

Data	Age group 15-19	Age group 15-24
Difference in youth unemployment rate between Q4-2009 and Q4-2007	7.7	5.8

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted