

Levelling up for young people: Building an Opportunity Guarantee

July 2021

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Why Government must act

When the Government talks of 'levelling up', they are mostly focused on place-based policies to correct geographical inequalities. Even so, in the same way that we cannot and should not allow certain parts of the country to be left behind, we must also ensure that the age groups who have been most affected by the economic downturn do not fall behind either.

In the early stages of the COVID crisis last year, our five organisations pledged to tackle youth unemployment – especially for young people disadvantaged in the labour market – by forming the '[Youth Employment Group](#)' (YEG). Since then, over 200 organisations have joined this collaborative effort to campaign relentlessly for policymakers and politicians to do everything they can to ensure young people do not suffer the 'scarring' effects witnessed after previous recessions. We hope the economy recovers quickly in the coming months and creates more job opportunities, yet the evidence suggests that this will not bring an end to the difficulties facing young people now or in future:

Young people have been hit worst by the labour market crisis

Young people account for more than two-fifths (41%) of the total fall in PAYE employment since the start of the crisis, with employment for young people now down by 9.6% compared with 1.8% for other age groups. Separate analysis by the Institute for Employment Studies (IES) for Youth Futures Foundation earlier this year found that these changes have translated into different impacts for different groups of young people, with young men, Black and Asian people being particularly badly affected.²

The crisis is still very real for young people in the middle of 2021

The latest Universal Credit statistics show that 450,000 16 to 24-year-olds are currently listed as 'searching for work' – nearly double the figure in March 2020.³ Meanwhile, and with potentially greater lasting damage, long-term youth unemployment (defined as being unemployed for more than six months) is growing at its fastest rate in a decade and has reached its highest level in five years.⁴ The impact of COVID on mental health has also been considerable, with symptoms of depression, anxiety and loneliness being most common among young people compared with older individuals.⁵

Even if the labour market begins to improve, the crisis will continue to affect young people in future jobs

Youth employment will continue to face headwinds through the summer through a combination of the furlough scheme unwinding and more young people entering the labour market. At the end of May 2021, there were 300,000 young people still on furlough,⁶ while this summer at least half a million young people will leave full-time education. This means that even as firms are starting to report they have job vacancies suitable for young people, we will have many more young people that want the available jobs. What's more, analysis by the Learning and Work Institute has found that young people tend to be underrepresented in the occupations and sectors that are likely to see the most robust employment growth in the aftermath of COVID. They also forecast that demand for jobs requiring low or no qualifications – which often suit younger workers – is likely to fall in the short, medium and long term.⁷

Young people from the most disadvantaged backgrounds will continue to face the greatest barriers to securing a sustainable job

Of the one in seven young people not in education or employment, the large majority – two thirds of this group and nearly one in ten of all young people – are not actively looking for work. This figure has been virtually unchanged over the last thirty years, through recessions and recovery, with young people with health conditions, disabilities, caring responsibilities and multiple disadvantages all over-represented. The 'crisis response' has so far neglected these groups, and the risk is that in this recovery, as with previous ones, those furthest from work continue to be left behind.

Furthermore, the Learning and Work Institute showed that the decline in working hours for young people with no qualifications (34%) has been five times higher during the COVID crisis than for those with a degree-level qualification (7%).⁸ A study in the aftermath of the 2008-2009 financial crisis similarly noted that many young people who left school with few or no qualifications "ended up shuttling between labour market programmes, inactivity and unemployment, without finding regular employment and in the process accumulating long spells of stigmatising joblessness."

To address all these challenges, the YEG Chairs propose a three-stage approach to improving the prospects of young people in the post-COVID economy. The three stages – which are broken down between now and early 2022 – are described in detail on the following pages.

Stage 1: A 'September Guarantee'

The Government should say: "Whether leaving school, college, or university this summer we will ensure that, come September, the class of 2021 will have an opportunity to take their next step, whether that's a qualification or entering the world of work"

When: September 2021

What: A record percentage of young people accessing high quality education, training or employment from September to December this year

Why: Youth unemployment remains well above pre crisis levels, youth long-term unemployment is rising fast, and half a million young people are leaving education this summer. So while vacancies have bounced back as restrictions have eased, there remains significant spare capacity in the labour market and competition for jobs, and many young people will lose out against older and more experienced workers.

PROVIDE MORE OPPORTUNITIES IN EDUCATION

The Government should...

- Fully fund places in schools and colleges for all those young people who want them in September 2021.
- Use the 'Lifetime Skills Guarantee' announced last year to ensure that young people who have not yet reached Level 3 can complete a high-value qualification that matches their career goals.
- Allocate a portion of the 'education catch up' funding to supporting 16 to 19-year-olds through outreach activities and programmes aimed at the young people most likely to become disengaged and end up NEET (not in education, employment or training).

ENSURE KICKSTART IS AVAILABLE TO THOSE WHO NEED IT

The Government should...

- Offer greater certainty to businesses and young people by announcing an extension of at least six months to the deadline for new employers to offer 'Kickstart' job placements to young people.
- Commission a robust evaluation of the impact of 'Kickstart' placements on outcomes for different groups of young people.
- Support young people to progress after a 'Kickstart' placement by working with employers and the youth employability sector to ensure a smooth pathway into apprenticeships and other training routes.

GENERATE MORE WORK-BASED OPPORTUNITIES

The Government should...

- Extend the deadline for 'employer incentive payments' for hiring apprentices from September 2021 until March 2022.
- Open a sector-wide consultation on the impact of current apprenticeships policy on young people, particularly those from a disadvantaged background, in parallel with the DfE's work to improve diversity in apprenticeships.
- Target the expansion of traineeships at those areas of the country with the highest youth unemployment rates.
- Waive National Insurance Contributions for a period of 12 months for all employees under 25 (new and existing).

IMPROVE THE QUALITY AND QUANTITY OF LOCAL SUPPORT

The Government should...

- Ensure that young people in need of support have sufficient engagement with local services e.g. use the Flexible Support Fund via Jobcentre Plus (JCP) and European Social Fund initiatives to help young people access the opportunities on offer.
- Encourage young people to be aspirational about their career choices by making sure that every JCP office has a dedicated careers advisor.
- Ensure that new careers advisors within the National Careers Service receive disability awareness training to enable them to provide improved support for disabled young people.
- Improve the local coordination of services for young people by continuing to roll out 'Youth Hubs' in partnership with local authorities, employers and the youth employment sector. As the economy re-opens, Youth Hubs should have a physical presence in local communities, supported by the Flexible Support Fund.
- Make youth employment a priority within the UK 'Shared Prosperity Fund' framework being announced over the summer.
- Prioritise bids for the 'Community Renewal Fund' and 'Towns Fund' that seek to help young people from deprived backgrounds move into sustainable employment.
- Include the creation of employment opportunities for local young people within the criteria for assessing bids for the 'Levelling Up' infrastructure funds from June 2021 onwards.

Stage 2: Investing for the future

The Government should say: *“The investments that we make in this Spending Review will ensure that the long-term unemployment among young people seen in the years after previous downturns becomes a thing of the past”*

When: November 2021

What: No young person will spend more than six months unemployed without accessing a meaningful employment or education opportunity

Why: Even with the measures set out in Stage 1, long-term youth unemployment will continue to rise through to mid-2022 and will likely peak at its highest level since the aftermath of the Great Recession. Consequently, the Spending Review must focus on long-term investments in measures that have the greatest potential to improve the prospects of young people – particularly those facing greater labour market disadvantages.

EXPAND AND REFOCUS BOTH KICKSTART AND APPRENTICESHIPS

The Government should...

- Provide more opportunities for young people by allocating an additional £500m to extend Kickstart for a further six months into 2022.
- Expand eligibility for Kickstart jobs so that they are available to those who are most at risk of becoming long-term unemployed:
 - (i) young people aged 16-17;
 - (ii) young people who are not claiming Universal Credit but have been out of education and employment for at least three months;
 - (iii) young people who have had an EHCP or received SEN support in education;
 - (iv) young people coming out of the criminal justice system; and
 - (v) young people who receive ESA.
- Support the 'levelling up' agenda by ringfencing funding for Kickstart placements to be delivered in the regions with the highest youth unemployment rates.
- Set aside enough funding to implement the necessary changes to the apprenticeship system from 2022 onwards in line with the recommendations from the consultation on the impact of apprenticeships of young people in Stage 1.

INVEST IN SUSTAINABLE OPPORTUNITIES AND INFRASTRUCTURE

The Government should...

- Support the coordination of local services for young people by making available £50m for 100 Youth Hubs over the next three years to help them build local partnerships and put them on a sustainable footing.
- Rigorously evaluate the effectiveness of Youth Hubs in improving employment outcomes for young people in their local area over the same three-year period.
- Give Youth Hubs a proportion of the Flexible Support Fund in each JCP district to fund additional programmes of support for young people facing specific barriers to work.
- Fund a new procurement exercise for the provision of 16-18 traineeships over the next three years to complement the procurement for 19-24 traineeships that has already concluded.
- Increase investment to help young people set up their own business, through expanding and improving the New Enterprise Allowance for young jobseekers aged 16-24. This investment should fund specialist partners within JCPs and Youth Hubs to deliver youth enterprise programmes. Funding should be used in an innovative and flexible way such as making monthly salary payments for a limited period of time or by providing access to start-up grants.
- Increase the funding rate for 16-19 education as well as the Adult Education Budget so that they match their 2010 levels in real terms by the end of this Parliament.

Stage 3: Delivering for young people

The Government should say:

"As our economy and society begins to rebuild in the coming years, we will do whatever it takes to support young people as they start their chosen career so that there will be no 'lost generation' "

When: January – February 2022

What: a coordinated cross-departmental approach to tackling short-term and long-term youth unemployment

Why: In 2022, the Government's goal should be to embed a coordinated, sustainable and effective youth employment system. This new system will provide a more joined-up national and local offer but also strong growth in local economies and more engaged young people moving into the jobs of the future. As a result, the youth employment system can provide a strong foundation for the Government's wider plans to 'Build Back Better' by ensuring that young people will be better able to withstand future labour market shocks.

EMBED NEW YOUTH-FOCUSED INITIATIVES

The Government should...

- Convert Kickstart into a new supply-side programme ('Kickstart Plus') to reflect the changing labour market after the COVID crisis. This would provide transitional opportunities for long-term unemployed and otherwise disadvantaged young people, giving participants the skills, confidence, practical work experience and social capital that they would need in order to get into sustainable, unsubsidised jobs.
- Make every new Youth Hub the focal point for the local coordination of initiatives for young people as well as other youth-focused institutions such as colleges, with youth voice playing a central role in shaping the initiatives and ensuring that it reflects the challenges experienced by marginalised groups
- Ensure that the on-going operations of Youth Hubs are continually evaluated to identify the drivers of successful employment outcomes as well as areas for improvement.
- Conclude the consultation on young people and apprenticeships, agree policy changes to be implemented and make appropriate requests for Budget 2022.
- Prioritise the 'Shared Prosperity Fund' on young people who are NEET from March 2022 onwards.

DEVELOP CROSS-GOVERNMENT ACCOUNTABILITY AND COLLABORATION

The Government should...

- Set clear measures of success by tasking the new 10 Downing Street 'Delivery Unit' with creating publicly available targets for overall youth employment policy e.g.:
 1. The long-term youth unemployment rate should be reduced to its pre-pandemic level by December 2022
 2. The seasonally adjusted 18-24 NEET rate (using the Labour Force Survey measure) should return to below pre-pandemic level in every nation of the UK by June 2022
- Further task the new Delivery Unit with establishing publicly available targets for individual departments in relation to youth employment policy e.g.:
 The DWP should establish 100 Youth Hubs by the end of 2022
 The DfE should maintain the targeted growth in traineeship starts and completions by the end of 2021, with a minimum of 25% of starts in regions with the lowest youth employment rates.
 The DfE should increase apprenticeship participation rates for 16 to 24-year-olds to reach 2017 levels (pre-levy) by the end of 2022
- Be held to account by the Delivery Unit for ensuring that no young person reaches six months of unemployment without being given a meaningful education, training or employment opportunity - including the establishment of Kickstart as a permanent and well-integrated feature of the skills system.
- Establish a 'Youth Opportunity Taskforce' within the Cabinet Office that reports into the new Delivery Unit. The Taskforce should be shaped by the voices of young people from marginalised backgrounds to analyse and make recommendations at an appropriate level of priority and coordinate provision. For example, the responsibility for young people who are NEET currently sits within the DfE but there is still a split between young people from different age brackets, with some falling through the gaps altogether. These issues must be elevated and resolved at a higher level.

PRIORITISE 'WHAT WORKS' AND IMPROVE THE QUALITY OF WORK

The Government should...

- Launch pilot projects to explore the scope for radically realigning the services available to young people by bringing together funding streams and services from multiple government departments and agencies within a single shared programme.
- Agree a comprehensive programme of evaluations of new and existing programmes such as Traineeships and Sector Based Work Academies, overseen by the Cabinet Office, the Delivery Unit and the network of 'What Works' centres.
- Continue the work of the Taylor Review of Employment Practices and set out a new workstream on the quality of work available to young people, including the promotion of the 'Good Youth Employment Charter'.

References

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3. Department for Work and Pensions, Universal Credit statistics, 29 April 2013 to 11 March 2021.
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5. Institute of Education, Poor mental health in lockdown most common among young women, 7 August 2020.
6. HMRC, Coronavirus Job Retention Scheme statistics: 1 July 2021.
7. Learning and Work Institute, Facing the future: Employment prospects for young people after Coronavirus (2021).
8. Ibid.
9. Romesh Vaitilingam (2009), Recession Britain: Findings from economic and social research, ESRC.