



Scoping Study on Worklessness & Employability

Report for the
BIG Lottery Fund

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Executive Summary

Introduction

This Report presents findings from a scoping study on worklessness and employability among 19-24 year olds commissioned to help inform the BIG Lottery Fund of potential areas of intervention in helping to alleviate youth worklessness and its consequences. The research was commissioned by the BIG Lottery Fund in March 2012 and was conducted by a team of researchers from the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University.

The scoping study was conducted in spring 2012 and involved two key research tasks: a literature review of existing evidence; and interviews with key stakeholders engaged in addressing youth unemployment in the public and voluntary and community sectors (VCS).

Trends in youth unemployment and worklessness

Since the economic downturn in 2008 youth unemployment has emerged as one of the most pressing issues for successive governments and has 'returned as a central feature of the social, political and policy landscape' (MacDonald, 2011). Underlying *structural unemployment* among young people has been rising since the relative boom period of the mid-2000s and therefore represents a longer term problem as it is likely to persist even when the economy picks up again.

Since the onset of recession in 2008, youth unemployment has risen at a much greater rate than general unemployment and has been driven by falling labour demand. This impact is geographically uneven with significantly higher concentrations of youth worklessness in the older industrial areas of the UK such as northern England, the Midlands, Scotland and Wales. Smaller concentrations also exist, however, within pockets of deprivation in the better performing regions of the south and east.

Significant numbers of young people are economically inactive and in receipt of other out-of-work benefits. Taking a wider definition of worklessness therefore greatly increases the scale of the problem of labour market access for young people and suggests the need for different approaches for different individuals and groups. Young people are significantly over-represented within the benefits system: 30 per cent of all jobseekers allowance claimants are aged under 25; under 25s also account for 30 per cent of all recipients of income support for lone parents.

Labour market and policy context

One major consequence of the sustained economic downturn for the UK labour market has been an intensification of competition for the jobs that do become available. This allows employers greater selectivity and has also prompted an increase in graduate unemployment amongst both those with less marketable qualifications and those with higher ambitions and an expectation of commensurate salaries. These pressures could push people into taking jobs that they do not necessarily want to tide them over until something better arises (and thus excluding others who would be willing to take them on a more permanent basis). This produces a "bumping down" process in which well qualified candidates and graduates do not fully utilise their skills and knowledge.

The repercussions impact further, in that those with intermediate skills who would previously have moved into these jobs are forced into more precarious, minimum wage posts which may be fixed-term or short-lived according to an employer's changing needs. Breaking this 'low pay, no pay' cycle is extremely difficult to achieve.

The tendency to label people as 'NEETs' or even 'young people' can hide a wide variety of conditions and circumstances. The danger then is that the design of policies and interventions to address issues of worklessness and detachment are only appropriate for those people who conform to type.

The reverse side of austerity policies in reducing public expenditure is the removal of support mechanisms that were effective, popular and inclusive for disadvantaged young people, such as the Educational Maintenance Allowance and the Future Jobs Fund. The lack of money available for investment is reflected in recent statements setting out youth policy priorities for the next few years; and also in the raising of compulsory education in English schools from 16 to 18 by 2015. These policies place the emphasis squarely on education and training so that young people develop the skills to succeed in the labour market and workplace.

Youth worklessness: characteristics and barriers to employment

The current 16-24 cohort is much larger than it was ten years ago, rising from 5.1 million in 2000 to 6.1 million today. Of those within this cohort currently out of the labour market, the government identifies two distinct groups: 523,000 young people who are unemployed, not in education and looking for work; 490,000 young people who are economically inactive. Of the latter, 371,000 are looking after the family or home, or are sick and disabled; 119,000 are inactive for a range of reasons (e.g. full-time carers, gap year activities).

There are a range of reasons why young people may not be participating in employment. Labour markets always contain a "natural churn" as people change jobs and move between sectors, and many young people who are NEET may only be out of the labour market for very short periods. A growing number are *long-term* unemployed however, and this figure has been rising since 2008.

There is a degree of consensus within the literature on the particular characteristics of young people out of the labour market. Literature focuses on common discriminating factors such as: geography; social disadvantage; gender; disability; ethnicity; qualifications; caring duties; young offenders; and being in care.

The characteristics of young unemployed people and their barriers to work overlap. The *most important* factors acting as barriers to work, and self-reported by young people themselves in a Department of Education study, include: lack of experience (27 per cent); lack of qualifications (25 per cent); health or disability (eight per cent). Other key barriers include: lack of jobs and too much competition; transport issues; anxiety and nervousness about entering a new job; perceptions that individuals would be worse off financially; pregnancy or looking after children.

There was also a remarkable degree of consistency within the responses from stakeholder interviewees (and those providing written evidence) and the evidence within the literature. These responses generally emphasised four broad areas: labour market demand and the economic downturn; qualifications and skills; the current state of service provision and the impact of public sector cuts; psychological factors such as confidence, motivation and aspirations.

Tackling youth worklessness

Two key points can be made about the general approach of the Coalition government: it is primarily a 'supply-side' approach focused on improving employability by raising the skills, aspirations and work-readiness of young people out of work; it is underpinned by conditionality through benefit sanctions or compulsory unpaid work (Mandatory Work Activity) for young people who fail to engage in mandated provision.

There are eight broad approaches to tackling worklessness that have been used by successive governments in recent years:

- job search and Information, Advice and Guidance (IAG)
- unpaid work experience
- wage subsidies
- Apprenticeships
- Intermediate Labour Markets (ILMs)
- enterprise
- volunteering as a route to work
- young person-led approaches.

Several reports assert the value and importance of **job search and IAG** and suggest job search can be more effective and cheaper than other methods.

There is some positive evidence on the benefits of **work experience** placements. However, this picture is tempered by studies suggesting that work experience does not always lead to positive job outcomes.

The government recently announced 160,000 subsidies of £2,275 to incentivise employers to take on young workless people as part of its new Youth Contract. However, the evidence on the benefits of **wage subsidies** is mixed.

The Coalition government have sought to increase access to **Apprenticeships** by providing an extra £180m of funding in the 2011 Budget. Studies have identified several benefits of Apprenticeships including: providing Apprentices with both sector specific knowledge and general education; offering a 'structured transition' from education to work; and higher financial returns. However, some concerns have been raised about elements of Apprenticeships.

The £1bn Future Jobs Fund (FJF) introduced by the previous Labour government in 2009 was one of the most recent and large-scale examples of an **ILM**. The scheme was ended by the Coalition government on the grounds that it was not cost-effective. However, an independent national evaluation reported a number of benefits including: providing people with 'a real job with a real wage' at a time when few were available; raising people's career aspirations; and supporting the hardest-to-help. The available evidence remains overwhelmingly positive, about both FJF and ILMs more generally. Moreover, FJF was the programme most frequently identified by stakeholders and expert academic advisers we spoke to as a valuable model for any future interventions.

The government has actively supported **enterprise** as one route out of worklessness for young people. The most rigorous evidence on the effectiveness of enterprise programmes comes from a longitudinal study on the Prince's Trust Business Programme. It found that employment benefits were mixed and there was a significant risk of "deadweight". There is some evidence that socially excluded groups feel self-employment could be beneficial in overcoming significant barriers. However, there is no guarantee of success.

There has been growing interest in the use of **volunteering** as a route back into work. Initiatives highlight a number of work-related benefits associated with volunteering including: improved job prospects; a sheltered and supportive environment; the ability to improve 'life-readiness' and 'work-readiness' through a single structured programme; and the capacity of long-term volunteering to build the employability of young people in disadvantaged areas. Despite these positive examples, a recent review of evidence highlighted a lack of conclusive empirical evidence about the link between volunteering and employability.

Young people have been involved in initiatives to tackle worklessness through shaping the design and implementation of services, and mentoring (or voluntarily helping) other young people to help them find work. Again, there is little robust evidence about the effectiveness of involving young people in initiatives to tackle worklessness. There are some examples of young people being involved in the design of services for young people. There is also some limited evidence of how mentoring and volunteering has been used to tackle worklessness.

Tackling youth worklessness; what more can be done?

There was a broad consensus among stakeholders and expert academic advisers consulted that it makes sense to focus resources on 19-24 year-olds. Moreover, there is evidence that existing provision is inadequate to meet the scale of those eligible. It is also important to note that large numbers of young people fall outside the remit of existing mainstream provision altogether.

Alongside concerns about lack of support for specific groups, other issues have been raised about gaps in mainstream programmes and support as well as wider macro-economic policy. Furthermore, the findings presented here indicate that more research needs to be done to strengthen the evidence base in order to improve the effectiveness of interventions.

A number of lessons can be drawn from the evidence presented above to inform any future projects or programmes funded by BIG. Among other areas these relate to: the need to create job opportunities in a difficult labour market; support for job search and pathways into (and out of) programmes; longer term, holistic interventions which produce more effective results; opportunities within the VCS and a key role for the sector; the potential of volunteering and mentoring opportunities.

Finally, timely responses are necessary given the urgency of the problem and the wealth of evidence on the longer term impacts of youth unemployment, both for individuals and society as a whole.

1. Introduction

This research was commissioned by the BIG Lottery Fund in March 2012 and was conducted by a team of researchers from the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University.

This Report presents findings from the scoping study on worklessness and employability among 19-24 year olds commissioned to help inform the BIG Lottery Fund of potential areas of intervention in helping to alleviate youth worklessness and its consequences. This research therefore focuses on existing evidence, gaps in that evidence base and lessons from past interventions on youth unemployment. Given the remit and ethos of the BIG Lottery Fund (see <http://www.biglotteryfund.org.uk/>) particular attention is paid to the ways in which the voluntary and community sector might intervene in the provision of services and support for workless 19-24 year olds.

1.1. The research brief

The scoping study was conducted in spring 2012 and involved two key research tasks:

- a literature review of existing evidence
- interviews with key stakeholders engaged in addressing youth unemployment in the public and voluntary and community sectors.

A virtual expert academic panel was also consulted at the outset of the research to recommend key and "grey" literature to be included in the review, and to gather perspectives on the main areas of concern with regard to youth unemployment and interventions. The study was framed by four key research questions set out within the research brief and informed by a smaller internal scoping study conducted by the BIG Lottery:

- what are the characteristics of workless 19-24 year olds - what barriers and issues do they have in common?
- what policies and trends will most affect workless 19-24 year olds and how will they be affected?
- what evidence is there about the interventions that make the biggest difference to workless 19-24 year olds – particularly in the current situation of few job opportunities and no immediate prospect of great improvement in that picture?
- what evidence is there about successful community and young people-led approaches to tackling worklessness amongst 19-24 year olds?

Literature pertaining to each of these four questions was collated and reviewed before a series of telephone interviews with key stakeholders to gather perspectives on the key issues and potential interventions. In total eight stakeholder interviews were conducted with representatives from the following organisations:

- City Gateway
- Department for Business, Innovation and Skills (BIS) (two respondents)
- Groundwork London
- NACRO
- Prince's Trust
- TUC
- Voluntary Sector North West.

In addition, eleven written responses were received from identified stakeholders who were unable to take part in a telephone interview for various reasons. These included representatives from:

- Barnardo's
- Community Enterprise Derby
- Hammersmith and Fulham Volunteer Centre
- London Community Resource Network
- London Youth
- Rathbone
- South London YMCA
- St. Christopher's Fellowship
- Straight Talking Peer Education
- Voluntary Action North Lincolnshire
- Wansbeck Centre for Voluntary Service.

It is notable that these are all voluntary and community sector organisations, making their perspectives particularly insightful given the focus of this report. The data and perspectives gathered from these exercises are drawn upon throughout the Report where relevant, as are insights from the expert academic panel.

The remainder of this Report is divided into five sections. Section two looks at the rise in youth unemployment since 2008 and also highlights the wider youth worklessness issue. Section three puts these trends into context and discusses some of the key labour market processes impacting on young people. It explores some of the factors contributing to the disproportionate impact of the recession on young people. It also serves to highlight the diversity of the workless 19-24 cohort. Section four explores the characteristics of workless 19-24 year olds before recounting the recent evidence on barriers to employment among this group. Section 5 examines the evidence on the effectiveness of interventions to tackle worklessness among young people and assesses different approaches. Section six identifies some of the lessons learned and focuses on gaps in research and existing provisions before consideration of the ways in which the BIG Lottery *could potentially* intervene.

2. Trends in youth unemployment and worklessness

Before presenting the findings from the literature review it is useful to first provide some contextual background to the current situation with regard to youth worklessness in the UK. Firstly, figures and trends in youth unemployment are briefly discussed before consideration of the wider definition of youth worklessness. Though the focus on unemployment excludes those on other "out-of-work" benefits - such as Income Support (IS), Incapacity Benefit (IB) and Employment Support Allowance (ESA) - in the absence of other 100 per cent datasets it does provide an indication of labour market trends and the relative deterioration in labour market prospects for many young people. Furthermore, claimants of jobseekers allowance are, by the nature of their seeking work, relatively closer to the labour market and therefore more likely to engage in any interventions. The statistics and trends presented here are not exhaustive but are intended to aid an understanding of the scale of the issue of youth worklessness within the current economic downturn and its uneven impact across the UK.

Since the economic downturn in 2008 youth unemployment has emerged as one of the most pressing issues for successive governments (Bell and Blanchflower, 2011). Though not yet reaching the scale of the 1980s, in no small part due to the massive expansion of higher education since then, it has 'returned as a central feature of the social, political and policy landscape' (MacDonald, 2011, p.4). Continuing poor economic performance and weak labour demand have heightened policy and media concerns over a "lost generation" of youth as the transition to employment becomes ever more challenging for many young people in the UK. Concerns over the long-term impact of large-scale youth unemployment have focused on the knock-on effects in terms of longer-term employment prospects, citizenship and civic participation, with access to the labour market a key consideration in media and policy responses to understanding the recent riots in English cities in 2011 (Grover, 2011; Solomos, 2011). Furthermore, underlying *structural unemployment* among young people has been rising since the relative boom period of the mid-2000s and therefore represents a longer term problem as it is likely to persist even when the economy picks up again (Bell and Blanchflower, 2011; Philpott, 2011).

The scale of the current problem is highlighted by Table 2.1 which shows the rise in claimant unemployment among 18-24 year olds from 2008 to 2012. It is not possible to get a ready breakdown for 19 to 24 year olds so figures here are presented for the 18 to 24 year old age group.

During this period the number of 18 to 24 year olds claiming jobseekers allowance (JSA) has risen by almost 90 per cent from just over a quarter of a million in 2008 to 484,000 in 2012. Major gender differences are evident and relate primarily to conditionality and eligibility within the benefits system. Young women have fared proportionately worse than their male counterparts in terms of the *increase* in unemployment; though there are over twice as many 18-24 year old male jobseekers as female ones in absolute terms. This is due to higher receipt of Income Support among young females, particularly lone parents (see Table 2.7), as well as higher female participation in full-time education. As these young women are not currently looking for work they do not appear in the claimant count figures and lone parents in receipt of Income Support are not compelled to look for work until their youngest

child reaches the age of five (see below for more on the difference between "unemployment" and the wider definition of "worklessness").

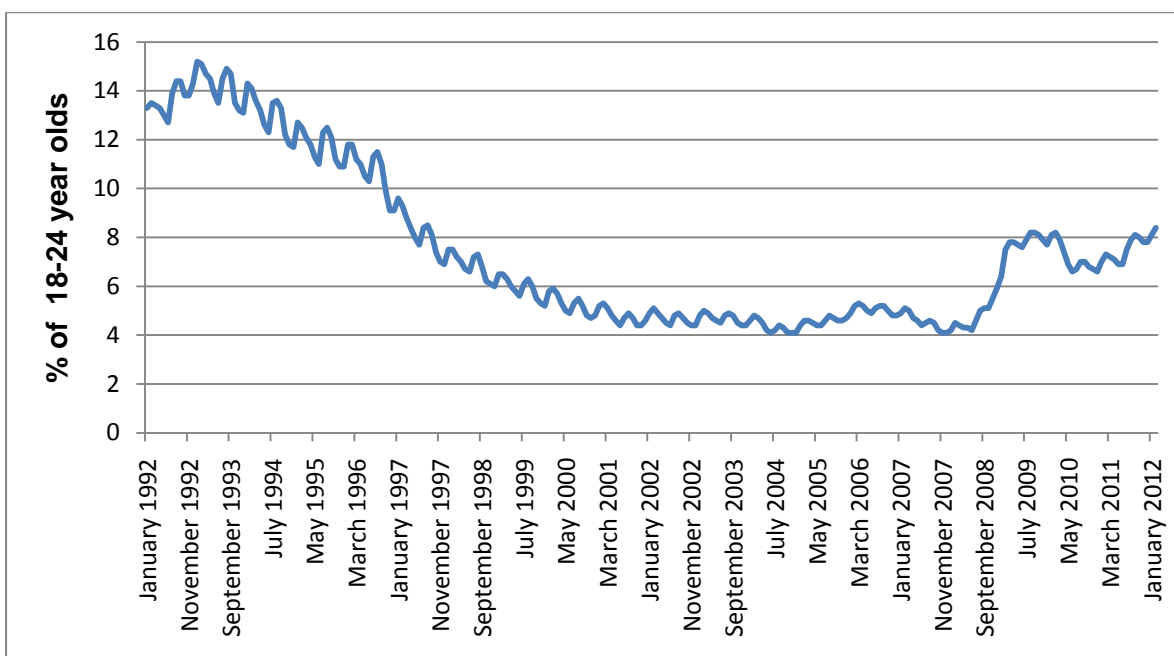
Table 2.1: Claimant unemployment for 18-24 year olds since the recession, Great Britain, 2008-2012

	Number			% of 18-24 year olds		
	Male	Female	Total	Male	Female	Total
February 2008	171,900	80,595	252,495	5.9	2.9	4.5
February 2009	300,850	127,255	428,105	10.3	4.6	7.5
February 2010	330,190	143,200	473,390	11.1	5.1	8.2
February 2011	286,730	135,720	422,450	9.7	4.8	7.3
February 2012	326,430	158,035	484,465	11.0	5.6	8.4
change 2008-12	154,530	77,440	231,970	5.1	2.7	3.9
% change 2008-12	90	96	92	86	93	87

Source: Claimant Count, NOMIS

Figure 2.1 shows the longer-term trend in unemployment for 18-24 year olds over the last 20 years. The peaks over this timescale are the recession hit period of the early and mid-1990s where youth unemployment reached over 15 per cent, compared to just over 8 per cent in January 2012. This sizeable difference is explained by the rise in the number of students in full-time education over this period and therefore not claiming unemployment benefit (see Philpott, 2011). Excluding students from the base would significantly reduce the difference between the two periods.

Figure 2.1: Long term trends in recorded unemployment, 18-24 year olds



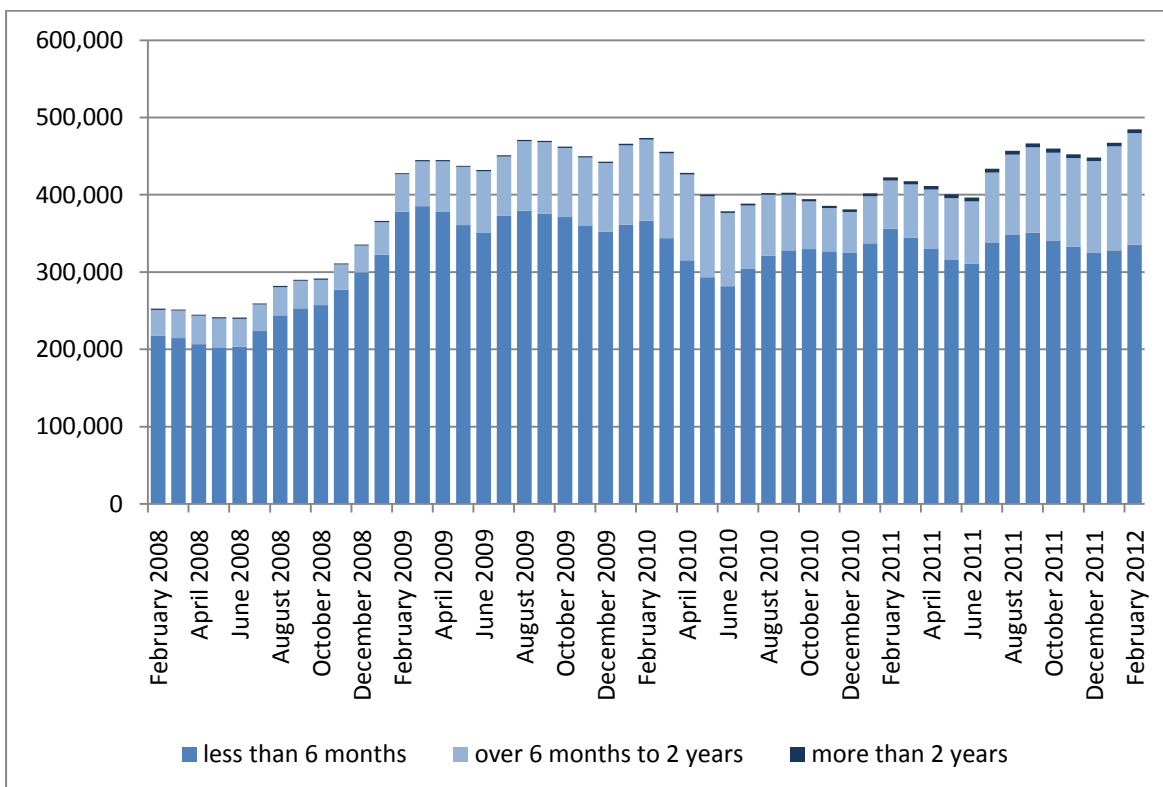
Source: Claimant Count, NOMIS

It is well documented that youth unemployment rises faster than general unemployment in times of recession. Bell and Blanchflower (2011) review the effect of the recent recession on young people through a comparison of the youth labour market and the wider labour market during this period. In line with many other

observers, they contend that the difficulties faced by young people are more to do with a lack of employment opportunities than supply-side issues such as skills and qualifications. This is due to the fact that youth unemployment rates are more sensitive to business cycle conditions than the adult unemployment rate and this high sensitivity tends to decline progressively with age (OECD, 2008). Conversely, youth *employment* rises more quickly during economic boom periods. For example, comparing unemployment data between the first quarter of 2008 and the first quarter of 2010 shows an increase in youth unemployment of over 11 per cent compared with just two per cent for the 25-49 age group. The unemployment rate for the over 50s actually declined over the same period.

This significant and rapid rise in youth unemployment has also been accompanied by a rise in *long-term unemployment* - defined here as continuous unemployment claims of six months or more. Figure 2.2 shows the rise in youth unemployment and the duration of claims. Since February 2008 the number of 18-24 year olds claiming JSA for over six months has risen from over 34,000 to almost 150,000 in February 2012. This represents an increase of 340 per cent and is a particular challenge given the established links between the length of time spent out of the labour market and corresponding employment prospects (more on this below).

Figure 2.2: Duration of claim for 18-24 year olds, Great Britain, 2008-2012



Source: Claimant Count, NOMIS

A key theme in the literature review presented below is the uneven nature of youth unemployment across different regions and cities. This issue was also prominent among the responses from the expert academic panel when asked about key issues and literature to consider. Any attempt at understanding and addressing youth unemployment must be cognisant of the geography of unemployment and how this is driven to a large extent by the lack of labour demand (Beatty *et al.*, 2007, 2010).

This is illustrated by Table 2.2 which provides a regional breakdown of unemployment among 18-24 year olds ranked by the unemployment rate. This shows the magnitude of differences in youth unemployment from one region to the

next with the older industrial regions exhibiting significantly higher rates of unemployment than areas of the south and east of the country. The North East has the highest unemployment rate among 18-24 year olds at 11.4 per cent - some 5.7 percentage points higher than that in the South East.

Table 2.2: Distribution of 18-24 claimant unemployment across regions, February 2012

Region	Number	% of 18-24 year olds
North East	31,350	11.4
West Midlands	54,680	10.4
Wales	29,110	9.8
North West	66,725	9.6
Yorkshire and The Humber	54,285	9.4
Scotland	44,180	8.9
East Midlands	36,905	8.4
London	57,095	7.8
East	36,530	7.3
South West	30,820	6.4
South East	42,790	5.7
Total	484,470	8.4

Source: Claimant Count, NOMIS

Delving deeper, the variable geography of the youth unemployment issue is brought into sharp relief when we consider the 20 local authorities exhibiting the highest rates of youth unemployment (Table 2.3). The list is entirely composed of local authorities within the older industrial regions of northern England, the Midlands, Scotland and Wales; as well as a couple of seaside areas (Great Yarmouth and Thanet). The absence of major UK cities on this list is explained by the high number of students within these districts, which greatly reduces the unemployment rate as the majority of full-time students are economically inactive or work part-time and are therefore excluded from the claimant count (e.g. the equivalent rate for Oxford is just 1.8 per cent). As well as these top 20 districts, other research has pinpointed smaller scale youth unemployment 'hot spots', that is neighbourhood wards where the proportion of young people claiming benefits is twice the national average (ACEVO, 2012).

Table 2.3: Top 20 LADs for youth unemployment, February 2012

LAD	Number	% of 18-24 year olds
Blaenau Gwent	1,270	19.3
Hartlepool	1,440	17.3
Great Yarmouth	1,405	17.1
Merthyr Tydfil	865	16.8
Sandwell	4,505	16.6
Redcar and Cleveland	1,995	16.5
Wolverhampton	3,760	15.7
South Tyneside	2,290	15.4
Caerphilly	2,335	15.3
Walsall	3,515	15.2
Knowsley	2,255	14.8
Thanet	1,585	14.8
North Ayrshire	1,750	14.8
Doncaster	3,805	14.7
North East Lincolnshire	2,220	14.6
Halton	1,560	14.3
Rochdale	2,710	14.3
Torfaen	1,155	14.3
Barnsley	2,790	14.2
West Dunbartonshire	1,215	14.2

Source: Claimant Count, NOMIS

Young people who are unemployed also tend to be concentrated within the most deprived areas of the country where the labour market is relatively weak in comparison to other parts of the UK. Table 2.4 shows the proportion of unemployed 18-24 year olds by the Index of Multiple Deprivation (IMD) decile (decile one being the most deprived areas and decile ten the least deprived). Thus, in England 57 per cent of youth unemployment is concentrated in the three most deprived deciles. That is, 57 per cent of all youth unemployment within England is within the 30 per cent of most deprived areas. In Scotland the corresponding figure is 55 per cent, and in Wales 50 per cent.

Table 2.4: Distribution of 18-24 claimant unemployment in deprived areas in England, Scotland and Wales, February 2012

% of Claimant unemployment within each IMD decile			
	England	Scotland	Wales
Decile 1	25	23	21
Decile 2	18	18	15
Decile 3	14	14	14
Decile 4	11	11	11
Decile 5	9	9	10
Decile 6	7	7	8
Decile 7	6	6	6
Decile 8	5	5	5
Decile 9	4	4	5
Decile 10	3	3	4
Total	100	100	100

Source: Claimant Count, NOMIS

The figures quoted so far underline the severe impact that the economic downturn has had on youth unemployment. However, the notion of *worklessness* is wider than unemployment and includes economically inactive individuals who are not necessarily currently looking for a job, perhaps due to health reasons or caring responsibilities for instance. Table 2.5 compares overall benefit rates for the entire working age population (16-64 year olds) against those for people under the age of 25. The final column gives the under 25 age group as a proportion of all claimants in that category. The table makes for some sober reading and provides an indication of the disproportionate impact of the economic downturn on the labour market position of young people, relative to the rest of the working age population.

Looking at JSA first, less than four per cent of working age people are currently claiming this benefit, but 30 per cent of these claimants are aged under 25. The same proportion, 30 per cent, of total lone parent claimants are also under 25. Young people are less prominent among the ESA/IB claimant group, but these are health-related benefits and this group are therefore more skewed towards the older age categories. Stricter eligibility criteria introduced since 2008 for IB/ESA also make this benefit harder to access (Harrington, 2010).

The bottom row in Table 2.5 provides figures for all out-of-work benefits. Just over 12 per cent, or over one-in-eight, of all working age people are in receipt of some form of out-of-work benefit. When applied to 16-24 year olds however, this figure rises to 17 per cent. Thus, young people are significantly more likely to be out of the labour market than those aged 25 and over.

Table 2.5: Out-of-work benefits by working age and by under 25 year olds, February 2012

Benefit	Total working age		aged under 25		% of all WA on benefits
	Number	%	Number	%	
JSA	1,482,600	3.8	450,950	6.2	30%
ESA and IB	2,572,540	6.6	157,460	2.2	6%
IS as Lone Parent	595,250	1.5	178,670	2.5	30%
Other benefits	180,060	0.5	39,170	0.5	22%
All out-of-work benefits	4,830,460	12.3	826,250	11.4	17%

The distribution of under 25 year olds across these different benefit categories provides a further reminder of their heterogeneity and highlights the need for a variety of interventions. This diversity coupled with the uneven geography of youth unemployment calls for interventions that reflect the different barriers and issues young people face in different places.

To summarise:

- **youth unemployment has risen at a much greater rate** than general unemployment and has been driven by falling labour demand
- **this impact is geographically uneven** with significantly higher concentrations of youth worklessness in older industrial and deprived areas of the UK. Concentrations also exist however, within pockets of deprivation in the better performing regions of the south and east
- **underlying structural unemployment among young people** is a continuing concern and points to the existence of employability issues among some sections of the youth population. That is, even if the economy was to improve and economic growth was achieved then there would likely still be a significant proportion of young people struggling to access the labour market. This underlying structural unemployment is thought to account for between seven and nine per cent of all youth unemployment (ACEVO, 2012)
- **significant numbers of young people are economically inactive** and in receipt of other out-of-work benefits. Taking a wider definition of worklessness therefore greatly increases the scale of the problem of labour market access for young people and suggests the need for different approaches for different individuals and groups.

The next section puts these recent trends into context. It looks at some of the factors contributing to the disproportionate impact of the recession on young people and addresses the diversity within the 19-24 cohort in terms of respective labour market position.

3. Labour market and policy context

Most academic and youth work commentators agree that the principal factor influencing levels of youth unemployment is the low overall number of job opportunities on offer in relation to the size of the potential workforce in the 19-24 age bracket. In the post-2008 recession this issue has become even more acute, with extensive job losses in all sectors of the economy, but especially in manufacturing, construction, transport and public services. As discussed above, there have also been marked regional variations, with older industrial areas in the north and west experiencing larger reductions than London and the South East, where financial and business services in particular have remained relatively buoyant.

Paradoxically employers have also reacted to recessionary conditions by introducing a range of staff retention strategies, such as placing existing employees on shorter working hours pending an economic upturn. This not only avoids high-cost 'early retirement' packages, but also reflects employees' uncertainties over welfare entitlements and progressive extensions to the state pension age. The overall effect has been to 'freeze' posts that otherwise would have become available for recruitment, many of which may have been taken by suitably qualified young people (ACEVO, 2012).

The general effect has been a much sharper increase in unemployment amongst young people than amongst adults in general. Although there are variations between countries, with those most affected by the sovereign debt crisis (Greece, Ireland, Spain) worst affected, this is a pattern repeated across Europe, not just the UK (Bell and Blanchflower, 2011). At the same time, the growing gap between young people and adults is a phenomenon that first emerged over a decade ago; the recession has merely exacerbated the trend. This suggests that there are structural changes in the way in which western economies and labour markets operate that lie behind the issue. As yet it appears that these changes are not fully understood.

One major consequence for the UK labour market has been an intensification of competition for the jobs that do become available. Thus the decrease in the number of posts on offer that actually require graduate skills has not only allowed employers greater selectivity, it has also prompted an increase in graduate unemployment amongst both those with less marketable qualifications and those with higher ambitions and an expectation of commensurate salaries (or a higher 'reservation wage'). The latter may also be a response to increased levels of student debt on leaving college; equally these pressures could push people into taking jobs that they don't really want to tide them over until something better arises (and thus excluding others who would be willing to take them on a more permanent basis) (Schmelzer, 2011). The same pressures have contributed to further growth in the number of graduates who migrate away from the region where they studied to take up, or in search of, work (Bristow *et al.*, 2011; Mosca and Wright, 2012). Inevitably the majority continue to gravitate towards the graduate employment 'hot spots' in London and the South East.

It appears that most graduates do participate actively in labour market searches, but with varying degrees of success. Again much depends on the scale and structure of job opportunities in the areas where they live. In general, these trends have

combined with the long-term persistence of low skill and low paid employment in the UK (Keep and Mayhew, 2010; Lawton, 2009) to produce a 'bumping down' process in which better qualified candidates such as university and FE graduates secure jobs which do not fully utilise their skills and knowledge. Such 'under-employment' has been estimated to affect 40 per cent of all UK employees (Keep and Mayhew, 2010); it is likely that the proportion of working 19 to 24 year olds in this position is even higher.

Other research has pointed to a polarisation of jobs growth over the last 20 years, with sustained expansion in high wage, analytical, non-routine jobs at the 'top' end, growth in manual, lower wage jobs at the 'bottom' end, and a contraction of routine, average wage jobs in the 'middle'. It is argued that this is resulting in a progressive 'hollowing out' of the labour market in developed economies, leading towards an increasingly 'hourglass' shaped economy (Hackett *et al.*, 2012). The main driving force behind these changes concerns the ability to substitute routine tasks that are highly concentrated in 'middle-earning' occupations with advanced technological applications. In a buoyant economy this would undoubtedly point to a need for a growing number of graduates in the workforce. However, if the current gap between the supply and demand for graduate employees in graduate jobs persists, the trends outlined above are set to continue.

Moreover, the repercussions go further, in that those with intermediate skills who would previously have moved into these jobs are forced into more precarious, minimum wage posts which may be fixed-term or short-lived according to an employer's changing needs. Even if they could be longer-lasting, many of these jobs have terms and conditions which make them difficult to sustain for any length of time, especially if incumbents have ambitions to better themselves. However, as detailed research has shown, breaking out of this 'low pay, no pay' cycle is extremely difficult to achieve (Shildrick *et al.*, 2010; McCollum, 2011).

Others may even fall outside this group, either through the increasingly tight eligibility rules for welfare benefits when out of work, or because they lose out in the competition for jobs because of labour market barriers such as lack of qualifications, health issues, a criminal record or care responsibilities. Melrose (2012) has pointed to the likelihood that many in this position might be diverted into the 'shadow' economy of informal work, warning about the risks and uncertainties involved and the enduring dislocation from the mainstream economy that participants in such activity may suffer. While some of it will involve criminal transgressions, the large body of evidence assembled by Colin Williams suggests that most informal working tends to revolve around 'cash-in-hand', unrecorded household provisioning. The main concern for the individuals involved is the lack of any longer term social protection or welfare rights; for the government and policy makers it is probably more a matter of uncollected tax revenues (Williams, 2006; Williams and Renooy, 2008).

That said, there is a growing body of evidence that involvement in precarious and marginal jobs, or in the informal economy, interspersed with spells of formal unemployment, are linked to a high probability of long-term unemployment in later life. These experiences also contribute to other long-term issues with regard to both mental and physical health on the one hand, and overall life satisfaction on the other (Bell and Blanchflower, 2010; 2011).

Two key themes shine through much of the academic literature on youth unemployment and labour market detachment (for example, in the case of people who are not in employment, education or training, or NEET). The first is that these are essentially temporary states, acting as integral stages in the various transitions that are made between school and college education, training and work, or more broadly between youth and adulthood. For some the paths are straightforward, for

others definitely not: as the ACEVO (2012) report observes, 'the route to university (or apprenticeships) is a well-signposted motorway; the route into work for (many others) is more like an unmarked field of landmines'. The latter comprises 'a hotch potch of ad hoc, low quality and sometimes chaotic and wasteful provision' (ACEVO, 2012). Several other authors have commented on the many and complex routes from formal education into settled employment, and how these are enmeshed with all other aspects of young people's emerging lifestyles (Coles, 2008; Furlong, 2006; Furlong and Cartmel, 2007). These transitions can be messy, involve several dead-ends and false starts, and take a very long time to negotiate. This contributes further to what Jones (2002) has called the 'youth divide'.

At the same time, much of the literature warns against the use of such simple distinctions and categorisations. The tendency to label people as 'NEETs' or even 'young people' can hide a wide variety of conditions and circumstances (Macdonald 2011). The danger then is that the design of policies and interventions to address issues of worklessness and detachment are only appropriate for those people who conform to type. A key aspect of this is that the label usually captures just one feature of a person's life, aiming to move them from that state to another, more preferable situation (e.g., from NEET to EET, or in employment, education or training). Neither the nature and quality of the provision entered, nor the other barriers that a person might face are addressed properly by this approach. The likelihood is that, without more holistic support and assistance to overcome a range of problems, their move into one of these categories may not be sustained or may not lead anywhere else.

However, the realm of state welfare policy is replete with a host of these simple categorisations and the artificial boundaries between them: citizens and non-citizens, workers and non-workers, and so on. In many ways these binaries have always been there, but they have become entrenched as a fundamental feature of the welfare system in the UK since the advent of the New Labour government in 1997. This type of discourse was then further intensified by the Coalition government post-2010, in the context of its austerity measures to reduce the national deficit.

Central to this is what Patrick and Brown (2012) describe as a 'remoralisation' of welfare and social policy. This involves an increasing individualisation of policy, in which citizens are only entitled to welfare and other rights if they take responsibility to sort out their lives, especially in economic terms by finding work (Thompson, 2011). This is exemplified in the case of young people by the Youth Contract (see below), as well as more generally by the increasing conditionality placed on eligibility to state welfare benefits. Both are designed to compel behaviour that conforms to an ideal where everyone who can is in work or is preparing for work. While a goal of full employment might be laudable, its achievement is more related to the scale of job opportunities on offer in a particular area than the work ethic of the local populace.

In fact, the disciplinary aspects of the emerging reformed welfare system fit neatly with the aims of macro-economic ('austerity') policy, narrowing benefit entitlements and lowering labour costs to 'make work pay' for employers and employees alike (Melrose, 2012). The reverse side of austerity policies in reducing public expenditure, however, is the removal of support mechanisms that were effective, popular and inclusive for disadvantaged young people, such as the Educational Maintenance Allowance and the Future Jobs Fund (see below). The lack of money available for investment is reflected in recent statements setting out youth policy priorities for the next few years (HM Government 2011a; 2011b). Both place the emphasis squarely on education and training so that young people develop the skills to succeed in the labour market and workplace, but without the resources to counteract the current squeeze on FE and other vocational provision. Further, reliance on employers to contribute to skills development by offering apprenticeships, work experience

placements and internships remains a doubtful proposition, given the low levels of involvement in training in the past, and the slow take-up of (Modern) Apprenticeships (Lanning and Lawton, 2012). The fundamental shortcomings of the vocational training system in the UK have been known for some time: indeed, they were encapsulated in the findings of the Leitch Report six years ago, but reforms before and since have only ever been partial and piecemeal.

As the ACEVO report concludes, 'young people not heading for university need clear high-quality options for progression' (2012, p.5). Whether the raising of the compulsory participation age in English schools from 16 to 17 in 2013, and subsequently to 18 in 2015, will make a difference remains to be seen. Much else will be required if it is to result in more graduated transitions from education and training into work, for employers to engage with young people in sufficient numbers during this time to make a real difference, and for there to be an expansion in the number of high-quality options available to young people (including apprenticeships). As with the expansion of HE students, or the youth training schemes of the past, the major concern is that for many it will become yet another example of 'warehousing' youth unemployment, shelving the problem until it re-emerges when people reach the age of 18 or 21 (Roberts, 2009).

4. Youth worklessness: characteristics and barriers to employment

4.1. Introduction

This section looks at the characteristics of workless 19-24 year olds before exploring some of the key barriers to employment identified in the literature. As discussed above, workless young people are not a homogeneous group and the development of interventions to support young people into work requires an understanding of this diversity and the different barriers that need to be overcome.

4.2. The characteristics of workless 19-24 year olds

The 19-24 youth cohort is not static and the nature of this group has been affected by wider social and policy changes such as the increase in participation in post-18 education since the early 1990s. Labour markets are also dynamic and in the UK they are becoming more competitive and selective (Philpott, 2011). For instance, as noted in Section 3, as the demand for labour tightens graduates can tend to squeeze out lower qualified young people who are pushed further down the pecking order. The characteristics of workless 19-24 year olds are therefore discussed in terms of the recent recession.

The Coalition government recently set out the characteristics of young people who are not participating in the labour market through data drawn from the Labour Force Survey (LFS) in quarter three of 2011 (HM Government, 2011a). The first point to note about the current 16-24 cohort is that this group is much larger than it was ten years ago, rising from 5.1 million in 2000 to 6.1 million today. The report also refers to the narrower 18-24 cohort (rather than 19-24, due to data availability) and identifies two distinct groups:

- 523,000 young people who are unemployed, not in education and looking for work
- 490,000 young people who are economically inactive, including:
 - 371,000 who are looking after the family or home, or are sick and disabled
 - 119,000 who are inactive for a range of reasons (e.g. full-time carers, gap year activities).

There are a range of reasons why young people may not be participating in employment. Labour markets always contain a "natural churn" as people change jobs and move between sectors, and many young people who are NEET may only be out of the labour market for very short periods. A growing number - around 150,000 on the claimant count measure (see Figure 2.2 above) - are long-term unemployed however, and this number has risen significantly since 2008. This is acknowledged within the government's strategy for addressing youth unemployment which distinguishes between: a majority needing opportunities and engagement support; and those requiring more intensive support such as the long-term unemployed and the economically inactive (see Section 5).

The Office for National Statistics (2012) provide an analysis of the current picture of youth unemployment, looking at those aged 16-24. This publication contains analysis by finer age group categories, which highlights the differential labour market fortunes of different cohorts. For instance, one quarter of 21 year olds who left University with a degree are unemployed compared to just five per cent of equivalent 24 year olds (Office for National Statistics, 2012, p.3). This highlights the way that the recent economic downturn has impacted disproportionately on different groups. The report also looks at types of jobs that young unemployed jobseekers are pursuing. As claimants must be 18 to be eligible for JSA this analysis is confined to 18-24 year olds. At January 2012 around 60 per cent of 18-24 year old recipients of JSA were looking for work in either sales or elementary occupations. These are typically the relatively low skilled, low paid and more insecure labour market positions (Office for National Statistics, 2012, p.5) and are associated with the "low-pay, no-pay cycle" (Shildrick *et al.*, 2010).

There is a degree of consensus within the literature on the particular characteristics of young people out of the labour market. Literature focuses on common discriminating factors such as:

- **geography:** young workless people tend to be more heavily concentrated in more deprived areas such as older industrial areas, inner city areas and seaside towns (Beatty and Fothergill, 2011)
- **social disadvantage:** young people experiencing long-term worklessness are predominantly from disadvantaged backgrounds (see Table 2.4 above). The fact that 81 per cent of this group (aged 16-24) have parents with low qualifications is an indicator of this disadvantage (ACEVO, 2012)
- **gender:** young women are more likely to be NEET than young men, though these proportions are converging (Allen *et al.*, 2012). The fact that most **lone parents** are female is a key factor here (ACEVO, 2012; Allen *et al.*, 2012). At 16 years of age 18 per cent of NEET females are NEET because they are looking after the family or home, with most being lone parents. By 18 this figure rises to one third of all female NEETs (Allen *et al.*, 2012)
- **disability:** young people with a disability and/or learning difficulty constitute 16 per cent of those NEET for six months or more but make up only seven per cent of the young population overall (Audit Commission, 2010)
- **ethnicity:** available data for 16-19 year olds indicates that the NEET population is relatively evenly spread across different ethnic groups. Between 35 and 40 per cent of 16-19 year old Bangladeshi, Black Caribbean, Mixed, Pakistani and White people are NEET. Young Black African, Indian and Other Asian groups are less likely to be NEET with the equivalent range being between 20 and 25 for these groups
- **qualifications:** young people whose trajectory is characterised by long-term worklessness are more than four times more likely to have no qualifications than their peers who make "successful" transitions (ACEVO, 2012). 75 per cent of young people unemployed for six months or more have qualifications below Level 2 (HM Government, 2011a)
- **carers:** young people with caring responsibilities are twice as likely as their peers to have experienced over six months NEET (Audit Commission, 2010)
- **young offenders:** this group are more than four times as likely to have experienced six months or more NEET (Audit Commission, 2010)
- **being in care:** young people who have been in care are twice as likely as their peers within the general population to have experienced over six months NEET (Audit Commission, 2010).

Being in care is also a characteristic identified as an early indicator of the risk of becoming NEET (Allen *et al.*, 2012) with other indicators including:

- parental unemployment
- poor school attendance
- a history of violence and crime
- drug and alcohol abuse.

It is also important to note that the number of graduates within the 19-24 group who are unemployed is also a factor in the increase in worklessness for this group. Though these individuals are often better equipped for the world of work in terms of qualifications and employability, the impact of unemployment and graduating within a recession and the associated "wage scar" should not be underestimated (Bell and Blanchflower, 2011; Gregg and Tominey, 2005).

4.3. Barriers to employment

Some barriers to employment are relatively common across groups and ages and are well documented. The local availability of jobs, working conditions, rights and obligations in the benefits system, gender relations in the home and workplace, and societal attitudes towards and perceptions of health and disability are all important structural factors influencing the likelihood of a particular individual being in employment (Burchell and Rubery, 1994; Dyck, 1995; Hanson and Pratt, 1995; Green, 1997; Anyadike-Danes, 2004; Sainsbury and Davidson, 2006; Kemp and Davidson, 2007). There are some factors specific to the 19-24 year old cohort however, and this sub-section focuses mainly on what is particular about youth unemployment drawing on key issues that are recurrent within the literature as well as evidence from stakeholder interviews and the written consultations received. Firstly, consideration is given to the structural and macroeconomic issues impacting on young people before the common barriers are set out.

4.3.1. *The changing nature of youth transitions*

Before discussing the barriers to participation it is important to note the changing nature of youth transitions to work in recent times. There is a general consensus on the changing pattern of youth transitions to employment since the last moral panic over the "lost generation" in the UK in the 1980s. This is an important context required in any understanding of the current situation with regard to the barriers to work facing young people. There has undoubtedly been an increase in the distance between childhood and adulthood over the long-term with the pre-determined routes into employment for many young people in traditional "working-class" communities disappearing (the expectations of routes into work within the heavy industries such as coal and steel are classic examples). This, coupled with an increasing emphasis on knowledge-based industries and the expansion of higher education, has resulted in an increase in 'slow-track transitions' into the world of work (Jones, 2002). This change is not universal, however, and those not engaged in further and higher education find themselves in increasingly precarious positions:

'Now only a minority make quicker transitions to the labour market, to independent living and to parenthood and, in doing so, face greater risks of unemployment, homelessness and poverty' (MacDonald, 2011, p.4).

MacDonald (2011) argues that this 'quicker transition' group are heterogeneous and their labour market engagement is characterised by a dynamic 'churning between insecure low-paid jobs, poor quality training schemes and unemployment' (2011,

p.6). This "low-pay, no-pay" cycle can continue well into middle age but does not necessarily serve as a disincentive to work as 'people cling to highly conventional values about the social, psychological and financial importance of employment' (Shildrick *et al.*, 2010, p.40). This diverse group of young churners are more likely to be the target and recipients of interventions, labour market support and activation policies at various points in time. Furthermore, the lack of access to long-term, secure employment and the recurrence of spells out of the labour market can have a detrimental effect on work opportunities and pay, often termed "scarring".

Gregg and Tominey (2005) take an econometric approach in identifying the magnitude of the 'wage scar' apparent with relation to *male* youth unemployment. The wage scar refers to the impact that a spell out of the labour market has on future earnings. Drawing on data from the National Child Development Survey (NCDS) they find that youth unemployment 'imposes a sizeable wage scar' of between 13 and 21 per cent 'followed by slow recovery over the next twenty years' (Gregg and Tominey, 2005, p.487). That is, young males experiencing unemployment face lower earnings potential for a significant period as a direct result of time spent out of the labour market. The authors also point to the fact that the experience of youth unemployment also results in a *wider deterioration in labour market prospects*. The experience of youth unemployment therefore has consequences far beyond the immediate spell out of the labour market.

These findings on the wage scar and future employment prospects are consistent with the views of young people set out in a recent Reed in Partnership (2010) report. This explores the nature of existing employment provision for young people and draws on a survey of 1,800 unemployed young people in trying to better understand their employment barriers and any changes in their approach to engaging employers. 21 per cent of those surveyed cited the length of time they had been unemployed as the '*biggest barrier*' to them finding work, which is a key issue as long-term unemployment (usually defined as six months plus) continues to rise (see Figure 2.2 above).

4.3.2. *The geography of labour demand*

Much of the recent literature on labour activation policies has been particularly critical of an over-emphasis on supply-side approaches which focus on the individual characteristics of claimants in making them more "employable" (Beatty *et al.*, 2010; Keep and Mayhew, 2010; McQuaid and Lindsay, 2005). This literature often points to analyses of the geography of labour market demand in highlighting a particular weakness of such approaches (ACEVO, 2012; Allen *et al.*, 2012; Beatty and Fothergill, 2011). As outlined above much worklessness is concentrated in older industrial areas where a large supply of labour is not matched by equivalent labour demand (see Tables 2.4 to 2.7 in section 2). In a 2010 study Beatty *et al.* show how the average claimant rate for out-of-work benefits within the "worst" 100 districts (in the labour market sense) is more than 10 percentage points higher than in the "best" 152 districts across the country. Therefore, geography matters. A study by Reed in Partnership (2010) found that there were two main self-reported barriers to finding work among young people: "lack of experience" was reported by 68 per cent of survey respondents; and "too much competition" by 61 per cent. The third most significant barrier reported was "nothing suitable available", which along with the sizeable proportion of respondents citing competition for jobs, points to labour market pessimism among young people which is certainly supported by the statistical evidence.

This spatial mismatch also raises issues for the **housing sector**. Young people's access to housing is a key factor in enabling or curtailing geographic mobility and the pursuit of employment opportunities beyond the immediate locality. The private

rented sector (PRS) has traditionally performed this function in terms of allowing young, mobile groups to migrate to areas of greater employment opportunity relatively freely. The current state of the housing market coupled with ongoing reforms to Housing Benefit (HB) in the PRS (Local Housing Allowance (LHA)), however, has meant a significant increase in the demand for PRS accommodation. Many potential homebuyers are unable to access mortgage finance and are consequently being diverted to the PRS. At the same time one of the reforms to HB is to raise the age at which the shared accommodation rate applies to claimants from 25 to 35. That is, HB claimants in the PRS under the age of 35 can only claim rent equivalent to that of a room in a shared house, rather than a one-bedroom flat. This is anticipated to increase the pressure on Houses in Multiple Occupation (HMOs), a popular and cheaper accommodation choice for young people. For instance the ACEVO Report (2012) notes the concentration of youth unemployment within particular coastal wards in the district of Thanet. This is largely explained by the conversion of B&B accommodation into HMOs and highlights the importance of housing and labour market interactions. These issues are little understood and notable by their absence within the recent literature on young people. The Department for Work and Pensions (DWP) has commissioned research to monitor the effects of these reforms and the findings from this research are likely to be published in autumn 2013. However, this is one area where more research is perhaps required in terms of the specific impact of these reforms on workless young people.

4.3.3. *Social networks and place*

Related to the above, social networks have been identified as a key enabling factor in helping individuals access the labour market (Gore and Hollywood, 2009; Lindsay, 2010) although little research has engaged explicitly with the social networks of younger people.

In an innovative study for the *Joseph Rowntree Foundation* Green and White (2007) show how the social networks of young people and their attachment to place have a significant bearing on their training and work opportunities and horizons. From this perspective social networks can serve to both open up and close down opportunities dependent on the nature of those networks (White and Green, 2011). They find that the social networks of young people vary in terms of both size and quality with negative consequences for individuals where networks and access to knowledge and information sources from friends and family are lacking. In such instances reliance on family support served to 'reduce ambition and/or curtail choices to familiar options and locations' especially where familial knowledge was based on their own experiences which was often out-dated in application to the contemporary labour market (Green and White, 2007). This is supported by research from the Prince's Trust (2010) who found that 25 per cent of young people from workless households felt that their parents did not have the knowledge to help them find a job.

Importantly, Green and White (2007) also point to the strong attachment to place among young people as a factor in limiting their spatial horizons and therefore narrowing work opportunities. In a similar vein to Granovetter's (1973) notion of the 'strength of weak ties' they find that *strong* networks within a tight geographical area may lead to a tendency to look inwards to the immediate locality. In the absence of local labour demand this then seriously curtails the prospects of employment but this is also influenced by confidence, often gained through employment, and a good transport infrastructure. Green and White's research is important in acknowledging the centrality of place-specific factors in understanding whether interventions work. Consequently they suggest the need for locally driven interventions that allow for flexibility in design and implementation.

4.3.4. Common barriers to employment amongst workless 19-24 year olds

The prominent characteristics of workless 19-24 year olds discussed above overlap somewhat with the barriers to employment that they face. A Department for Education report in 2010 provides a comprehensive assessment of the barriers to labour market participation for young adults. These barriers refer to the *most important* factor and are self-reported by young people themselves. They therefore provide a telling indicator of the perspective of young people on their own labour market position and prospects. The most common cited barrier for young men were:

- lack of experience (27 per cent)
- lack of qualifications (25 per cent)
- health or disability (eight per cent).

And for young women:

- the need to work flexible hours (20 per cent)
- lack of experience (16 per cent)
- health or disability (nine per cent).

Other key barriers cited include:

- lack of jobs and too much competition
- transport issues
- anxiety and nervousness about entering a new job
- perceptions that individuals would be worse off financially
- pregnancy or looking after children.

A survey of unemployed young people by Reed in Partnership (2010) also produced very similar findings but with much greater proportions identifying the same factors as respondents could select as many barriers as applied to them as opposed to the most important. Asked what they felt was preventing them from gaining employment young people responded as follows:

- lack of experience (68 per cent)
- too much competition (61 per cent)
- no suitable jobs available (35 per cent)
- unemployed for too long (21 per cent)
- lack of skills (20 per cent)
- lack of confidence (20 per cent)
- job search difficulties (18 per cent)
- no careers advice (six per cent).

Interestingly, comparing the findings to those from the same survey a year earlier identifies three significant shifts. The proportion of young people citing a lack of experience rose by 16 per cent; too much competition declined by ten per cent; and the proportion citing the fact that they had been unemployed for too long rose by 5 per cent (Reed in Partnership, 2010, p.12).

4.3.5. Stakeholder perspectives on barriers to employment

There was also a remarkable degree of consistency within the responses from stakeholder interviewees and those providing written evidence in terms of the key issues facing workless 19-24 year olds. These responses generally emphasised four broad areas of concern that were curtailing the employment prospects of 19-24 year olds:

- labour market demand and the economic downturn
- qualifications and skills
- the current state of service provision and the impact of public sector cuts
- attitudinal factors such as confidence, motivation and aspirations.

The first and third of these were often linked in the responses and it was noted by several respondents that issues around confidence, motivation and aspirations had worsened in the post-recession period. The issue of access to support and service provision was said by several respondents to further accentuate attitudes towards institutions and authority and had a detrimental effect on engagement in some cases. The key and recurrent barriers cited by stakeholders are listed below, with the most often cited appearing first:

- lack of jobs
- low skills levels, especially basic skills (numeracy and literacy)
- no or low qualifications
- lack of confidence
- lack of support to make people work ready
- lack of work experience
- lack of motivation
- lack of advice and support on careers and employment, education and training options
- low aspirations
- increased competition for jobs
- perceptions that people would be better off on benefits
- access to housing.

Thus there is a great deal of convergence between the existing evidence on barriers to employment for young people and the views of Third Sector organisations actively engaged in the provision of support for young people. There can be little doubt therefore, as to the nature of the task in hand. The issue of how best to approach this task is the burning question.

5. Tackling youth worklessness

5.1. Introduction

This section explores the evidence on the effectiveness of interventions to tackle worklessness among young people. It begins with a review of key national policies and then assesses the 'pros' and 'cons' of eight different approaches to tackling worklessness. The section concludes with some reflections on what is needed in any future interventions to support young people to find employment.

It should be noted that the **quality of the evidence on effective interventions is mixed**. Large-scale, robust evaluations are only really available for national-level programmes. The quality of data available at the local level is far more uneven. In particular, evidence on the effectiveness of volunteering and young person-led approaches, which tend to be delivered at the local scale, is scant. For these themes, some limited examples of qualitative case studies are presented below to reflect on the ways in which individual projects can support people.

5.2. National approaches to tackling worklessness

The Coalition government approach to tackling youth worklessness is outlined in two strategy documents published in 2011: *Supporting Youth Employment* (HM Government, 2011a) and *Building Engagement, Building Futures* (HM Government, 2011b). These publications contain a raft of measures and key interventions identified include:

- launching the **National Careers Service** to provide information, advice and guidance about careers and learning
- **reforming Apprenticeships** by expanding numbers for 18-24 year olds and promoting uptake of Advanced (Level 3) and Higher (Level 4) Apprenticeships
- fully funding 18-24 year-olds to gain their **first Level 2 or Level 3 qualification**
- supporting the **development of routeways** to jobs and Apprenticeships
- **increasing the number of, and access to, Apprenticeships**, work experience placements, and internships
- supporting the **long-term unemployed** by providing personalised support through the Work Programme
- **ensuring work pays** with the introduction of Universal Credit
- **increasing expectations to find work ('conditionality')** through:
 - new requirements to look for work for lone parents on IS and claimants of ESA (Work-related activity group);
 - Mandatory Work Activity which requires individuals deemed to have 'little or no understanding of what behaviours are required to obtain and keep work' (Department for Work and Pensions, 2011a) to participate in placements for up to 30 hours a week, for 4 weeks;

- **providing targeted support** for specific groups of young people such as lone parents, those with health problems, disabled people including those with learning difficulties and/or disabilities, young carers, offenders, substance misusers and care leavers
- support for individuals **new business start-up** through the New Enterprise Allowance (see page 27)
- putting in place a **new Youth Contract** that includes:
 - an offer of a Work Experience or sector-based work academy place¹ for every unemployed 18-24 year old who wants one (after they have been on JSA for three months)
 - extra support from Jobcentre Plus, including weekly, rather than fortnightly signing from month five of a JSA claim and extra Personal Adviser time from month three
 - a careers interview from the National Careers Service in the first three months of their claim
 - 160,000 wage subsidies of £2,275 to incentivise employers to take on young people.

The Youth Contract is backed by the threat of sanctions with those failing to engage in compulsory activities considered for Mandatory Work Activity.

Two key points can be made about the general approach of the Coalition government. First, it is primarily a 'supply-side' approach focused on **improving employability** by raising the skills, aspirations and work-readiness of young people out of work. The Coalition have explicitly **rejected some 'demand-side' approaches such as short-term job creation**. On coming to power, it scrapped the £1.5bn Future Jobs Fund introduced by the Labour administration to provide six-month placements paid at the National Minimum Wage on the grounds that it was costly and ineffective (House of Commons Work and Pensions Committee, 2010). This led one stakeholder interviewed to claim 'the government has given up on the demand side' [TUC], although the Coalition maintain they have a strategy for growth (see HM Government, 2011a). Second, it is **underpinned by conditionality** through benefit sanctions or compulsory unpaid work (Mandatory Work Activity) for young people who fail to engage in mandated provision.

5.3. How effective are different approaches in tackling worklessness among 19-24 year olds?

There are a number of broad approaches to tackling worklessness that have been used by successive governments in recent years. This section reviews evidence on the effectiveness of eight of the most frequently deployed approaches:

- job search and Information, Advice and Guidance (IAG)
- unpaid work experience
- wage subsidies
- Apprenticeships
- Intermediate Labour Markets (ILMs)

¹ Sector-based work academies commenced as a pilot in the North West of England during October 2011. They provide a combination of accredited training and work experience with an employer.

- enterprise
- volunteering as a route to work
- young person-led approaches.

5.3.1. *Job Search and Information, Advice and Guidance.*

The Coalition has stressed the importance of providing one-to-one job search support which will be made available through the Work Programme to any young person out of work for more than nine months, or earlier if they face particularly severe barriers (HM Government, 2011a). For those aged 19 and over (or 18 and over if customers of Jobcentre Plus), the new National Careers Service will offer face-to-face IAG about careers, skills and the labour market.

Several reports assert **the value and importance of job search and IAG**:

- a synthesis of several DWP Programme evaluations suggested job search can be **more effective and cheaper than other methods** such as intensive training in moving individuals back into work (Hasluck and Green, 2007).² Commentators also identify value in a **holistic approach** that combines IAG and job search with other services such as healthcare, housing support, benefits advice and financial support (House of Commons Children, Schools and Families Committee, 2010; Kendrick, 2011). This joined-up approach can help young people to more easily access the help they require, particularly if delivered in a single facility such as a one-stop shop (ibid.)
- international evidence suggests that some countries which invest more in early, intensive job search activities for young people, such as Denmark, have lower rates of youth worklessness (Demos, 2011a).

There are few criticisms of job search as an approach to tackling worklessness, although one observer noted it may be less effective for the long-term unemployed (House of Commons Work and Pension Committee, 2010)³. Demos suggest job search is so important that the **government should reduce the waiting period before intensive one-to-one support becomes available** through the Work Programme from nine to three months (Demos, 2011a). The lifetime scarring for young people who experience just short spells of unemployment, as noted earlier, would appear to provide ample justification for this.

Others note the **importance of providing job search as part of other approaches to tackling worklessness**. One third sector provider of Apprenticeships we interviewed (City Gateway), emphasised the essential role that job search support plays in increasing the likelihood of successful job outcomes. The ACEVO Commission on Youth Unemployment also suggested that any future ILM scheme should minimise the risk of lock-in by only offering part-time positions that allow adequate time for training and job search (ACEVO, 2012).

² Note that this particular finding relates to DWP provision for *all* age groups but includes the New Deal for Younger People.

³ Submission of Professor Paul Gregg to House of Commons work and Pensions Committee (2010) Youth Unemployment and the Future Jobs Funds

5.3.2. Unpaid work experience

One of the Coalition government's stated priorities is to ensure young people have access to unpaid work experience placements to gain skills and experience that are valued by employers (HM Government, 2011a). The Youth Contract announced plans to create a further 250,000 places over the next three years. Under this scheme, jobseekers are allowed to undertake work experience for up to eight weeks⁴ while still claiming out-of-work benefits.

There is **some positive evidence on the benefits of work experience** placements. Recent statistical analysis by the Department for Work and Pensions (2012) suggests work experience can enhance employment outcomes with participants:

- 16 per cent more likely to be off benefits than non-participants after 21 weeks
- 28 per cent more likely to be in employment than non-participants after 21 weeks.

However, this picture is tempered by studies suggesting that **work experience does not always lead to positive job outcomes**. The ACEVO Youth Commission on Unemployment (ACEVO, 2012) reported that:

- work experience can enhance employability, especially for disadvantaged groups, but concluded that too many placements are too short and of poor quality
- there is a broad view that 'real work with a real wage' tends to be more beneficial than short-term work experience
- there is often no guarantee of a job or an interview at the end of placements
- there are concerns that employers sometimes use participants as 'free labour' to displace paid workers. Controversy over this issue has seen high profile retailers including Sainsbury's, Superdrug and Burger King withdraw from, or suspend involvement with, the scheme (The Guardian, 2012).

5.3.3. Wage subsidies

The government recently announced 160,000 subsidies of £2,275 to incentivise employers to take on young workless people as part of its new Youth Contract. However, **the evidence on the benefits of wage subsidies is mixed**. On the one hand, **identified benefits** include:

- enhanced employability and job outcomes with evaluations of the Employment Option⁵ of the New Deal for Young People showing:
 - placements were valued as a 'proper job' that provided opportunities for improving skills and employability (see Hasluck and Green, 2007)
 - participants experienced a greater likelihood of entering work and sustaining work for longer compared with those in other NDYP options (Bonjour cf. Department for Work and Pensions, 2008)

⁴ From October 2011 an extension to 12 weeks' work experience was allowed where an employer is willing to offer an Apprenticeship to the young person.

⁵ This provided a six month subsidy of between £40 and £60 per week for young people aged 18-24 plus a £750 training grant.

- wage subsidies may be particularly valued by small- to medium-sized enterprises (SMEs), especially those facing difficulties in accessing credit (UK Commission on Employment and Skills, 2011).

But on the other hand there is also **evidence of limited effectiveness** in that:

- general wage subsidy schemes often have high levels of deadweight (i.e. subsidies going to firms that would have recruited a young person regardless) with estimates for the New Deal subsidy varying between 35 per cent and 70 per cent (Bivand *et al.*, 2011)
- take up for previous schemes including Work Start pilots⁶ and the Six Month Offer⁷ has been low (HM Government, 2011a; Bivand *et al.*, 2011)
- wage subsidies risk displacing existing workers in the private sector unless schemes are carefully monitored to ensure they only fund new jobs (Bivand *et al.*, 2011)⁸. Where displacement does occur the intervention is then effectively a "zero-sum game".

5.3.4. Apprenticeships

Apprenticeships in England are paid jobs that incorporate on- and off-the-job learning and lead to a nationally recognised qualification at National Vocational Qualification (NVQ) Level 2 or above. There are over 200 different Apprenticeships (known as 'apprenticeship frameworks') available in 13 broad sector subject areas. Each apprenticeship framework comprises three elements: a National Vocational Qualification (work-based skills), a Technical Certificate (theoretical knowledge) and Key Skills (transferable skills such as numeracy and literacy).

The Coalition government have sought to increase access to Apprenticeships by providing an extra £180m of funding in the 2011 Budget for an additional 50,000 19+ Apprenticeships across the next four years. Up to 40,000 of these places will provide additional capacity to support young unemployed people. They have also announced plans to increase take up of Advanced (Level 3) and Higher Apprenticeships (Level 4) with an ambition to make Advanced Level the recognised level of achievement in most sectors (HM Government, 2011b).

Studies have identified **several benefits of Apprenticeships** including:

- providing Apprentices with both sector specific knowledge and the general education, work experience, 'soft skills' and work habits demanded by employers (Grist and Cheetham, 2011; Institute for Public Policy Research, 2011)
- offering a 'structured transition' (Grist and Cheetham, 2011; also Institute for Public Policy Research, 2011) from education to work to insulate young people from increasing volatility in contemporary labour markets
- higher financial returns: one study found that individuals with an Apprenticeship but no other qualifications still enjoyed wage returns 13 per cent higher than

⁶An employment subsidy scheme piloted in 1993 for the very long-term unemployed. The programme paid a flat rate subsidy of £60 per week for 26 weeks plus £30 per week for a further 26 weeks to employers who recruited a person who had been unemployed for two years or more.

⁷ The most recent subsidy, which paid £1,000 for taking on anyone who had been on Jobseeker's Allowance for more than six months, ran from April 2009 to June 2010.

⁸ This point was also made by a stakeholder interviewed from the TUC.

those with neither qualifications nor an Apprenticeship (McIntosh cf. Margo and Grant, 2010).

However, some **concerns have been raised** about elements of Apprenticeships:

- only an estimated one-in-eight Apprenticeships are being taken up by people previously unemployed (Bivand *et al.*, 2011)
- places are not growing fast enough to meet increasing demand from young people, with three quarters of recent growth going to those over the age of 25 (Bivand *et al.*, 2011)
- the minimum wage for Apprenticeships (£2.60 per hour) may exclude the most disadvantaged who will remain better off on benefits (ACEVO, 2012; Margo and Grant, 2010)
- Apprenticeships can exclude some young people who lack the necessary minimum qualifications and pre-apprenticeship training may be in short supply (ACEVO, 2012; Institute for Public Policy Research, 2011)
- the quality of Apprenticeships is highly variable with many newer Apprenticeships in service industries only offering Level 2 qualifications or certifying training of existing employees that may have happened anyway (Institute for Public Policy Research, 2011)
- completion rates were less than 50 per cent in 2005-2006 in some sectors (health and social care, hospitality, catering, retail and plumbing) (Hartley cf. Margo and Grant, 2010).

These concerns about access and quality have prompted calls for the government to reform Apprenticeships by:

- funding more pre-apprenticeship training (ACEVO, 2012)
- increasing off-the-job training from 100 to 200 hours a year (Institute for Public Policy Research, 2011; see also UK Commission on Employment and Skills, 2011)
- raising the number of higher level (Level 3 Plus) Apprenticeships whilst removing Level 2 frameworks from the Apprenticeship 'brand' (Institute for Public Policy Research, 2011).

5.3.5. Intermediate Labour Markets (ILMs)

ILMs have been defined as: 'waged temporary work of community benefit for the long-term unemployed, with support to move into the mainstream labour market' (Marshall and MacFarlane, 2000, p.1). **The £1bn Future Jobs Fund (FJF) introduced by the previous Labour government in 2009 was one of the most recent and large-scale examples of an ILM.** It paid a subsidy of £6,500 to employers to create a total of 150,000 temporary jobs, primarily for 18-24 year olds who had been out of work for at least six months.

The scheme was ended by the Coalition government on the grounds that it was not cost-effective (House of Commons Work and Pensions Committee, 2010). No formal, quantitative evaluation of the scheme's outcomes was commissioned, although the Department for Work and Pensions (2011b) did produce a qualitative report on customer experiences. However, an independent national evaluation produced by CESI (2011) reported **a number of benefits** including:

- providing people with **'a real job with a real wage'** at a time when few were available, especially in areas with limited job vacancies
- **raising people's career aspirations**, and their levels of relevant training and qualifications (see also Department for Work and Pensions, 2011b; House of Commons Work and Pensions Committee, 2010)
- **supporting the hardest-to-help** including long-term benefit claimants facing multiple barriers to work (see also House of Commons Work and Pensions Committee, 2010)
- an estimated **43 per cent of participants obtained a job outcome after FJF** of which, according to statistical models, over half would still be in that same job one year after starting
- participants spending **70 days fewer days on benefits** than they would have without taking part in the FJF Programme
- a cost of £9,000 per job outcome which remains **cost-effective** compared with the New Deal for Young People, despite government claims about the scheme's expense.

Other benefits reported by stakeholders interviewed included:

- **advanced payments enabled smaller VCS providers to take on FJF trainees** as they did not have to fund wages upfront. This compares favourably with the Apprenticeship programme where later payments effectively exclude organisations who cannot bridge the gap between placements starting and receiving funding [Community Enterprise Derbyshire CIC]
- FJF helped to overcome a tendency within some smaller VCS organisations to employ older, skilled workers because of a lack of resources for training - FJF payments provided the **incentive and finances to take on younger trainees** [Voluntary Sector North West].

The independent evaluation did raise some concerns about FJF such as: irrelevant or inconsistent training; a lack of support to move into sustained work after placements ended; and difficulties in engaging private sector employers because of the need to demonstrate community benefit (CESI, 2011). One report also claimed ILMs only provide experience in one job and, therefore, do not provide participants with the broad range of skills and experience needed to negotiate flexible labour markets (Demos, 2011a). A stakeholder interviewed also suggested FJF could have been improved by providing post-placement routes to Apprenticeships [Community Enterprise Derbyshire CIC].

Nonetheless, the **available evidence remains overwhelmingly** positive, about both FJF and ILMs more generally, and there have been several calls to reinstate a similar kind of scheme (Bivand *et al.*, 2011; UK Commission on Employment and Skills, 2011). Moreover, FJF was the programme most frequently identified by stakeholders and expert academic advisers we spoke to as a valuable model for any future interventions.

5.3.6. Enterprise

The government has actively supported enterprise as one route out of worklessness for young people. They introduced the New Enterprise Allowance in 2010 to provide mentors for young people wishing to develop a business plan and move towards launching their own business. Once trading they can claim a weekly allowance for up to 26 weeks, and loan finance to help with start-up costs.

The most rigorous evidence on the effectiveness of enterprise programmes comes from a longitudinal study of 2000 young people aged 18-30 who took part in Prince's Trust Business Programme (Department for Work and Pensions, 2003). It found that:

- **employment benefits were mixed:** overall, participants were more likely to be in work than a matched sample of non-participants, but this difference was entirely explained by those still in business. 'Non-survivors', whose business folded, did not experience any benefits in terms of employment or incomes compared with non-participants
- there **was a significant risk of deadweight** as those who described themselves as most likely to have set up an enterprise without programme support tended to be most successful.

There is some evidence that **socially excluded groups feel self-employment could be beneficial in overcoming significant barriers** such as educational underachievement or a criminal record (Princes Trust, 2010). However, there is no guarantee of success. The evaluation of the Prince's Trust Business Programme (Department for Work and Pensions, 2003) showed that young people with no qualifications had the lowest business survival rates compared to the more highly qualified.

5.3.7. *Volunteering as a route back into work*

There has been **growing interest in the use of volunteering as a route back into work**. The Coalition government claims that volunteering can help young people to improve job prospects by building skills, motivation and fostering citizenship (HM Government, 2011b), and has implemented two key initiatives to this end:

- Work Together is a service provided by Jobcentre Plus to give jobseekers advice and information on volunteering opportunities
- Advisers from The Prince's Trust and other local voluntary organisations have been placed in Jobcentre Plus offices to signpost jobseekers to volunteering and training opportunities.

Neither scheme has been evaluated but studies of other initiatives **highlight a number of work-related benefits associated with volunteering** including:

- improved job prospects with studies finding young volunteers reporting improved employability in terms of CVs, enhanced vocational and 'soft' skills, better understanding of career options and raised awareness of job opportunities (Department For Education and Skills, 2006; Newton *et al.*, 2011; Hill and Russell, 2009; NATCEN, 2011)
- a sheltered and supportive environment that can improve the work-readiness of vulnerable young people who might otherwise struggle to access more formal programmes such as Apprenticeships (Newton *et al.*, 2011). At the same time, other research notes that young, workless men can be resistant to the idea of volunteering for no pay (Prince's Trust, 2010)
- the ability to improve 'life-readiness' and 'work-readiness' through a single structured programme (see Box 1 below)
- the capacity of long-term volunteering to build the employability of young people in disadvantaged areas and help them access skilled jobs (see Box 2 below).

Box 1: Improving 'life-readiness' and 'work-readiness' through volunteering: The Foyer Federation's Working Assets Programme

The Foyer Federation operates 140 Foyers that serve as integrated learning and accommodation centres providing safe and secure housing as well as support and training for vulnerable young people aged 16-25. This includes those leaving the care system, ex-offenders, and young people struggling with substance misuse.

Residents are offered the opportunity to participate in the Working Assets programme which is a community-focused volunteering project with an explicit object of improving employability. The programme invites residents to pitch ideas for funding for community projects in a "*Dragon's Den*-style" selection process. Examples of successful pitches include a community garden, a project to refurbish a disused property in the local community, a talent show and a t-shirt printing social enterprise. Participating residents are provided with team-building and mentoring sessions as well as job search support to improve confidence, motivation and employability. The holistic package of support offered through the Foyer Federation is designed to ensure that residents are supported with any personal issues they face such as health, housing or finance whilst also being provided with opportunities to increase work-readiness.

Taken from Margo and Grant (2010)

Box 2: The value of long-term volunteering: The West Bowling Youth Initiative

A report from the National Evaluation of the New Deal for Communities programme highlights the success of the West Bowling Youth Initiative (WBYI), a community-based project providing sport-related activities, training opportunities and employment services for young Asian men in a disadvantaged neighbourhood in Bradford. The WYBI combines formal employment support through its 'Job Shop' with opportunities to engage in sport and undertake coaching qualifications, which enable them to train other young project users. Through a Youth Action Project, participants are also supported in bidding for small pots of money to run community-based projects such as environmental improvement schemes. Project involvement may last several years with participants joining in their pre-teens but still receiving support in accessing work at the end of college or university courses. The project sees this long-term involvement in volunteering as essential in building the skills, confidence and aspirations needed to access better-paid, more sustainable work and bypass the low-skilled, low-paid employment that predominates in the local economy. Project users who successfully gained employment through the project - as, respectively, a youth worker and community worker - credited it with enabling them to avoid the situation of their peers who had ended up 'taxi-ing', 'in call centres' or 'dealing drugs'.

Taken from Department for Communities and Local Government (2009, p.18)

The achievements of the WBYI and the Working Assets programme highlight a number of features of small-scale projects that help vulnerable people to move closer to employment. These include:

- a **local**, accessible presence within neighbourhoods
- **personalised, tailored advice and support** which is responsive to the aspirations of participants

- delivery through a **well-respected community-based organisation** that can successfully engage those facing multiple barriers to work because of the trust or respect it commands
- a **holistic package of support** that combines employment provision with support for other needs such as housing, health and benefits
- a **long-term approach** to nurturing skills and aspirations in preparation for work.

Despite these positive examples of volunteering as a route to work, a recent review of evidence highlighted **a lack of conclusive empirical evidence about the link between volunteering and employability**' (Hill and Russell, 2009: 27). Most research is anecdotal and focused on single projects with little quantitative evidence that explores the impacts of youth volunteering, particular in terms of employment outcomes.

5.3.8. *Young-person led approaches*

Young people have been involved in initiatives to tackle worklessness in two ways:

- shaping the design and implementation of services to help young workless people to move back into employment
- mentoring or voluntarily helping other young people to help them find work.

Again, there is **little robust evidence about the effectiveness of involving young people in initiatives to tackle worklessness**. This section is limited therefore to reviewing largely descriptive reports.

There are some examples of **young people being involved in the design of services** for young people:

- the Staffordshire Youth Action Council (YAK) conducted extensive research with more than 1,800 young people about help needed to find work and training. Transport was identified as a key barrier, prompting the Council to discount bus travel for anyone aged under 20 living in Staffordshire (Local Government Association, 2012).

There is also some limited evidence of how **mentoring and volunteering** has been used to tackle worklessness:

- the Prince's Trust recently launched the 'Job Ambassadors' Programme in 2012 to provide 100 new paid jobs for formerly unemployed young people to work as Ambassadors to help a further 100,000 young people to find work. They will give talks based on their own experiences and provide one-to-one support and guidance. It is too early to reflect on the success of the scheme
- one stakeholder organisation recently launched a pilot programme for ex-prisoners to mentor young people (16-30) from prison to the community. Though focusing on living crime-free, it also aimed to help ex-prisoners take up education, training and employment. An internal evaluation found that mentors were highly respected and effective in supporting crime-free living. However, the stakeholder interviewed also noted that mentors did not always have the skills or experience to provide help in accessing employment opportunities. This made it necessary to change the delivery model so mentors focused on helping ex-prisoners achieve a crime free life, whilst trained volunteers and staff provided support with accessing education, training and employment.

Whilst policymakers continue to advocate the use of mentors for ex-offenders (see Riots Communities and Victims Panel (2012)), recent research (Fletcher, 2012) shows that very little is currently known about using rigorously evaluated pilot projects to test the approach with young former prisoners.

6. Tackling youth worklessness: what more can be done?

The evidence presented above shows that there are a number of different approaches that can be used to tackle worklessness among young people. There is no 'magic bullet' and it is unlikely that any single approach alone will provide all the support young people need to help them move into employment. However, there are a number of lessons that can be distilled from the evidence available to inform thinking about what more could be done. These lessons have been organised around the following two questions:

- where are the gaps in existing policy and research?
- what could BIG consider in designing or funding future interventions?

6.1. Where are the gaps in existing policy and research?

There was a broad consensus among stakeholders and expert academic advisers consulted that **it makes sense to focus resources on 19-24 year-olds**. As one stakeholder observed, many funding streams "stop at 18" [London Youth]. Moreover, there is evidence that **existing provision is inadequate to meet the scale of those eligible**:

- the 450,000 Youth Contract specific measures will only provide support to around one in ten young people who are likely to claim Jobseeker's Allowance (JSA) over the period over which it is in place (Bivand *et al.*, 2011)
- the ACEVO Commission on Youth Unemployment (ACEVO, 2012) noted that the government's wage subsidy scheme will only create an estimated 50,000 jobs in 2012 compared to over 250,000 young people who have already been unemployed for more than a year, and a further 200,000 young people who have been unemployed for 6 to 12 months. They make the case, therefore, for front-loading the Youth Contract in order to double the number of wage subsidies available in 2012.

However, it is also important to note that **large numbers of young people fall outside the remit of existing mainstream provision altogether**. The preceding sections have highlighted the precarious position of the 'forgotten half' (Demos, 2011b), who are not destined for university or a high-quality apprenticeship post-16, especially for young people who are neither in work nor education, but not currently claiming JSA (see also ACEVO, 2012). For example, DWP's indicative contract volumes for the Work Programme suggested that only about 100,000 young people would qualify a year, a small proportion of the 1.4 million NEETs (ACEVO, 2012).

Alongside concerns about lack of support for specific groups, other issues have been raised about gaps in mainstream programmes and support as well as wider macro-economic policy:

- 19-24 year-olds can have additional needs that go unrecognised. This group may have children or live independently yet these additional costs are not recognised in programmes such as Apprenticeships which are not paid highly enough to compensate for the loss of benefits (ACEVO, 2012; Margo and Grant, 2010)
- young people can only access the Work Programme and intensive one-to-one job search support after nine months, unless they face particularly severe barriers (Demos, 2011a)
- according to a number of expert advisers and stakeholders, the existing supply-side emphasis of government policy on improving individual employability overlooks the need to stimulate demand to create jobs. Commentators have suggested a number of ways to boost growth including:
 - introducing a National Insurance holiday (REC UK Youth Employment Task Force, 2010)
 - frontloading the Youth Contract to double the number of wage subsidies available in 2012 (ACEVO, 2012)
 - stretching resources (such as investment in infrastructure projects) to have an impact on youth employment (ACEVO, 2012)
 - implementing a new ILM programme modelled on the FJF (Bivand *et al.*, 2011; UK Commission on Employment and Skills , 2011).

Moreover, the findings above indicate that **more research needs to be done to strengthen the evidence base** in order to improve the effectiveness of interventions. This could include:

- understanding the potential role of mentoring in supporting young people, particularly ex-offenders, back into work
- undertaking a systematic analysis of the relationship between volunteering and employability, particularly over the longer-term
- investigating the outcomes of self-employment for vulnerable young people
- exploring the nature of the "low-pay, no-pay cycle" (again over the longer term) and evaluating interventions to increase the sustainability of work
- examining the relationship between youth labour markets and housing opportunities for young people, particularly in light of an increasingly pressurised private rented sector and Housing Benefit reforms impacting on young people.

6.2. What lessons can be learnt for the design and implementation of future programmes?

A number of lessons can be drawn from the evidence presented above to inform any future projects or programmes funded by BIG:

- there is strong consensus on **the need to create structured job opportunities** that simultaneously boost demand and provide young people with 'real jobs'. The decision to end the Future Jobs Fund is widely regarded as opening up a critical vacuum in provision
- **'real jobs with real wages' tend to produce better outcomes than unpaid or 'benefits-plus' work experience.** Work experience may have a role to play in some cases but it will exclude those for whom working without pay is financially unviable. It may also have become a 'tainted brand' following the recent furore despite the ending of sanctions for not completing placements

- **opportunities such as on-the-job training or experience need to be adequately paid so as not to exclude young people living independently or with limited means.** Those most in need can face financial penalties for moving from benefits onto programmes such as Apprenticeships. Small top-ups can make a difference. An evaluation of the Young Volunteer Challenge (YVC) Programme which encouraged volunteering among young people (mainly 18-19) from low-income backgrounds found that 75 per cent could not have engaged in the nine month, full-time placements offered without the £35 per week allowance available (Department for Education and Skills, 2006)
- **job search needs to be an integral part of employment activity.** Research consistently points to the value of intensive, personalised job search. Indeed one of the criticisms of the otherwise popular Future Jobs Fund was that placements did not always provide adequate job search support. The Commission on Youth Unemployment suggests any future ILM scheme should consider providing only part-time positions in order to ensure adequate time for training and job search activity and minimise the risk of "lock-in" (ACEVO, 2012)
- **interventions need to consider pathways into, and out of, programmes.** Pre-programme training may be necessary to prepare people for programmes that require some level of skills or qualifications. Post-programme transitions also need to be explored however. There are possibilities, for example, for different approaches to be joined up. One stakeholder involved in the FJF, for example, told us that any future ILM could be improved by establishing post-placement pathways into Apprenticeships
- **those furthest from the labour market need a holistic range of support to increase 'life readiness' as well as 'work readiness'.** Examples of successful voluntary schemes outlined above (see Box 1) illustrate the benefits of providing access to support for issues not directly related to work such as debt and housing. This underscores the value of a 'whole-person' approach
- **longer-term interventions work best.** Projects that take a long-term approach to nurturing skills and aspirations often have the most success. For example, the success of the West Bowling Youth Initiative (see Box 2) can be attributed to the way it engages young Asian men in a deprived neighbourhood over a period of years. This builds trust, rapport, skills and confidence, which are all the more imperative given growing concerns over youth disengagement and distrust of public institutions. Clearly, such an approach is not always pragmatic or cost-effective in all cases but can reap dividends at an individual level
- **structured volunteering opportunities can provide a secure and supportive environment for more marginalised young people.** There is widespread evidence that volunteering can provide a useful first step in preparing more vulnerable individuals for work, even if the evidence of impact on employment is inconclusive. That said, volunteering will not appeal to all. In some cases, paid placements such as those that were offered by the FJF may be the preferred option for vulnerable individuals, if hosted by a supportive organisation
- **subsidised placements can build capacity in the VCS to take on young people.** One stakeholder observed that VCS organisations tended to take on older people with existing skills because of a lack of resources and experience in training young people [VSNW]. One benefit of the Future Jobs Fund was to equip them to support young trainees and realise the benefits that young people can bring to their organisation
- **the VCS has a role to play in providing good quality employment opportunities to young people.** There is evidence that employment in the VCS can act as an 'escape' from otherwise unattractive work in labour markets dominated by low-skilled, low-wage work

- **mentoring is an approach that has *potential* to engage and motivate young people but currently remains unproven.** The limited evidence which exists suggests mentoring works best where mentors have existing skills and experience that they can draw upon for the benefit of those they support. It is perhaps premature, therefore, to advocate that every young person under the age of 25 who has held down a job for a year should be asked to mentor other young people to help them do the same (ACEVO, 2012)
- **time-limited interventions need to ensure there is sufficient support to enable participants to move on into unsupported work, training or education.** The dangers of "lock-in" or diminishing benefits from placements can be mitigated by providing adequate job search support during or after placements. One voluntary sector provider of FJF placements suggested they had high success rates in moving individuals into sustained work afterwards because of the job search and IAG they offered to those on placements [City Gateway]
- **more in-work support is needed to increase the sustainability of work.** There is evidence of high levels of 'churning' among young people who move off benefits and into work. A study of the NDYP in 2000 found that a quarter of young people leaving the programme returned immediately to benefits; that another 50 per cent returned to benefits within six months; and that only around a fifth never went back to benefits (see Demos, 2011a). Yet, as one expert academic adviser noted, there are currently no policy interventions for actively addressing the "low-pay, no-pay cycle". This highlights the need for in-work support, especially for those with poor basic skills, or who are lacking qualifications (Hasluck and Green, 2007). Evidence from Employment Zones suggests it can have value. Young people who moved into work benefitted from on-going moral support, advice, financial support and help in negotiations with employers where it was necessary to prevent a customer from dropping out of a job (ibid.)

At the same time, it needs to be recognised that churning can be a feature of onerous working conditions or insecure work which cannot necessarily be addressed by personalised, in-work support. Addressing issues of poor job quality requires national-level interventions to improve the wages, terms and conditions attached to employment

- **timely responses are necessary given the urgency of the problem of worklessness among young people.** As each month passes, the number of young people exposed to long-term worklessness and the risk of scarring increases. One stakeholder suggested that BIG could act quickly by offering to subsidise projects they already fund to take on trainees through a scheme along the lines of the Future Jobs Fund [Voluntary Sector North West].

One final comment is worth making. In thinking of potential interventions, one expert adviser noted that small-scale, community-led approaches will not be able to compensate for a lack of aggregate demand in the national economy. This is the task of macroeconomic policy. There are always going to be limits to what relatively small-scale projects or programmes can achieve. They cannot be expected by themselves to solve the problem of worklessness among young people. Nonetheless, this should not preclude implementing smaller-scale initiatives that could make a *qualitative* difference to the lives of workless young people. Addressing issues of engagement and skills amongst those relatively detached from the labour market and preparing people for the world of work are crucial prerequisites to moving young people into sustainable employment. Such activities can prepare the ground for any upturn in the economy and help to address the disparity between youth worklessness and that among the general population.

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