



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

Final recommendations from the  
Youth Employment Group (YEG)

**YOUTH EMPLOYMENT GROUP**

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### Final recommendations from the Youth Employment Group (YEG)

Prior to the onset of the COVID-19 crisis, there were already 760,000 young people not in education or employment in the UK. The Institute for Fiscal Studies has recently shown that young people are 2.5 times more likely to be working in the sectors most affected by the pandemic and there are fears that its economic impact will lead to an additional 640,000 unemployed 18 to 24-year-olds this year. Furthermore, more than one-in-three in this age group are earning less than before the outbreak, around a quarter of them have been furloughed and one-in-seven young people are now claiming unemployment benefits. The government has made a huge commitment to employers and their staff by creating the Coronavirus Job Retention Scheme (CJRS) and extending it until October. However, further action will be needed to protect jobs and opportunities for young people so that, as redundancies are made, young people are still able to move forward in their careers.

The YEG recommends that clear objectives are set to monitor progress in supporting young people during the economic crisis and beyond, including:

- 1. The seasonally adjusted 18-24 'Not in Education, Employment or Training' (NEET) rate (using the Labour Force Survey measure) should return to below pre-pandemic level in every nation of the UK by October 2021.'**
- 2. Nobody aged 18-24 should spend more than six months unemployed before accessing a meaningful education or employment opportunity.**

The recommendations in this paper are intended to help the government, the YEG and all other youth employment stakeholders achieve such objectives together.

## Create more opportunities for young people

The government has recently made several positive announcements such as expanding sector based work academies, the 13-week intensive support through the expanded Youth Offer, the additional £150 million Flexible Support Fund and widening access to the Work and Health Programme. Nevertheless, these encouraging steps will not be sufficient to address the full scale of the challenge, which is why a wide-ranging set of measures should be introduced.

1. **The government should implement an ‘Opportunity Guarantee’ of a high-quality education, training or apprenticeship place by Autumn 2020 for all young people aged 16-24 who want one:**
  - a) This offer should be additional to that which is available by accessing Universal Credit through the ‘Expanded Youth Offer’;
  - b) Priority should be given to learners on low incomes, those working below level 3 and groups who face disadvantages (e.g. care leavers / young carers, those with special education needs and/or disabilities (SEND), those with physical or mental health conditions) or discrimination.
2. **The Department for Work and Pensions (DWP) should work with the Department for Education (DfE), the YEG, the National Careers Service (NCS) and Local Authorities / Mayoral Combined Authorities to continue to develop the ‘Youth Hubs’ initiative and expand its remit to provide a service to support youth transitions from education to employment. Each ‘Youth Hub’ site should:**
  - a) Be an evidence-based partnership between DWP and Local / Combined Authorities built around a Service Level Agreement and supported by an overall project manager running the hub;
  - b) Include local youth employment, careers, and skills services based on the emerging evidence on effective integrated / co-located local interventions;
  - c) Provide welcoming physical and digital places for 14 - 24-year-olds to access high-quality advice, information and other support services;
  - d) Establish partnerships with (and funding for) local statutory and non-statutory / Voluntary Community and Social Enterprise (VCSE) employment services, including housing associations, independent support providers and local authorities;
  - e) Involve young people in the service co-design and governance of each Youth Hub;
  - f) Have access to local ‘At Risk of NEET’ Indicators (RONI) and ‘not known’ data, and work with Local Authorities and VCSE partners to reach young people who may not engage with mainstream support or training offers;

- g) Promote inward and onward referrals to Jobcentre Plus (JCP), or be co-located within JCP, so young people can access the full range of support for preventing youth unemployment;
- h) Provide access to specialist 'youth employability coaches' in partnership with JCP Work Coaches so they can support young people under the Expanded Youth Offer;
- i) Ensure 'warm referrals' when young people are guided to any co-located support such as careers guidance provided by the NCS;
- j) Refer young claimants with additional barriers (e.g. low / no qualifications, no previous work experience) to high-quality, locally-commissioned specialist employment support services on a voluntary basis within one month of their claim, funded through the Flexible Support Fund Rapid Response Service.

**3. The 'Kickstart' scheme – which aims to provide a high-quality six month work placement for young people at risk of long-term unemployment – should:**

- a) Be voluntary, not mandated;
- b) Provide holistic wraparound support for young people on the work placements – potentially funded by the DfE/DWP or leveraged via local stakeholders (e.g. Combined and Local Authorities, Housing Associations and other funders investing in their communities);
- c) Be supported by effective marketing and promotion by government and local stakeholders;
- d) Support young people via JCP Work Coaches and Careers Advisors with regular contact and a clear focus on progression into non-subsidised, sustained work;
- e) Target the work placements on a range of growth sectors and also make sure they have social value (e.g. agriculture, care / social care, digital, green recovery, construction);
- f) Work with small and medium-sized enterprises (SMEs) and large employers (or representative bodies) to ensure the support for young people matches post-COVID needs;
- g) Incentivise providers to deliver sustained employment opportunities through clear key performance indicators and targets;
- h) Refer young people who do not find a job through Kickstart to a further 13 weeks of intensive support from a JCP Work Coach as well as a reassessment of their support needs and a potential (re)referral to an appropriate specialist employment support provider.

**4. In light of the scale of the challenge and the need to ensure that any commissioned youth employment response builds upon (rather than duplicates) services and programmes that are already available, the government should:**

- a) Coordinate a range of existing funding streams
  - (i) European Social Fund / UK Shared Prosperity Fund (post April 2021)
  - (ii) The National Citizens Service
  - (iii) The National Retraining Scheme – which should be broadened from its current focus on adults in work to include 18 - 24-year-olds;
  - (iv) The ‘National Skills Fund’ – which should encompass young people and adults as it could help offset the potential ‘scarring’ effects of long-term unemployment
- b) Continue DWP’s review of the Dynamic Purchasing System (DPS) and the improvements to be brought by DPS2 (explaining these to providers) and also ensure the DPS has greater overall transparency regarding which providers are funded through the service, and why;
- c) Ensure that local Flexible Support Fund commissioning makes a wide range of local providers available to JCP staff along with clear evidence of each provider’s expertise of working with the target cohorts (preferably within their local area);
- d) Work with the YEG to support the design and commissioning of a specialist third tier (VCSE/SME) support programme for Autumn 2020 through Commercial Agreement for the provision of Employment and Health Related Services (CAEHRS).

## Help employers to help young people

Considering the difficult economic circumstances facing employers for the foreseeable future, it will be necessary to support them directly if young people’s jobs and careers are to be protected. The government has already made progress in this area with the new £1,000 bonus for every Traineeship work experience placement as well as new payments to businesses of up to £2,000 to hire young apprentices. Even so, these measures cannot safeguard all the current and future jobs for young people. We therefore propose additional measures to incentivise employers to prioritise the interests of young people wherever possible.

### 1. Reduce hiring costs for employers who take on young people

- a) National Insurance Contributions (NIC’s) should be waived for a period of one year for all employees under 25 (new and existing);

- b) Alongside the NIC's cut, the government should reduce the cost of new hires by introducing a wage subsidy of £2,500 for under 25's.

## 2. Focus new apprenticeships on unemployed young people

The government should state that opportunities for unemployed young people are the main priority of its apprenticeships programme and then support employers to deliver this:

- a) Make the existing apprenticeship 'incentive payments' to employers more generous (£5,000 to any employer who takes on an apprentice aged 16-18 or aged 19-24 if they have an Education, Health and Care plan or have been in Local Authority care, and £3,500 to any employer who takes on an apprentice aged 19-24);
- b) Abolish employer co-investment for SME's (<250 employees) if the apprentice is under 25;
- c) Introduce a 10% co-investment rate for apprentices aged 25 and over;
- d) Remove Level 7 apprenticeships from the scope of the Apprenticeship Levy;
- e) Allow employers to re-allocate up to 10% of their levy contributions towards approved pre-apprenticeship programmes such as Traineeships and rigorous VCSE schemes;
- f) Provide funding to enable employers to recruit and support disadvantaged apprentices (e.g. outreach; travel; pastoral support; additional academic support);
- g) Create a national target for 75% of apprentices to be under 25, and over 50% of apprentices to be new starters as opposed to existing employees;
- h) Revise the public sector apprenticeship target so that it focuses recruitment on young and disadvantaged learners.

## 3. Launch a campaign to create quality pre-employment and employment opportunities for young people, underpinned by the 'Good Youth Employment Charter'

- a) Encourage employers to sign up to the Charter, which is based on five principles: creating opportunity; recognising talent; fair employment; developing people; and youth voice;
- b) Work with Combined and Local Authorities to promote the Charter to employers in their areas, including the benefits such as receiving the 'Youth Friendly Employer Badge' that employers can choose to display as well as becoming listed on the 'Youth Friendly Employer database' searchable by young people.

#### 4. Promote transparency among employers as to which workers they consider putting at risk of redundancy

- a) Companies should collect details of the demographic breakdown of the employees that they are planning to make redundant (e.g. age, gender, ethnicity and additional needs);
- b) Employers should internally review their decisions on the basis of their data to ensure that there has been fair and justified reasoning behind their choices.

### Provide young people with the right information and advice

Employability services have become more difficult to access during lockdown, with some services having to pause altogether while others have tried to adapt to providing services online. The announcement of an additional £32 million from government to expand the NCS was therefore a welcome step. Nevertheless, recent research undertaken by the YEG found that 45% of young people either had no careers advice or employment support during lockdown or had received only one such contact from their school, college, university or other organisation - further exacerbating the existing disparities for those who face additional barriers to sustainable employment.

#### 1. Build on the new funding for additional careers advisors by ensuring that all young people can access their entitlement to high-quality personalised guidance and advice

- a) Local Authorities, Combined Authorities and the Education and Skills Funding Agency (ESFA) should map existing careers information, advice and guidance (IAG) and traineeship / apprenticeship options as well as commission flexibly to scale-up infrastructure and delivery partners from the voluntary sector where gaps are identified;
- b) The available provision, including the NCS, education and training providers, JCP, youth work / mentorship programmes and online-only support and training initiatives should be actively promoted to young people and employers by Local Authorities and other stakeholders to ensure that all young people can find and navigate resources and services;
- c) Employability support services of all types (statutory and non-statutory) should be informed by the evidence base on 'best practice' - including the role of 1:1 support, continuity of advisor support, integrated, comprehensive and holistic approaches for disadvantaged groups and use of 'cultural magnets';
- d) Services must also be informed by an understanding of what young people want and need, facilitated by consultations with young people themselves;

- e) Priority should be given to offering advice and guidance to young people with additional and complex needs, the 'digitally excluded', those from Black, Asian or Minority Ethnic backgrounds and young people leaving education this year who may have missed the support normally available through their school or college.

## **2. Work with employers to put employability support in place for young people at risk of being made redundant at the closure of the CJRS**

- a) Where redundancies must be made, employers - particularly those who have utilised the CJRS - should be given guidance on how to support their employees with skills and employability training as well as careers advice;
- b) Employees should receive support as soon as they are known to be 'at risk', either through their employer or through the DWP, the NCS or other government-funded programme.

## **3. Help young people overcome any barriers that may be preventing them from accessing employability services**

Young people who experience disadvantage (e.g. those with SEND, those with physical or mental health conditions, those from lower socio-economic backgrounds, care leavers, carers or single parents) should be given access to appropriate hardware and internet connectivity. This could be achieved by the following measures:

- a) The eligibility for government funding to provide devices / internet access to young people could be extended to all young people aged 11-24 from disadvantaged backgrounds;
- b) Offering a bursary to enable young people aged 11-24 to purchase IT equipment and / or data bundles (this should be made accessible to training providers and other youth delivery organisations supporting young people experiencing disadvantage);
- c) Educational institutions and community learning zones (e.g. libraries) could extend their opening hours for young people who lack internet access;
- d) Businesses could be further incentivised to donate and reissue used and refurbished technological equipment to learners.



## Support self-employment for young people

One area that was missing from recent government announcements on tackling youth unemployment was the potential role of self-employment in generating more opportunities for young people. The expertise from within the YEG quickly identified mentoring, understanding how to manage and access business finance, peer support, entrepreneurial education and accessing networks as key features of any successful drive towards self-employment among young people. However, young people not knowing where to start or what entrepreneurial support is available can often be a major barrier to their potential success, while starting a business can be a significant risk to young people on low incomes. On that basis, the New Enterprise Allowance could provide even better support for young people while also recognising many young people will be seeking support to start their own businesses from friends and family, third parties and through self-funding.

### 1. Greater financial support for entrepreneurship

- a) The government should coordinate a central resource providing access to the full scope of funding / grant and loan opportunities available for young self-employed people;
- b) This central resource should also include support in navigating what to do next.

### 2. Jobcentre Plus Support

- a) Minimum Income Floor (MIF)
  - (i) The current suspension of the MIF should continue for all businesses starting up over the next 18 months to encourage local economic growth and reduce the risks facing young people who start businesses that will contribute to the economic recovery;
  - (ii) Once the suspension is lifted, the Start Up Period should be extended to two years for young people aged 25 and under.
- b) Introducing a 'Youth Stream'
  - (i) Review the current New Enterprise Allowance scheme and assess the viability of including a 'Youth Stream';
  - (ii) Work with young recipients of the scheme and YEG partners to highlight the additional support needed for young people and create a peer network of support for young people accessing the New Enterprise Allowance route.
- c) Training and support  
Recognise that business advice is a specialist skill, train staff to offer specialist support and have at least one specialist new business / start up expert in every JCP office.

### 3. Young entrepreneurs support portal

- a) Explore the viability of a coherent central resource bringing together the full range of self-employment support services on offer to young people. This portal could be managed locally by the Local Enterprise Partnerships. This resource should cover funding, your legal rights, employment status, training, mentoring and support networks and pastoral care;
- b) Support a campaign promoting young entrepreneurs, featuring achievable role models and realistic stories of what it is like to start a business as a young person.

### 4. Encouraging entrepreneurship in education

- a) Recommend that entrepreneurship is covered in careers education on a par with other career routes and choices in secondary schools, colleges, sixth forms and in university;
- b) Champion existing 'best practice' entrepreneurship programmes.

## Build and utilise the evidence on 'what works' for supporting young people

While the YEG recognises the scale and pace with which the government must deliver on its ambition to support youth employment through the crisis, it must also continue to build the evidence base of 'what works' to help young people move from education into sustainable work so that important lessons can be learned both now and for future generations.

1. **DWP should work with the Youth Futures Foundation (a member of the What Works Network) to commission external independent evaluations of recent new or augmented initiatives** including Youth Hubs, the Expanded Youth Offer and the Kickstart scheme.
2. **JCP should build on what is known to work regarding in-work progression and supporting young people to sustain their employment as well as increase their earnings/hours to reduce reliance on Universal Credit:**
  - a) Local JCP areas should map emerging 'progression support services' provided by Local Authorities and non-statutory services so that they can be procured where available;
  - b) DWP and the Youth Futures Foundation should continue to build the evidence base on what works, for whom, and in what circumstances, to support young people to move up / off Universal Credit conditionality.

### 3. DWP should implement a ‘test and learn’ approach to supporting young people

- a) Subject to receipt of early evidence, any promising employment support models should be scaled-up to evaluate their impact on a young person’s journey to employment;
- b) Local / area-based JCP ‘demonstrator’ sites and ‘proof of concept’ trials should be given access to ringfenced funding to develop the evidence base around common elements of successful programmes (including design and delivery) as well as measuring their impact on youth employment outcomes;
- c) DWP should track ‘what works’ in terms of wraparound support for young people using effective JCP case management;
- d) The YEG should be able to feed into the evidence base of ‘what works’ and provide timely stakeholder feedback through agreed channels to mitigate operational or policy challenges.

### 4. The government should design more accurate and robust measures for measuring the activity and progress of young people

- a) A non-LFS measure of ‘youth inactivity’ should be formally developed and monitored, with reducing youth inactivity becoming a policy priority alongside tackling youth unemployment
- b) The DWP should establish a workstream to ensure that key stakeholders across all sectors have access to the information they need to reduce youth inactivity and youth unemployment. This workstream should look at three major areas:
  - (i) What additional data is needed by decision makers and how can it be collected?
  - (ii) What existing data can be shared with decision makers, and how can processes for data-sharing be made more efficient?
  - (iii) What barriers are there to more effective data-sharing (e.g. the lack of legal gateways) and how could they be overcome?
- c) A relaunched data advisory group should be given a mandate from the DWP Secretary of State to work with the sector and across government departments. At a minimum, this group should include senior members of the DWP and DfE analyst teams, DWP and DfE NEET / youth policy teams and representatives of the YEG.
- d) The above workstream should consider issues such as early warning systems for young people being made redundant (e.g. RTI), how more Universal Credit administrative data and data on inflows / outflows could be used to provide better targeted support within the DWP system and to its local partners, and what data the Employment Datalab needs to enable the effective evaluation of youth employment interventions (in particular, LEO).

## About the Youth Employment Group

The impact of COVID-19 on young people's prospects in the labour market and in education is rapidly becoming a cause for concern.

According to the Institute of Fiscal Studies, young workers today will be hit the hardest. Youth unemployment could potentially rise to one million young people. We know that the scarring effects of short and long-term unemployment are disproportionately experienced by younger generations, and those facing disadvantage, so it is vital that we do everything we can to protect these groups now.

In response to the crisis, [Impetus](#), [Youth Futures Foundation](#), [Youth Employment UK](#), the [Institute for Employment Studies](#) and [The Prince's Trust](#) formed the Youth Employment Group (YEG) to bring together key leaders and experts around the youth employment sector to help drive the UK's response.

The YEG is focusing on the immediate and longer-term impacts of the coronavirus outbreak on the employment prospects of young people - in particular, those facing the greatest challenges. Consequently, the YEG created six working groups covering the main areas of concern:

1. Reducing job-losses in the immediate term
2. Providing employability support during lockdown
3. Ensuring a quality welfare-to-work system post-lockdown
4. Encouraging a healthy youth labour market post-lockdown
5. Supporting viable and quality self-employment for young people
6. Ensuring effective and accurate use of data

These groups provided the opportunity to work collaboratively, and with governments and policy makers, to ensure that young people - especially those from disadvantaged backgrounds - are best supported during COVID-19 and its aftermath. This policy paper represents the culmination of these working groups as it brings together the main proposals and ideas for tackling youth unemployment put forward by each group.



## YOUTH EMPLOYMENT GROUP

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