

Unlocking Potential:

Tackling youth unemployment
among disadvantaged
young people



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Key recommendations

The Department for Education should:

- Extend careers guidance in schools to include earlier promotion of apprenticeships, as well as pathways into them. This must also apply to services supporting young people who are not in formal education or training
- Introduce compulsory work experience for all 14 to 19 year olds and ensure that training providers and employers receive appropriate support to help deliver quality assured schemes

The Department for Business, Innovation and Skills should:

- Ensure that funds raised via the Apprenticeship Levy are available to SMEs as well as the large organisations paying into it
- Incentivise all employers to provide apprenticeships for disadvantaged young people aged 16 to 24, by including them as a group who would attract an additional incentive payment in the new funding model
- Allocate a proportion of the Apprenticeship Levy to create a support fund for disadvantaged young people, allowing employers to provide access to specialist support where required
- Make additional funds available through the Skills Funding Agency to finance traineeships
- Ensure that the Institute of Apprenticeships, Ofsted, Ofqual and the Quality Assurance Agency have the power to maintain and improve the quality of apprenticeships and are able to close apprenticeship programmes which do not meet minimum standards

The Department for Work & Pensions should:

- Include early assessment of a claimant's circumstances under the Youth Obligation and match claimants to employment and training opportunities that are consistent with their career aspirations
- Allow an extension of the six month period under the Youth Obligation if vulnerable young people are not yet work ready, but are showing acceptable progress towards work
- Ensure that the benefits system is not a disincentive to young people taking up an apprenticeship because of the impact on their or their family's income

Employers should:

- Play a greater role in careers guidance services for young people to improve their knowledge of different job roles and pathways into employment
- Coordinate with a young person's support provider throughout a placement to ensure the employer has a full understanding of their support needs

Introduction

In spite of the recent economic recovery, youth unemployment in the UK is still almost three times higher than the rest of the population.¹ Unemployment is particularly prominent among disadvantaged groups, including those who have experienced or are at risk of homelessness. Young people who face such adversity are four times more likely to not be in education, employment or training (NEET), compared to other 16-24 year olds.² The cost to the public purse of disadvantaged young people being unemployed or inactive is huge.³

Recent efforts to increase the number of apprenticeships have also failed to reduce the youth unemployment gap. Despite the number of apprenticeships more than doubling over the last ten years, this growth has been largely driven by apprentices aged 25 and over, while the number of 16 to 18 year olds starting an apprenticeship has remained relatively static.⁴

In July 2015, the Government announced two new policies, as part of its strategy to tackle youth unemployment. Firstly, the Government announced a statutory commitment to achieve three million new apprenticeships by 2020, which will be funded by a levy on large businesses. This will be introduced alongside a 'Youth Obligation' programme. The Youth Obligation will provide job seekers aged 18 to 21 with access to a three week programme of support on employability skills, in order to get them 'work-ready'. After six months, claimants will be expected to apply for an apprenticeship or traineeship, gain work-based skills, undertake a mandatory work placement or face losing their job-seekers benefit.⁵

When young people remain NEET, it is not only financially costly for the public due to benefit claims and reduced taxation. It is also personally damaging for young people's self-belief and self-esteem, which can in turn become a barrier to young people re-engaging in education or training.

¹ Office for National Statistics (2016) Labour Market Statistics, January 2016

² Centrepoint (2015) Supporting disadvantaged young people to earn or learn

³ Coles B et al (2010), Estimating the Life-time Cost of NEET: 16-18 Year Olds Not in Employment, Education or Training, Research undertaken on Behalf of the Audit Commission, University of York

⁴ Skills Funding Agency (2016) Further education and skills: statistical first release - learner participation, outcomes and level of highest qualification held

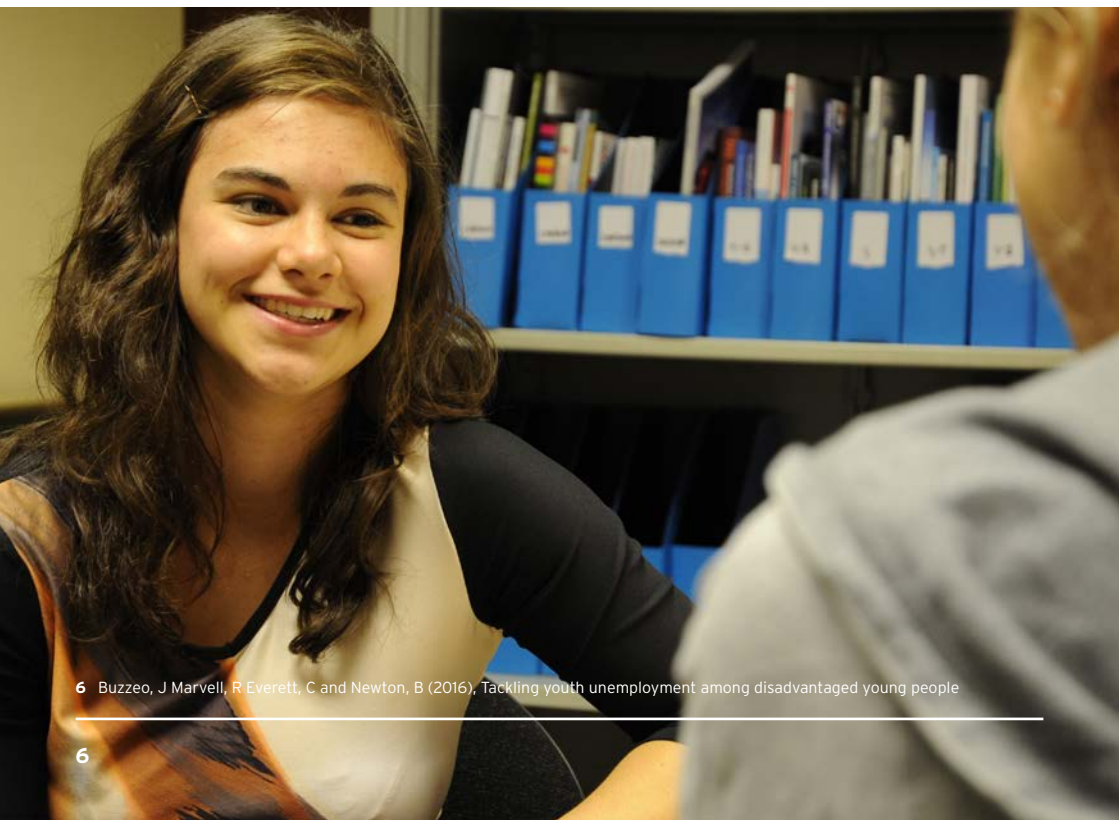
⁵ HM Treasury (2015) Summer Budget 2015

The most disadvantaged young people, who have a history of homelessness or institutional care, therefore need support to re-engage in education and employment. The Youth Obligation and apprenticeship commitment need to be designed so that they support disadvantaged young people back to work and help the UK to close its youth unemployment gap.

Centrepont therefore commissioned the Institute for Employment Studies (IES) to explore the possible impact that these two initiatives will have on supporting disadvantaged young people into education or employment.⁶

The research included:

- Interviews with 10 professionals from youth homelessness charities and 12 training providers that have experience of working with disadvantaged young people
- Interviews with 9 employers, who currently deliver apprenticeship and/or pre-apprenticeship programmes, and 1 training association
- Focus groups with 24 young people, exploring their experiences of accessing employment or training opportunities. Four of these groups were conducted in Centrepont Foyers in London and Yorkshire, while another two were conducted with service users at Banbury Youth Homelessness Project.
- A quantitative survey of 500 employers, completed as part of a wider business omnibus conducted by IFF Research



⁶ Buzzeo, J Marvell, R Everett, C and Newton, B (2016), Tackling youth unemployment among disadvantaged young people

Bridging the gap between young people and employers

Young people want to earn and learn

A clear message from the research is that disadvantaged young people want to access work and education and that they have strong personal goals and aspirations for their careers.

However, the goals and aspirations of disadvantaged young people vary, and practitioners and training providers emphasised that young people cannot be treated as a homogenous group.

Some disadvantaged young people are interested in vocational and practical forms of learning, such as apprenticeships. This was often because they had had negative prior experiences of school and academic education.

“ It would be good to see more apprenticeship type things where you're doing the work and seeing it for yourself for two to three days and then you go to college and you learn about it. It would be more interesting if that was an option. But for me to go back to college and study full-time, that's a bit off putting ”

Tiyanna, 21

However, young people's experiences of homelessness often meant that they felt that apprenticeships or vocational training were not appropriate for them. A significant proportion of young people interviewed had a 'work first' mentality and were solely focused on having a regular income so that they could afford to live independently.

“ All these individuals want is to find employment and to start earning money ”

Professional, youth homelessness charity

Their immediate aim is often to become financially independent so that they can leave supported accommodation and live independently. As such, disadvantaged young people can be forced to disengage from anything other than paid, full-time work. This in turn can affect their long-term career prospects, if they miss the opportunity to gain further qualifications.

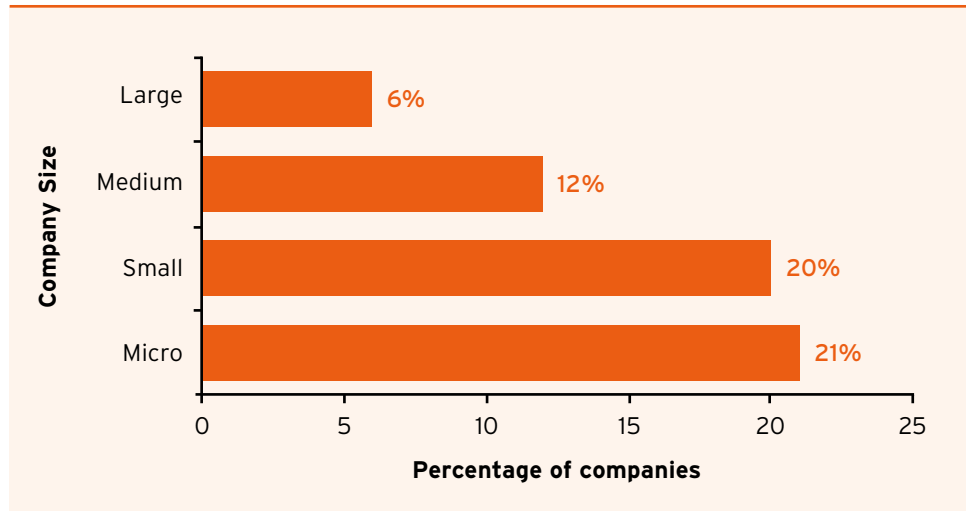
It is therefore hard for vulnerable young people to make a real choice between earning and learning because of their strong desire for financial self-sufficiency.

Employers want to hire

The research also shows that many employers are willing to offer further opportunities to disadvantaged young people. Despite currently having limited provision for disadvantaged young people, a significant minority of businesses (42 per cent) agreed that they would like to increase the number of positions that they offer.

Small and medium enterprises (SMEs) were the most likely to strongly agree with this statement. This is perhaps because smaller organisations would like to address their current low levels of provision for disadvantaged young people.

Strongly agree that company would like to offer more opportunities to disadvantaged young people



When employers do hire disadvantaged young people, they are often very willing to support the young person back into work.

“ You’d be surprised actually how adaptable employers will be if you’re honest with them ... the good will from employers is amazing ”

Professional, youth homelessness charity

However, the majority of employers (76 per cent) do not currently target any of their opportunities for disadvantaged young people. This suggests that there are barriers which inhibit employers from being able to offer the number of opportunities to disadvantaged young people that they would like to.

Bridging the Gap

It is clear from the research that employers are willing to hire disadvantaged young people and that young people are keen to earn or learn. The fact that youth unemployment is still high suggests that there are still structural barriers which inhibit employers from hiring young people who want to work.

As previously discussed, when young people remain NEET, it is not only financially costly for the public due to lost taxes and benefit claims. It is also personally damaging for young people’s self-belief and self-esteem. The challenge for the Government and third-sector organisations is to bridge the gap between the needs of employers and goals and aspirations of young people.

The young people who Centrepoin support have experienced homelessness and may have a history of family breakdown or abuse, living in institutional care and negative experiences of education. These young people want to earn and learn, but for those furthest from the labour market, the gap back into employment or education includes multiple barriers that they will need to overcome. The remainder of this briefing considers how effective the Youth Obligation and the apprenticeship programme are likely to be in enabling employers and disadvantaged young people to overcome these barriers.

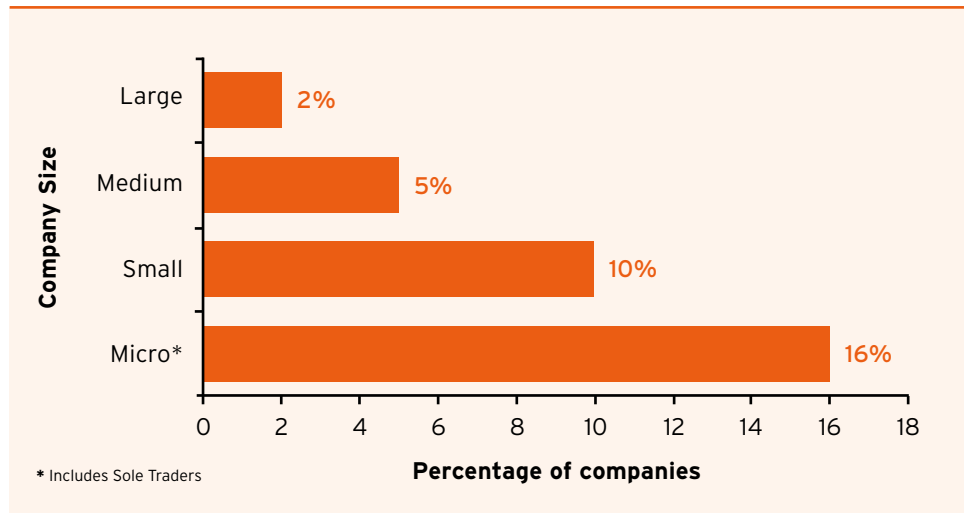


Enabling employers to offer work opportunities

Financial assistance for SMEs

A lack of funding was cited by employers as the most common barrier preventing them from providing more opportunities to disadvantaged young people. Small companies with less than fifty employees were significantly more likely to cite financial costs as a barrier. This suggests that targeting financial incentives or grant funding at SMEs would be an effective way of increasing opportunities for disadvantaged young people.

Financial costs are the main barrier to providing more work opportunities for disadvantaged young people



Therefore SMEs should be able to access any surplus funds that are raised via the Apprenticeship Levy. This is particularly necessary since only 2 per cent of large organisations which will pay the levy reported that financial costs were a barrier for them.

Given that SMEs are the most likely to want to offer more apprenticeships, it is crucial that the levy is designed so that surplus funds are available for SMEs.

Recommendation:

BIS should ensure that funds raised via the Apprenticeship levy are available to SMEs as well as those organisations paying into it.

Supporting employers to hire disadvantaged young people

As a result of their history, disadvantaged young people require more time to become 'work-ready' and more support to transition into work.

Training providers find it harder and more resource intensive to prepare those outside of the labour market for entry into apprenticeships. As such, non-specialist organisations may focus on recruiting 'easy wins' at the expensive of widening access. As Ofsted has noted:

“ Meeting recruitment targets was often the priority for providers ”

and

“ providers preferred to recruit an employee who required little training onto an apprenticeship ”

Ofsted, 2015

Training providers also explained that statutory and third sector support, particularly on mental health, is diminishing due to financial pressures, which was placing additional pressure on them to make up the shortfall.

There is a risk that the extra support and training needs of disadvantaged young mean that it is not financially viable for employers to offer work opportunities to them, even when they wish to do so.

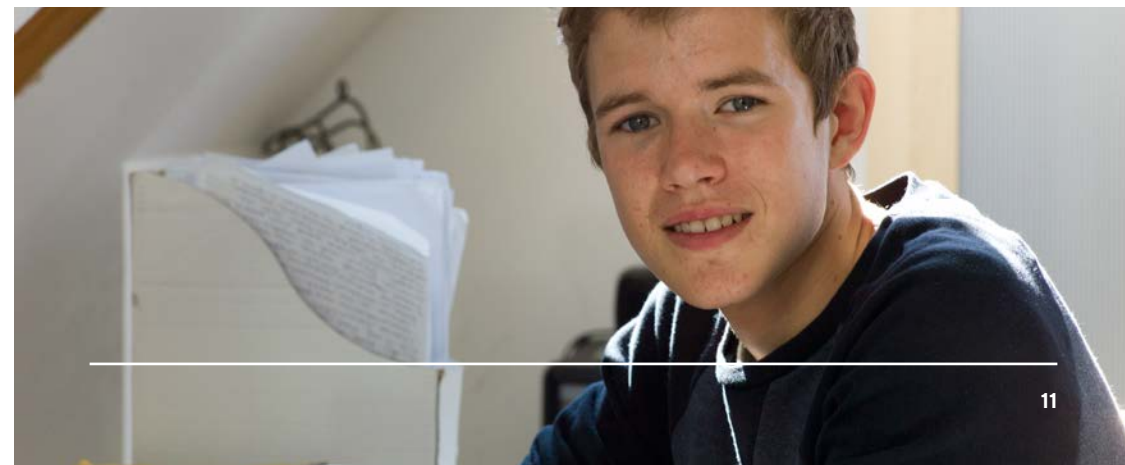
The Apprenticeship Levy should therefore be designed to allow employers and training providers to fund additional costs for pastoral care and support that are required for disadvantaged young people to successfully transition into work.

Recommendation:

BIS should incentivise all employers to provide apprenticeships for disadvantaged young people aged 16 to 24, by including them as a group who would attract an additional incentive payment in the new funding model

Recommendation:

BIS should allocate a proportion of the Apprenticeship Levy to create a support fund for disadvantaged young people, allowing employers to provide access to specialist support where required



Support in the workplace

Work placements are at greatest risk of breakdown during the first six weeks as young people struggle to adjust to their new routines, requirements and responsibilities. Practitioners and providers widely accepted that vulnerable groups require additional support and advocacy during the first few weeks of a placement to iron out any issues that they experience.

“ Those that come from chaotic families, they still carry those issues with them ”

Training provider

“ Say they’re struggling at home or their parents are getting divorced, it’s a very difficult time, they’ve had bereavement, whatever it may be, we’ve got a free confidential helpline that gives them counselling, advice on whatever they need ”

Large employer

Training providers and specialist practitioners can act as intermediaries between a young person and an employer and can help to overcome any relationship breakdown that occurs during a placement. For example, if a young person has not turned up to work one day, then they may be reluctant to return to the employer without the encouragement of a support worker.

Training providers and practitioners can also help to maintain momentum, self-confidence and engagement through ongoing support of the young person. This can take many forms, including regular visits to the workplace, telephone catch-ups or via text message. This also gives providers a means to arrange mediation and communication, if there is a conflict at work.

Recommendation:

Employers should coordinate with a young person’s support provider throughout a placement to ensure the employer has a full understanding of their support needs.

Promoting Traineeships

Larger employers stressed that the behaviour of applicants plays a central role in their recruitment processes. However, disadvantaged young people can be ill-prepared for work in terms of ‘soft’ skills such as presentation, attendance, punctuality and self-belief.

Interviewees strongly promoted traineeships and lower-level learning opportunities as a way to help disadvantaged young people gain the qualifications they need to move onto an apprenticeship. Lower-level learning more broadly helps to build young people’s self-confidence, self-efficacy and their belief in their ability to study further, which employers value alongside qualifications.

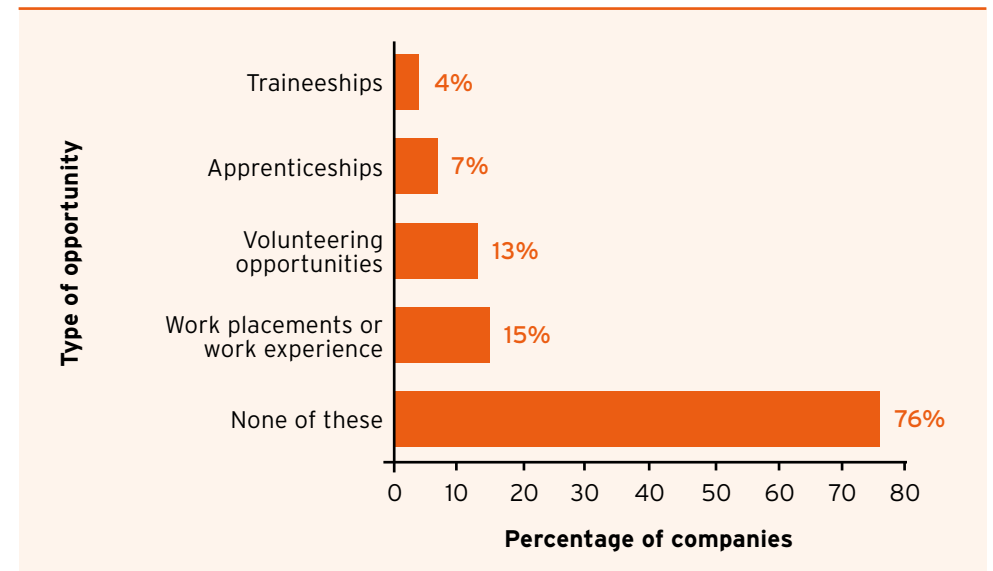
“ [From doing a lower-level course] the young person straight away has got a qualification in basic skills and it just spurs them on, you know, to go for something else and it really boosts their confidence ”

Professional, youth homelessness charity

Traineeships are effective at helping young people to remain in education, training or employment. In a recent evaluation for the Department of BIS, 50 per cent of trainees who had left or completed a course in the previous year were either on an apprenticeship or in work. A further 17 per cent were in training or education.⁷

Where employers do provide opportunities to disadvantaged young people, 15 per cent offer work placements and 13 per cent offer voluntary positions. Only four per cent knowingly provide traineeship placements to disadvantaged young people.

Proportion of companies who offer work opportunities for disadvantaged young people



The benefits of traineeships clearly still need to be promoted, given that traineeships are effective in helping disadvantaged young people to engaged in further training, and that they are often more appropriate for disadvantaged young people than other work opportunities.

Recommendation:

BIS should make additional funds available through the Skills Funding Agency to finance traineeships.

⁷ Coleman, N et al (2015) Traineeships: First year process evaluation

Enabling young people to earn or learn

Clearly, as well as there being barriers that prevent employers offering more opportunities, there are also barriers that prevent disadvantaged young people from accessing the opportunities that do exist. This section discusses some of these barriers, and how effective the Youth Obligation and apprenticeship commitment will be at removing them.

Motivating young people

When discussing the Youth Obligation, many interviewees felt that the policy would be ineffective at supporting the most disadvantaged young people, unless it was designed in a way which supported and encouraged the young person back into employment or training.

Many interviewees felt that support under the Youth Obligation needs to be tailored to the needs of disadvantaged young people so that they can build self-confidence in their own abilities. They also observed that the most disadvantaged young people will require mentoring and emotional support in order to make progress, and that employability support can therefore not be delivered in isolation.

“ Just employability support on its own won't help those hardest to reach ”

Training provider

“ It was less about getting them into activities and courses and things and at that stage and more about tackling things like getting them out of their estate and helping them with public transport, building their confidence in using the bus, opening their mind to going to provision outside of their local area ”

Training provider

Regarding the expectation that young claimants apply for a work opportunity after six months, training providers felt that disadvantaged young people could be pushed into an opportunity that does not adequately address their support needs or match their career goals and aspirations.

Without tailored support, disadvantaged young people could potentially face further damage to their perceived ability to undertake EET opportunities. The costs to the public purse of failing to address the issues that cause young people to be unemployed at an early stage can be vast.

“ Get to know that person [...] find out what they want to do. If you're going to push people, at least push them in the right direction. Don't push them to rebel ”

Jade, 19

Some practitioners and training providers also commented that the six month period in which young people have to engage in employment, education or training would not be long enough, without an intensive package of support to help them. They therefore felt that a six month deadline would not be appropriate for those furthest away from the labour market.

“ It's not going to work is my perspective [...] unless there's a huge amount of support and preparation put in prior to that [...] our experiences here clearly show that 6 months isn't long enough to get this cohort ready for that at all ”

Professional, youth homelessness charity

Recommendation:

DWP should include an early assessment of a claimant's circumstances under the Youth Obligation and match claimants to employment and training opportunities that are consistent with their career aspirations

Recommendation:

DWP should allow an extension of the six month period under the Youth Obligation, if vulnerable young people are not yet work ready, but are showing acceptable progress towards work

The benefits system

Another key barrier for disadvantaged young people is that the benefit system does not incentivise them to take an apprenticeship.

Parents whose child becomes an apprentice are not currently able to claim child benefit, even though the apprenticeship minimum wage is low (£3.30 per hour). This is in contrast to traineeships or work experience, which a young person can undertake without a reduction in child benefits.⁸ Due to financial pressure on their whole family some young people are therefore not able to make a genuine choice between earning and learning.

In addition, young people in supported accommodation felt that apprenticeship pay, which has a lower national minimum wage rate, is not enough for them to be financially self-sufficient. As such, entering full-time paid work was a more attractive option.

Young people argued that their friends are able to cope with an apprentice wage because they lived with their parents. Since family breakdown is the main reason for youth homelessness, this is not an option for young people who have experienced homelessness. The 'terms and conditions' of apprenticeships therefore make it very difficult for vulnerable young people to access them.

Recommendation:

DWP should ensure that the benefits system is not a disincentive to young people taking up an apprenticeship because of the impact on their or their family's income

⁸ Ofsted (2015a) Apprenticeships: developing skills for future prosperity

Quality training schemes

Young people who had had negative experiences of apprenticeships questioned the quality of the off-the-job training they received, which was non-existent in some cases. In one instance, the work placement just re-confirmed the apprentice's existing skills and there was little room for development. This made these young people hesitant to engage in similar programmes in the future.

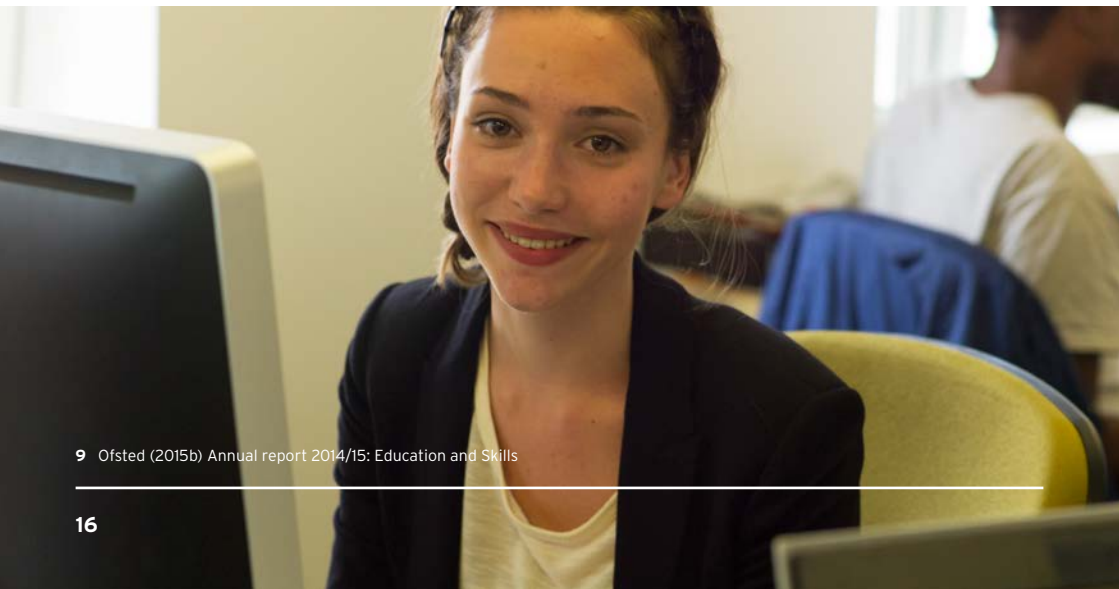
With reference to the Youth Obligation, practitioners stated that the most effective strategy to motivate young people to engage in EET opportunities is to provide them with access to high quality schemes that they can see value in.

Ofsted have raised serious concerns about the quality of existing provision in their 2014/15 review of apprenticeship programmes in England, judging that almost half of schemes are less than 'good' in standard. Ofsted inspectors found that, 'too many low-skilled roles were being classed as apprenticeships and used to accredit the established skills of employees who had been on the job for some time'.⁹

Young people supported this opinion, stating that they would only be encouraged to engage in training if the opportunity is linked to what they want to do in future. If the opportunity does not match their career goals, young people felt that many people will simply disengage and stop claiming benefit. The public costs of this option will be far higher than if young people are offered quality traineeships and apprenticeships that provide meaningful off-the-job training.

Recommendation:

Ensure that the Institute of Apprenticeships, Ofsted, Ofqual and the Quality Assurance Agency have the power to maintain and improve the quality of apprenticeships and are able to close apprenticeship programmes where they do not meet minimum standards



⁹ Ofsted (2015b) Annual report 2014/15: Education and Skills

Careers Guidance and Work Experience

The restructuring of careers guidance within secondary school education is negatively affecting vulnerable young people's ability to make informed decisions about their careers.

Many of the young people interviewed had specific career goals, but were unclear about the pathways that would lead to their chosen career. They wanted further advice from industry professionals about the best approach to gaining a job and the practical steps that they could take to reach their goals.

“ It's about having the support to know which route to take. Loads of people know that they want to be technicians or builders for example, but they don't know [what it would involve]. Maybe having somebody there to guide you on the best way to do it, or someone who has actually done it before and can advise on what worked for them ”

Abigail, 19

The removal of a statutory duty to delivery work experience in schools means that the standard of provision varies and leads to a 'postcode lottery' which depends entirely on where you live.

“ Personally I don't think careers advice in school is the best... I think depending on the school, it's hit and miss what you get, really. Some are well prepared, others don't have a clue ”

Large employer

Some young people, especially those who have difficulty engaging in education, are therefore denied the opportunity to draw on first-hand information and gain experience of what a workplace might be like for them. If work experience was strengthened and extended, then all young people would have the same opportunity to gain an insight into a working environment.

However, training providers and employers require support to help match young people to an appropriate employer. The standard of work experience provision is hugely variable depending on where you live, so schemes also need to be quality assured, for example through the existing Fair Train quality standard.

Recommendation:

Extend careers guidance in schools to include earlier promotion of apprenticeships, as well as pathways into them. This must also apply to services supporting young people who are not in formal education or training

Recommendation:

DfE should introduce compulsory work experience for all 14 to 19 year olds and ensure that training providers and employers receive appropriate support to help deliver quality assured schemes

Conclusion

Many employers would like to hire more disadvantaged young people, to help them to unlock their potential. In order to do so, some businesses will require financial assistance to cover the costs of on-going support and care for these young people, to ensure that they successfully transition into work. The value of traineeships also needs to be successfully promoted to employers, since they are an effective route into further training and work for disadvantaged young people.

The fact that so few employers currently offer opportunities to disadvantaged young people highlights that these problems inhibit them from hiring more young people. Collectively, we need to work to remove these barriers for employers, if we are to reduce the level of youth unemployment and unlock the potential of disadvantaged young people.

At the same time, the young people interviewed expressed a real desire to earn or learn. To enable young people to earn or learn, the quality of the apprenticeships on offer needs to be improved, so that young people have access to schemes which offer genuine off-the-job training. Young people also require better careers guidance, at an earlier stage of their education, so that they can make informed decisions between vocational and academic learning. Finally, the benefits system should not act as a disincentive to young people taking up an apprenticeship because of the impact on their or their family's income.

The upcoming Youth Obligation and the apprenticeship commitment offer real opportunities for Government to tackle some of these problems. Making the changes suggested in this report will help disadvantaged young people into training and employment, and offer them a genuine choice between earning and learning.

The full research report by IES can be found online here:

http://www.employment-studies.co.uk/youth_unemployment

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