

UNLEASHING TALENT: LEVELLING UP OPPORTUNITY FOR YOUNG PEOPLE

Youth Commission Final Report

December 2020

Learning and Work Institute

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ABOUT THE YOUTH COMMISSION

The Commission on Education and Employment Opportunities for Young People (Youth Commission) is considering the current education and employment prospects for young people, the likely impact of changes in policy and the labour market, and proposing new ideas for ensuring all young people have access to opportunity. It is kindly supported by Association of Colleges, Capital City Colleges Group, London South Bank University, NOCN and Prospects. Its commissioners were: Kate Green MP (until June 2020), Maggie Galliers CBE, Amy King and Jo Maher.

Further details of the Youth Commission and its work can be found on our [website](#).

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Foreword

Young people have an array of skills, and the prospect of a 50 year career and a world filled with opportunity. However, inequalities before the current crisis meant that, while talent was equally distributed around the country, opportunity was not. The pandemic has now had a profound effect on education and employment, risking worsening inequalities and causing damage for individuals, communities, and our economy and society.

The Youth Commission has explored the impact of these inequalities on young people's life chances. Across five research reports we have demonstrated that we lag other countries on many measures and progress has stalled. Participation in higher education compares more favourably, but fewer young people have basic skills or level 2 or 3 qualifications than other countries and the pandemic has led to a spike in unemployment.

Our research has shown that profound economic and social changes, particularly the collision of advances in technology and lengthening working lives, make a sound platform of skills and flexible opportunities to learn ever more essential.

We have heard from young people about what they feel makes a difference, where support is not currently working, and the ideas they have for improvements.

This final report sets out our blueprint for change.

It calls for urgent action to tackle the youth employment crisis and a higher ambition for education and employment, benchmarked against the world's best to build back better.

This will require investment. Our recommendations require an extra £4.6 billion per year, a 22% increase on pre-crisis spending but an investment that will ultimately pay for itself.

It also requires a more joined-up approach. We recommend a greater role for local government in building a coherent system, reforms to benefits to improve back-to-work support, a clear focus on the basics of literacy, numeracy and digital, and a new Career Advancement Service to help young people turbocharge their careers. We need employers to prioritise giving opportunities to young people, their future talent pipeline.

The prize is clear. A fair chance for young people hit hard by the pandemic. Improved economic growth and skills for businesses. Active citizens ready for a changing future.

It is time to seize the moment.

Maggie Galliers

Amy King

Jo Maher

Executive summary

Blueprint for change

1. **World class ambition.** By 2030 more than 90% of 25 year olds should be qualified to level 2 and three quarters qualified to level 3. We must tackle the youth employment crisis and end low pay
2. **Leadership.** A ten year strategy for young people's education and employment. Underpinned by ambitious devolution deals which devolve more responsibilities tied to improved outcomes, requiring providers to deliver in line with local plans
3. **Raising 16-18 participation.** Increase the funding rate to £5,000, and develop clear learning and career pathways. Continue with T levels, but retain other qualifications where there is a risk of a postcode lottery of opportunity.
4. **Increase apprenticeships.** Aim for one in three young people to take part in an apprenticeship by age 30. Supported by a £5,000 payment to employer for each new young apprentice they employ in the pandemic, directly funding apprenticeships for 16-18 year olds and considering ringfencing some of the levy for young people.
5. **Diverse higher education routes.** Focus on growing Higher Technical routes and HE access at all ages. Widen access by introducing maintenance grants of around £3,000 per year and evaluating access initiatives.
6. **Tackling unemployment.** Widen eligibility for Kickstart to young people not on benefits and better join it up with apprenticeships and skills support. Introduce a Job Guarantee to create a further six month paid job for those out of work the longest.
7. **A new Universal Credit Youth Allowance for 16-24 year olds.** Work Coaches would agree action plans to combine working toward a qualification up to level 3 with looking for work. 16-17 year olds, not generally eligible for benefits today, would be eligible for a £30 per week allowance to find work and learn up to level 3.
8. **Living standards.** End low pay by increasing the minimum wage for 21-24 year olds to living wage levels, raise other age-related rates and abolish the apprentice rate. Increase benefits by at least earnings or inflation, a new double lock.
9. **Career support.** Support careers through a Career Advancement Service for young people in low paid work, a £5,000 Learning Account, and grants of up to £1,000 from a Transitions Fund to help with the costs of moving job or area
10. **Foundation of skills.** Invest to make the requirement for young people in education to study English and maths to level 2 to age 18 work better. Build community action and cultural activity further into study programmes. Count functional skills toward apprenticeship training and explore incentives for employers to invest in basic skills.

The Youth Commission has explored how to improve education and employment opportunities for England's six million young people, levelling up opportunity across the country. This final report sets out our proposed blueprint for change.

A higher ambition

We should act swiftly to fix the damage caused by the pandemic and aim for young people to have world leading employment, learning and skills by 2030, focusing on:

- **firm foundation of skills.** Most young people should get the basics like literacy and numeracy and a level 2 qualification, and three quarters should gain a level 3
- **full employment and fulfilling work.** Tackling the youth employment crisis, and focusing on the quality of work and ending low pay.

These ambitions require a step change. Youth claimant unemployment has doubled since March and we risk one million young people being not in education, employment or training and up to 350,000 long-term unemployed – creating a pandemic generation of lost opportunities. Even before the pandemic only 80% of young people gain a level 2 qualification by age 19 and 60% a level 3, lower than other countries.

Before the crisis we spent £20 billion per year on education and employment for 16-24 year olds, with half of this on higher education. Our recommendations require an extra £4.6 billion per year including: an extra £1 billion for apprenticeships; £1.75 billion to expand high quality 16-18 education, particularly technical education; a further £1 billion to fight unemployment; and £360 million more for career advancement support.

The case for change

The Youth Commission has grouped the case for change into four main categories:

- **Prevention is better than cure.** Building a good foundation of skills, including literacy and numeracy, helps young people adapt to future change. Longer working lives and a changing economy together put a premium on adaptability and flexibility.
- **Fairness.** Young people's chances should depend on their talent and hard work, not their background. Yet the strong links between parental income and young people's education and employment outcomes means that while talent is equally distributed around the country, opportunity is not.
- **Lost talent makes us all poorer.** The strong link between parental background and young people's outcomes means we are wasting talent. How many lost Einstein's, Berners-Lee's or Beethoven's has inequality of opportunity cost us?
- **Winning the global race.** The number of young people will grow by 12% by 2030, while other countries continue to pull ahead of us. This holds back prosperity and productivity and limits our chances to succeed in the global economy.

Five principles underpin our recommendations for delivering our ambition: **ambition** for all young people; **empowerment** of young people; focusing on **outcomes**; **consistency** in policy and delivery to ensure lasting change; and **partnerships** for a joined-up approach.

The government should set a overall strategy and reach ambitious devolution deals with local government. These would give a single funding pot (potentially including employment and skills programmes and National Careers Service funding) tied to outcome agreements showing how better results will be delivered. Providers should be required to adhere to local plans, with areas able to direct action if they do not.

World class learning, skills and apprenticeships

We need to restart progress in young people's education to deliver the Youth Commission's ambition for 90% have a level 2 qualification by age 25 and 75% a level 3.

The pandemic is likely to lead to increased staying-on rates. The Government hopes T levels, technical qualifications at level 3 with a higher number of taught hours than current qualifications, will help. However, we should not lose sight of the need for young people to have a breadth of study and avoid over-specialisation, while the recession may limit employers' ability to offer the extended industry placements they require.

Apprenticeships are a great way for young people to combine learning with earning. But the number of apprenticeships for young people fell after recent reforms, while the pandemic has led to further sharp falls. Taken together, this has left limited technical and vocational routes which have held back participation.

On higher education, England compares relatively well on the proportion of young people participating, but with an over-emphasis on full-time study at level 6 (undergraduate level). We need an expansion of technical education routes and degree apprenticeships, and to have much greater flexibility in age and mode of study. This should be about a greater diversity of higher education routes, rather than lower participation in higher education.

To deliver a step change in participation in high quality learning, we recommend:

- **Participation and investment: We need a coherent plan to increase education participation, and to support delivery of high quality learning by increasing the 16-18 funding rate to £5,000**
- **T levels: The participation plan should set out how T levels fit into learning pathways. We should not cut funding for other successful qualifications until T levels are proven and widely available**
- **Apprenticeships: Aim for one in three young people to participate in apprenticeships by age 30, by directly funding apprenticeships for 16-18 year olds and a £5,000 incentive for employers who take on young apprentices.**
- **Higher education: Focus on growing higher technical routes and degree apprenticeships, and reintroduce £3,000 means-tested maintenance grants.**

Full and fulfilling employment

We must prevent youth long-term unemployment, support more young people into work and focus on improving the quality of work and reducing the prevalence of low pay.

The coronavirus crisis has affected young people's employment prospects significantly: youth claimant unemployment has more than doubled and young people were more likely to be furloughed than other age groups. We risk youth long-term unemployment hitting 290,000 during 2021, a fivefold increase on pre-crisis levels and the highest since the 90s.

The quality of work and levels of pay matter too. Young people are more likely to be in low paid and insecure work. While many progress having started in entry level roles, too many become stuck and have limited opportunities for advancement.

Shortfalls in policy contribute to these challenges. 16-17 year olds cannot generally claim benefits and local authority budgets have been cut. Employment support for 18-24 year olds focuses more on finding work than on building a career, while skills funding is driven by qualifications. This means limited support for young people to progress. There is too little join up between Kickstart, Restart and apprenticeships, limiting their impact.

We need to limit the impact of the pandemic, helping young people into work as quickly as possible. But we should also aim to do better than before the crisis, when the status of one half of 16-17 year olds NEETs was recorded as 'unknown' and 600,000 16-24 year olds had never had a paid job. Similarly, young people need to earn enough to live on – work should not be a route from one form of poverty into another.

To tackle the youth employment crisis and improve quality of work we recommend:

- **Employment support.** Widening Kickstart eligibility to young people not on benefits and introduce a Job Guarantee, ending youth long-term unemployment by subsidising jobs for six months
- **Youth Allowance.** A new Youth Allowance in Universal Credit for 16-24 year olds to combine improving basic skills and working toward a level 2 or 3 qualification with looking for work
- **Low pay.** End low pay by raising the minimum wage for 21-24 year olds to two thirds median wages over time and removing the separate apprentice rate
- **Career progression.** Extra help to climb the career ladder including a new Career Advancement Service, a £5,000 per person Learning Account, and a Transition Fund to help with the costs of moving jobs or area.

Building a foundation of skills

A core foundation of skills, including literacy, numeracy, digital and citizenship, is increasingly critical to young people's careers and ability to actively participate in society.

International surveys show that literacy and numeracy is lower for young people in England than in many other countries. Since 2014, young people in education have been required to study English and maths beyond age 16 if they do not have at least a grade 4 at level 2 (either GCSE or functional skills depending on their previous grades) in each. One in five 16 year olds needing to improve their grades now does so by age 19, up from just 5% previously. This is a success, but for too many the policy becomes a revolving door of retakes. We should keep the policy, but look at how to improve its practice.

Beyond full-time education, only around one in two out-of-work young people with basic skills needs is referred to training by Jobcentre Plus. Apprentices must study functional skills to level 2, but completing this is only mandatory for level 3 apprentices and study does not count toward apprenticeship training requirements. Employees with a degree are three times more likely to get training at work than those with no qualifications.

To make sure more young people get the foundation of skills they need, the Youth Commission recommends:

- **16-19 study: Continue to require young people in education to study English and maths to level 2, investing in new ways to improve pass rates; and build community action and cultural activities more fully into study programmes**
- **Apprenticeships: Count functional skills learning in training requirements, checking this is contextualised with other learning and does not displace the core vocational content. The Institute for Apprenticeships should work with providers to assess whether the functional skills funding rate is sufficient**
- **Employers: Look at flexibility in the Apprenticeship Levy and options for tax incentives to encourage employers to invest in basic skills.**
- **Community: Invest more in basic skills for young people through the Adult Education Budget, Shared Prosperity Fund and National Skills Fund.**

Conclusions

We can make the 2020s a decade of opportunity for young people, tackling the impacts of the pandemic and going further to match the best in the world. The pandemic has made the challenge starker, with a double whammy of disrupted education and weakened labour market. But it has increased the importance of setting a higher ambition.

The Youth Commission has set out a vision of the future and blueprint for change. It requires national and local government to work together with employers and civic society. England's young people represent six million reasons to act.

1. A higher ambition for all young people

England should aim for world-class skills, education and employment for young people. By 2030 this should mean most young people having basic skills and level 2 qualifications, three quarters qualified to level 3, increasing employment and ending low pay. The government should regularly report on progress in achieving these ambitions and cutting gaps in outcomes between areas and groups.

The 21st century is filled with possibilities. Technology is advancing at a dizzying rate, meaning young people have a world of knowledge at their fingertips. This brings the chance to make connections across the world. Rising life expectancy gives young people longer to explore these possibilities, with 50 year careers increasingly the norm.

Every young person deserves the chance to make the most of their talents and the opportunities that the future holds. Yet today we are far from this aspiration. Young people on average have poorer basic skills like literacy and numeracy and lower qualification levels than many other countries, with stark inequalities across England.¹ The coronavirus pandemic is increasing the challenge: more young people are out of work and disrupted education risks widening already large attainment gaps.

Too often young people's opportunities in life can be more an accident of birth than a result of their talent and application, and the pandemic risks widening this opportunity gap.

That must change.

Every young person should have world class skills and employment prospects, with a fair chance regardless of background.

Summary of ambitions

The Youth Commission benchmarks to reflect this overall ambition focus on:

- **firm foundation of skills.** Most young people should get the basics like literacy and numeracy and a level 2 qualification, and three quarters should gain a level 3
- **full employment and fulfilling work.** We must tackle the youth employment crisis, as well as raising the quality of work and ending low pay.

These are ambitions and benchmarks, rather than precise numerical targets. Each is challenging but realistic, in line with progress in previous decades. They would bring England into line with other countries and help us build back better after the pandemic.

¹ National and international case studies: Youth Commission report 4, L&W, 2019; Youth opportunity index: Youth Commission report 2, L&W, 2018.

Figure 1: Summary of proposed ambitions

Measure		2020	Extra number achieving in year needed by 2030	2030
Firm foundation of skills	Basic skills: level 2 English & maths	83% & 81%	60,000	90%+
	Level 2 by age 19	84%	70,000	95%
	Level 2+ by 20-24	84%	200,000	90%
	Level 3 by age 19	60%	60,000	70%
	Level 3+ by 20-24	68%	240,000	75%
Full employment and fulfilling work	16-17y.o. not in work or training	7%	75,000	2%
	18-24y.o. not in work or training	13%	330,000	<10%
	Employment rate 18-24 not in FTE	75%	170,000	80%
	Low pay 21-24y.o.	35%	750,000	0%

Firm foundation of skills for all

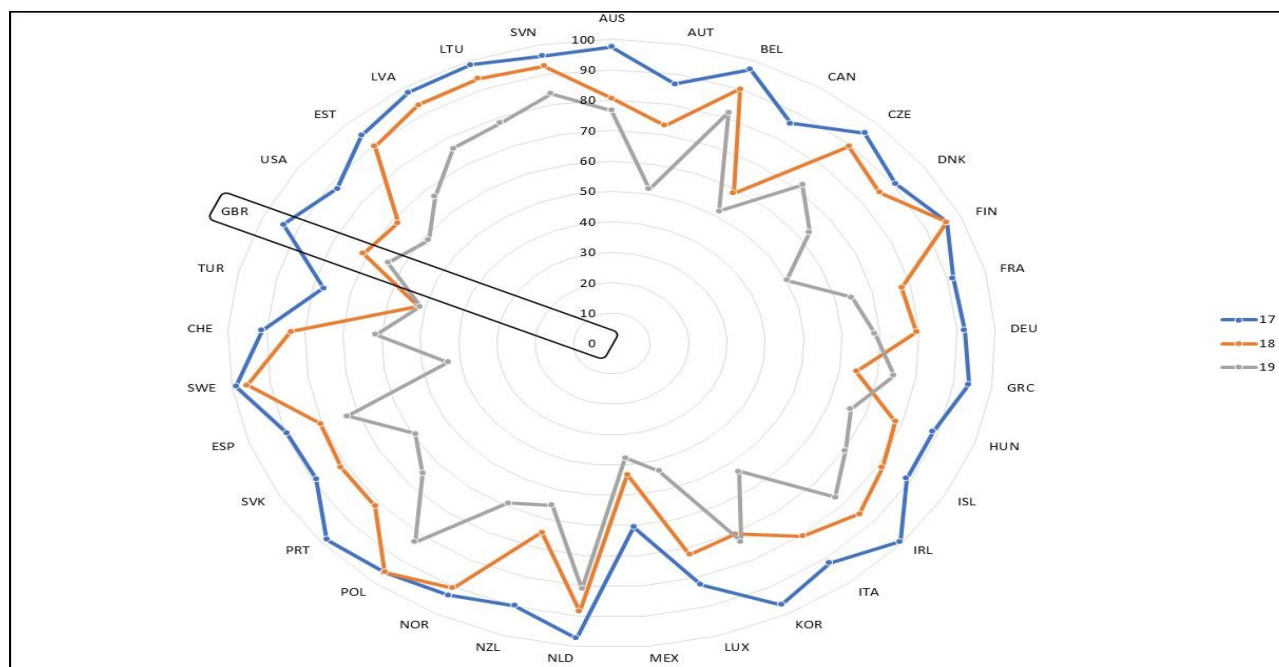
Good basic skills, including literacy and numeracy but also financial and health capabilities and active citizenship, are foundation stones for life and work.

Increasingly, modern economies and societies demand skills at level 3 and above. Not everyone can reach this level, and we need to ensure opportunities are available for all, but the experience of other countries suggests far more young people should be able to reach this level than currently do.

Achievement by age 19

Fewer 16-18 year olds stay in education than in many other countries: 71% of 17 year olds are in education in England compared to 89% in Estonia, 93% in Sweden and 88% in the Netherlands. More young people are likely to have opted to stay in education due to the pandemic reducing employment opportunities. But this is true of other countries too and is unlikely to close England's gap with international comparators.

Figure 2: Staying on in education rates by country



Linked to this, progress increasing the proportion of 19 year olds qualified to level 2 and level 3 has slowed in recent years. Just 84% of 19 year olds have a level 2 qualification and 60% have a level 3 qualification, lower than in other countries.²

International survey results show some improvement in literacy and numeracy skills of 15 year olds in England, particularly in maths.³ Young people in England were ranked 18th out of 79 countries for maths, up from 27th in the last survey in 2015. In reading, England was 14th up from 22nd three years ago. However, this is far from world leading and there remain significant gaps in skills levels by socioeconomic group.

Achievement for 20-24 year olds

International surveys show that around one in five young people in England have low literacy and one in four have low numeracy, poorer than in many comparator countries.⁴ Our young people's basic skills should be among the best in the world, closer to the best performing countries in survey such as Japan, Sweden, Netherlands and South Korea.

Similarly, previous Youth Commission reports have shown that progress in improving the qualification profile of young people has stalled in recent years and at lower levels than in other countries. International comparisons also suggest a particular shortfall in England in intermediate (level 3) skills. The proportion of young people taking part in higher education has risen to around 50%, this compares well internationally but there are other countries

² National and international case studies: Youth Commission report 4, L&W, 2019.

³ Programme for international student assessment: results from PISA 2018, OECD, 2019.

⁴ Comparative analysis of young adults in England in the International Survey of Adult Skills 2012, BIS, 2014.

with higher rates of participation. However, England stands out as having a particularly strong focus on full-time level 6 provision for 18 year olds – the Youth Commission has previously argued for a more flexible approach to gaining these higher level skills.

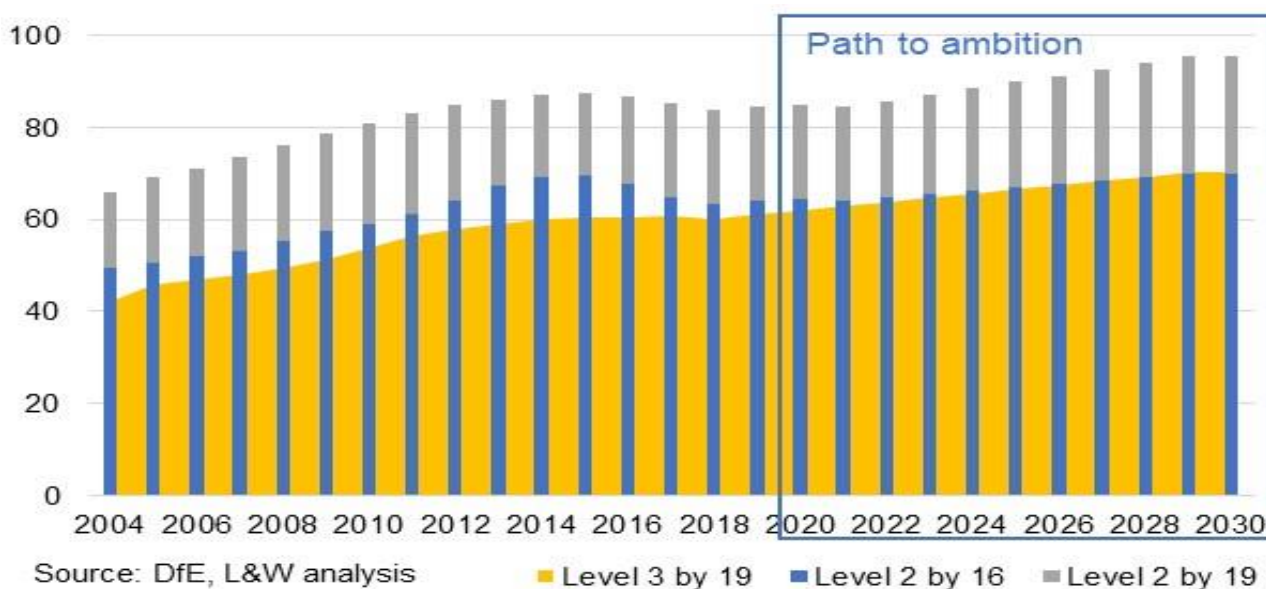
Ambition: firm foundation of skills for young people

The Youth Commission recommends that by 2030:

- more than nine in ten young people should have basic literacy and numeracy skills
- 95% of 19 year olds should be qualified to at least level 2, contributing to more than nine in ten 20-24 year olds having at least this level of qualification
- 70% of 19 year olds should be qualified to at least level 3, aiming for three quarters by age 25
- one in three young people complete an apprenticeship, and we have a greater emphasis on higher technical education and higher apprenticeships.

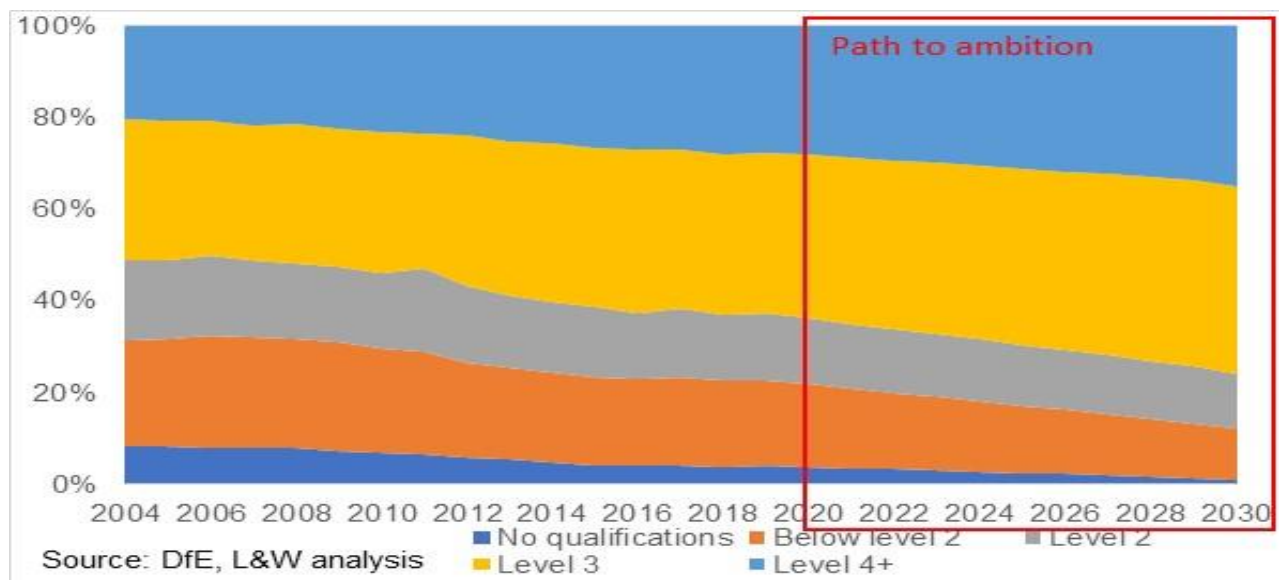
These are stretching ambitions, particularly as we seek to recover from the pandemic. They would require an extra 70,000 young people to achieve a level 2 by age 19 each year compared to today, an extra 60,000 to achieve a level 3 by age 19 each year, significant improvements in basic skills, and a focus on higher technical skills.

Figure 3: Proportion of 19 year olds qualified to level 2 and level 3



However, the improvements required in level 2 and 3 attainment by 19 year olds in the 2020s would be roughly equivalent to the rate of improvement seen in the decade to 2015 (before progress slowed). For level 2, the improvements would come from a combination of increasing achievement at both age 16 and age 19.

Figure 4: Qualification levels of 20-24 year olds



Improving level 2 and 3 attainment for 20-24 year olds requires a combination of achieving the ambition for 19 year olds detailed above, and upskilling among 20-24 year olds. Later chapters set out our recommendations for delivering these ambitions.

Full and fulfilling employment

Employment rates for young people were relatively high before the pandemic, though lower than some other countries and varying across England. However, young people have been hit hard by the pandemic: they were more likely to be furloughed than other age groups, and youth claimant unemployment has more than doubled since March 2020.

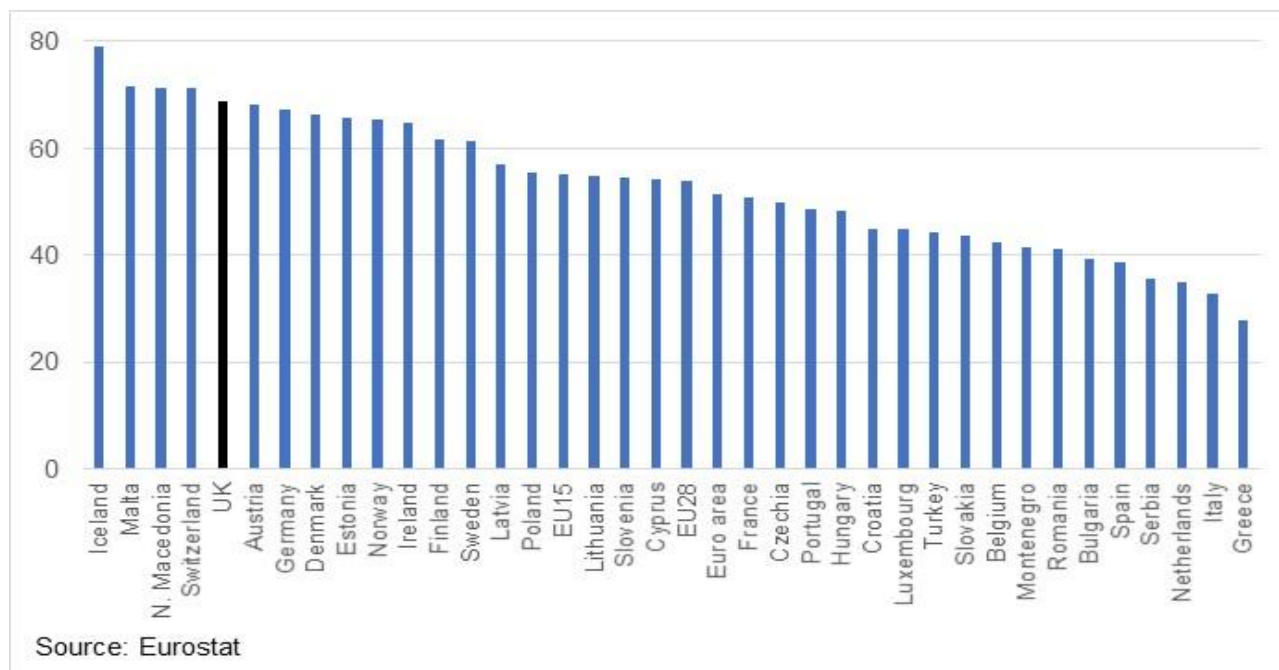
Previous Youth Commission reports have shown that fewer 16-17 year olds are working alongside their studies and that 100,000 young people in this age group who are not in education are not in work either.⁵ The pandemic may mean more 16-17 year olds stay in education, reducing NEET rates. But the balance of risks, with education disrupted during lockdown, points to a likely increase in NEETs over time.

More than 50,000 18-24 year olds are long-term unemployed, and this could increase to as high as 350,000 because of the pandemic.⁶ Employment is likely to fall further before recovery, while the last recession saw one in five 18-24 year olds not in education, employment or training. Labour market opportunities for young people are likely to get worse before they get better, and this could have long lasting consequences.

⁵ Fit for purpose? Education and employment support for young people: Youth Commission report 5, L&W, 2019.

⁶ Emergency exit: how we get Britain back to work, L&W, 2020.

Figure 5: Employment rates of 20-24 year olds, 2019



We also need to make sure work is of high quality and gives young people sufficient earnings and opportunities to progress. Even before the pandemic, 12% of 18-24 year olds were underemployed (wanting to work more hours) and 20% of 16-24 year olds were in some form of insecure work such as temporary work (though in part this reflects patterns of working while young and, in many cases, studying).⁷

Two thirds of 18-20 year olds and one in three 21-24 year olds were paid below two thirds of median earnings in 2019 (£8.85 per hour).⁸ Earning above this low pay threshold does not guarantee avoiding relative poverty: the number of hours worked, levels of non-work income such as benefits, and additional costs of children, housing or related to having a disability are all important too. Young people's pay has grown less quickly than previous generations did when they were young, in part because job-to-job moves (the most likely way to increase pay) have fallen.⁹

⁷ Earnings outlook, Resolution Foundation, 2018; London's poverty profile, Trust for London, 2017.

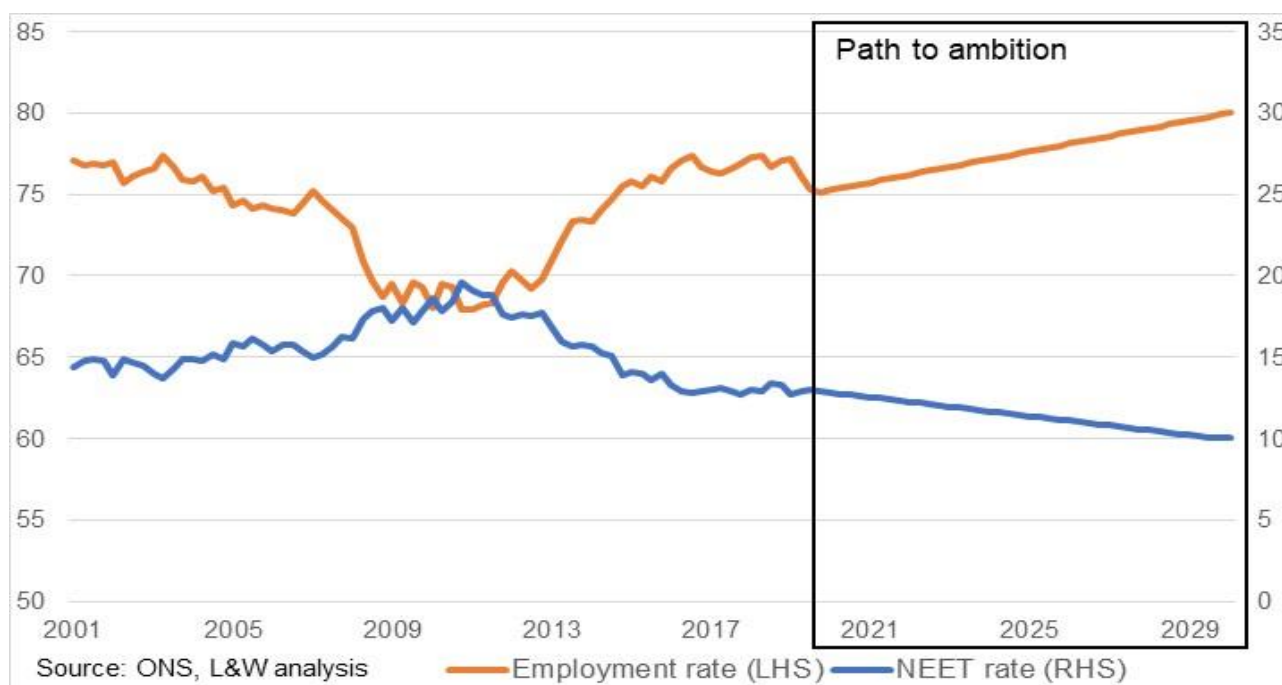
⁸ Annual survey of hours and earnings, ONS, 2019.

⁹ Opportunity knocks? First report of the Youth Commission, L&W, 2018.

Every young person should have access to good quality work, giving scope for progression and offering security and a good standard of living. By 2030 we should:

- **tackle the youth employment crisis**, so that no young person is long-term unemployed, almost all 16-17 year olds are in education, employment or training, and at least 80% of 18-24 year olds not in full-time education are in work
- **ensure work is of high quality for all young people**, including ending low pay and tackling in-work poverty.

Figure 6: Employment and NEET rates for 18-24 year olds not in full-time education¹⁰



These ambitions would mean young people's employment, career and earnings outcomes were in line with the best in the world. They would require a step change in support – reversing the damage caused by the coronavirus crisis and levelling up opportunities between demographic groups and geographic areas.

¹⁰ Employment rates as measured by the Labour Force Survey are not yet showing the full impact of the crisis, in part because of the success of the furlough scheme. It is therefore likely that employment rates will fall further before recovering.

2. How and why we need to change

The case for action

Every young person who does not get the education or employment support they need and so is unable to make the most of their talents represents a reason to act. The impact of the pandemic only increases this. Our case for action is grouped around four themes.

Figure 7: The case for action



1. Prevention is better than cure: Better education and employment support help young people make the most of longer lives filled with change

Longer life expectancy is likely to make 50 year careers the norm for most young people. At the same time, our economy is changing with advances in technology raising the bar of skills required to get into work and altering the skills required in existing jobs too. We cannot perfectly predict the future, but can project the likely direction of travel: for example, an aging population is likely to mean we need more people to work in social care.¹¹

Together, these changes will bring opportunities, but young people will need to be adaptable to make the most of them and to avoid being left behind or locked out of work. An initial education cannot give young people all the skills they will need for the rest of their lives, however good it is. Not all changes can be predicted, as the pandemic has shown, and new technologies and ways of working will develop over time.

¹¹ Tomorrow's world: future of the labour market, Youth Commission report 3, L&W, 2019.

A core set of skills including literacy, numeracy, digital, communication and team working helps to underpin adaptability and flexibility. Yet currently too few young people gain these skills (prevention) which is then exacerbated by lack of investment in opportunities to do this in early adulthood and through life (cure).

That is why it is so important for more young people to gain these during their initial education and to have opportunities to build these skills throughout life and work.

We also need to make sure young people have a successful transition between education and employment, particularly with the pandemic having disrupted both. They also need support to progress or change their career, both because opportunities change as the economy changes (a career path is not set in stone) and because access to networks and contacts is unequal and affects opportunity too.

We need to act so that young people have the skills and support they need to make the transition from education to employment in challenging times and build careers.

2. Fairness: Ensuring everyone has a fair chance in life is fundamental

Fairness is a fundamental principle that most people would say is important. Your chances in life should depend on your talent and hard work, not your background.

We are some distance away from achieving this objective. Talent is equally distributed, but opportunity is not.

Educational outcomes for young people in England are more dependent on their parents' attainment than in other countries. About one half of young people's educational attainment can be explained by their parent's attainment.¹² This leads on to inequalities in finding work and building a career. Around one half of young people's income can be explained by their parents' income, in part relating to educational inequalities.¹³

In addition, young people from lower income families are likely to be paid less than someone with similar educational outcomes from a higher income family. One study found that Londoners from a lower socioeconomic background faced a £1,600-4,000 annual pay penalty compared to those with similar grades but from a higher socioeconomic background.¹⁴ To date, claimant unemployment has risen fastest in areas with already high unemployment, suggesting the pandemic is having an unequal economic impact.

We need to act to tackle this fundamental unfairness, so that all young people have a fair chance in life whatever their background.

¹² A family affair: intergenerational mobility across OECD countries, OECD, 2016.

¹³ A family affair: intergenerational mobility across OECD countries, OECD, 2016.

¹⁴ The next London Challenge: converting strong educational performance into great jobs for disadvantaged Londoners, SMF, 2019.

3. Lost talent: Wasting the talents of *any* young person makes us *all* poorer

The strong link between background and life chances is unfair but also represents wasted talent that holds back prosperity. Poor skills are one of the reasons for the UK's relatively weak economic growth over the last decade and low productivity compared to France, Germany and the US.¹⁵ Improving the skills of young people would help to restart growth after the pandemic.

But the impact is even more profound. A US study showed that people from a lower income family were less likely to become an inventor than people from higher income families, even when they got the same grades at school.¹⁶ Growing up in an area where fewer people file patents also reduced people's chances of being an inventor, again regardless of grades. It argued this meant there were many 'lost Einstein's' – people who would have made valuable inventions if opportunity were more fairly distributed.

No such similar study is available for the UK. However, it seems likely the large inequalities in educational outcome would have had the same impact here.

How many lost Einsteins, Berners-Lees, Brunels and Rowntrees have inequalities in education and opportunity cost us? How much more prosperous could we have been?

We need to act to make our country more prosperous by making the most of the talents of all young people.

4. Global race: the rising number of young people makes it even more important to close the gap with other countries, who continue to improve

There number of 15-24 year olds in England is projected to rise by 12% to 7.4 million by 2030.¹⁷ This increase is particularly strong from 2022, meaning we have a short period of time to improve our education system before this population growth kicks in.

Meanwhile, progress improving the skills of young people has slowed in England in recent years, as chapter one showed. But other countries continue to improve and often from a higher base. Unless we act, we are poised to fall even further down the international league table for skills by 2030.¹⁸ This is particularly true of basic skills like literacy and numeracy, and the proportion of young people qualified to at least level 3.

¹⁵ Time for action: skills for productivity and social justice, L&W, 2019.

¹⁶ Who Becomes an Inventor in America? The Importance of Exposure to Innovation, Bell, Chetty, Jaravel, Petkova and Van Reenen, CEP Discussion Paper No. 1519, 2018.

¹⁷ Principal projection – England population in age groups, ONS, 2019.

¹⁸ Time for action: skills for productivity and social justice, L&W, 2019.

Before the pandemic, employment rates for young people compared relatively well internationally, though with inequalities and scope to do better. The pandemic has now reduced employment opportunities for young people, with the risk of a disrupted transition from education to work. In addition, the prevalence of low pay and insecure work are relatively high for young people, affecting their lives, livelihoods and career prospects. Insecurity and inequality may reduce the likelihood of young people wanting to innovate (e.g. start a business) by increasing the cost to them if it does not work out. Necessity may be the mother of invention, but inequality raises the risk of taking a chance.

We need to act so that our growing number of young people get education and employment opportunities that match the best in the world.

Blueprint for change

The Youth Commission's vision is for young people in England to have world class learning, skills and employment outcomes and for young people's life chances to be independent of their background.

The five key challenges, identified in the Youth Commission's launch report, that we need to tackle to deliver this vision are:

- better supporting young people not in education, employment or training
- increasing the number of young people qualified to at least Level 3
- improving attainment in literacy and numeracy and other basic skills
- creating a diversity of higher-level learning routes through life
- support job quality, career progression, and economic security.

Five principles have underpinned our approach to developing recommendations focused on these challenges:

- **Ambition.** An ambitious vision requires an ambitious approach. The current policy framework and inequalities of opportunity should not constrain us.
- **Empowerment.** Our focus must be on putting young people in charge of their futures and ensuring they have paths to their goals, no matter their starting point.
- **Outcomes.** We should focus on the outcomes we want to achieve and improving young people's opportunities. This demands an evidence-based, joined-up approach.
- **Consistency.** Systemic changes take time. We need a step change in opportunity, and this requires radical ideas. But we should go with the grain of what's working today and not constantly chop and change our approach.
- **Partnership.** Delivering a step change requires partnerships between: government departments; national and local government; and stakeholder including colleges,

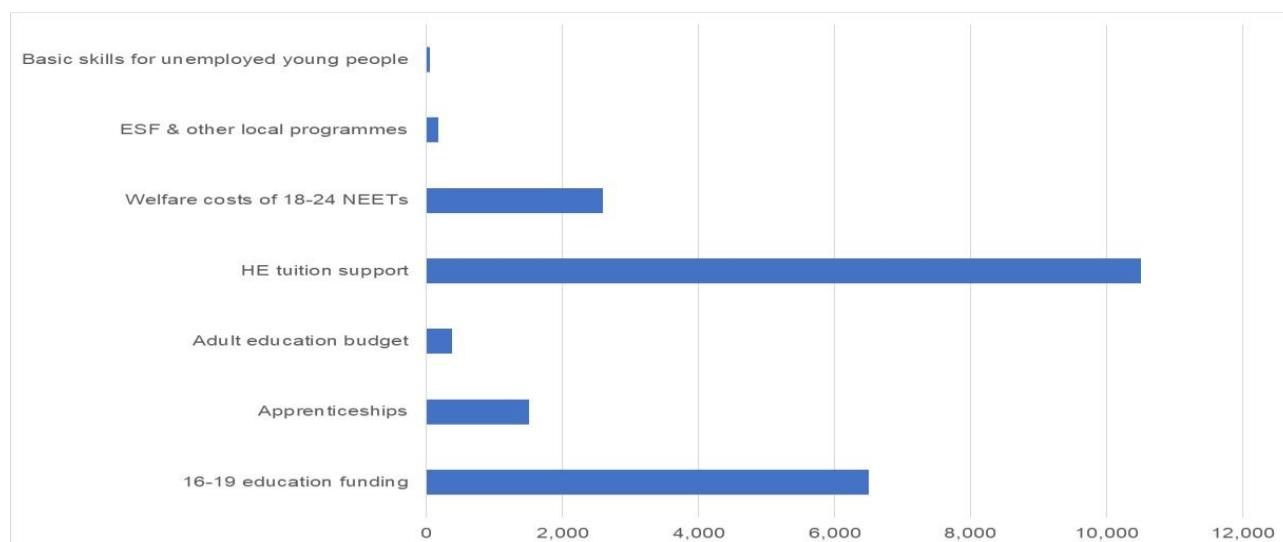
providers, Jobcentre Plus, charities and Housing Associations. We need a joined-up approach, flexibility in delivery, and a common goal of opportunity for all.

A central theme of the Youth Commission's analysis has been the fragmented nature of education and employment support for young people. As well as gaps in support and insufficient funding, we lack a shared ambition for the outcomes we want young people to achieve and a joined-up plan for how services will work together to deliver this.

Before the pandemic, we invested more than £20 billion per year in education and employment for 16-24 year olds, but silos and too much chop and change meant systems can be less than the sum of their parts. Investment is also unbalanced: more than one half of spending was on higher education (though this is vital and a UK strength – our higher ambition requires strong higher education, as well as technical education).

The pandemic and policy shifts are changing this: for example, increased investment in youth employment. Investment needs to follow our ambitions: that means more investment in helping young people not qualified to at least level 3, greater focus on vocational and technical routes, and even more support for young people to find work. This investment will more than pay for itself in improved economic growth and social justice.

Figure 8: Summary of education and employment investment for 16-24s, 2019



A good starting point would be for national government to commit to the ambitions for improving education and employment outcomes for young people set out in chapter 1 and build a long-term strategy to deliver this with employers, trades unions, providers and civic society.

Beyond this, there should be a greater role for local government in leading and joining up support, building partnerships with employers and civic society at a local level. This will vary across England, but could build on the Work Local approach proposed by the Local

Government Association.¹⁹ This would see local areas reaching agreements with national government, detailing the services and funding that would be devolved and the outcomes (such as more people into work or improving their skills) local areas would make as a result. Further devolution would follow if these outcomes were achieved.

The Government should set out a long-term strategy for education and employment for young people. It should agree ambitious devolution deals with local areas to help deliver this, aiming to increase devolution over time. These would set out the funding and services to be devolved, the approach areas would take to joining up support and working with employers, and the expected improvement in outcomes. This could include funding for the National Careers Service, Careers and Enterprise Company, 16-18 education, employment programmes and more. Learning and employment providers would be required to deliver in line with the local strategy, with local areas able to require changes in provision if this doesn't happen.

Our recommendations for delivering the Youth Commission's ambitions are grouped into three strands:

1. **Learning, skills and apprenticeships.** Fewer young people are qualified at levels 2 and above than in other countries, particularly in technical and vocational skills. How do we increase the proportion of young people gaining these skills?
2. **Work, income and progression.** Too many young people are out of work or in insecure, low paid jobs. How do we ensure all young people get the chance to work, earn a good living, and progress their career?
3. **Foundation skills.** Skills such as literacy, numeracy and digital are central to life and work. How can we ensure many more young people gain these core skills?

The rest of this report sets out the recommendations for each strand – together they amount to our blueprint for change.

¹⁹ Work Local: report to the Local Government Association on developing a modern, local, public employment and skills service, L&W, 2017.

3. World class learning, skills and apprenticeships

We should increase participation in a wider range of high quality academic, technical and vocational learning options, so that by 2030:

- More than nine in ten young people have at least a level 2 qualification by 25
- Three quarters of young people have at least a level 3 qualification by age 25
- One in three young people complete an apprenticeship, and we have a greater emphasis on higher technical education and higher apprenticeships.

The challenge

Too few young people are qualified to levels 2 and 3 compared to other countries, with shortfalls in technical routes and apprenticeships at all levels and unequal participation.

16-19 education

Decades of progress increasing the proportion of young people achieving either a level 2 or level 3 qualification by age 19 have stalled in recent years. Chapter one showed that 84% of 19 year olds have a level 2 qualification and 60% have a level 3 qualification, and that this compares relatively poorly to other countries. Changes to grading approaches in the pandemic will alter these figures but are unlikely to change the underlying picture.

The biggest shortfalls in England are take up of vocational and technical education and apprenticeships – the proportion of young people taking academic routes, such as A levels, compares more favourably. A common concern is the narrowness and specificity of academic and vocational routes, and the degree of specialisation required at an early age.

Other countries have a National Curriculum that continues to age 18 (England's stops at 16) and require study of a broader range of subjects, including:

- Finland requires 16-19 year olds to study their own language, a foreign language, maths and natural sciences, humanities and social sciences, religion or ethics, physical and health education, and arts and practical subjects;
- Ontario's high school diploma requires study in science, languages and social sciences plus 40 hours community involvement, with additional optional units; and
- In France the technical certificate requires study in a particular vocation, but also French, foreign languages, maths, physical education and sports.²⁰

There have been lots of reforms aimed at broadening study for young people in England and breaking down divides between academic and vocational learning. For example, the Tomlinson Review argued for Diplomas that identified core knowledge required for all 14-19 year olds together with up to 20 'lines of learning' for specific subjects.²¹ This was

²⁰ Moving on up: developing a strong, coherent upper secondary education system in England, IPPR, 2015.

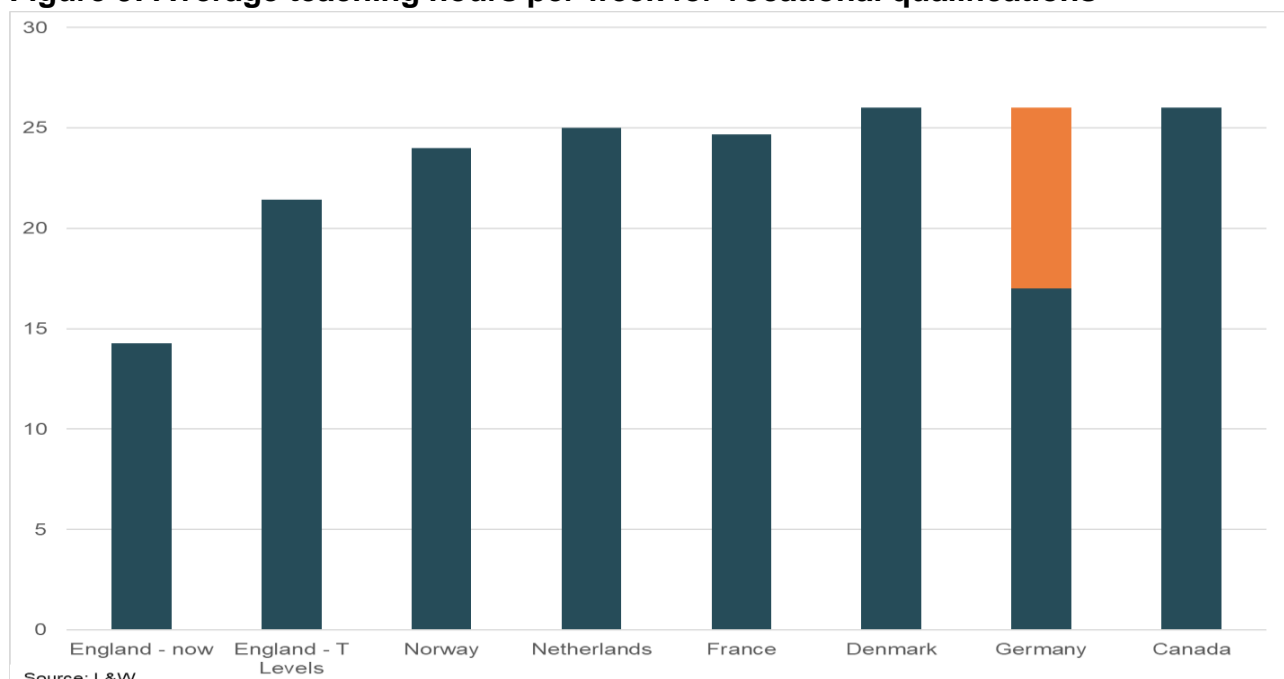
²¹ 14-19 curriculum and qualifications reform: final report of the working group on 14-19 reform, Tomlinson Review, 2004.

intended to bring vocational and academic learning together, reduce the volume of assessment, and allow broader and deeper study. However, Diplomas were added to the current system, rather than replacing GCSEs and A levels, limiting their impact and reach.

The latest reform is the introduction of T levels, technical education qualifications across 12 learning routes at level 3, focused initially on 16-18 year olds. The Government may end funding for other level 3 qualifications in similar subjects, making T levels the only route, and has also examined level 2 qualifications and Higher Technical routes. Its argument is that we need a more rigorous, employer-led set of technical qualifications, and to simplify the landscape for employers and individuals.

The design of T levels, a two year programme including a 315 hour (45-60 days) industry placement, is broadly in line with similar qualifications in other countries. It also includes a higher number of taught hours, narrowing the gap with other countries.

Figure 9: Average teaching hours per week for vocational qualifications



However, it is not yet clear how bridging provision for those looking to switch between academic and technical routes or the transition for those not yet ready to start T levels will work. Perhaps even more challenging will be encouraging employers to provide a sufficient geographic and sectoral range of industry placements, particularly when the pandemic has led to falls in employment and changed ways of working.

Learning and Work Institute research showed that employers were keen to engage in T levels, but needed support to understand how to ensure industry placements are of high quality and clarity about their priority when set alongside other requests of employers like

apprenticeships, work experience, work placements, work trials etc.²² This challenge will be multiplied outside cities and in certain sectors where there are relatively few employers. If there is no local employer able, willing or even available to offer an industry placement, should young people choose a different career path, or will there be an alternative route?

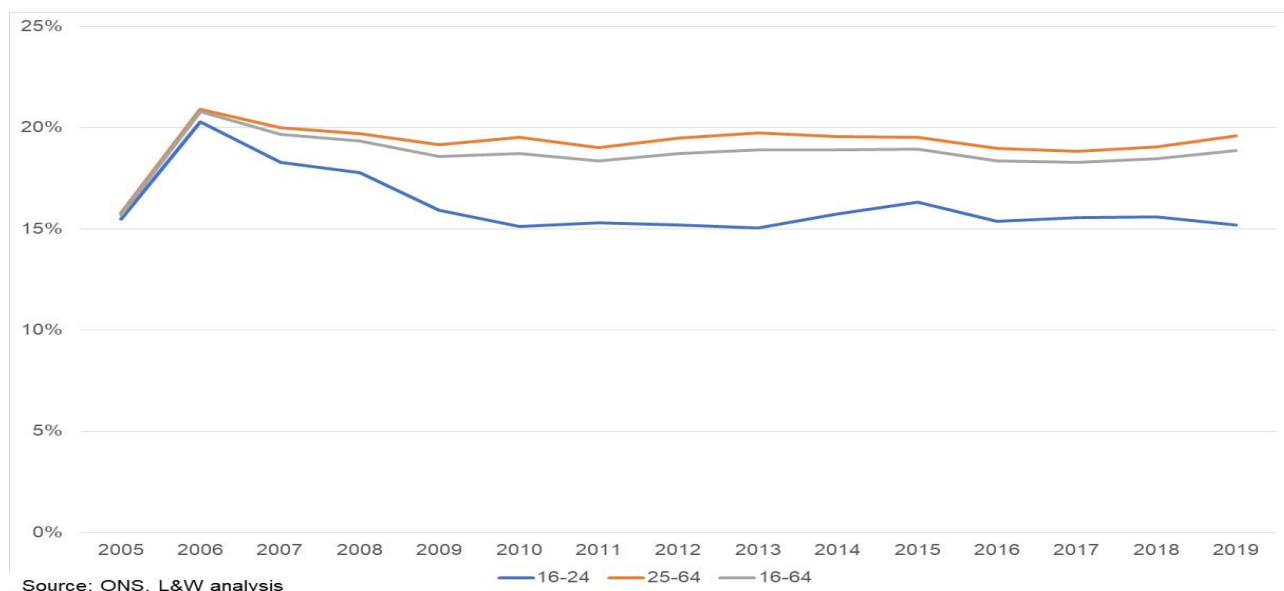
Our overall challenge is to ensure 16-19 year olds can access a breadth of learning and high quality technical and vocational learning routes wherever they live.

Apprenticeships and work-based learning

Apprenticeships have long been a way for young people to combine learning with earning in many countries. However, the proportion of young people taking apprenticeships is lower in England than elsewhere: only 2% of 16-29 year olds in 2012 were apprentices, compared to 4% in Finland, 5% in Australia, 8% in Denmark, and 15% in Germany.²³

This is part of a pattern of a relatively low and falling proportion of young people getting training at work, down by 20% since 2005, with much training short in duration and focused on induction and health and safety.²⁴ This may well have been exacerbated during the pandemic: hiring has fallen and training budgets can be cut when firms are struggling.

Figure 10: Proportion of employees getting training at work in the last 13 weeks



Major changes in recent years mean apprenticeships are now largely funded by a levy of 0.5% on employer's wage bills above an annualised £3 million. This is ringfenced in a digital account and can only be spent on apprenticeships and within two years. Small employers must contribute 5% of the cost of most apprenticeships.

²² Employer engagement and capacity to support T level industry placements, L&W and IFF, 2018.

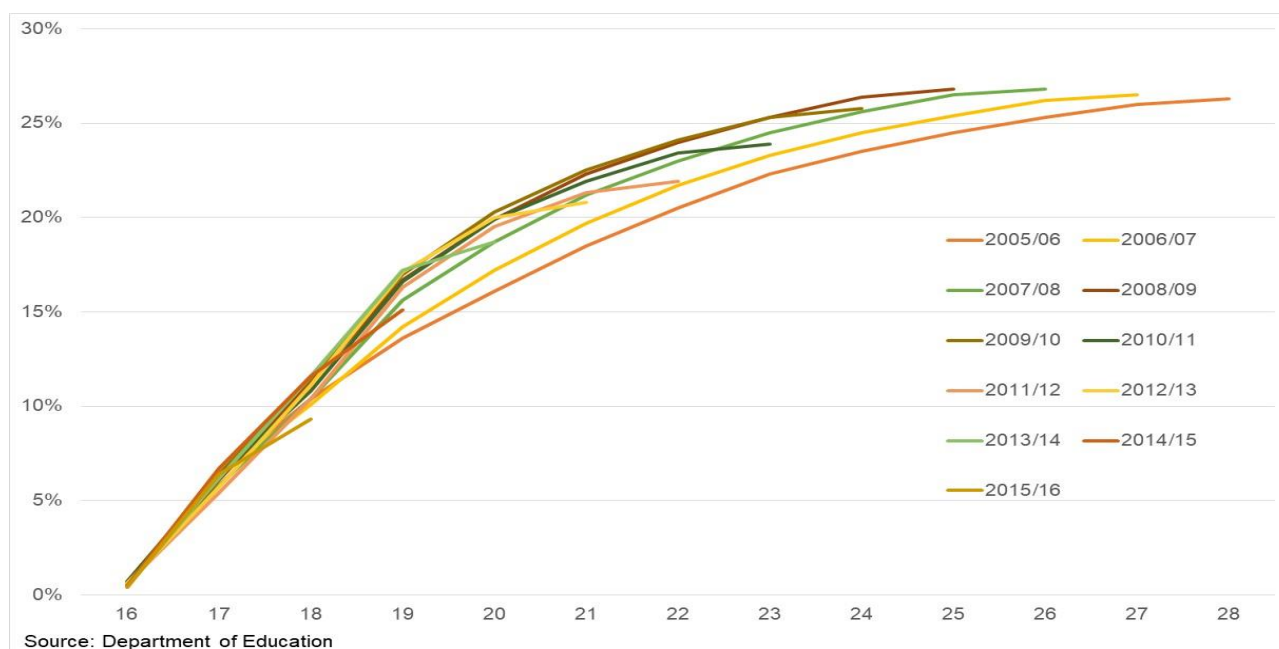
²³ Society at a glance 2016, OECD, 2016.

²⁴ Skills 2030: why the adult skills system is failing to build an economy that works for everyone, IPPR, 2017.

Measures aiming to increase quality have included the introduction of new employer-designed apprenticeship standards and requirements for apprenticeships to last a minimum of one year and contain at least 20% off-the-job training.

One in four young people has participated in an apprenticeship by age 28. But this is likely to fall as the number of apprenticeships has fallen 20% since these reforms even before the pandemic.²⁵ There has also been a significant change in the composition of apprenticeships: a fall of 122,000 (45%) at level 2 compared to a similar time period before the introduction of the levy and a rise of 42,000 for level 4+ (>200%); and apprenticeships for both under 19s and over 25s each down by around 30,000 (27% and 18% respectively). Taken together, this means fewer apprenticeships for young people particularly at level 2, and growth at level 4 and above particularly for older people.

Figure 11: Cumulative proportion of people starting an apprenticeship by age



The result is significant inequalities in access to apprenticeships. Opportunities for young people have declined and young people from Free Schools Meals backgrounds are half as likely to gain a level 3 apprenticeship than other young people in some areas.²⁶ The National Audit Office described the Government's targets for tackling these inequalities as 'lacking ambition'.²⁷

²⁵ Apprenticeship and traineeship data, Department for Education, 2019.

²⁶ State of the nation 2017: social mobility in Great Britain, Social Mobility Commission, 2017.

²⁷ The apprenticeships programme, NAO, 2019.

At the same time, 47% of apprenticeship providers inspected during 2018/19 were rated requiring improvement or inadequate and concerns remain about whether apprenticeships prepare young people for their future careers or just their current jobs.²⁸

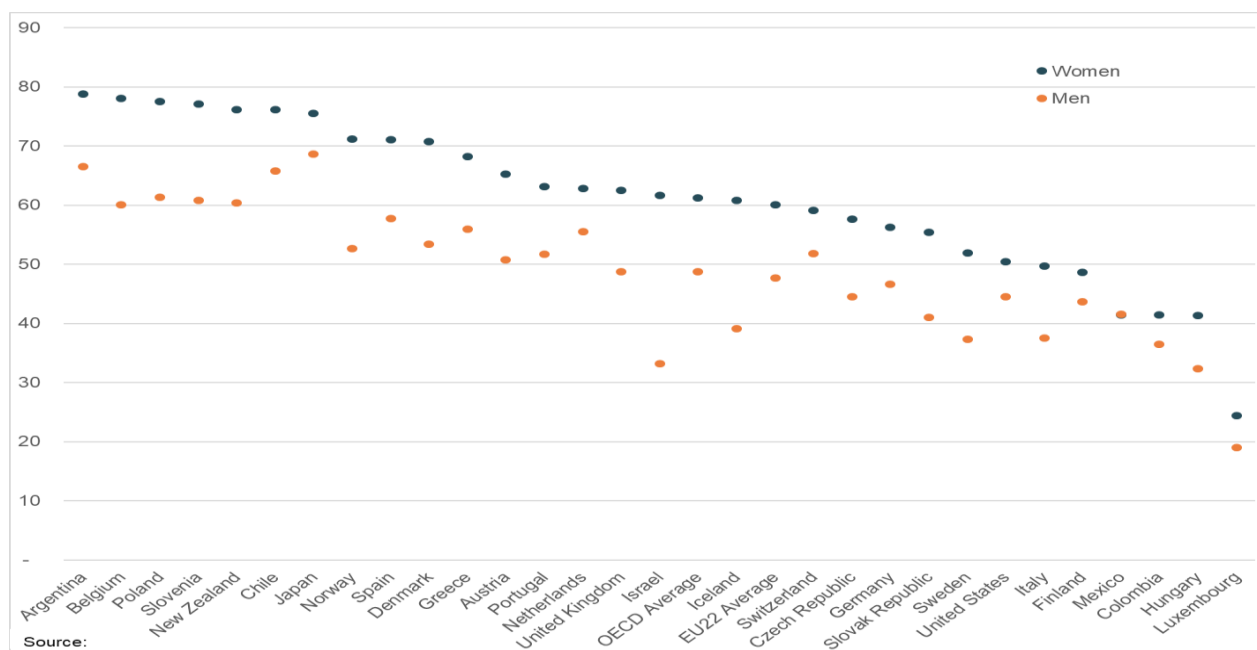
The new apprenticeship system is driven by employer choice, but with few incentives to redress historic inequalities in employer investment that has long been biased in favour of those with higher qualifications. The result is that the apprenticeship system now replicates these inequalities rather than tackling them. This has been exacerbated by the pandemic, with apprenticeships for young people suffering the largest falls. Prior to the pandemic, this risked an overspend in the overall budget that was effectively being mitigated by limiting funding for SMEs, who are more likely to take on young people as apprentices.²⁹

Taken together, the key challenges are: quality; low proportion of young people learning at work; and unequal access to learning and apprenticeships.

Higher education

Up to one in two young people participate in higher education. This is in line with many countries, but England is unusual in its focus on full-time undergraduate degrees from age 18, with shortfalls in learning at levels 4-5 and vocational learning. There are also large inequalities in access: participation by young people with free school meals is 18 percentage points lower and access varies by parental background and deprivation.³⁰

Figure 12: Proportion of under 25s participating in higher education by country



²⁸ The annual report of Her Majesty's Chief Inspector of education, children's services and skills 2018/19, Ofsted, 2020; The skills we want and why we don't have them, Policy Exchange, 2016.

²⁹ Bridging the gap: next steps for the apprenticeship levy, L&W, 2019.

³⁰ Widening participation in higher education in England – 2016/17 age cohort, DfE, 2018.

Policy and practice have contributed to the uneven growth in higher education, including the nature (or sometimes lack) of careers advice, lack of focus on vocational routes (like apprenticeships), and funding rules (such as the Equivalent or Lower Qualifications rule).³¹

While the rise in tuition fees to up to £9,250 per year has not been associated with a fall in participation among those from poorer backgrounds, the removal of maintenance grants has left students from poorer backgrounds finishing their studies with higher debts, as they are more likely to need maintenance loans.³²

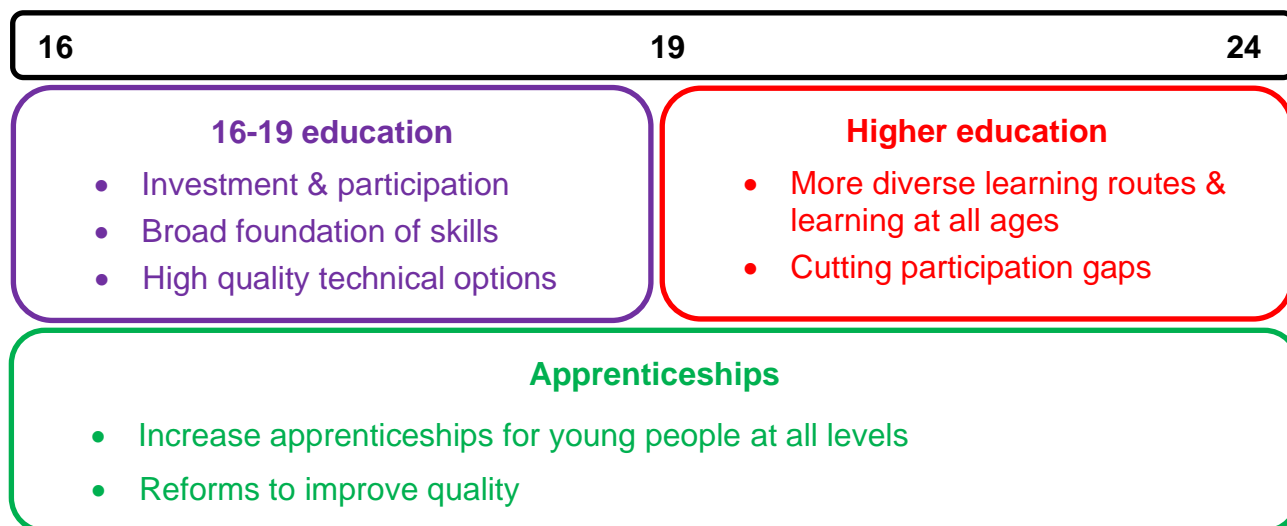
This uneven growth in higher education has implications for the labour market. An increasing number of jobs and careers requires a degree-level qualification. This is due both to the changing nature of those jobs (including a move for more careers to be professions) and the rising number of graduates that employers can choose from.

However, inequalities in participation in higher education risk creating an ‘aspiration ceiling’. This increases the importance of creating ways for people of all ages to learn higher skills, and for routes such as apprenticeships to allow people to progress at work – this requires changes in practice from employers as well as changes in policy and funding.

Delivering the ambition

We need a step change in young people participating in high quality academic, vocational and technical routes that work together and are accessible. Our recommendations are grouped into three areas: 16-19 education; apprenticeships; and higher education.

Figure 13: High quality learning, skills and education routes



³¹ Independent panel report to the review of post-18 education and funding, Department for Education, 2019.

³² Higher education funding in England: past, present and options for the future, IFS, 2017.

Increased participation in broader, high quality 16-19 education routes

Increasing staying on rates are even more vital with the pandemic limiting employment options and requires coherent and diverse learning routes and pathways between provision. This requires systems thinking, rather than considering policies in isolation, and local leadership to join up support.

Our aim should be for more 16-19 year olds to stay in full-time education. This should be aided by a plan showing how learning options for this age group join up. As chapter one set out, learning providers should be required to adhere to plans developed by local government for implementing this.

High quality learning requires investment: you cannot get world class learning for young people on the cheap. The Government raised the funding rate for 16-17 year olds in 2020/21 for the first time in a decade, from £4,000 to £4,188. Funding is £3,300 for 18 year olds. However, many have argued that it needs to be raised further to £5,000, and that this should apply to 18 year olds too. This would allow both an increase in teaching hours, for example for T levels, and more investment in each teaching hour, attracting the best tutors and ensuring high quality learner support.³³

The Youth Commission endorses the call for the 16-18 education funding rate to be increased to £5,000. This would cost around £1 billion per year but is necessary for the delivery of world class learning options for young people.³⁴

The expansion of participation should be driven primarily from increased take-up of technical routes. T levels have lots of the right components, but we need clear routes into them from level 2 and on to higher levels, plus clarity about how they work with other qualifications (particularly where industry placements may be limited) and apprenticeships.

We should progress with T levels, but set out learning and progression routes more clearly. This should include building career pathways for different sectors and occupations, developed with employers, into careers advice and guidance.

We should only end funding for other level 3 vocational qualifications where there is a clear lack of demand from employers or T levels are established and accessible to most young people so we don't unnecessarily narrow their options.

Young people who do not gain a level 2 or 3 qualification by age 19 are entitled to fully funded learning up to age 23, with a Lifelong Skills Guarantee providing an entitlement to funding for level 3 beyond this age (in addition to the existing entitlement to support for basic skills). We should extend this to modules of learning, not just full qualifications.

³³ Costs and cost drivers in the Further Education sector, DfE, 2020.

³⁴ Spending review 2019: Association of Colleges proposals, AoC, 2019.

More world-class apprenticeships for young people

We should aim for one in three young people to participate in an apprenticeship by age 30, up from one in four today. This should drive focus in the same way that the ambition of one in two young people participating in higher education did.

Achieving this requires better incentives and support for employers to take on young apprentices, high quality information, advice and guidance so that young people can make informed choices, and action to ensure fair access to apprenticeships. It is made tougher by the pandemic, which has reduced employment opportunities and led to sharp falls in apprenticeships for young people. The Government has introduced financial incentives for employers, but these are unlikely to make enough of a difference.

To increase apprenticeships we should: fund apprenticeships for 16-18 year olds outside the levy at a cost of £450 million per year; remove the requirement for SMEs to pay 5% of the cost for 19-24 year old apprentices; look at an apprentice premium or ringfencing some levy funds for apprenticeships for young people.³⁵ Local government can lead in employing apprentices and engaging employers.

The cost of these measures could be funded directly by government or by widening the scope of the levy, the rate employers pay or requiring extra contributions for some apprenticeships for older people as part of a wider reform of the Apprenticeship Levy.³⁶

The pandemic demands additional action: larger incentives, such as £5,000, for employers to take on young apprentices; an additional £2,000 bonus for employers who employ young people as apprentices when they have completed their Kickstart job with them. This would support 100,000 apprenticeships at a cost of £500 million.

The quality of apprenticeships is as important as the quantity. Apprenticeships should both meet employers' needs and prepare young people for future careers, not just specific jobs. We should ensure funding rates for standards allow high quality training to be delivered.

Apprenticeship standards should meet two tests: 1. Support from employers; 2. Benchmark against the world's best and how they prepare young people for future careers not just current jobs.

Ofsted should have additional resources to inspect more apprenticeship providers, with greater intervention from the Education and Skills Funding Agency to support improvement or ultimately remove funding from poorly performing providers. There should be more support for providers to share best practice and funding rates should be developed transparently.

³⁵ Three million apprenticeships: building ladders of opportunity, L&W, 2017.

³⁶ Bridging the gap: next steps for the apprenticeship levy, L&W, 2019.

Widening and broadening access to higher education

The Youth Commission supports current levels of participation in higher education: these are likely to have increased in the pandemic and other countries already had higher rates. However, we need more people learning different things at a range of ages by acting to:

- **Widen access to higher education**, tackling the sharp inequalities in participation by socioeconomic group, demographic group and geographic area
- **Expand flexible routes into higher education**, including vocational and technical routes such as apprenticeships and at ages older than 18.

On **access**, we must improve educational attainment in those parts of the country where it is lowest. But we also need to ensure no-one feels that higher education at any institution is 'not for them' and identify talent, including through greater use of contextual offers.³⁷

There is surprisingly little evidence on the effectiveness of around £800 million spent by higher education institutions each year on widening access.³⁸ **The Office for Students should ensure robust evaluation of access and participation agreements. Higher education institutions should make wider use of contextual offers.**

Reducing or removing tuition fees would bring large cost to the taxpayer but there is little evidence this would widen access. Reducing fees and reintroducing a government teaching grant would likely mean the reintroduction of caps on student numbers (otherwise there would be an uncapped bill for the Treasury). This could lead to fewer people studying higher education and limit efforts to widen access.

Decisions on funding levels and mechanisms must balance effectively funding higher education and ensure value for money for students and taxpayers. Means-tested maintenance grants of £3,000 per year should be introduced to limit the 'poverty penalty' meaning those from the poorest backgrounds have higher debts.³⁹

On **flexibility**, the Government's proposal for new **Higher Technical qualifications** at levels 4 and 5, where the UK lags other countries, is right. But increasing take-up will also require stronger partnerships between employers, education institutions and stakeholders.

Beyond this, we need more opportunities to gain higher skills in a range of ways and at different ages. This includes through our earlier proposals to increase apprenticeships, including at higher level, for young people and our proposed **Learning Account** which could contribute to the cost of higher education and be combined with the proposed **lifelong learning loan allowance** for tuition fees at levels 4-6.⁴⁰

³⁷ Admissions in context: the use of contextual information by leading universities, Sutton Trust, 2017.

³⁸ Access agreements for 2018-19: key statistics and analysis, Office for Fair Access, 2017.

³⁹ Higher education funding in England: past, present and options for the future, IFS, 2017.

⁴⁰ Independent panel report to the review of post-18 education and funding, Department for Education, 2019.

4. Full and fulfilling employment

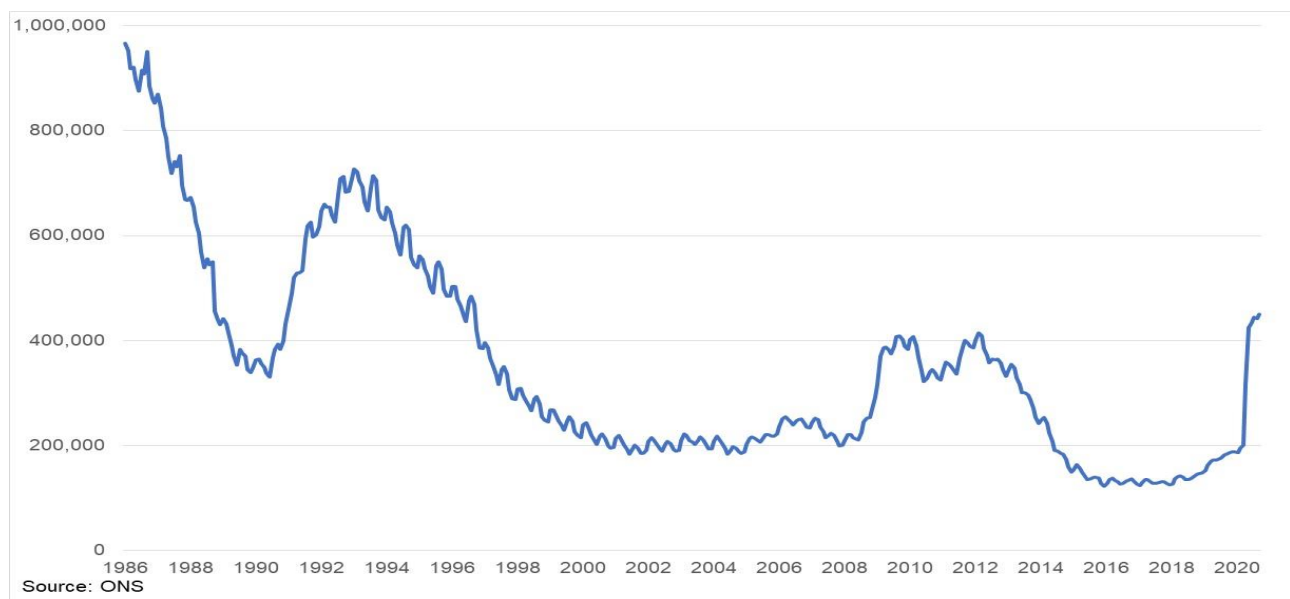
Every young person should have access to good quality work, giving scope for progression and offering security and a good standard of living. By 2030 we should:

- **tackle the youth employment crisis**, so that no young person is long-term unemployed, almost all 16-17 year olds are in education, employment or training, and at least 80% of 18-24 year olds not in full-time education are in work
- **ensure work is of high quality for all young people**, including ending low pay and tackling in-work poverty.

The challenge

The pandemic has had a particularly stark effect on young people: the number of 18-24 year olds claiming unemployment-related benefits has risen more than 120% and young people were more likely to be furloughed than other age groups.⁴¹

Figure 14: Number of 16-24 year olds claiming unemployment-related benefits



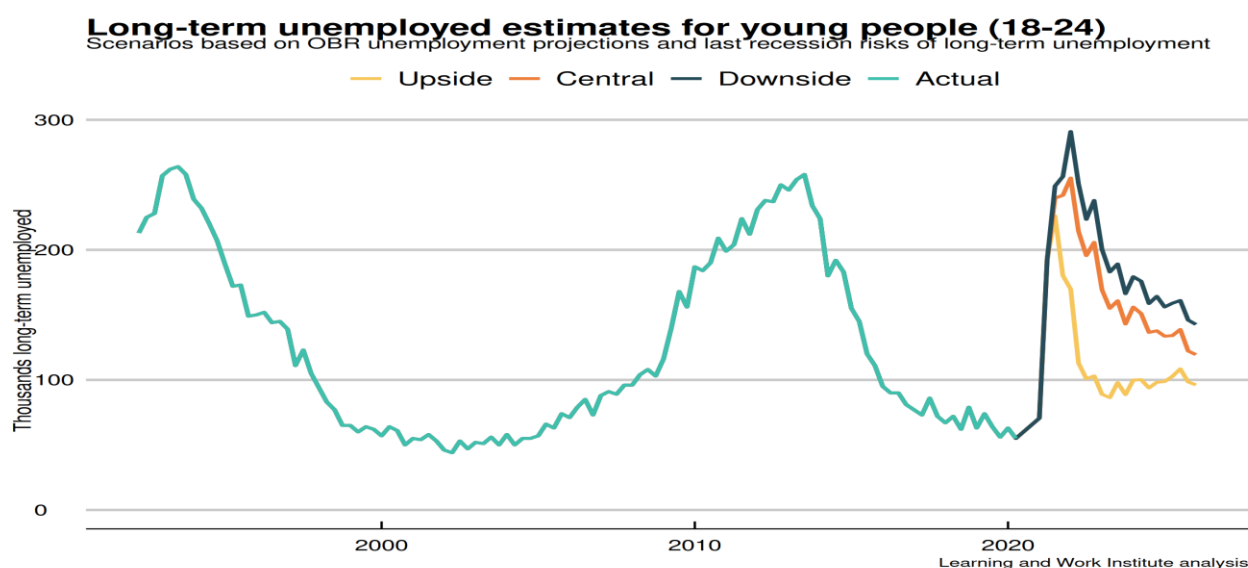
The worst may be yet to come, given the further tightening of restrictions in response to the pandemic (though the extension of the furlough scheme will limit and delay the impacts). Even if a vaccine or treatments allow a swift end to restrictions, the damage may be done without urgent action: employment takes time to recover (3-7 years in the last three recessions) and even a short time out of work when young can have long lasting impacts on pay and job prospects.⁴²

⁴¹ Emergency exit: how we get Britain back to work, L&W, 2020.

⁴² Young people and the Great Recession, Bell and Blanchflower, Oxford review of economic policy, 2011.

One million young people could soon be not in education, employment or training (NEET) based on the last recession where one in four were NEET. In addition, as many as 290,000 18-24 year olds could become long-term unemployed in the next year, five times as many as now and higher than the peaks seen in the last two recessions.⁴³

Figure 15: Youth long-term unemployment, actual and projections



Kickstart is a centrepiece of the Government's response, £2 billion to support around 250,000 jobs for young people at risk of long-term unemployment by covering wage costs for 25 hours per week at minimum wage, with extra support for training and admin costs. This builds on Future Jobs Fund, which evaluations showed worked in the last recession.⁴⁴ In addition, Jobcentre Plus capacity is being increased and a new Restart programme for those who are long-term unemployed will be introduced in summer 2021.⁴⁵

Kickstart and Restart are welcome but exclude young people not claiming benefits and need more focus on job quality and join up with training and apprenticeships.⁴⁶ This could mean siloed initiatives that leave some young people behind – a lottery of support based on where and whether young people seek help.⁴⁷

This exemplifies flaws already present in policy before the pandemic. Support for those out of work is focused on finding a job quickly for those on benefits, but with too little focus on those not on benefits nor on improving skills that could improve young people's prospects.

⁴³ Time to act: tackling the looming rise in the long-term unemployment, L&W, 2020.

⁴⁴ Impacts and costs and benefits of the Future Jobs Fund, DWP, 2012.

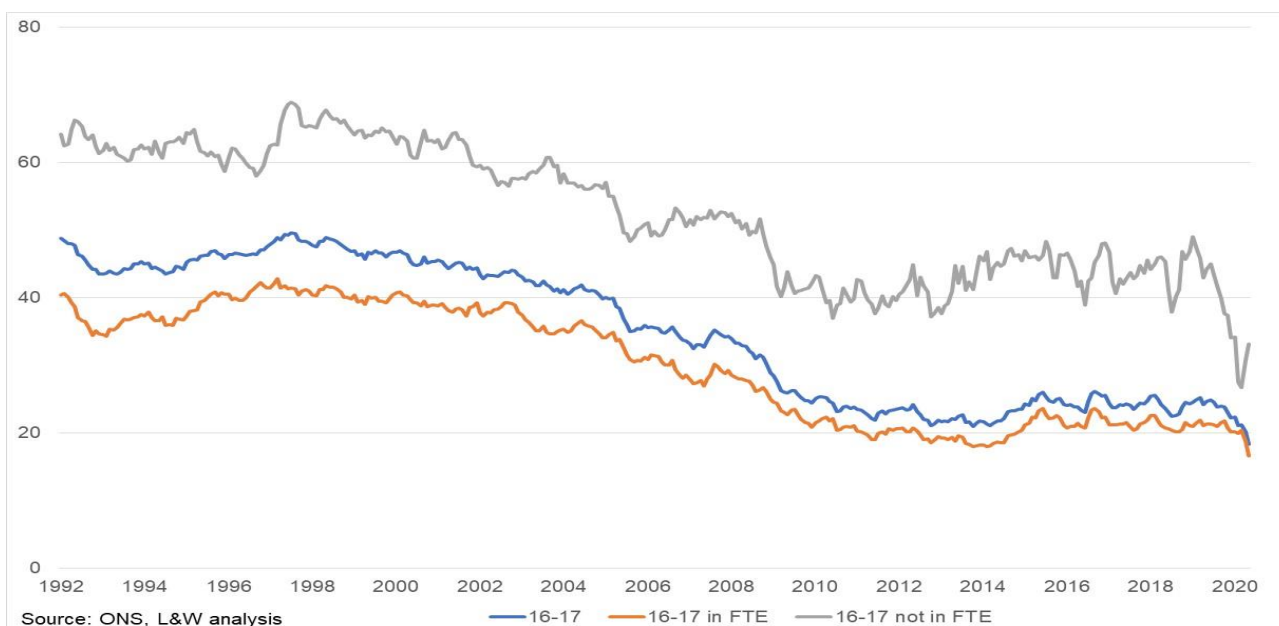
⁴⁵ Plan for jobs, HM Treasury, 2020.

⁴⁶ Making sure Kickstart works, L&W, 2020.

⁴⁷ Emergency exit: how we get Britain back to work, L&W, 2020.

16-17 year olds. Most 16-17 year olds are in full-time education, but 150,000 are not. Of these 100,000 are not in employment. The proportion of 16-17 year olds working alongside their studies halved over the last 20 years, and the employment rate of those not in education has also fallen sharply.⁴⁸

Figure 16: Employment status of 16-17 year olds



Policy and support for 16-17 year olds who are NEET is a combination of missing and inadequate.⁴⁹ Most are not entitled to benefits and so get less support to find work from Jobcentre Plus. Local authorities have a duty to track 16-17 year olds who are NEET, but their budgets have been cut sharply over the last decade. Anecdotally, education participation for this age group may have risen in the current crisis, but it seems likely some groups continue to miss out and may be even more disadvantaged as a result.

In addition, 600,000 16-24 year olds have never had a paid job (excluding holiday jobs and casual work).⁵⁰ This is 10% of young people, little changed from the last recession.

Pay and career prospects. Young people were hardest hit in the pay squeeze that followed the Great Recession, with real hourly pay for 18-29 year olds falling by 9.4% between 2008 and 2014.⁵¹ Since then this age group has enjoyed the biggest increase in real earnings, but this generation of young people still has lower pay than previous generations did at the same age – the effects of the recession have persisted.

⁴⁸ Fit for purpose? Education and employment support for young people: Youth Commission report 5, L&W, 2019.

⁴⁹ Ibid.

⁵⁰ Annual population survey, ONS, 2019.

⁵¹ An intergenerational audit for the UK: 2019, Resolution Foundation, 2019.

The Government plans to increase the National Living Wage to two thirds median wages and extend this to those aged 21 and over (it is currently limited to those aged 25), though it needs to judge the pace at which to do this in the context of the impact of the recession. These plans are welcome, but we also need to help young people build careers, increase their earnings beyond the minimum wage, and ensure security of income and employment.

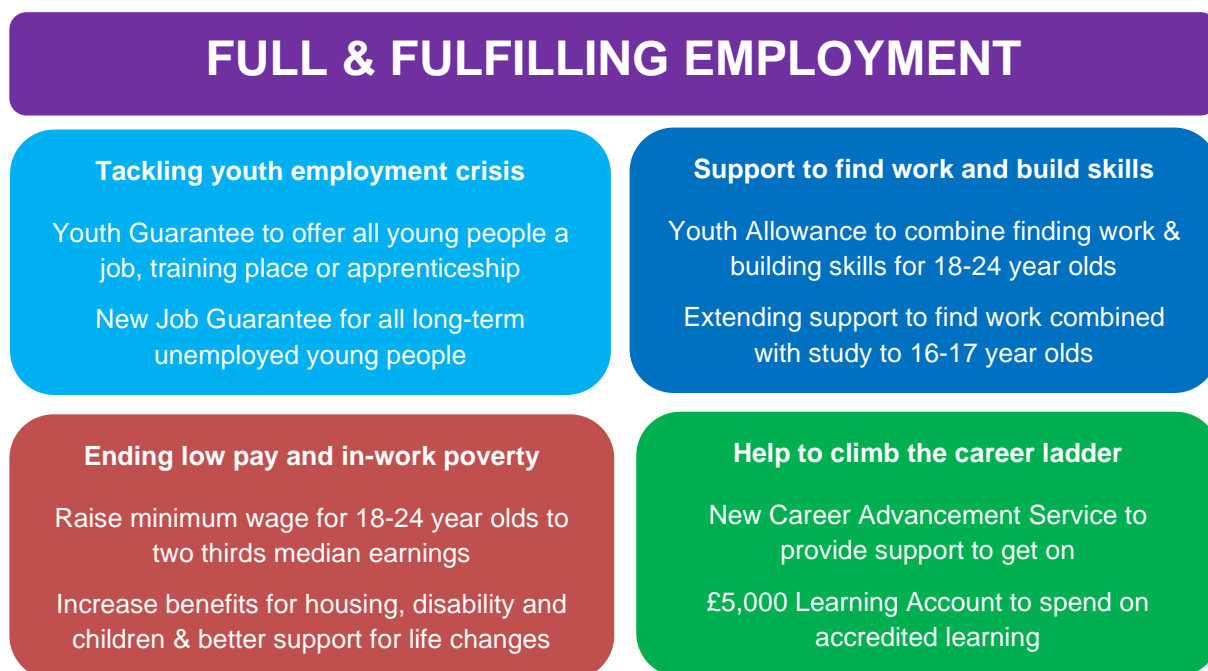
Whatever the level of the minimum wage, the rules should be complied with and enforced. Learning and Work Institute research has shown that one in five apprentices report not being paid their legal minimum, and that the complexity of the rules is contributing to this.⁵²

Young people have higher volatility in their earnings than other age groups: over 80% of those aged under 23 had volatile pay, defined as notable (not just a pay rise, bonus, promotion etc) changes in pay from month to month that are negative as well as positive. This compared to 70% of those aged 40 and under, and young people's swings in earnings tend to be larger (both increases in earnings as they progress, but also falls).⁵³

Delivering the ambition

We need a step change to tackle the youth employment crisis and an ambition to narrow inequalities, support progression and improve the quality of work. We recommend four major reforms to deliver on this ambition.

Figure 17: Delivering full and fulfilling employment



⁵² Apprentice pay: sticking to the rules, L&W, 2017.

⁵³ Irregular payments: assessing the breadth and depth of month to month earnings volatility, Resolution Foundation, 2018.

Tackling the youth employment crisis: a Youth Guarantee

We should introduce a Youth Guarantee so that every young person is offered a job, training place or apprenticeship, underpinned by a Job Guarantee for those unable to find work.

The **Youth Guarantee** would be a clear and simple offer, avoiding the current risk of too many siloed initiatives. It would apply to all young people in England aged 16-24, not just those on benefits. This would require a concerted effort to engage young people who risk falling between the gaps in support which should be a central element of local employment and skills plans (see chapter 1).

Chapter 3 set out our proposals to increase participation in education and the number of apprenticeships for young people, key components of the Youth Guarantee. In terms of employment support, we need to prevent unemployment, support young people back to work quickly, and increase support the longer someone is out of work.

The current uncertainty makes it difficult to know to what extent existing jobs will be sustainable once economic restrictions can be eased, or even when restrictions will be able to be eased. This uncertainty affects young people particularly, as they are more likely to have been furloughed. This makes the case for additional income support for people, whether via an extended **Job Support Scheme** or more generous **Universal Credit**. We need to support young people's incomes and, where possible, jobs.

Whatever we do, there will always be at least some young people who are out of work. Learning and Work Institute and others set out how to help those at risk of losing their job and provide support to find work quickly.⁵⁴ This should include harnessing the support of the recruitment industry, providing support before people are made redundant, and a clear **Into Work offer** for everyone. For young people, that should include continuing the current focus on Youth Hubs, which aim to co-locate local services.⁵⁵

Kickstart can help limit youth long-term unemployment, which has such damaging effects. But it will need to have a greater focus on job quality, link ups with training, and a role for local partners to refer in young people not claiming benefits. We should also be open to extending Kickstart if it is needed beyond its planned end in December 2021.

Young people out of work at the end of a Kickstart job should have a review with a Work Coach, and agree a plan which could include a further Kickstart job or more specialist support for the next six months (taking them up to 18 months out of work). However, even with the best employment support some young people will become long-term unemployed.

⁵⁴ No time to lose: getting people back into work quickly, L&W et al, 2020.

⁵⁵ Youth hubs: what works, Youth Futures Foundation, 2020.

We propose a **Job Guarantee** to end youth long-term unemployment, building on Kickstart and funding jobs paid at least the minimum wage for young people out of work for 18 months (brought forward to 12 months once Kickstart ends) or referred by local partners or their Work Coach. Alongside their job, young people would continue to get support from their Jobcentre Plus Work Coach to search for a job to follow their Job Guarantee role (either at the same or a different employer).

This model works. The Future Jobs Fund, introduced after the last recession, had a large positive impact: two years after the programme, participants were 11 percentage points more likely to be in the unsubsidised labour market and seven percentage points less likely to be in receipt of benefits.⁵⁶ Similarly, the Solent City Jobs programme trialled support for 1,200 long-term unemployed disabled people, including a subsidised job placement in the public, private or third sectors taken up by one fifth of participants. Participants' employment rates were 7-8.7 percentage points higher than for a control group, with £1.76 of benefits for every £1 invested.⁵⁷

As many as 290,000 young people could become long-term unemployed during 2021.⁵⁸ If one third reach 18 months out of work and take up the Job Guarantee with a government subsidy per job of £8,500 (the equivalent of six months at the real Living Wage), this would cost £850 million, with an underlying budget for future years of £250 million per year as the labour market recovers and long-term unemployment falls.

The benefit of a Job Guarantee is that it is a real job with a real salary. It can help to encourage employers to take on unemployed young people in future, provide community benefits, and increase employability by providing real and recent experience of work. It is an investment that will pay for itself.

Support to find work and build skills: a Youth Allowance for 16-24 year olds

We should introduce a new Youth Allowance to help 16-24 year olds improve their skills and find work, with help targeted to those that need it most.

For 18-24 year olds the Youth Allowance would be a new group in Universal Credit and paid at the same rate.⁵⁹ Young people in this age group who are out of work would make a claim for Universal Credit and be placed in the Youth Allowance group. They would receive dedicated support from a Work Coach, who would be specially trained in employment and skills support for young people.

⁵⁶ Impacts and costs and benefits of the Future Jobs Fund, DWP, 2012.

⁵⁷ Solent jobs programme evaluation, L&W, 2019.

⁵⁸ Not all of those are in receipt of out-of-work benefits, but the aim of policy should be to ensure as many young people as possible are receiving the help they need.

⁵⁹ The Youth Allowance for 18-24 year olds would build on previous proposals made by IPPR and others. See No More NEETs: a plan for all young people to be earning or learning, IPPR, 2013.

The Work Coach would assess a young person's skills and their career goals. They would agree an action plan to finding and sustain work, ensure they have functional basic skills, and work toward a level 3 qualification (which might be via a level 2 qualification) ensuring study fits around work search and continues once they have found a job. Regular data would be published on how many young people receive the Youth Allowance, improve their basic skills, achieve a level 3 qualification, and find and sustain work.

The Youth Allowance would differ from existing employment support as follows:

- Its objective would be for more young people to gain functional skills and qualifications up to level 3, as well as to find sustained employment. Whereas current support is focused on getting young people off benefits and into work
- Support would come from specialist youth Work Coaches expert in both back-to-work support and learning options
- It would require development and delivery of new flexible learning options, including blended learning that incorporates online approaches, so that young people can fit learning around job search and complete their qualifications once they start work
- It would require partnerships with employers to take on young people and support them to continue studying or progress to further learning such as an apprenticeship
- Over time this approach could be extended to young people in low paid work, allied to our recommendations for better career support for young people detailed below.

This reform is focused on investing differently rather than investing more, although there will be costs associated with greater take-up of learning options. Ultimately these should be offset by improved economic growth from better skills and reduced need for out-of-work benefits from more young people having the skills and support to find work.

Young people aged 16-17 who are not in full-time education would be eligible for a version of the new Youth Allowance. This would be paid at a lower rate, more like £30 per week, and on a means-tested basis according to their household income (for example, including their parent's income if they live at home). Its purpose would be to combine learning up to level 3 (including basic skills and level 2) with work search and in line with the requirements of legislation on the education participation age. The aim is to re-engage the 100,000 16-17 year olds not in full-time education who are out of work, agreeing an action plan with each aimed at getting them back into education or into a job with training.

It would share some characteristics with the Education Maintenance Allowance (EMA), which paid up to £30 per week, means-tested on household income and contingent on taking part in learning. Independent evaluation showed that this increased participation in education among 16 and 17 year olds by 2-7 percentage points, with the greatest impact

among young men, students from lower socioeconomic backgrounds and those with low or moderate levels of attainment at the end of compulsory education.⁶⁰

However, it would differ by focusing on 16 and 17 year olds not in full-time education and on combining learning with job search. This is a targeted policy: the majority of 16-17 year olds are in full-time education and would be eligible for the current discretionary bursary of up to £1,200 rather than the Youth Allowance. There is a risk some young people would drop out of full-time education to receive the Youth Allowance. However, only some would be eligible as it would be means-tested on household income and it would require adherence to an action plan that combines learning and job search making it most likely to appeal to 16-17 year olds who want to combine learning with looking for work.

Nonetheless, the policy would need to be monitored to ensure it avoids any unintended consequences. These could be mitigated by extending eligibility to those in full-time education, offsetting the cost of this by making the Youth Allowance less generous or reducing other budgets such as the bursary (as there would be less demand for these).

If half of the 150,000 16-17 year olds not in full-time education were eligible and claimed, this cost around £100 million per year, dependent on the precise rules and eligibility criteria. For context the annual budget for EMA was around £550 million with around one in three young people eligible for and taking up support.⁶¹ There would be savings in reduced need for NEET programmes, for example, if an extra 25,000 16-17 year olds were supported into education or employment, halving the number who are NEET.

Ending low pay and in-work poverty

We should end low pay by raising the minimum wage for 21-24 year olds, subject to the economic environment, to two thirds of median earnings. This could be £10.50 per hour by 2024. The rates for 16-17 and 18-21 year olds should be substantially increased over time and the apprentice minimum wage abolished.

Work should be a route out of poverty, not a route into a different kind of poverty. Setting minimum wage levels needs to balance a desire to increase people's earnings with protecting employment and employers' competitiveness. An independent review showed that increasing minimum wages has not been associated with higher unemployment and may help to raise productivity, in part because labour markets have changed with a decline in unionisation.⁶² We need to be careful not to place extra burdens on employers during the pandemic, but should stick with the goal of eliminating low pay in the coming years.

⁶⁰ Evaluation of Education Maintenance Allowance pilots: young people aged 16 to 19 years - final report of the quantitative evaluation, Centre for Research in Social Policy/Institute for Fiscal Studies, DfES Research Report RR678, 2005; Education Maintenance Allowance: evaluation with administrative data, IFS, 2007.

⁶¹ Education Maintenance Allowance statistics, House of Commons briefing note, 2011.

⁶² Impacts of minimum wages: review of the international evidence, Dube, 2019.

With apprenticeships, a further trade-off is the balance of investment: employers invest time and money (to gain skilled workers); individuals invest time and accepting a lower wage (because the training should benefit their career prospects); and government invests money (to support individuals and economic growth).

Abolishing the apprentice minimum wage would mean that young apprentices would still have a lower minimum wage rate than older workers, reflecting that they are newer to the workforce. This would simplify the system and increase compliance, while raising earnings for the lowest paid apprentices.⁶³ Many employers already pay more than the legal minimum but the Government could look at further tax breaks if this change affected apprentice numbers.

Earning a decent wage is not enough to guarantee that someone is not living in poverty: the income they need will also depend on whether they have children or a disability and their housing costs. The main way of supporting young people with these costs is through Universal Credit, and our proposed Youth Allowance.

We should introduce a double lock, increasing Universal Credit and other benefits by the faster growing of average earnings and inflation as part of a plan to end relative poverty in the long-term. The Government should also explore funding free public transport for 16-17 years olds with local authorities, building on existing local schemes. Based on a similar scheme in Greater Manchester, this could cost up to £150 million across England but be partly funded by sponsorship and current discount schemes.

Efforts to improve the quality of work, including the Industrial Strategy and labour market regulation, should include a focus on the sectors young people are most likely to work in. Local government leadership should include further building good work into employment and procurement practices and using good work charters.

Help to climb the career ladder: career advancement and learning accounts

To support progression, we propose investing £350 million per year in a Career Advancement Service, a Learning Account giving £5,000 to spend on accredited learning, and Transitions Fund to support with moving area or changing career.

The **Career Advancement Service** would provide a dedicated Career Coach to advise young people in low paid work on how to progress their career. They would draw up an action plan, which could include work experience, work shadowing, learning, applying for new roles etc, to help that young person get on. The new service would draw together the existing National Careers Service (NCS) and other activity, often led by local authorities. Leadership of the Career Advancement Service should be devolved to local government in England on a case-by-case basis as devolution progresses.

⁶³ Apprentice pay: sticking to the rules, L&W, 2017.

If 50,000 of England's 1.1 million low paid young people access the Career Advancement Service each year, at a cost per person of £2,000 (much higher than the cost of the NCS to all more in-depth support), then the total annual cost would be £100 million.⁶⁴ This would consist of new funding and realigning existing programmes such as the NCS.

Young people would become eligible for a **Learning Account** at age 18, accessing it through a web portal that also set out their entitlements to free learning, what they can spend their account funds on, how they, their family or employer can top up the account, and where to go for more advice.⁶⁵ Advice for young people on their account and for careers and learning more generally would include the Career Advancement Service.

The account would have virtual funds of £5,000, to be spent on accredited modules or qualifications at an Ofsted or Office for Students registered provider. This would be in addition to the flexible lifelong loan entitlement to cover up to four years of HE-level study being introduced as part of the Lifetime Skills Guarantee and in addition to entitlements to free learning.⁶⁶ The government could add to these funds, perhaps an extra £5,000 every decade with more for young people in low pay or who need to retrain, and matching contributions made for young people on low incomes by them, their family or friends.

This support should be targeted on young people in low paid work, but available for all young people that need and want it. Initial take-up could be 100,000 young people per year: England's has 5.5 million 18-24 year olds, of whom around one in three participate in higher education from age 18 and hence are less likely to use their account until later in life. An average spend per person of £2,500 would give an annual cost of £250 million.

Our proposed **Transitions Fund** would grant young people from low income families up to £1,000 to help with the costs of moving to a new area or a new job, and benefit at least 20,000 young people per year at a £10 million cost. These extra costs can be a risk too far for young people without friends or family who are able to financially support them. If the move or new job goes wrong, they face extra debts. Some financial support is already available, but it is relatively limited and many young people are not eligible.

The transitions fund would be administered by local agencies already working with young people, such as colleges and Jobcentre Plus. Local government would be able to set priorities for eligible groups and types of expense allowed. Employers should also consider how they could better support young people in these transitions, as some already do.

⁶⁴ There are 3.4 million 18-24 year olds in work. Of these up to 40% are in low paid work. This is boosted by students working while studying – they would be less likely to want to access the Career Advancement Service before completing their studies. The numbers in low pay would be reduced by increasing the minimum wage in line with our earlier recommendations.

⁶⁵ Power to the people: the case for Personal Learning Accounts, L&W, 2016.

⁶⁶ PM's skills speech: 29th September 2020, HMG, 2020.

5. Building a foundation of skills

By 2030 more than nine in ten young people should have basic literacy, numeracy and digital skills and a level 2 qualification. They should be able to build a broad base of skills, including health, financial literacy and citizenship.

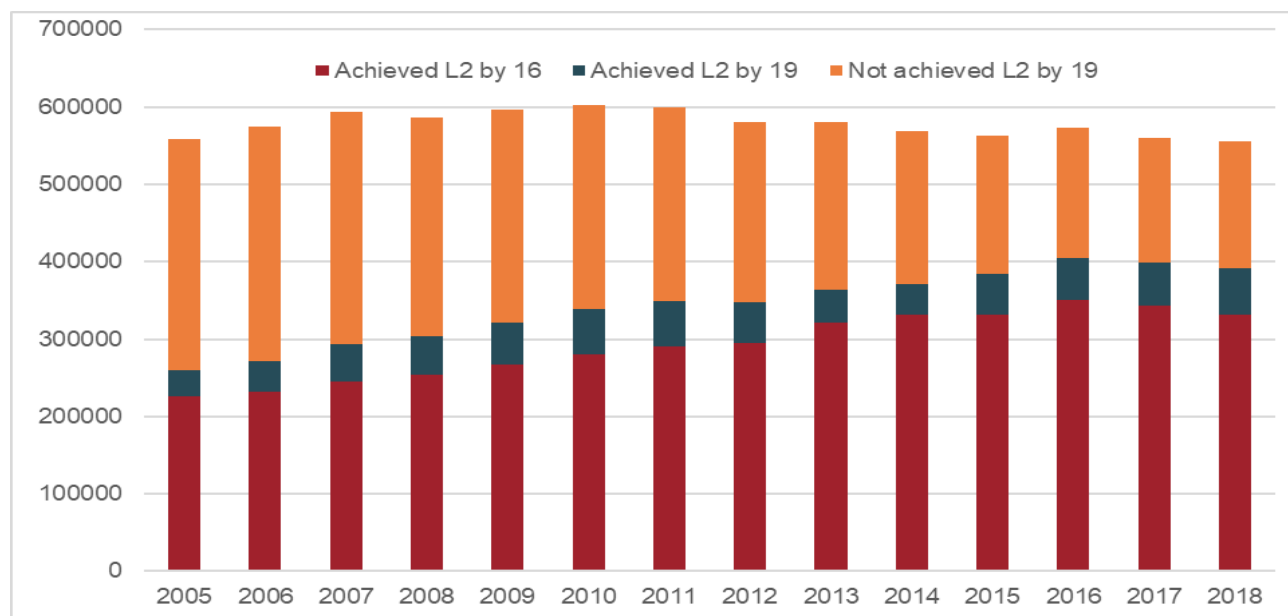
The challenge

A foundation of skills and capabilities – including literacy, numeracy, digital, health and financial capability, and citizenship – is increasingly important for young people’s career prospects, access to public services, and opportunity to be active citizens.

Over time, this foundation of skills is widening and deepening, providing a rising minimum bar for finding work and building a career, getting the best deal as consumers, accessing public services that are increasingly digital by default, and participating in society.

The proportion of 19 year olds with a level 2 (GCSE or equivalent) in English and maths has risen from 44% in 2005 to 68% in 2018.⁶⁷ However, 160,000 young people still lacked ‘good’ level 2 grades in English and maths by age 19. The switch in grading approaches during the pandemic will affect these numbers, not the underlying like-for-like trend.

Figure 18: Attainment of level 2 English and maths by age 19

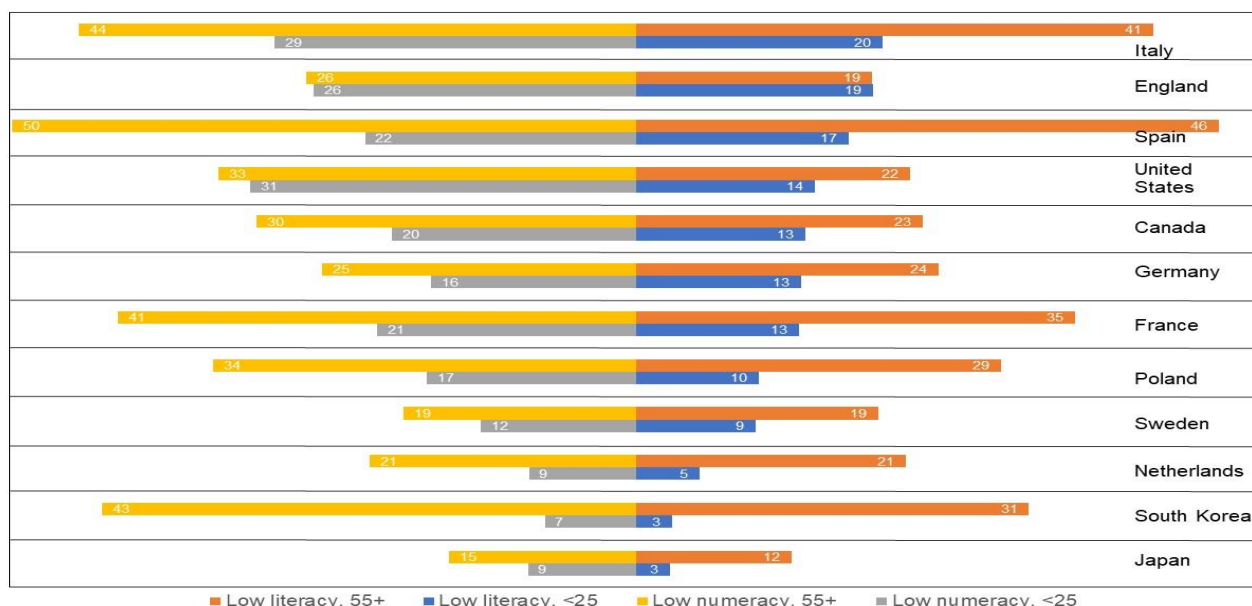


Qualifications are not a perfect measure of skills. Young people in England compare relatively poorly to both young people in other countries and older people in England on international survey measures of skills and applying them in practice.⁶⁸

⁶⁷ Level 2 and level 3 attainment by young people aged 19 in 2018, Department for Education, 2019.

⁶⁸ Comparative analysis of young adults in England in the International Survey of Adult Skills 2012, BIS, 2014.

Figure 19: Literacy and numeracy by age and country



Data on attainment in other foundation skills and access to wider opportunities is limited, but shows significant inequalities. Extracurricular activities, such as music, sport and art, can support young people's development, sense of themselves and likelihood of staying in education. But young people from lower income families are far less likely to take part in these activities and funding has been cut over the last decade.⁶⁹

Initial education. Six in ten young people gain level 2 in English and maths, ordinarily through GCSEs, by the age of 16. This is up from 40% in 2005, though with limited progress since 2015.⁷⁰ There is significant scope to do better.

Some have argued that the rise in the education participation age to 18 means that GCSEs should be abolished, particularly given the disruption caused by the pandemic. However, England's education system requires choices at age 16 about where and what to study, and GCSEs are also a measure of school performance. Some assessment remains necessary at age 16 and GCSEs give young people an independent measure that can be useful for their careers. While their content and nature can always be improved, there remains a role for GCSEs and independent assessment at age 16. Earlier chapters make recommendations about broadening study over the 16-18/19 phase of education.

16-18 education. Young people in education past the age of 16 must study English and maths if they do not have at least a grade 4 level 2 in each. Only those with a grade D GCSE must retake via GCSE; other students are able to study functional skills if they wish.

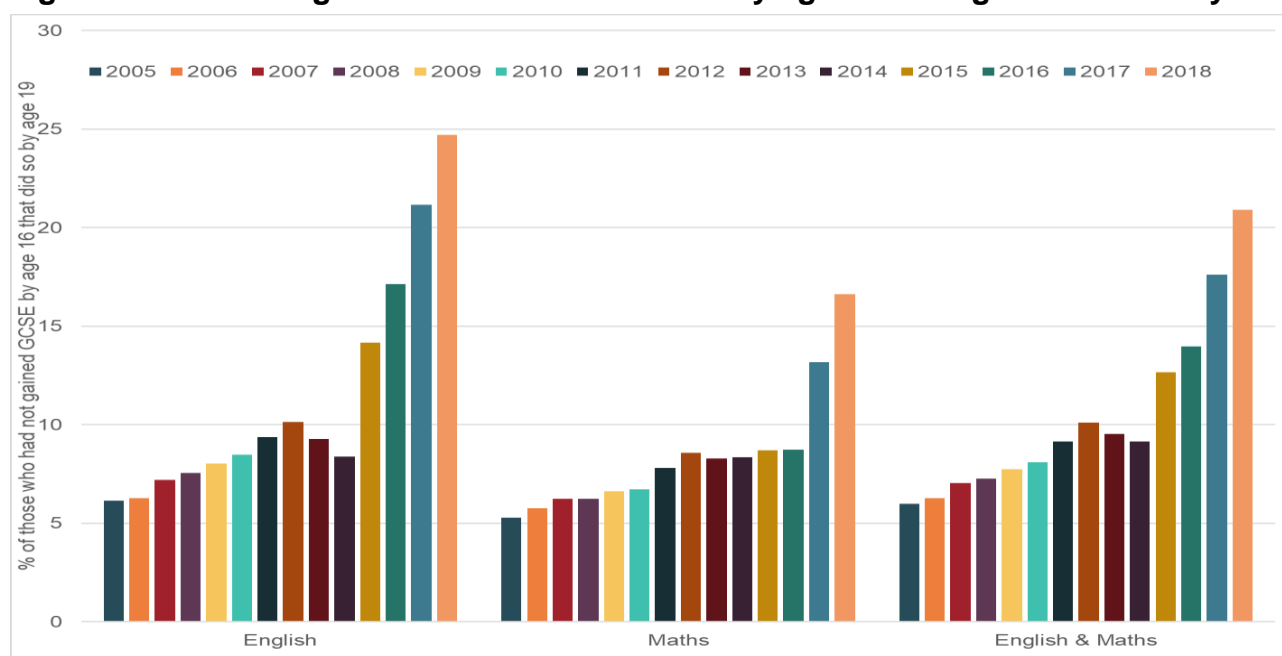
⁶⁹ An unequal playing field: extra-curricular activities, soft skills and social mobility, University of Bath, Social Mobility Commission, 2019.

⁷⁰ Level 2 and level 3 attainment by young people aged 19 in 2018, Department for Education, 2019.

This policy was introduced in 2014 following the Wolf review, which highlighted that most countries required study of core language and maths through to age 18 and increasing importance of these skills.⁷¹ It has been controversial, with criticism of its initial focus on GCSEs (since broadened to allow functional skills for many students), lack of investment to support students, and the risk of a retake treadmill putting young people off education.⁷²

However, the proportion of young people gaining a GCSE at least at grade 4 or equivalent has risen sharply: in 2013, just 5% of 16 year olds who did not attain a GCSE at this grade had done so by age 19; now that is 27% (including functional skills qualifications).

Figure 20: GCSE English and Maths attainment by age 19 having not attained by 16



Young people can also improve their foundation of skills through:

- **Further education and community learning.** Free literacy, numeracy and digital learning is a legal entitlement for those without a qualification. However, take-up has fallen by one third over recent years, due to the 40% cut to the adult education budget, cuts to other services (such as local authorities), and lack of promotion;
- **Apprenticeships.** Apprentices must study functional skills to level 2 if they do not have them, though completing the qualification is only mandatory for level 3 apprentices. However, study does not count toward the 20% off-the-job training requirement and is funded at a lower rate than when a standalone qualification. This could risk putting employers and young people off;⁷³

⁷¹ Review of vocational education: the Wolf review, Department for Education, 2011.

⁷² Life after school: confronting the crisis, Impetus, 2017.

⁷³ Making the functional skills reform a success: AELP submission 55, AELP, 2018.

- **Jobcentre Plus.** Only 2-10% of 19-24 year old benefit claimants were referred to literacy or numeracy provision by their Work Coach or employment programme in 2017-18.⁷⁴ One in five young people have low literacy or numeracy and this is likely to be higher among those out of work. So at most only one half of out-of-work young people with low literacy or numeracy got training support.

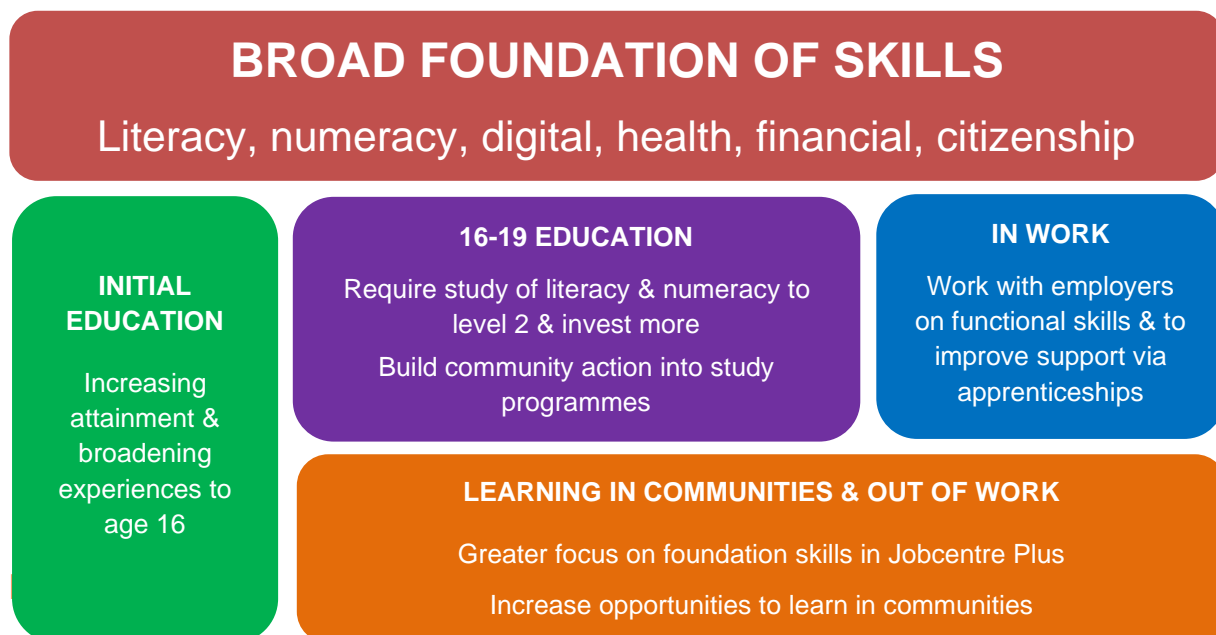
Beyond this, young people can gain broader experience of work, life and citizenship through methods including work experience, volunteering, National Citizen Service and community projects. But participation is often unequal.

All told, there is substantial scope to increase the number of young people gaining foundation skills like literacy and numeracy through initial education, via study between the ages of 16 and 19, and beyond this for young people either at work or looking for work.

Delivering the ambition

The Youth Commission recommends four areas of focus to ensure more young people get the broad foundation of skills they need for life and work.

Figure 21: Ensuring a broad foundation of skills



We need to increase the proportion of young people gaining a firm foundation of skills through their education.

There is clear scope for more young people to gain core skills through their compulsory education. Literacy, numeracy and digital are essential, but we must not lose focus on the

⁷⁴ Further education for benefit claimants in England: 2017-18, DfE & DWP, 2019.

other capabilities that are central to life and work, such as financial literacy and citizenship, as well as making sure young people get a broad set of experiences.

However, the Youth Commission's focus has been on young people aged 16-24 and so we do not make specific recommendations for young people below this age. In addition, there will always be some young people who do not gain functional skills at school, there is always scope for widening and deepening these skills, and the foundation skills needed will change as the economy and society changes.

16-18 education

We should continue to require 16-18 year olds in education to study English and maths until they have achieved level 2. As now, this should be GCSE for those previously gaining a grade 4, and either functional skills or GCSE for everyone else. We should test new approaches to raise pass rates through a £30m innovation fund.

English and maths are fundamental to life and work and England stood out internationally in not requiring study in these subjects past the age of 16 if young people had not gained a good level in them. Since the rules were changed, the proportion of young people improving their skills by age 18 has quadrupled. There is therefore a clear argument for keep this requirement, though its application needs to be flexed during the pandemic.

Only those young people who gained a grade 4 at school are required to study GCSE English or maths. Everyone else can study either GCSE or functional skills qualifications. The argument in favour of GCSE study for those 'close to the line' is its credibility with employers: research shows that, rightly or wrongly, it can make a huge difference to young people's futures.⁷⁵ We therefore argue the requirement should stay as it is now.

Part of the answer to engaging young people is likely to be contextualisation. Inspiring young people to want to learn English and maths, showing why this matters and articulating the difference it can make is also important. Beyond this we need to develop our ways of delivering English and maths learning and sustaining that engagement, perhaps including investment in teachers and funds to test new approaches.⁷⁶

Community action and cultural experiences should be built into education for all 16-18 year olds. This could involve picking from options including National Citizen Service, community engagement and sport and cultural activity, such as music lessons. It would aid wider development and open up new opportunities.

Many countries include community action or wider experiences into post-16 education. In England, many colleges and providers have similar approaches including providing community support during the pandemic. But we lack a structured approach to ensuring far

⁷⁵ Entry through the narrow door: the costs of just failing high stakes exams, CVER, 2018.

⁷⁶ Life after school: confronting the crisis, Impetus, 2017.

more young people benefit. A one-size-fits-all approach, forcing young people to take part in a community project or learn a musical instrument would not work. However, offering a range of options, setting these in the context of other learning, and engaging young people in the individual and community benefits stands more chance.

This could build on existing models, such as National Citizen Service (NCS), but we also need to test new approaches and be locally driven. Options need to be adequately funded: we need more funding but also to think about how we prioritise and invest existing funding.

The benefit could be greater enrichment for young people, new skills and experiences that support them in life and work, and encouraging them to be active citizens.

Learning at work

Functional skills should be a core part of apprenticeships, with greater support and rule changes to make them work. We should also support employers to invest in functional skills, including considering tax incentives and higher public investment.

Work is a big part of most young people's lives and learning basic skills at work and in a contextualised way can benefit both young people and employers. We need to turbocharge young people's chances to improve their basic skills at work.

Apprenticeships are the government's main focus for learning at work. Chapter 3 set out proposals to increase the number of apprenticeships for young people and underpin quality. Learning functional skills in an apprenticeship can be engaging – seeing these skills in context. But they need to be truly contextualised with the vocational content of the apprenticeship, effectively funded, and work for both employers and young people.

To support functional skills as a core of apprenticeships:

- **Functional skills learning should be included in the 20% off-the-job training requirement for apprenticeships. But it must be contextualised with the core content rather than crowding it out. This will require high quality provision and clarity from employers about how these skills add value**
- **The Institute for Apprenticeships should work with providers and employers to assess the funding rate for functional skills within apprenticeships. As part of this, the government and training sector should work together to identify potential new models of delivery to be tested and to spread best practice.**

People learn at work in a variety of ways and we should ensure there are lots of ways (beyond apprenticeships) for young people to build a foundation of skills. Given the clear productivity benefits of basic skills, we could allow employers to spend some of their Apprenticeship Levy funds on functional skills. However, this would need to be part of wider changes that either raised more money from levy payers (by raising the contribution rate or expanding the levy to more firms), invested more public money, or placed other

restrictions on what employers can invest in. Otherwise this would be an extra funding pressure on an already stretched budget, with functional skills for young people more likely to be crowded out than higher level training for existing senior staff.⁷⁷

Another option would be to target the Shared Prosperity Fund (which will replace European Social Funds (ESF)) and part of the National Skills Fund on functional skills for young people in work. For example, ESF has previously funded similar provision such as language learning contextualised for construction to help people gain their CSCS cards and working in construction. Even with public funding available, though, we would need to convince employers of the business case.

The Government and, where funding is devolved, local areas should prioritise functional skills for young people within new skills funding. It should look to engage employers with the business case. The Government should also look at the scope for tax incentives and Apprenticeship Levy flexibilities, as part of a wider reforms.

Learning in communities and when out of work

We should invest an extra £200 million per year in literacy, numeracy and digital learning for adults, for action to raise awareness and local pilots to test ways of inspiring young people to improve their basic skills.⁷⁸

Literacy, numeracy and digital learning are free for those that need it, but cuts to the adult education budget and to services that refer young people to learning have led to sharp falls in take-up. We need investment to create more learning places. But we also need to test new ways of engaging young people in improving their basic skills (and learning more generally) through both national and local action.

Our proposed Youth Allowance should include a focus on supporting out-of-work young people to improve skills, like literacy, numeracy and digital, with learning taking place alongside looking for work and continuing when they find work.

We need to do far better than just referring one in two out-of-work young people who need it to basic skills support as we do currently. A new Youth Allowance, detailed in Chapter 4, would aim to support out-of-work young people to: to achieve functional literacy, numeracy and digital skills; work toward a level 3 qualification; and find and sustain work.

This could help an extra 30,000 young people per year to improve their basic skills but would also require the development of new ways to deliver learning so it fits around job search and can continue once a young person moves into work. The Department for Education and Department for Work and Pensions should explore how best to do this.

⁷⁷ Bridging the gap: next steps for the apprenticeship levy, L&W, 2019.

⁷⁸ Skills and poverty: building an anti-poverty learning and skills system, L&W, 2016.

6. Conclusions

We must make the 2020s a decade of renewal and opportunity for young people, making England's education and employment support an example to the world.

We have lots of strengths to build on. Many of our universities, colleges and providers are world class; the proportion of young people going to higher education is in line with leading countries; and employment rates were high before the pandemic.

However, the pandemic has had a profound impact, disrupting education and limiting employment opportunities. And we had big challenges before this too: fewer young people qualified to level 2 or 3 and poorer basic skills than other countries; stark inequalities in opportunity and outcomes; and levels of low pay and insecure work that were too high.

These challenges are compounded by structural flaws in policy. The education system for 16-18 year olds is often disjointed and underfunded; participation in technical education and apprenticeships low; higher education policy too focused on full-time undergraduate degrees at age 18; and employment and skills support too often divided.

An overarching theme is that many young people face challenges at transition points, for example between education and employment. Yet this is exactly where policy is often weakest, because of funding or Departmental silos.

This report sets out a plan for change. It starts with a higher ambition, to recover from the impacts of the pandemic and benchmark our education and employment outcomes against the world's best. This must be underpinned by a much more joined-up approach across policy areas and funding streams, which in part can be driven by further devolution and empowering local leadership.

A higher ambition can be delivered by working with the grain wherever possible but make a step change where necessary. Our recommendations include extra investment in education for 16-18 year olds; new measures to increase apprenticeships and technical education for young people; urgent action to implement a Youth Guarantee to tackle the youth employment crisis; a new Youth Allowance to combine job search and skills improvement; increasing the minimum wage over time to end low pay; and a new Career Advancement Service to help young people get on.

Lots of change is needed, but it is all practical, deliverable and based on the evidence about what works.

Our blueprint for change can be delivered by employers, national and local government, and wider society working together.

When all young people have a fair chance in life, we all win.

Annex A. Summary of recommendations

1. **England should aim for world class education and employment outcomes for young people, levelling up between groups and areas, delivering by 2030:**
 - a. **Firm foundation of skills.** At least 90% of 25 year olds should have functional skills and a level 2 qualification and 75% should have a level 3 qualification.
 - b. **Full employment and fulfilling work.** We must tackle the youth employment crisis, including ending youth long-term unemployment, as well as raising the quality of work and ending low pay.
2. **National and local government should reach devolution deals, giving local government a greater role in delivering and joining up support where this will deliver improved outcomes for young people.** We should aim for greater devolution over time and funded services should have a duty to align with the local strategy.
3. **Increasing attainment by 16-18 year olds.** The Government should work with local government and others to build a coherent vision of learning options, including career pathways to underpin careers advice. We should invest an extra £1 billion per year to raise the funding rate for 16-18 year olds to £5,000. T levels should continue, but funding for other vocational qualifications should not be ended where these are of high quality and doing so could cause a postcode lottery in young people's career options.
4. **One in three young people taking part in a high quality apprenticeship by age 30.** Driving up numbers by funding apprenticeships for 16-18 year olds at a cost of £450m per year, introducing a £5,000 bonus for employers per new young apprentice recruited during the pandemic, and considering ringfencing a proportion of levy funds for apprenticeships for young people. We should benchmark apprenticeship standards against the world's best.
5. **Greater flexibility and more equal participation in higher education.** We should focus on growing higher technical routes and degree apprenticeships. To widen access, we should reintroduce maintenance grants of £3,000 per year, make greater use of contextual offers, and better evaluate the £800 million spent annually on access.
6. **Tackle the youth employment crisis.** We should intervene to help young people at risk of losing their job and widen eligibility for Kickstart to those not on benefits. We should also introduce an £850 million per year Job Guarantee, building on Kickstart, to provide paid employment and make sure no young person is long-term unemployed.
7. **Introduce a new Youth Allowance in Universal Credit for 16-24 year olds.** A specialist Work Coach would agree an action plan with young people to combine building basic skills, working toward a qualification up to level 3 and looking for work. It would be open to more 16-17 year olds at an estimated cost of £100 million per year.

8. **Improve living standards.** By increasing the minimum wage for 21-24 year olds to around £10.80 by 2025; ending the apprentice minimum wage rate; and a double lock so benefits like Universal Credit rise each year by the faster of average earnings or inflation. This would end low pay and reduce in-work poverty.
9. **Help to climb the career ladder through a new Career Advancement Service, Learning Account and Transitions Fund.** A locally-led Career Advancement Service would provide a Career Coach for young people in low paid work, agreeing a personalised action plan to help them get on. Entitlements to free learning would be supplemented by a £5,000 Learning Account to spend on accredited learning, and could be topped up by individuals, employers and the government. A £10 million per year Transitions Fund could help around 20,000 young people per year with grants up to £1,000 each, reducing the risk and cost of moving to a new area or new job.
10. **Build a foundation of skills like literacy, numeracy, digital and citizenship through:**
 - a. **16-19 education.** Test new approaches to make the current requirement for young people in education to study either GCSE or functional skills English and maths up to level 2 work better
Build community action and cultural activities into study programmes to widen young people's experiences and promote active citizenship
 - b. **Learning at work.** Include functional skills in the 20% off-the-job training requirement for apprenticeships, with checks to ensure this does not crowd out vocational content. Assess the need for more funding or different delivery models. Target new skills funding at functional skills for young people in the workplace, and explore the scope for tax incentives and flexibility in the Apprenticeship Levy
 - c. **Learning in communities and for those out of work.** Invest more in basic skills learning and ask local government to test new ways to engage and inspire young people to learn. Ensuring up to 30,000 more out-of-work young people get literacy and numeracy support through the new Youth Allowance.

Annex B. Summary of costings of recommendations

Recommendation	Estimated cost (£m)
World class learning, skills and employment	
Increase level 3 attainment: extra 150,000 per year by 2030, with an additional 90,000 coming from extra apprenticeships	750
Increase 16-18 education funding rate to £5,000 per year	1,000
Fund apprenticeships for 16-18 year olds	450
End SME contributions for 19-24 year old apprentices	40
Employer incentives for apprenticeships	500
Reintroduce HE maintenance grants	300
Full and fulfilling employment	
Youth Allowance for 16-24 year olds	100
Jobs Guarantee	850
Double lock for benefits	30
Free public transport for 16-18 year olds	150
Career Advancement Service	100
Learning Accounts	250
Transitions Fund	10
Building a foundation of skills	
Extra basic skills learning for out-of-work young people	45
English and maths innovation fund	30
Community action programme	50
TOTAL	4,655

Learning and Work Institute

Patron: HRH The Princess Royal | Chief Executive: Stephen Evans
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Annex C. About the Youth Commission

The Youth Commission was established by Learning and Work Institute in July 2018. Its remit was to examine education and employment opportunities for young people aged 16-24 in England and recommend ways in which these could be improved.

Its work has been guided by four commissioners:

- Maggie Galliers CBE. Maggie is the Chair of Learning and Work Institute and holds a number of other roles, including Council Member for the Open University
- Kate Green MP. Kate is the MP for Stretford and Urmston and was a commissioner until June 2020
- Amy King. Amy is the founder of GlamSci, an educational charity.
- Jo Maher. Jo is the Principal and CEO of Loughborough College.

The Youth Commission's work has consisted of analysis, evidence gathering, identification of case studies, focus groups with young people organised with Boston College and Prospects, opinion polling, and supported by an Advisory Group.

It has published five analysis reports:

- **Opportunity knocks.** This identified the key challenges the Youth Commission would focus on: improving basic skills; increasing attainment at level 3; providing a wider range of higher level learning routes; better support for NEETs; and high quality work and careers.
- **Youth opportunity index.** This explored how education and employment opportunities for young people vary according to where they live.
- **Tomorrow's world: future of the labour market.** This looked at how future demographic and economic changes might affect the education and employment support that young people need.
- **National and international case studies.** This identified examples from the UK and abroad of policy and provision tackling the Youth Commission's key challenges.
- **Fit for purpose? Employment and education support for young people.** This looked at the current systems of support in England and planned changes, considering whether they stack up against existing and future challenges.

This final report sets out a vision of better education and employment support for all young people. It identifies recommendations for achieving this vision for local and national government, employers, colleges and learning providers.

The Youth Commission has been supported by: Association of Colleges; Capital City College Group; NOCN; Prospects; and London South Bank University.

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