

Youth unemployment

Youth unemployment, generally defined as someone aged under 25 who is not in work and who is actively seeking work, has risen sharply during the pandemic and has lasting, damaging effects.

Why does this matter for local government?

- Youth unemployment can have **negative impacts on young people**. In addition to the impact on incomes and poverty, [youth unemployment can affect health and wellbeing](#).
- A significant period of unemployment while young can have **lasting ‘scarring’ impacts**. This includes [lower employment rates and lower incomes](#) later in life, as well as lasting impacts on [physical and mental health](#).
- High youth unemployment can have negative impacts on **local economies**. Areas with higher youth unemployment could face longer term impacts with lower earnings and employment leading to lower growth.
- High youth unemployment can impact on **local government**. [Youth unemployment can lead to greater demand for council services](#), as it is associated with increased prevalence of health problems, and higher levels of crime and anti social behaviour. [Youth unemployment can also reduce revenue](#) in the long run, through contributing to lower employment rates and lower wages.

What is the challenge?

- Youth unemployment was **higher before the pandemic, and it has increased faster**. Before the pandemic, 12.1 per cent of 16-24 year olds in England were unemployed, compared to just 2.8 per cent of over 25s. By February 2021, youth unemployment had risen to 12.9 per cent, with 455,000 young people unemployed. The number of 16-24 year olds claiming unemployment-related benefits in England more than doubled (114 per cent) between March and December 2020.
- [Around 40,000 16-17 year olds are not in education, employment or training](#) (NEET), representing 3.2 per cent of that group. This group are not generally entitled to Universal Credit. 711,000 (13.1 per cent) young people aged 18-24 are NEET.
- [Young people are more likely to have been working in ‘shutdown sectors’](#) most impacted by the crisis. They are more likely to have been **furloughed**. [Eighteen per cent of eligible jobs held by young people were furloughed](#) in December 2020, compared to 13 per cent overall.
- Youth unemployment is likely to **increase further** as the economy takes time to recover. [Learning and Work Institute modelling suggests that long-term youth unemployment could potentially exceed 200,000 during 2021-22](#), treble pre-crisis levels, and remain significantly above pre-pandemic levels until 2026.
- The risk of youth unemployment varies significantly across different groups of young people:
 - **Region** – youth unemployment varies across areas: 10 per cent of 16-24 year olds are unemployed in Yorkshire and the Humber, compared to 19 per cent in the North East.
 - **Qualifications** – [young people with lower levels of qualification are far more likely to be unemployed](#), particularly during recessions
 - **Ethnicity**. [Young people from non-white backgrounds \(19 per cent\) were twice as likely to be unemployed in 2019 as those from white ethnic backgrounds \(10 per cent\)](#).
 - **Care leavers** – [young care leavers are almost three times as likely to be not in education, employment or training \(NEET\) as other young people](#).

What does the evidence say works?

There is lots of evidence on helping young people find work, recognising that young people are a diverse group. One source of evidence is this [what works review](#) looking at how to engage young people in employment, education or training.

The [Youth Employment Gateway](#) (YEG) was a programme focused on reducing youth unemployment which ran across the Liverpool City Region from 2014-2017. It provided young people with personal advisors to help build their confidence and motivation, and support job applications. YEG also provided a budget of up to £500 per participant to spend on items to support entry to, sustainment in and progression in work. The programme exceeded both the job outcome target and the job sustained target in phase 1.

1. Effectively engaging young people.

Prevention is better than a cure. In addition to supporting young people who are already unemployed, local areas should consider how they can prevent more young people entering unemployment. Here, [supporting young people who are in transition](#) – particularly those finishing school or college – is crucial. A randomised control trial in the US found that young people who were sent information about the benefits and costs of post-secondary education were 40 per cent more likely to enrol on a programme than those who were not.

Engaging effectively with unemployed young people and those who are NEET is vital. Many young people who are unemployed will not be claiming benefits, and will not be required to engage with Department for Work & Pensions (DWP) support. [Services which are clearly focused on young people, in accessible locations and fronted by welcoming and friendly staff, have been shown to be effective](#) at engaging young people, including those not on benefits.

2. Personalised and tailored support.

Young people have different interests and needs, and they need **personalised support that is tailored to them**. Many effective programmes – such as the [New Deal for Young People](#) – provided young people with a choice between different pathways; a subsidised job placement, full time education/training, a volunteering role, or working on an environmental project.

The **intensity of support** should increase the longer someone is out of work, with early access to support where needed, for example for some care leavers or those with no qualifications. There is good evidence to suggest that integrated models of support, delivered by [multi-agency partnerships can be effective at supporting care leavers into employment and training](#). Some approaches, such as [volunteering, may be less effective](#).

3. Employer engagement and job creation.

In addition to supply-side support, which focuses on young people themselves, local areas should also consider the demand side. **Effective employer engagement** can help tackle youth unemployment. While young people may struggle in a competitive labour market, engaging with employers can help young people access available opportunities. [A study of employer involvement](#) in active labour market policies found employer engagement was linked with the likelihood of employers recruiting disadvantaged and long-term unemployed young people.

There is evidence that **job creation** and [subsidised employment](#) can be effective at supporting young people who are long-term unemployed, particularly during recessions. The [Future Jobs Fund](#) – which created temporary jobs ring-fenced for young people during the last recession – had a lasting positive impact on employment. Such interventions should be carefully targeted at young people least likely to find work to maximise impact and minimise deadweight, and can be more effective during downturns.

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SIX STEPS TO TACKLING YOUTH UNEMPLOYMENT

1. What is the objective?

Local areas should consider what their key objectives are around youth unemployment.

In addition to supporting people who are already unemployed, local areas may want to focus on supporting young people at **transition points** – including those who are finishing school and college – to enter a positive destination (education, training or employment).

Given limited resources local areas may want to focus on supporting young people who are **long-term unemployed**. This would both minimise deadweight (supporting those who would find a job without help) and focus support on young people who could most benefit.

2. Do we understand the challenge?

Local areas should gather available data, and engage with employers, partners and young people themselves in order to understand the precise nature of the challenge locally. This could involve the following:

Who is most at risk locally? This could involve exploring available data or conducting exploratory work locally to understand the cohort of young unemployed people locally and who is most likely to be unemployed, including how this varies by age, qualification, and location.

What are the barriers to work? This should involve exploring with young people, partner services and employers the precise nature of the barriers to work locally. This should involve exploring the supply side factors which relate to young people themselves and the demand side factors which relate to the availability of local opportunities.

What does local employer demand look like? This could include both identifying employers and sectors that tend to provide employment opportunities for young people, identifying potential demand for Kickstart placements.

3. What works?

Building on the evidence of what works set out above, localities may want to consider actions across the following areas:

Effectively engage young people. Local areas may want to consider how they can engage with young people. This could involve working with partners such as schools and colleges, as well as creating 'Youth Hubs' to bring together services for young people. In addition to supporting those who are already out of work, helping those who are approaching the end of their education to find a positive next step will be vital in reducing the flow into unemployment. Local areas may want to work with education providers to ensure clear and consistent messaging about the importance of staying in education, training and employment, and to signpost young people to support and advice.

Personalised and tailored support. Given the different needs of young people, local areas may want to explore the development of a local 'youth guarantee', which sets out the different education, training and employment options available for young people as part of a single coherent offer. Given some young people – including those with lower levels of qualifications and those leaving care – face a higher risk of long-term unemployment, local authorities may

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want to develop intensive support for these groups. This should involve partnership working with the various agencies that engage with these young people.

Employer engagement and job creation. Local areas should seek to engage effectively with local employees to understand their needs, and ensure that local employment and skills services are focused on meeting these needs. This could involve direct engagement, including through surveys to understand local business needs and support needed, as well as engagement through local business groups. Local areas should seek to maximise the number of appropriate opportunities for young people, including through apprenticeships and Kickstart scheme. This should involve both a clear marketing campaign to employers to boost demand, providing support including potentially acting as a Kickstart gateway, and providing opportunities directly through the local authority.

4. What support and services are already available?

Local areas may start by **mapping** existing provision available for young people, including those aged 16-17 who are still required to be in education, and those aged 18-24. This can allow for the identification of gaps in support, as well as supporting the joining up of local services.

Local authorities may want to start by considering how their own services engage with young people, and how they can use these services to both provide information on employment and training options, and refer those who need it to appropriate support.

The **Kickstart Scheme** aims to subsidise for six months additional jobs for young people on Universal Credit and at risk of long-term youth unemployment. [Councils could look to increase the number of Kickstart jobs locally.](#) within their organisation, at local partners, and at local businesses. They could also work with DWP so young people completing a Kickstart job get support to progress onto an apprenticeship, job or education/training. Suggestions of how Kickstart could work to best effect locally are set out on the LGA website.

The **Restart Scheme** aims to support Universal Credit claimants who have been out of work for at least 12 months help to find work. Councils may want to engage with their local Job Centre Plus (JCP), to ensure young unemployed people are being referred to support through Restart. You may also want to engage with Restart providers so provision is tailored to the needs of local young people and employers, and joined up with other local support.

You should also consider how they work with other key partners providing employment and skills support to young people, including **schools, colleges and training providers, housing associations, and local youth charities**. This can include those with other DWP funding like Flexible Support Fund, adult education budget and ESF/UKSPF.

5. What are the options for intervention to improve outcomes?

Local government may want to explore the following approaches, which can be used in tandem:

- **Transition support** – this preventative approach aims to minimise the ‘flow’ of young people into unemployment, by supporting those at transition to move into further or higher education, training, or employment.
- **Coordinating partners** – this approach involves working with the various partners providing support to young people, to ensure they are sharing information and working effectively

together. It involves optimising and coordinating existing support, rather than expanding provision.

- **Employment and training programmes** – if local areas identify a gap in existing support available, they may want to put in place additional support to meet that need. This could involve re-deploying existing council resources, or potentially bidding for external funding, for example from DWP.
- **Employer engagement** – this approach involves working with employers to encourage the recruitment of young people. This could involve linking up young people to existing opportunities at employers and providing pre-employment support and training. Alternatively, it can involve encouraging the take-up of opportunities such as the Kickstart scheme, or funding for traineeships and apprenticeships, in order to boost the number of opportunities available for young people.

6. How will we know if it's working?

- **Establish aims and define success.** Local areas may want to consider what their definition of success may be. This may be limiting and then reversing the overall rise in youth unemployment, or it may focus more on preventing an increase in long-term unemployment, or an increase in unemployment among certain at risk groups.
- **Monitor key performance indicators.** Building on their aims, local areas may want to construct a dashboard of key performance indicators to monitor and inform their work. This could include measures of both the scale of youth unemployment (for example the 16-24 claimant count), the outputs and outcomes of any interventions (for example Kickstart placements created, young people supported into employment or training), opportunities available locally (such as local vacancy data), and 'customer feedback' from young people themselves.
- **Build in evaluation.** In order to ensure interventions are having the desired impact, local areas should ensure they design in evaluation. Ideally, this should both provide ongoing data on performance, as well as the opportunity at the end of an intervention to review impact.