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The geography of youth unemployment: a route map for change

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[The geography of youth unemployment: a route map for change](#)

Executive summary

The UK has a youth unemployment crisis: almost million young people in the UK are unemployed and the size of this group was rising even during times of economic growth. Currently one in five young people are seeking work but are unable to find it. Worryingly, this means that labour market conditions for young people have seen little improvement since recovery started.

There are large differences in youth unemployment levels within the UK which reflect a familiar pattern of labour market disadvantage. In most cases the places with the highest youth unemployment rates are those that have experienced economic distress for some time and have failed to adjust to the changing geography of the UK's economy. Rates of youth unemployment are very high in towns and cities which previously relied on traditional industries for jobs and growth, many of which have seen large reductions in employment. Many of these towns and cities saw little growth during the good times and have been hit hard by the recession. These include coal-mining towns such as Barnsley and Mansfield, the seaside towns of Blackpool and Hastings, former textile manufactures such as Bolton, Blackburn and Huddersfield, and the coastal industrial towns of Middlesbrough, Hull, and Grimsby.

Yet even in cities with successful economies the rate of youth unemployment remains far too high. In Cambridge, Bournemouth and Reading, some of the cities with the lowest levels of youth unemployment, there are still over one in ten young people who want work but cannot access it. This means that even those cities with the lowest rates (for example rates in the best performing cities stand at around 13 per cent) are still a third higher than the German national average (at 8.6 per cent) and double that of Germany's best performing cities (for instance rates are only 5 per cent in Hamburg).

In particular there is a high degree of variation in youth unemployment rates for low skilled young people in contrast to much less variation for those with high level skills. Evidence suggests that young people with low or no qualifications have much better employment outcomes in cities with more successful economies. Firstly, evidence suggests that the concentration of high skilled workers in successful economies generates additional demand for low skilled work (such as restaurants, bars and security service). Secondly, lower skilled workers are much less mobile than higher skilled workers which exacerbates disparities in unemployment. For all but the best paid, large disparities in housing prices have prevented individuals moving from depressed areas to rapidly growing cities.

Yet the changing geography of the UK's economy and the ability of individuals to adjust this are not the only drivers of differences in youth unemployment rates. Cities will experience distinctive challenges which may result in higher levels of youth

unemployment. These may include: too few apprenticeship places to meet demand; poor careers advice and guidance; a lack of targeted employment support for those not claiming benefits; a lack of suitable public transport infrastructure; and, poor skills levels.

Tackling youth unemployment is made harder by the fragmented nature of youth services and policy. Youth employment policy is fragmented – it is split across multiple central Government departments and at the local level there are often numerous agencies operating. This creates a confusing landscape for young people attempting to navigate the system as well as employers who may want to engage to offer support or opportunities to young people. Changes introduced by the Coalition Government, including removing funding for careers services, may make this context harder still.

All places will therefore benefit from ensuring their services for young people are working effectively together. For example, it is important that agencies such as local government bodies, local Job Centre Plus branches, local education authorities, charities, Work Programme providers and other relevant agencies are all – so far as possible – coordinating their activities and sharing data about young people. The Social Mobility and Child Poverty Commission¹ recently recommended establishing Youth Transition Partnerships to ensure these various bodies work effectively together, with the central mission of improving young people's transitions from education to employment. We support this recommendation.

Local Authorities should be tasked with setting up Youth Transition Partnerships (YTPs). These partnerships would develop local strategies a plan to support successful youth transitions and create clearer pathways into work, training or further study. They would partnerships would bring together local employers, schools, Further Education institutions, voluntary and community sector organisations, Work Programme providers and Job Centre Plus.

Youth Transition Partnerships will face different challenges in different areas and will therefore require tailored policy responses to tackle youth unemployment. An understanding of young people's journeys to work, alongside a review of current provision to support school to work transitions, will enable local policy makers to co-ordinate services, align and pool resources effectively, and fill any gaps in local infrastructure. Different policy response could include: working with employers to encourage them to offer more apprenticeships and traineeships; sourcing and co-ordinating work experience places; monitoring and supporting schools in their duty to provide careers advice and guidance to ensure young people are supplied with high quality information about work and learning opportunities; and ensuring that adequate public transport is available to tackle local barriers to work. An important function of the YTPs will be to create a 'no wrong door' approach for both employers and young people.

¹ Social Mobility and Child Poverty Commission (2013) Social Mobility: The Next Steps.

We also recommend that Central Government and Local Enterprise Partnerships should support Youth Transition Partnerships:

- Central Government should support them in this duty providing funding of up to £80,000² to develop their strategic plans.
- Government should hold Local Enterprise Partnerships to account where tackling youth unemployment has not been identified as a priority in Local Enterprise Growth Deals.
- LEPs should work closely with Local Authorities and YTPs to ensure that tackling youth unemployment is properly addressed in their European Structural and Investment Funds Strategy and where YTPs identify a key gap in service provision, which cannot be filled with existing resources, the Government should agree to provide the match funding required.

However, in some places youth unemployment is so high that young people may need to be supported to look for opportunities elsewhere. All places will benefit from policies to improve the coordination of services, and to better link young people with local jobs. However, in places with very high levels of youth unemployment and with entrenched unemployment problems (most often as a result of local industrial decline); such interventions may not be enough. Local policy makers should seek to improve the mobility of their young people – this could be achieved by offering help with the cost of transport to expand their job search areas, as well as by providing young people with information about job and training opportunities further afield.

National Government must take action to tackle geographic disparities in unemployment. If geographic disparities in economic outcomes are to be narrowed, national Government must take radical action – in particular to improve the UK's dysfunctional housing market. A key barrier to the mobility of young people is the lack of housing supply in areas of economic growth, which has pushed up housing costs to unaffordable levels. Additionally, national Government work towards ensuring that all young people all have skill levels high enough so that they can compete for jobs anywhere – nationally and internationally. Young people with low skill levels, in areas with high youth unemployment and with low employment growth, face sizeable barriers to work.

² A similar size grant was provided by the Labour Government for the production of Local Economic Assessments

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1. Introduction

This report has been produced as part of The Work Foundation's Missing Million research programme which aims to identify solutions to tackle the UK's youth unemployment crisis. Research to date has focused on:

- the causes and consequences of the rise in long-term youth unemployment;
- the international context and lessons the UK could learn from other countries;
- the role of employers in helping young people into work;
- careers information, advice and guidance in schools;
- transport barriers to work faced by some young people; and,
- the role of apprenticeships in the service economy.

In this report we investigate how young people's employment prospects vary in different parts of the country, why tailored local approaches are necessary, and what the role of local partners should be in tackling youth unemployment.

There is a distinctive geographic pattern to youth unemployment in the UK. For example, in cities such as Middlesbrough, Barnsley and Glasgow the youth unemployment rate is more than twice that of cities such as Southampton, York and Reading (above 25% in the former, and below 13% in the latter³).

The recovery is leaving young people, and some places, behind. The labour market has, on the surface, improved over the last two years. Overall employment has gone up, and unemployment down, even though economic output has been broadly flat. Yet to an extent this improvement has been superficial. The increase in jobs has been accompanied by falling real wages, an increase in the number of people that are 'underemployed'⁴ and a rise in insecure forms of work.⁵

Worryingly, the labour market recovery has, so far, not yet benefited young people. Adult (25+) unemployment has fallen, whereas youth (16-24) unemployment fell briefly, but has now risen to close to its peak. In addition, where you live matters - the recovery to date has largely been confined to London and the South East while most other parts of the UK are still struggling. Young people in areas with weak economies will suffer twice - their areas were hit hardest by the recession and will take longest to benefit from the recovery if they do so at

³ Rate excludes full time students. Data are from the Annual Population Survey 2012-13.

⁴ not able to work as many hours as they would like or need

⁵ Brinkley, I. (2013) *Flexibility or insecurity? Exploring the rise in zero hours contracts*. London: The Work Foundation.

all.

The geography of youth unemployment matters. It matters for decisions around where to locate and invest in services directed at young unemployed people. And it is important because these services must take into account local economic conditions – for instance the types of job and training opportunities available locally, access to, and availability of public transport services, and the provision of options such as apprenticeship places. This report considers the policy solutions that different places might adopt.

The rest of this report is structured as follows.

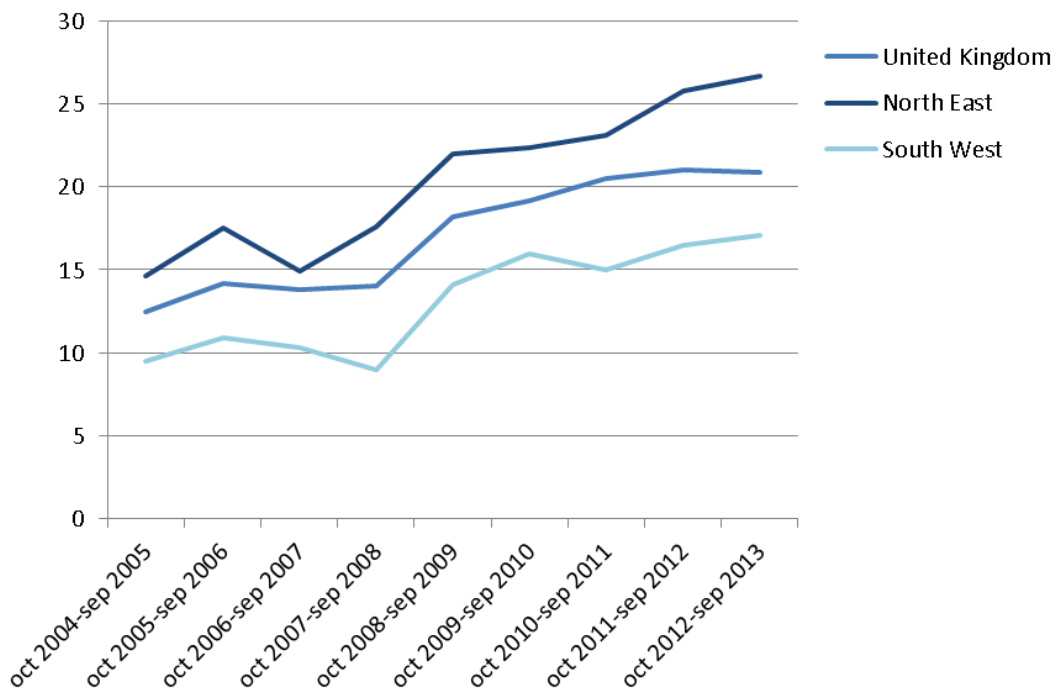
- **Chapter 2** provides an overview of the geography of youth unemployment in Britain's major towns and cities;
- **Chapter 3** sets out some of the reasons why there are significant geographic disparities between places in the level of youth unemployment;
- **Chapter 4** provides an overview of the current youth policy context and some of the challenges it presents;
- **Chapter 5** sets out a series of policies to address the local youth unemployment challenge; and,
- **Chapter 6** sets out a number of conclusions.

2. The geography of youth unemployment

UK level statistics on youth unemployment hide substantial variations in performance at the regional level, and still bigger variations between cities and local areas. At the regional level, the North East has the highest youth unemployment rate with over one in four (27 per cent) economically active young people unemployed - this is 10 percentage points higher than the rate in the South West (17 per cent).

Yet, the disparities within regions are even more pronounced. In this section we investigate youth unemployment in 53⁶ of the UK's largest cities and reveal a wide variation in youth unemployment rates.

Figure 1. 16-24 unemployment rates (%) in the North East, South West and UK



Source: Nomis, ONS. Annual Population Survey Q3 data

⁶ Other cities were not included because robust data were not available.

Youth unemployment in Britain's towns and cities

Youth unemployment rates in the UK's main towns and cities are shown in Map 1. Cities are divided into five groups, according to whether their youth unemployment rate (excluding full time students) is, relative to the UK average:

High: Greater than or equal to 25%

Above average: Less than 25%, and greater than or equal to 21%

Average: Less than 21%, and greater than or equal to 17%

Below average: Less than 17%, and greater than or equal to 13%.

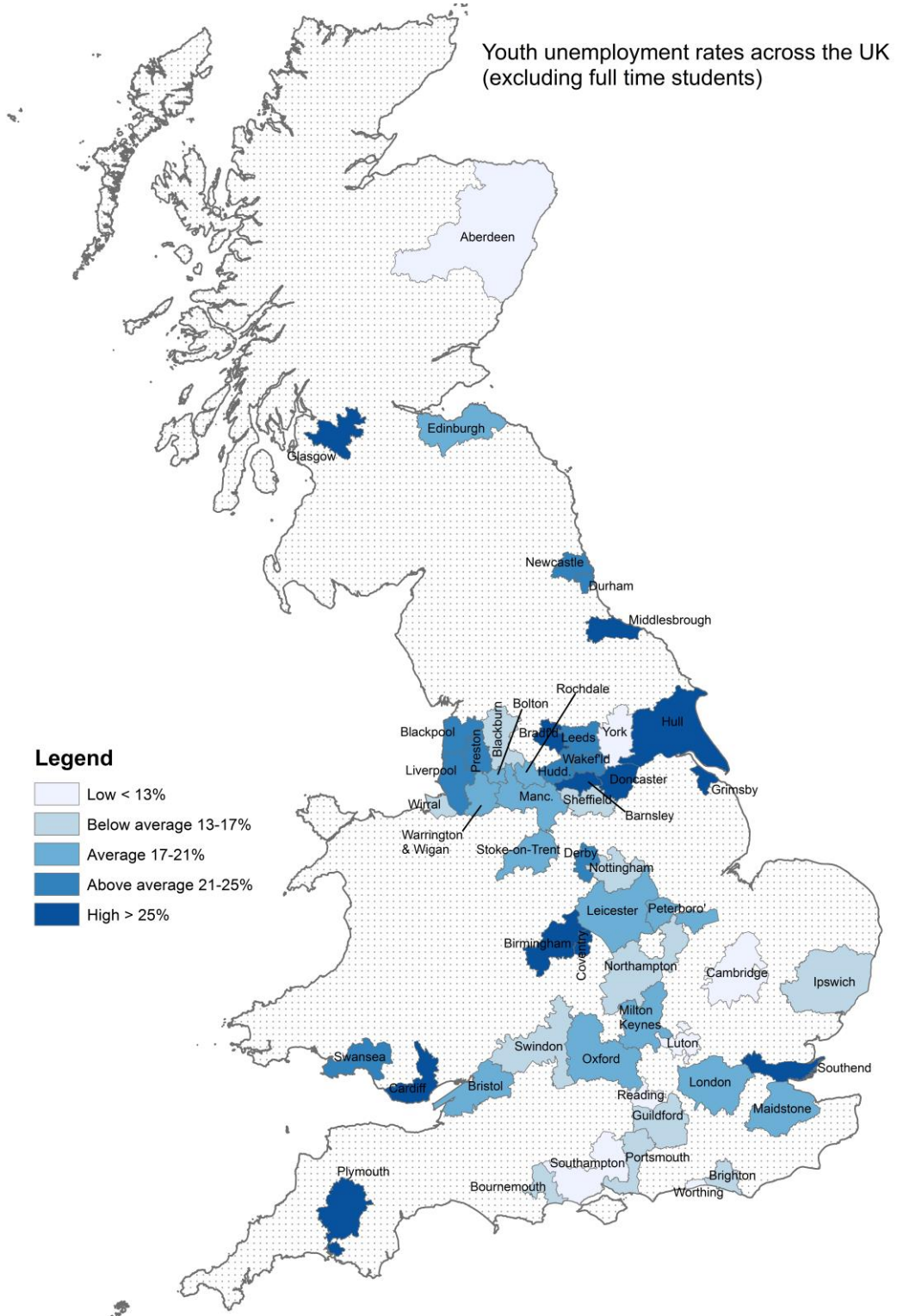
Low: Below 13%

Key information: Approximating Travel to Work Areas

This section looks at the youth unemployment rates in the UK's main towns and cities. This report uses 'Travel to Work Areas' to analyse youth unemployment levels in Britain's cities. TWAs boundaries are designed using census data to describe self-contained labour market areas, where 70% of people who live in an area also work in the area. These are better than administrative boundaries because these can fail to describe functional economic areas. However, the data used in this section – the Office for National Statistics' Annual Population Survey – are not available for Travel to Work Areas. We have instead formed an approximation of these areas by combining local authority level data. For example, for the Coventry Travel to Work Area, data was combined from two Local Authorities: Coventry and Nuneaton & Bedworth. The map represents these geographic approximations.

The data are from the period 2012 to 2013, from which three datasets were combined to provide a sufficiently large sample size for the city level. However, as with all small area data estimation there are margins of error associated with the estimates. In particular margins of error are likely to be larger around the following cities due to smaller sample sizes: Aberdeen, Grimsby, Brighton, Swindon, Peterborough, Wirral & Ellesmere Port, Cambridge, Reading & Bracknell, Bournemouth, Southampton, Worthing, York

Map 1.- Youth unemployment rates in Britains largest towns and cities



The maps reveal a distinctive pattern to youth unemployment rates that reflects broader patterns of labour market disadvantage. Youth unemployment rates are generally lower among cities in the greater South East, East and East Midlands – cities such as Cambridge, Luton, Reading, Worthing and Southampton. Whilst on the other hand rates are generally higher in cities in the North East, West Midlands, South West and Wales. The cities with the highest youth unemployment rates (above 25 per cent) are concentrated in the North East and Yorkshire and Humber – and include Middlesbrough, Bradford, Barnsley, Doncaster, Hull and Grimsby.

However, there is significant variation within regions. Both York and Aberdeen have very low (below 13 per cent) youth unemployment rates, and some other cities in the northern belt have average or low youth unemployment rates, including Wirral, Blackburn and Sheffield. Conversely, high levels of youth unemployment can be found in parts of the South East: Southend, for example, has a very high (above 25 per cent) youth unemployment rate. There are also instances of cities that have contrasting rates to their immediate neighbours:

- York is bordered by areas with very high youth unemployment rates (Hull and Grimsby) but itself has very low youth unemployment
- Nottingham has a below average youth unemployment rate and yet is located close to Derby, Birmingham and Coventry, all of which have above average, or high, youth unemployment rates
- The 16-24 unemployment rate London is ‘average’, whereas most of its surrounding areas have ‘low’ or ‘very low’ rates.

Figure 2: Cities with high youth unemployment rates (excluding full time students), 2012-13

Rank (1 = highest rate)	City	Unemployment rate
1	Middlesbrough & Stockton	High > 25%
2	Barnsley	High > 25%
3	Glasgow	High > 25%
4	Grimsby	High > 25%
5	Coventry	High > 25%
6	Bradford	High > 25%
7	Hull	High > 25%
8	Plymouth	High > 25%
9	Doncaster	High > 25%
10	Birmingham	High > 25%
11	Cardiff	High > 25%
12	Southend & Brentwood	Above average > 21%
13	Liverpool	Above average > 21%
14	Blackpool	Above average > 21%
15	Wakefield & Castleford	Above average > 21%

16	Swansea Bay	Above average > 21%
17	Huddersfield	Above average > 21%
18	Derby	Above average > 21%
19	Sunderland	Above average > 21%
20	Newcastle & Durham	Above average > 21%
21	Preston	Above average > 21%
22	Leeds	Above average > 21%

Source: Annual Population Survey, Analysis by The Work Foundation. From 53 cities.

Figure 3: Cities with low youth unemployment rates (excluding full time students), 2012-13

Rank (1 = lowest rate)	City	Unemployment rate
1	Southampton	Low < 13%
2	York	Low < 13%
3	Reading & Bracknell	Low < 13%
4	Cambridge	Low < 13%
5	Aberdeen	Low < 13%
6	Luton & Watford	Low < 13%
7	Worthing	Below average < 17%
8	Bournemouth	Below average < 17%
9	Portsmouth	Below average < 17%
10	Guildford & Aldershot	Below average < 17%
11	Northampton & Wellingborough	Below average < 17%
12	Ipswich	Below average < 17%
13	Swindon	Below average < 17%
14	Nottingham	Below average < 17%
15	Blackburn	Below average < 17%
16	Sheffield & Rotherham	Below average < 17%

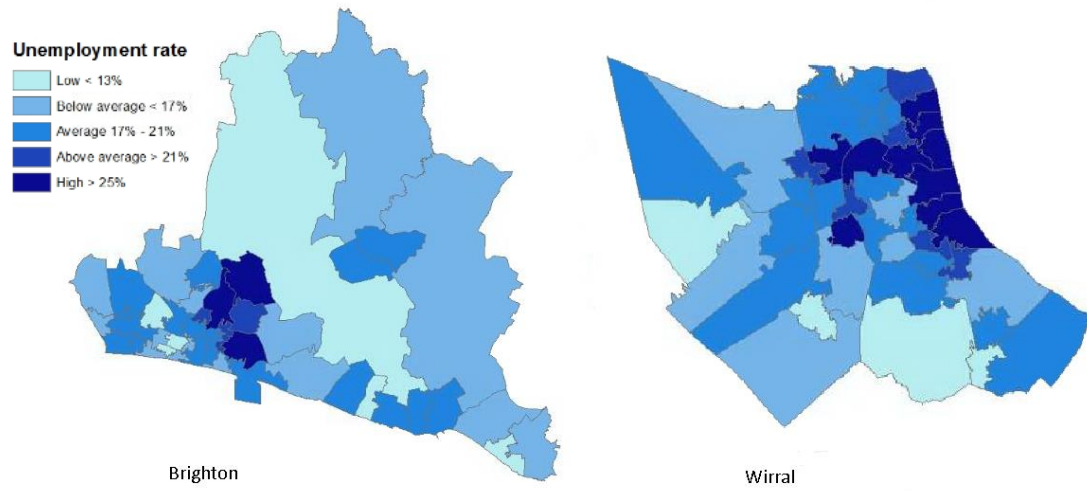
Source: Annual Population Survey, Analysis by The Work Foundation. From 53 cities.

Narrowing the geographic scale further would reveal even wider variations, and even cities with average or low youth unemployment rates overall contain wards or neighbourhoods with higher rates.⁷

Map 3 below shows the spatial distribution of youth unemployment in two ‘average’ youth unemployment cities (Brighton and Wirral). Both these maps highlight the uneven distribution of the geography of youth unemployment within cities. Spatial disparities within places are primarily shaped by the operation of the housing market and location of social housing.

⁷ As evidenced in, for example, our companion paper on youth unemployment in London. Hughes, C. (2014) *Tale of Two Cities: Addressing the youth employment challenge*. London: The Work Foundation.

Map 3: Youth unemployment in Brighton and Wirral broken down by Middle Layer Super Output Areas. Both have an overall youth unemployment rates of 17% (excluding students)



Source: Census 2011 data. Note: these two maps are not to scale relative to one another.

Key information: Definition of youth unemployment

The youth unemployment rate is the proportion of economically active young people that are out of work. A person is considered economically active if they have looked for work in the past four weeks and are available to start work in the next two weeks

We have removed students from this measure because student unemployment is inherently less concerning than non-student unemployment. Students that want work but are unable to find work are concerning in that they show the labour market is not able to provide work for all that want it. And on an individual level, students may need to work to fund their study. However, young unemployed people who are not studying are of greater concern since they are more likely to suffer from disengagement and long term youth unemployment.

Measure	Numerator	Denominator
Youth unemployment rate (excluding full time students)	16-24 year olds that are unemployed, i.e. not in employment but have looked for work in the last four weeks and are able to start work in the next two weeks. Full time students are excluded.	Economically active 16-24 year olds. This is the sum of those that are unemployed (see previous box) and those that are employed. Full time students are excluded.

Furthermore, the inclusion of students can have distortionary effects on the measure. For example, cities which have a large student population can appear do better on the standard youth unemployment measure since this uses all economically active young people as their base. Students are included if they are economically active (i.e. working or seeking work). A youth unemployment rate lowered by the presence of students gives a misleading impression of the labour market conditions, in comparison to other cities with smaller student populations, faced by the resident youth population. However, it should be noted that this distortion although real is small.

3. Youth unemployment – why this geography?

The geography of youth unemployment and NEETs highlights a familiar pattern of labour market disadvantage. Cities with high levels of youth unemployment also have high levels of adult unemployment and these geographic imbalances have been highly persistent over time.⁸ These differences can be exacerbated by local differences in the provision of public goods and services (such as the availability of training opportunities, information advice and guidance).

Drivers of geographic disparities in youth unemployment

The main explanation for local disparities in unemployment lies in the changing geography of the UK's economy and the limited adjustment of the low skilled labour market to these changes. Cities with very high levels of youth and adult unemployment are invariably those which have failed to adjust to changes to the UK's industrial structure. Over the last 30 years service industries and in particular knowledge-intensive industries have been the main sources of growth, and manufacturing and production industries have become a smaller part of the economy. This has benefited cities with existing strengths in service and knowledge based sectors, and those with highly skilled working populations, such as London, Oxford and Cambridge. Patterns of trade and travel have also changed – away from shipping and towards road, rail and air, impacting positively on cities with good rail or road links, such as Milton Keynes, and those with international airports, such as London.^{9 10}

Cities which have struggled to adjust to these changes include ex-coalmining cities (Barnsley, Mansfield), seaside towns (Blackpool and Hastings), port towns (Hull, Plymouth Birkenhead and Middlesbrough), towns producing ceramics (Stoke-on-Trent) and former textile manufacturers (Bolton, Blackburn, Huddersfield and Rochdale).¹¹ A number of these towns and cities have had problems for some time, and did relatively poorly in the recession with large increases in unemployment.¹² Meanwhile, on the basis of their relatively low skill levels and high reliance on public sector employment, many of these towns and cities are unlikely to see strong jobs growth in the recovery.

However, the skilled labour market has been much more responsive to changes in the geography of the UK's economy. Skilled workers are much more mobile and are more likely,

⁸ Crowley et al (2013) *People or Place: Urban Policy in the Age of Austerity*. London: The Work Foundation.

⁹ Leunig, T. and Swaffield, J (2007) *Cities Limited*. London: Policy Exchange.

¹⁰ Although it should be noted that although a successful economy London exhibits higher than average levels of youth unemployment

¹¹ Crowley, L (2011) *Streets Ahead: what makes a city innovative?* London: The Work Foundation

¹² Lee et al (2010) *No City Left Behind? The geography of the recovery – and the implications for the coalition*. London: The Work Foundation.

and more *able*, to move to other areas to access employment opportunities.

Migration (within and between countries) is a very selective process; for those most affected by poor economic conditions, such as people in unskilled or low skilled occupations, the level of migration is very low.¹³ Those most likely to move for employment reasons tend to be younger than average, have higher skill levels, above average incomes, work in professional and managerial occupations, and have savings.¹⁴ They are also much more likely to move between regions to access job opportunities than all other groups.¹⁵

Part of the explanation for this pattern is that skilled workers are more likely to work in highly specialised labour markets that result in a limited number of jobs in a few geographic locations. These types of jobs draw from a national labour pool and are advertised nationally; while less skilled occupations, on the other hand, are more likely to be advertised and filled locally.

Figures 4 and 5 show employment outcomes for young people, by skill level, for major English towns and cities (please note that data are from the 2011 Census so estimates differ from those provided in the previous table and maps, and data are currently only available for English towns and cities). It is clear that whilst there are some variations in levels of unemployment for skilled young people the disparities for low skilled young people are much more pronounced:¹⁶

- The unemployment rates for those with qualifications at NVQ level 2 (equivalent to GCSE level qualifications) and below shows wide variation between places. For example, only 17 per cent of young people with below NVQ level 2 qualifications are out of work in Oxford compared to double that proportion in cities such as Middlesbrough and Grimsby.
- However, the variation for better skilled young people is much less pronounced. The unemployment rate of young people with NVQ Level 3 and above in Bournemouth, York and Southampton – three of the cities with the lowest youth unemployment rate for low skilled residents – is equal to that of Grimsby and Wirral - two of the cities with the highest youth unemployment rates for low skilled young people.

¹³ Leunig, T. and Swaffield, J. (2008) *Cities Unlimited: Making urban regeneration work*, Policy Exchange.

¹⁴ Ludwig, J. and Raphael, S. (2010) *The Mobility Bank: Increasing Residential Mobility to Boost Economic Mobility*. Washington, D.C.: Brookings Institute.

¹⁵ Dixon, S (2003), *Migration within Britain for job reasons* Labour Market Division, Office for National Statistics

¹⁶ Local Government Association (2013) *Hidden Talents II: re-engaging young people, the local offer*, London: LGA

Figure 4 and 5 – Unemployment rates for young people by qualification level - Top and bottom cities

Rank (1 = highest rate)	City	NVQ L2 and below unemployment rate	NVQ L3 and above unemployment rate
1	Middlesbrough & Stockton	35%	15%
2	Birmingham	34%	16%
3	Grimsby	33%	12%
4	Sunderland	33%	16%
5	Bradford	32%	15%
6	Rochdale & Oldham	32%	14%
7	Liverpool	32%	17%
8	Wirral & Ellesmere Port	31%	12%
9	London	31%	14%
10	Sheffield & Rotherham	31%	17%

Source: Census 2011, Analysis by The Work Foundation.

Rank (1 = highest rate)	City	NVQ L2 and below unemployment rate	NVQ L3 and above unemployment rate
1	Southampton	21%	12%
2	Reading & Bracknell	20%	9%
3	Worthing	20%	8%
4	Ipswich	20%	8%
5	York	20%	12%
6	Swindon	20%	6%
7	Bournemouth	18%	12%
8	Cambridge	18%	7%
9	Guildford & Aldershot	18%	9%
10	Oxford	17%	9%

Source: Census 2011, Analysis by The Work Foundation.

Note – estimates differ from previous tables and maps as data are from the 2011 Census (rather than combined LFS and include full time students)

Individuals with low or no qualifications appear to have better labour market outcomes in more successful labour markets.¹⁷ Firstly, there is some evidence to suggest that in more successful economies the concentration of highly skilled workers generates higher demand for low skilled work (such as in restaurants, bars and security services)¹⁸ leading to a

¹⁷ Lee, N, Jones, K and Sissons, P (2013) Wage inequality and employment polarisation in British cities, London, JRF/The Work Foundation

¹⁸ Gordon and Kaplanis (2012) *Accounting for big city growth in low paid occupations: immigration and/or service class consumption*, Spatial Economics Research Centre Working Paper 106.

positive employment effect for low skilled workers.¹⁹ Secondly, as set out above, we know that lower skilled workers are much less mobile. Unlike higher skilled workers they are much less likely, and able, to move to access work elsewhere²⁰ – which exacerbates disparities in unemployment.

There are a number of social and economic barriers to the long-term movement of young people with low skill levels. The social housing system has traditionally been poorly responsive to people wishing to relocate, with individuals allocated a council house or flat finding it hard to transfer their tenancy to other parts of the country.²¹ Pronounced disparities in the housing market further hamper inter-city mobility. Large variations between rents in different places (young people are much more likely to rent than to buy a house) prevent many individuals moving from depressed areas to rapidly growing cities.²²

There is clear evidence for this when looking at rental costs in the private sector. For instance, the monthly cost of renting a room in London (£498), Cambridge (£440), Reading (£390), Milton Keynes (£335) or Oxfordshire (377) range from double to 50 per cent higher than the cost of renting in Middlesbrough (£265).²³ Although, in more expensive areas, these additional costs will be partly but not wholly offset by higher rates of local housing allowances, it will still remain a significant barrier to the movement of lower skilled young people on low wages. The level of apprentice pay further stresses this point: in 2011 the average pay for an apprentice in Great Britain was £867 per month, which means that in London or Cambridge²⁴ rental costs would make up 57 per cent and 51 per cent of monthly income respectively.

This emphasises the importance of a long term focus on increasing educational attainment to improve labour mobility, alongside addressing barriers in the housing market by increasing the supply of affordable housing in areas of growth. The next section considers wider local barriers to work.

Wider spatial barriers to youth employment

The changing geography of the UK's economy, and ability of individuals to adjust to this, are not the only drivers of differences in youth unemployment rates.

London, for example, has experienced high growth rates and high productivity for a number

¹⁹ Lee, N, Jones, K and Sissons, P (2013) *Wage inequality and employment polarisation in British cities*. London, JRF/The Work Foundation

²⁰ Venhorst, V. & J. Van Dijk, et al. (2010). *Do the Best Graduates Leave the Peripheral Areas of the Netherlands?* Tijdschrift voor economische en sociale geografie 101 (5): 521-537.

²¹ Hills, J. (2007) *Ends and Means: The Future Roles of Social Housing in England*. London: ESRC Research Centre for Analysis of Social Exclusion.

²² Leunig, T & Henry Overman, 2008. *Spatial patterns of development and the British housing market*, Oxford Review of Economic Policy, Oxford University Press, vol. 24(1), pages 59-78

²³ 'Room' monthly rents recorded in the 12 months to Q3 2013 (1 Oct 2012 to 30 Sep 2013), Valuation Agency Office, ONS

²⁴ Department for Business Innovation & Skills (2012) BIS Research Paper Number 64, Apprenticeship Pay Survey 2011

of years, benefits from high pupil attainment at GCSE level and yet has a relatively high youth unemployment rate of 25%.²⁵ This is because there are other distinctive factors about the youth labour market in London that appear to be contributing towards higher levels of unemployment amongst young people. This is explored in detail in the companion report ***London: Addressing the youth employment challenge***, but they include:

- **A high concentration of young people with characteristics that would disadvantage them in the labour market:** London benefits from having the most ethnically diverse population in the UK. Yet, despite some convergence, young people from Pakistani, Bangladeshi, Black and mixed ethnic groups are less likely to be in work. These employment gaps contribute to the higher overall rates of youth unemployment in London.
- **Competition for jobs and the dynamics of the labour market:** London is a global city and attracts many migrants from both within the UK and from abroad. Whilst there are many jobs in London, there is a high degree of competition, particularly for entry level jobs. Some evidence suggests that skilled migrants and graduates have 'bumped down' in the labour market, increasing pressure on entry level jobs for low skilled young people.²⁶

Other cities will experience distinctive challenges which may result in higher levels of youth unemployment than might be expected given the strength, or otherwise, of the local economy. These could include:

1. Poor transport infrastructure. As highlighted by our recent report, *Transport Barriers to Youth Employment*, the cost or availability of transport can be a real barrier to employment for some young people, particularly those living in rural or poorly connected areas. Typically working in or competing for lower paid jobs, young people are less likely than adults to be able to afford a car and are more likely to rely on public transport.²⁷

2. The provision, and quality, of careers advice and guidance. Good careers advice and guidance should help young people to make informed decisions about future education or training, and what careers to pursue, based on good information about the labour market. A lack of such advice will make it more likely that a young person emerges from education with skills unsuited to actual labour market opportunities. The decision to cut funding for careers services and to hand this responsibility to schools without any additional funding, means a patchy offering is likely to emerge, where many young people will not receive good careers advice.²⁸ In fact, a recent report by Ofsted found that three quarters of schools were failing in

²⁵ July 2012 to June 2013 – Annual Population Survey

²⁶ GLA Economics (2007) *Globalization, Skills and Employment: The London Story*.

²⁷ Jones, K. (2013) *Transport barriers to youth employment*. London: The Work Foundation

²⁸ Crowley et al (2012) *Raising Aspirations and Smoothing Transitions: the role of careers advice and guidance*. London: The Work Foundation.

this new duty to secure adequate provision.²⁹

3. The availability and quality of services to support young people into work. A

significant proportion of young people do not claim benefits and so are not able to access support through the Work Programme, the main national worklessness support programme. Overall, roughly three quarters of unemployed young men claim Jobseekers Allowance, compared to just one half of unemployed young women.³⁰ Many Local Authorities used to fill gaps in national provision by developing targeted local support services. However the extent to which these are provided varies considerably across the country, a pattern which will have been exacerbated further by large cuts in local authority budgets.

4. The availability of, and competition for, vocational training options.

There is considerable local variation in the provision of, and competition for, vocational training opportunities. For instance in 2012 at Local Education Authority (LEA) level, the ratio of apprenticeship applications to online vacancies ranged from 4:1 in Oxfordshire (4,590 vacancies to 1,204 applications) to 22:1 in Wolverhampton (15,610/683).³¹ The high level of competition in some areas will limit the ability of young people to compete for apprenticeship places. This is compounded by low apprenticeship wages which mean that for many young apprentices living at home – or in some form of subsidised accommodation – is the only option. This makes it less feasible for young people to move to access opportunities elsewhere.

²⁹ Ofsted (2013) *Going in the right direction? Careers guidance in schools from September 2012*

³⁰ Brinkley, I, Jones, K and Lee, N (2013) *The Gender Jobs Split: How young men and women experience the labour market*, Touchstone Extras, TUC Pamphlet.

³¹ Source: National Apprenticeship Service

4. Overview of current youth policy

There are many different services available for young people but overall they are poorly coordinated. Responsibility at the national level is shared among multiple Government departments, and at the local level there are many agencies providing services for young people. This results in a fragmented system with instances of duplication, but also, more problematically, with some gaps in provision. This confusing landscape can make it difficult for young people to know where to turn for advice and support, for providers who want to refer young people to more appropriate services and also difficult for other stakeholders, such as employers, to know how to engage.

Overview of youth policy

There are three main Government departments with responsibility for a particular area of youth policy:

- **The Department for Education** has overall responsibility for education (up until the ages of 18) and children's services in England. The Department works with nine departmental bodies variously tasked with, for example: maintaining, inspecting and regulating standards in education, work-based learning and training and children's services (Ofqual and Ofsted); the administration of education revenue and capital funding for learners between the ages of 3 and 19, or up to 25 for those with special educational needs and disabilities (Education Funding Agency); and, the development and delivery of all statutory assessment tests up to Key Stage 3 (Standards and Testing Agency).
- **The Department for Business, Innovation and Skills** is responsible for working with further and higher education providers to ensure they are supporting people to gain the skills they need to compete in the global economy. The Department works with a large number of agencies and public bodies. Of particular relevance to youth policy is the Skills Funding Agency (SFA), tasked with funding and promoting adult further education and skills development for individuals over the age of 19.
- **The Department for Work and Pensions** is responsible for welfare and pension policy, including the provision of services through Jobcentre Plus, and oversight over the Government's two main employment schemes: the Work Programme (for the long term unemployed) and Work Choice (for people with disabilities).

This division of responsibility in central Government leads to a lack of accountability, with no one department tasked with tackling the youth unemployment crisis. We made this argument in a report in 2012, where we suggested that a Youth Employment Unit be

established to coordinate policy between Government departments, business and other stakeholders.³² We welcomed the Government's announcement in July 2013 that it is giving the Cabinet Office overall responsibility for cross-government youth policy and hope that this will lead to improved services for young people.³³

As well as accountability problems, poor coordination impacts on the services available to young people. There are many different services targeted at young people: in 2012 research by Inclusion identified 33 separate services and funds available to support young people's transition from education to work.³⁴ Whilst the provision of a wide range of support services and funds is not in itself a bad thing, the fact that these services are delivered by a large number of organisations and agencies – with various eligibility criteria – makes it hard for young people to navigate the system. This confusing array of provision, coupled with a lack of awareness of the services that are available, means that in some cases young people are unable to access the support they need.

That youth services are confusing has been recognised as a problem for some time now, and has reached the attention of politicians. Deputy Prime Minister Nick Clegg, in announcing a review of youth services, said "*the average school leaver doesn't have a clue about which government departments or agencies look after the schemes that are out there to help them*".³⁵ To give an indication of this problem, depending on their circumstances, a young person aged 18 may need to access services provided by:

- Their school or FE college – for education and any services, such as careers advice, provided by their school.
- The National Careers Service – for careers advice and guidance.
- Jobcentre Plus – to claim benefits and access job search support.
- The Local Authority – e.g. for worklessness support programmes, housing benefit applications and wider services.
- Work Programme Providers – if they are claiming benefits and have been unemployed for a certain length of time.
- The National Apprenticeship Service – if they want to find out about/apply for an apprenticeship.

The picture is particularly complicated for those not pursuing an academic pathway; the options for a young person not going to university are bewildering, whereas picking a

³² Lee, N. et al (2012) *Short-term crisis – long-term problem: Addressing the youth unemployment challenge*. London: The Work Foundation.

³³ <https://www.gov.uk/government/news/cabinet-office-to-take-on-responsibility-for-cross-government-youth-policy>

³⁴ Gardiner, Wilson (2012) *Hidden Talents: Analysis of fragmentation of services to young people*. London, Inclusion.

³⁵ <http://www.guardian.co.uk/politics/2013/jul/15/clegg-review-youth-unemployment>

university and a degree to study are relatively straightforward. This has been recognised as an obstacle to young people transitioning successfully, with government recently announcing a UCAS type system for non-university options.³⁶ Clegg said that 16 year olds will ‘get the chance to sit down and search, via a single website, the full range of college courses, apprenticeships, traineeships and other work-based programmes on offer in your local area’ and that this site would be run by Local Authorities, who would be responsible for gathering the information to populate the site.

Further fragmentation occurs due to the fact that some youth services are devolved to the administrations of Northern Ireland, Scotland and Wales, which adds additional variation and complexity. For example, powers over education, social security, local government spending, employment legislation and economic development have been fully or partially devolved.

There is also a patchwork of additional services that are available to young people at a local level – including from charities and voluntary sector organisations. One piece of research showed that in Shoreditch – a small area in North-East London – there were over 70 different employability related services directed at young people.³⁷

Youth policy – the direction of travel

The Government has taken steps to simplify the employability support landscape: various benefits are being rolled into a new Universal Credit and a number of employment support programmes have been replaced by a ‘single’ Work Programme. Given the free ‘black box’ approach of the latter, there are still many different services being offered, but these are all accessed through the same provider and their network of sub-contractors. Careers advice has also been simplified - the National Careers Service now covers all careers advice for people aged 13 and above, replacing Connexions and Next Step.

The Coalition’s Localism agenda may provide some additional levers to create an integrated and joined up approach to tackling youth unemployment at the local level. The Community Budgets approach, for instance, allows the pooling of resources from public bodies across a given local area, and could make an important contribution to concerted local action to join up and deliver locally responsive services for young people. City Deals and other localism measures also offer the potential for local areas to develop bottom-up strategies for tackling youth unemployment – and if LEPs work effectively there is an opportunity to co-ordinate and join up localised activity at the proper spatial scale.

Yet, despite these changes, there is a risk of further fragmentation and complexity in a number of areas. Public sector cuts, alongside the ending of discretionary funding streams,

³⁶ <https://www.gov.uk/government/speeches/better-choices-better-prospects-helping-young-people-succeed>

³⁷ Private research by EY commissioned by the Impetus Private Equity Foundation.

have meant that many Local Authorities have had to scale back services, just as they are needed most, and have limited resources available to commission services to fill gaps in provision. And whilst there has been some simplification of careers guidance provision, the responsibility for securing adequate provision for young people at school age has been devolved down to the schools themselves. However, schools have received no additional funding and Ofsted has recently reported that three quarters are failing in their new duty to secure adequate careers advice and guidance services.

However, despite the Localism agenda, the majority of the levers over youth policy remain under central control. This includes, for example, the National Curriculum, the Jobcentre Plus support offer, apprenticeship policy and frameworks, and the National Careers Services offer. In theory, this will limit a local area's ability to respond to local circumstances and to design services accordingly.

The policy context is likely to get tougher

The following Chapter sets out a framework for how local policy makers, educators, service providers, and employers could work together to address youth unemployment in their area. National control over many policy areas will limit local areas' ability to redesign policies and initiatives, and coordinating a fragmented and complex set of policies will not be easy. A number of upcoming policy changes will mean that the context is likely to become more challenging in the coming years:

- **Raising the Participation Age.** By 2015 the age at which a person is required to remain in education (or training) will rise to 18³⁸, from 16 currently.³⁹ The age was lifted to 17 last year (2013). This will place additional pressure on Local Authorities, as they devote resources to finding places for the additional 16 and 17 year olds that will be in education, and to ensuring that 16 and 17 year olds are participating in education or training.
- **Cuts to local authority budgets.** Local authorities have experienced significant funding cuts during the current spending review period. Overall funding to Local Authorities will be 27% lower in 2014-15 compared to 2010-11.⁴⁰ Local areas seeking to respond to high youth unemployment levels must therefore do so in the context of budgetary pressure and cuts to services. Non-statutory services, such as economic development and careers services, are most threatened by cuts.
- **Devolution of some activities to schools.** In some policy areas power has been devolved beyond Local Authorities. As set out above careers advice, for example, is

³⁸ Participation will be mandatory up until a young persons 18th birthday

³⁹ It is currently unclear how mandatory this change will be. The Coalition Government currently does not plan to introduce penalties for local authorities that have not achieved full participation of the higher age group. Some local authorities may therefore see the change more as a voluntary one.

⁴⁰ HM Treasury (2010) *Comprehensive Spending Review*. London: HM Treasury.

now the responsibility of individual schools. The Connexions careers service has been scrapped, with no alternative funding or system put in place bar the National Careers Service, which offers advice over the phone for people under the age of 19. Local authorities will therefore struggle to coordinate and ensure the quality of the careers advice given to local young people.

- **National policy failures adding to pressure on local areas.** Some of the Government's efforts to tackle youth unemployment have not worked, placing more pressure on local areas. The wage incentives policy, under which employers are offered £2,275 for employing a young person for six months, suffered from very low take up. In May 2013, one year after the policy was introduced, only 2,230 had been awarded – an estimated 4 per cent of the total available in the first year⁴¹ (the 'Youth Contract' had made available funding for 160,000 over three years). The Youth Contract's support for 16-17 year old NEET young people has also struggled – just 35 per cent of young people enrolled on the programme for the period September 2012-September 2013 achieved a positive destination (into further education or training) with only 13 per cent of those sustaining this for five out of a six month period.⁴²

⁴¹ Department for Work and Pensions (2013) *Youth Contract Wage Incentive Payments – Experimental Statistics*.

⁴² Statistics published by Department for Education. Available at <http://www.education.gov.uk/childrenandyoungpeople/youngpeople/participation/a00203664/youthcontractprov>

5. Addressing the local youth unemployment challenge

Chapters 2 and 3 demonstrated that youth unemployment rates vary considerably across the country. We identified a number of cities where youth unemployment has remained above average for a long time. Yet, even in cities with successful economies, the level of youth unemployment is still too high. For instance in Cambridge, Bournemouth and Reading, some of the cities with the lowest levels of youth unemployment, there are still over 1 in 10 economically active young people who want work but cannot access it.

This chapter first sets out the case for local action, before proposing a policy framework to support successful youth transitions in cities. The chapter then goes on to suggest a further set of policy responses that may be required in cities with very high rates of youth unemployment and poor prospects for future employment growth.

The case for co-ordinated local action

No one agency alone can tackle youth unemployment. It requires co-ordinated action from a range of organisations, including: policy makers; educators and training providers; employment support agencies; voluntary and community organisations; business representative organisations and businesses themselves.

There is strong evidence to suggest that locally co-ordinated holistic approaches are the most effective at supporting young people into work or training.⁴³

- There is evidence from a number of studies that training programmes which are tied to meeting the needs of the local labour market, and have strong employer input are more likely to result in better employment outcomes for young people.⁴⁴
- Local services⁴⁵ are most likely to be the first to identify if a young person is at risk of disengaging and also be the first to know once a young person has disengaged.

⁴³ See for example Hasluck, C. and Green, A. (2007) What works for whom? A review of evidence and meta-analysis for the Department for Work and Pensions, Research Report no 407, Department for Work and Pensions; Audit Commission (2010) Against the Odds: Re-engaging Young People in Education, Employment or Training, London: Audit Commission; Local Government Association (2013) Hidden Talents II: re-engaging young people, the local offer, London: LGA; and Cedefop (2010) Guiding at-risk youth through learning to work: Lessons from across Europe, Luxembourg: Office of the European Union

⁴⁴ See for example, Brown, A. And Koettl, J. (2012), "Active Labour Market Programs: Employment Gain or Fiscal Drain?", IZA Discussion Paper No. 6880 and Dench S., Hillage J. and Coare P. (2006), The impact of learning on unemployed, low-qualified adults: A systematic review, Research Report No 375, Department for Work and Pensions

- Tackling barriers to work for those with multiple disadvantage (which could include care leavers, ex-offenders, lone parents, those with health conditions or disabilities) requires specialist support from multiple partners – including Local Authorities, health services, probation services – who are either locally based or are services provided (or co-ordinated) by Local Authorities themselves.
- We know from both UK and international evidence that when supporting young people into work or training the most effective interventions are small, rather than large, in scale.⁴⁶ This has contributed to a move away from large-scale training programmes in a number of OECD countries.
- Complex and fragmentary nature of the system makes it difficult for young people and employers to engage. This highlights the importance of co-ordinated local action to join up services and help smooth school to work transitions.

The next section sets out a series of recommendations to address youth unemployment locally.

Policies for all cities – smoothing transitions, the role of local partners

We know that more and more young people are struggling to make the initial transition from education into sustained work.⁴⁷ Long-term youth unemployment has risen over the last decade and an increasing proportion of young people leave education never having had experience of paid work. The changing nature of the economy and shifting patterns of education and the skills required to enter the labour market have made the transition from school to work more difficult for many young people.

The transition between education and work happens at different ages. Some young people may leave school and struggle to find work; others may enter further education and/or training and fail to make the transition into work at this stage. This highlights the need to ensure the right services are in place at different ages and stages to support young people to make the successful transition from education to work.

Yet, the current support landscape is complex and fragmented – with unclear pathways for young people and a confusing environment for employers who wish to engage. A major problem has been a lack of co-ordination, with service provision often patchy and

⁴⁵ Such as schools, voluntary and community sector organisations, and local councils

⁴⁶ See for example Martin, J. and Grubb, D. (2001) “What Works and for Whom: A Review of OECD Countries’ Experiences with Active Labour Market Policies”, Swedish Economic Policy Review, Vol. 8, No. 2; Hasluck, C. and Green, A. (2007) What works for whom? A review of evidence and meta-analysis for the Department for Work and Pensions, Research Report no 407, Department for Work and Pensions

⁴⁷ Sissons, P and Jones, K (2012) Lost in Transition? The changing labour market and young people not in employment, education or training, The Work Foundation, London

inconsistent, exacerbated by a tendency to divide skills and employment programmes.⁴⁸ This environment is set to become more challenging as a result of further cuts to local authority finances, the upcoming raising of the participation age, failing national programmes, and schools struggling to deliver on their new duty to secure careers guidance.

There is a commonly expressed concern that too many young people take courses that are not geared to the needs of employers; in other words that there is a mismatch between the supply of, and the demand for, skills.⁴⁹ Ensuring that young people are provided with high quality careers advice and guidance is one of the key mechanisms – available at the local level – which can be used to help balance student preferences and employers’ needs.⁵⁰ Local partners should co-ordinate national and local labour market intelligence so that young people are better informed of the types of jobs available – both locally and nationally – and the skills required to access them. To ensure that skills better match the labour market, local partners should, alongside providing high quality careers advice and guidance, work to expand apprenticeships and traineeships and to increase the availability of work based training opportunities for FE students.

An understanding of the local characteristics of young people who are unemployed or NEET, as well as the barriers they face, is crucial if services are to be properly targeted and responsive to local circumstances. Developing this alongside an assessment and mapping of current provision can mean that: services and resources can be properly aligned; pathways to work streamlined; gaps in provision identified and filled; duplication reduced; wider specialist services aligned to tackle multiple disadvantage; and clear referral and signposting mechanisms put in place for young people, stakeholders and employers.

Importantly, strategic co-ordination of services to support youth transitions could enable the creation of a ‘**no wrong door**’ approach for young people and employers. A clear and shared understanding, by all partners, of the pathways to work available in an area, as well as the services available to support them, would mean that young people, and employers, are signposted and/or referred to the right services. This would also enable activities such as work experience, employability training, and traineeships to be closely linked and be used as stepping stones in pathways to work and training, such as apprenticeships.⁵¹

To support this we recommend that Local Authorities should be tasked with setting up Youth Transition Partnerships.

⁴⁸ Bivand, P (2012) *Generation Lost: youth unemployment and the youth labour market*, London: TUC

⁴⁹ CESI (2012) *Hidden Talents: Skills Mismatch Analysis*, LDA; London

⁵⁰ OECD (2011) *OECD reviews of vocational education and training: Learning for Jobs*, Pointers for Policy Development

⁵¹ Department for Business Innovation and Skills (2012) *Youth Unemployment: Review of Training for Young People with Low Qualifications*, BIS Research Report Paper 101

Recommendation 1 – Local Authorities should lead on setting up Youth Transition Partnerships (YTPs)

We support the Social Mobility and Child Poverty (SMCP) Commission's recommendation⁵² that all cities should set up local 'Youth Transition Partnerships' (YTP). These partnerships would be tasked with developing a local strategy and plan, to support successful youth transitions (for young people up to the age of 25) and create clearer pathways into work, training or further study.⁵³ They would bring together local employers, schools, Further Education institutions, local councils, voluntary and community sector organisations, Work Programme providers and Jobcentre Plus (JCP).

Local authorities should be tasked with setting up YTPs, ensuring there are clear links to Local Enterprise Partnerships. There are a number of reasons why Local Authorities would be the most appropriate lead partner. Firstly, Local Government already has a number of existing duties to ensure young people are supported into education or training – and are soon to be tasked with additional ones including the management and development of a UCAS style system for non-university options.⁵⁴ Secondly, many of the wider support services that are required to support disadvantaged young people into work are either local authority run or have strong links with local government, including housing, health, community and youth services and youth offending services. Thirdly, Local Enterprise Partnerships are in most cases too large in scale to co-ordinate and convene the range of partners involved in supporting young people. And finally, Local Authorities in many cases have strong links with the local business community.

These partnerships should lead on:

- **Developing a local strategy to support successful youth transitions.** Developing a strategy and action plan will help secure the engagement of key partners and enable the effective alignment or pooling of resources.
- **Strategic commissioning of services to support youth transitions.** As part of the development of the strategy, partners should undertake an analysis of local need and map out local service provision. This should be used to assess whether there are any gaps, or duplication, in support services and should result in either the commissioning or decommissioning of services as necessary.
- **Monitoring outcomes for young people locally.** The YTP should regularly collate and monitor school/FE destination data as well as data available from the National Client Caseload Information System (NCCIS) to assess the performance of the partnership.

⁵² Social Mobility and Child Poverty Commission (2013) State of the Nation 2013: social mobility and child poverty in Great Britain, London; SMCP

⁵³ Social Mobility and Child Poverty Commission (2013) Social mobility: the next steps; London; SMCP

⁵⁴

- **Create a ‘no wrong door’ approach for employers and young people** – YTPs should use the strategic mapping of services to streamline pathways to work and enable the development of clear pathways into work or training. This would ensure appropriate referrals and signposting to services as well as creating stepping stones. In particular it will be important to coordinate and manage apprenticeships, traineeships, work experience placements and business mentoring opportunities.
- **Agree common standards and systems for the delivery of careers advice and guidance and monitor the amount of time spent on guidance in schools.** High quality careers advice and guidance is crucial if young people are to make informed decisions about their future and transition smoothly from education to work.⁵⁵ In recognition of the current weakness, Government has recently announced that they will be providing additional guidance to schools on what good careers advice should look like, as well as tasking Ofsted with looking at the quality of careers advice and support available when they inspect schools.⁵⁶ The YTP should work with local schools and target additional support to those providing the least comprehensive services. YTPs should also share best practices on what works both locally and nationally.
- **Data sharing between key agencies.** To ensure that young people do not fall between the gaps in services at key transition points, partners should develop mechanisms to share key data between agencies. This would support effective referrals between services, allow lessons to be learnt about which services work well and why, ensure that services are tailored to individual needs, and, enhance the planning, commissioning and targeting of services.⁵⁷
- **Tracking of young people to ensure early intervention and prevention.** Tracking and targeting of young people are effective mechanisms to identify when a young person is at risk of disengaging and to deliver targeted support.⁵⁸ Partners should work together to identify and target young people at risk of disengaging, right through education and into sustained employment, for additional intensive support.
- **Engaging with local employers** to source a range of opportunities to support successful youth transitions. This could involve engaging with local employers to encourage them to offer apprenticeship places, and secure opportunities for young people to access business mentors, gain experience of different work environments, hear from local business leaders, and visit workplaces.

⁵⁵ Balaram, B & Crowley, L (2012) Raising aspirations and smoothing transitions: the role of careers education and careers guidance in tackling youth unemployment, London; The Work Foundation

⁵⁶ <https://www.gov.uk/government/speeches/better-choices-better-prospects-helping-young-people-succeed>

⁵⁷ Improvement and Development Agency (2010) *Tackling worklessness: Good practice in data sharing*. London: IDEA.

⁵⁸ Cedefop (2010) Guiding at-risk youth through learning to work: lessons from across Europe, Research Paper No. 3, Luxembourg, Publications Office of the European Union

- **Using existing assets** – for example, maximising procurement and supply chain relationships (such as through local anchor institutions – large local employers with strong local ties) can open up additional opportunities for young unemployed residents.

Recommendation 2 - Central government should place a duty on Local Authorities to develop a local strategy and plan to tackle youth unemployment. To help them meet their new duty, particularly in light of cuts to local authority finances, Government should provide funding to Local Authorities of between £10,000 to £80,000, depending on whether it is a district, shire or unitary authority. Youth Transition Partnerships should be free to determine the breadth and scope of their own strategies and plans, reflecting local priorities

Recommendation 3 - Central government and YTPs should ensure that tackling youth unemployment is a priority in Local Enterprise Partnerships' growth strategy. Local Enterprise Partnerships have been tasked with developing growth strategies which will form the basis of bids to the Single Pot (£2billion per annum).

“Through Growth Deals, Local Enterprise Partnerships can seek freedoms, flexibilities and influence over resources from Government; and a share of the new Local Growth Fund to target their identified growth priorities.”⁵⁹

The Government response to the Heseltine Review⁶⁰ stated that it agreed with Lord Heseltine that “youth unemployment should be a priority for every area and that action to support young people NEET is best taken at a local level.” In the future, the Government has said it “will consider the role of LEPs in supporting this work as part of decisions taken on the Single Local Growth Fund in the Spending Round later this year.” Government should hold LEPs to account where this has not been considered a strategic priority, particularly in LEPs with high levels of youth unemployment.

Recommendation 4 – In its response to Lord Heseltine’s review, the Government also announced that, for the 2014-2020 funding period, the European Regional Development Fund and the European Social Fund will be combined into the European Structural and Investment Funds Growth Programme for England (the “European Growth Programme”), with the large majority of funding allocated to Local Enterprise Partnership areas.

Each Local Enterprise Partnership area is to receive an allocation of European Structural and Investment Funds for the full seven-year period of the European Growth Programme. The Local Enterprise Partnership and its partners have been asked to set out how they intend to use this allocation in a European Structural and Investment Funds Strategy, to be agreed with Government by early 2014.

⁵⁹ HM Government (2013) Growth Deals Initial Guidance for Local Enterprise Partnerships July 2013

⁶⁰ HM Treasury and Department for Business Innovation and skills (2013) Government’s response to the Heseltine Review

YTPs should work closely with LEPs to ensure that youth unemployment is a key priority for intervention in each area's European Structural and Investment Funds Strategy. Where YTPs can identify a key gap in the infrastructure – be that in provision of apprenticeships, employability support for non benefit claimants, or careers advice and guidance – which cannot be filled with existing resources, central Government should agree to match fund European Social Funds. Government should also agree to match fund the ESF element of the Youth Employment Initiative where LEPs⁶¹ are eligible for funding under this initiative.

Tackling youth unemployment in cities with struggling economies

As demonstrated by the previous chapter, the lack of job opportunities in weaker economies has a major impact on young people's ability, particularly those with low skills levels, to successfully transition from education to work.⁶²

Partnership working to support successful youth transitions – as set out above - may not be enough in areas which have experienced both entrenched levels of youth unemployment and long term structural economic decline. In cities such as these, more must be done; we recommend that YPTs in these areas develop policies to encourage greater labour mobility – for example, by widening travel horizons through enhanced careers advice and guidance and overcoming transport barriers.

Policies to widen travel horizons and encourage greater labour mobility

An unemployed person has a better chance of finding work the wider the geography of their job search.⁶³ For instance, many of the cities with struggling economies and very high levels of youth unemployment are located near employment centres and areas of growth. Yet, to access these opportunities requires a good understanding of the type and range of jobs available in other nearby employment centres, as well as the provision of suitable, and affordable, transport to access these. This may be particularly important for young people from disadvantaged areas who have limited networks outside of their local communities and little experience of travelling outside of their local area⁶⁴, which may reduce the number of opportunities that they perceive as accessible.

Recent research by The Work Foundation found that the cost and availability of transport is a barrier to work, and further training, for some young people, especially in geographically

⁶¹ The Youth Employment Initiative will be open to all regions (NUTS level 2) with levels of youth unemployment above 25%. And is likely to include Inner London, Merseyside, Tees Valley & Durham and West Midlands NUTS 2 areas. Source: HM Government (July 2013) The Development and Delivery of European Structural and Investment Fund Strategies: Supplementary Guidance to Local Enterprise Partnerships July 2013, Annex C

⁶² Local Government Association (2013) Hidden Talents II: re-engaging young people, the local offer, London: LGA

⁶³ Green, A and White, R (2007) Attachment to place: Social networks, mobility and prospects of young people, York, JRF

⁶⁴ Green, A and White, R (2007) Attachment to place: Social networks, mobility and prospects of young people, York, JRF

isolated areas.⁶⁵ Young people are often less able to commute longer distances; they are more reliant on public transport, which may fit poorly with nearby labour market opportunities in terms of route and timetable; they often have less money to spend on transport and are less likely to own a car.

- **Recommendation** – Local authorities should work with the Local Enterprise Partnership and the local Youth Transition Partnership to map out local transport infrastructure in relation to local employment centres and youth unemployment hotspots, and work to fill identified gaps in service provision.
- **Recommendation** – Central government should guarantee concessionary fares for long-term unemployed young people and extend current transport assistance for school-aged children in line with increases in the participation age (as recommended in our recent report⁶⁶).
- **Recommendation - enhance the careers advice and guidance offer.** Access to advice and guidance can facilitate better matching between young people and training, education and employment opportunities.⁶⁷ Understanding the kinds of jobs that are available in the local area, as well as further afield, and what skills are likely to be in demand in the future will enable young people to make informed decisions about the kinds of qualifications and training that will be valuable to them.⁶⁸

⁶⁵ Jones, K. (2012) Missing Million Policy Paper 2: Transport barriers to youth employment, London: The Work Foundation

⁶⁶ Ibid

⁶⁷ Keep, E. (2012) Youth Transitions, the Labour Market and Entry into Employment: Some Reflections and Questions, SKOPE

⁶⁸ Balaram, B. & Crowley, L. (2012) Raising aspirations and smoothing transitions: The role of careers education and careers guidance in tackling youth unemployment, London: The Work Foundation.

6. Conclusion

The previous section sets out policies to help local areas tackle youth unemployment. No one agency alone can tackle the youth unemployment crisis and locally co-ordinated action is essential if young people's ability to access local jobs is to be improved. In particular, we suggest that Local Authorities should be tasked with establishing Youth Transition Partnerships to bring together government, business, and third sector organisations to improve young people's transition from education into work.

However, in some places efforts to connect young people with local jobs will not be enough, simply because there are not sufficient employment opportunities available. This is not a short term problem, but is rather the result of the UK's highly entrenched pattern of economic disadvantage, with many areas yet to recover from a long-term decline in their key industries. Supporting young people to widen their travel horizons through better information advice and guidance and tackling transport barriers may be effective means to better match young people with opportunities available in nearby employment centres or areas of growth.

Ideally the solution to every young person's employment problem would be local, because there are social and economic costs associated with moving. But this is optimistic, and the reality is that some young people will have to move to areas of greater opportunity – as many do already.⁶⁹ A long term strategy is needed to ensure that young people are equipped with the skills they need to access work no matter where they live, enhancing long term labour mobility, and that barriers in the housing market are addressed by increasing the supply of affordable housing in areas of growth.

Tackling these barriers require both national and local action. For a long time the supply of new housing in the UK has failed to match demand, but especially so in areas where demand is highest – in areas of strong employment growth in the south such as London, Oxford, Cambridge, but also in centres of employment growth further north such as York. This has led to significant inflation of housing costs overall, but also to large geographic disparities in the cost of buying or renting.

A young person living in Middlesbrough (an area of high youth unemployment and low employment growth) seeking employment in Cambridge (an area with very low youth unemployment and strong employment growth) faces the problem of paying the large upfront

⁶⁹ ONS data, based on a combination of different administrative datasets, show that moving within the UK is much more common for young people (aged 16-24) than for older groups. For example, in June 2012, 23% of 19 year olds were living in a different local authority to the previous year. At this age in particular, lots of this movement will be explained by movement for study – in particular to attend a university. However, even after typical undergraduate age (18-21) movement within the UK is higher than older groups. Data is available here http://www.ons.gov.uk/ons/dcp171778_315652.pdf

costs of taking up a new tenancy (if they are renting) or paying the differential between house prices in Middlesbrough and Cambridge (if they are buying). Moving has also historically been difficult for those living in social housing where, as in the housing market generally, high demand means there is limited availability. The Prime Minister has suggested removing housing benefit for people aged under 25 at various points⁷⁰ (though this is not yet Government policy). If this happens, it will become harder still for young people to move to areas with high jobs growth, especially for those with low earnings.

The UK's housing market problems are beyond the scope of this paper, but it is clear that action is required at the national level to raise levels of house building in growth areas. Local government is subject to the political pressures of residents who often resist local building, and its ability to build new housing directly is further limited by constraints on local government borrowing.

Another important factor in young people's ability to move for work is their skill level. At all age levels, moving for work is easier for those with higher skill levels, because they have access to a greater number of jobs and because their higher wages make moving more affordable. Young people with low skill levels in areas of low employment growth are therefore highly disadvantaged.

If geographic disparities in youth unemployment levels are truly to be addressed, alongside ensuring that services are joined up locally and pathways to work are clear for all young people, all young people must be equipped with the skills that enable them to successfully compete for, and access, jobs in all parts of the country, and that the housing market supplies enough houses in areas of employment growth.

⁷⁰ Wilson, W. (2014) *Housing benefit: withdrawing benefit from the under 25s*. London: House of Commons Library.

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