



## NEETS AND GENDER

Preliminary study for 'Scarred for Life?' an inquiry led by Young Women's Trust

This literature review explores existing evidence of the impact on individuals and society of being NEET as well as the current and proposed policy solutions. It has a particular focus on the different experiences of being NEET felt by young men and young women.

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## Introduction

The persistently high rate of young people between the ages of 16 and 24 who are not in education, employment or training (NEET) is a concern which, along with the related problem of youth unemployment is occupying a large amount of policy space (e.g. BIS 2013; Mirza-Davies, 2014). A key reason for this, is the huge individual financial and wider economic costs (Macmillan, 2012; ACEVO, 2012; and Coles et al, 2010). Further concerns are raised by others (for example Coles et al 2010, Brown and Hesketh, 2004) about the social impact of a large NEET cohort, including negative consequences for physical and mental health and also on the number of young people involved in criminal activity. This review of existing literature looks to explore the relationship between the growth of NEETs as a concept, impact on individuals and society as well as the current and future policy solutions.

**1. Amongst 18-24 year olds, there are more young women NEET than young men and this has been consistently the case for at least the last decade.**

- The latest figures (April-June 2014) show there are 408,000 young women aged 18-24 who are NEET accounting for 17.7% of women from that aged group.<sup>i</sup>
- The corresponding figure for men aged 18-24 is 373,000 (15.6%).<sup>ii</sup>
- The female figure has remained higher than the male figure consistently for the past 10 years- the average since the beginning of 2004 has been 448,976 (19.6%) for women and 329,929 (14%) for men.<sup>iii</sup>

**2. The impact is personal and social as well as immediate and long term**

- The expected cost to the economy of youth unemployment in 2012 was £10.7 billion with further costs of £28 billion over the next decade.<sup>iv</sup>
- At the age of 30, women who have spent time unemployed before they are 25 can expect to earn £1800 less than other women. Men who have been in a similar situation can expect to earn £3400 less than other men.<sup>v</sup>
- Following the convention of using male full time employment as a benchmark (as with gender pay gap studies) these figures imply that a women who has spent time unemployed before she is 25 will earn on average £14,000 less than a man who has spent no time in youth unemployment<sup>vi</sup>
- 40% of jobless people have symptoms of mental illness with the long term unemployed twice as likely to be prescribed anti-depressants compared to 25% of the general population.<sup>vii</sup>

**3. There are significant gaps in understanding of the following areas:**

**a. Why young people become and remain NEET**

There is a wealth of literature on the characteristics of the NEET population but less understanding of the how different factors combine. For example, low educational attainment, along with other factors makes someone more likely to be NEET. It is not clearly understood what these factors are or how and why they combine in devastating ways.

**b. Why so many more young women become and remain NEET compared to young men**

- In particular there has been very little attention given to why there are so many young women who are NEET.
- Despite girls outperforming boys at all levels of education, there are consistently more young women who are NEET than young men.
- Traditional explanations that the prime reason for this difference is the additional caring responsibilities of young women are undermined by the fact that as few as 20% of female NEETS are parents in some areas.<sup>viii</sup>

**c. What works to reduce the numbers**

- Despite the attempts of successive Governments, total numbers of NEETs (18-24) have remained above 540,000 since the year 2000.<sup>ix</sup>
- The policy responses have tended to focus on strategic (funding and fiscal stimulus) and preventive (early intervention) approaches with less consideration of how to reintegrate the existing NEET cohort.

## Summary

### Defining NEET

1. This literature review seeks to understand the growth of the concept of NEETs as an alternative to the loaded terminology of 'Status Zero' which, before the mid-90s, was applied to the group of young people who were not employed and not accessing education or training opportunities. The term NEET now refers to 16-24 year olds who are not attached to the main labour market categories of employment, education or training.

### Characteristics of NEET

2. Whilst the NEET group is a broad group, it is possible to analyse the make-up of the group according to a number of different characteristics:

#### *Gender*

3. The latest available figures (January-March 2014) indicate that there are more young women (408,000) aged 18-24 who are NEET than young men (320,000). The NEET rates do show some annual and seasonal variation although the long term average for the past 13 years indicates that 430,000 young women were NEET (peaking at 581,000 in 2011) compared to 298,000 young men (peaking at 454,000 in 2011). Furthermore it seems the male rate has been more sensitive to underlying economic trends, rising since 2004, whilst the female rate has remained static.

#### *Socio economic status*

4. Low socio-economic status is a characteristic shared by the majority of NEETs; three quarters of NEETS come from the lowest socio-economic groups (DE) whilst just 6% are from the higher groups (AB). On current data, we would expect to find almost 550,000 young people NEET from the lowest economic groups compared with just 45,000 from the higher economic groups.

#### *Ethnicity*

5. The impact of ethnicity on a person's likelihood of becoming NEET is unclear. Overall 80% of the NEET population is white and some studies show that white British people are 1.2 times more likely to be NEET. However census data indicates slightly elevated NEET levels for mixed race and black young people with significant regional and gender differences. There appears to be more young women NEET across all ethnic groups with the exception that more black men than women are NEET.
6. However, statistical reviews offer limited understanding of the impact of ethnicity as they often rely on broad categories of ethnic groups which may mask underlying variation.

## *Geography*

7. Cities with high levels of NEETs are situated in the North, primarily in a band from Merseyside to Humberside with further pockets of high NEET levels in the West Midlands and the North East
8. The local authorities with the highest female NEET levels are Hartlepool; Walsall; North East Lincolnshire; Wolverhampton and; Barking and Dagenham

## **Why do people become NEET?**

9. The literature suggests many factors that are associated with being NEET that can be broadly categorised as: Labour market structure; family and personal circumstances; social exclusion; and educational attainment. There is further evidence that the experience of these elements will also be affected by a person's gender.

## *Labour market structure*

10. The persistently high levels of NEET, even during times of economic growth indicate a structural element to the problem. The changing labour market is a key part of this structural challenge. For example, there are limited number of employment opportunities for young people and a strong preference amongst employers for recruiting people who have completed higher education intensifies the impact of those limits. Furthermore recent contraction in mid-level jobs has created more competition for work as well as a bottleneck which limits the opportunities for young people to progress

## *Careers Advice*

11. The Women in Work Commission report (2006) called for careers advice that challenged gender stereotypes. Latest figures for apprenticeships show that despite this, young women continue to work in a narrow range of fields- 61% of female apprentices work in just five sectors, whilst the same proportion of men are spread across more than 10 sectors
12. This is particularly concerning given the fact that many of the sectors with high concentrations of young women have low pay, fewer available jobs and poorer opportunities for progression. For example, whilst there are 5 jobs for every qualified construction worker, each qualified practitioner in hair and beauty is competing with 4 other young people.
13. Additionally, careers advice is often lacking in consistency and narrowly focussed on promoting higher education over vocational routes (Ofsted 2013, Education Committee 2013). This has the effect of further entrenching the idea that vocational routes are second best whilst also denying young people the support they need to make key decisions about their future.

### *Family and personal circumstances and social exclusion*

14. Social exclusion is experienced in a number of ways by individuals and families. It can relate to absolute or relative poverty; it often determines the kind of work that people do, whether they have savings or own major assets such as their home. Social exclusion appears to be linked to how engaged people are with their communities and with a social network.
15. Social exclusion often sees people respond to immediate need to stave off poverty by, for example, taking up low paid short term and precarious employment. Although work is often viewed as the most effective route out of poverty, in some circumstances, the nature of this work can lead to greater risk of workless periods as well as limited opportunities to progress.
16. The impact can be intergenerational: a young person whose parents have poor qualifications is thirteen times more likely to be on a poor career trajectory than those whose parents had high level qualifications.

### *Mental health*

17. Poor mental health seems to be both cause and effect of being NEET. Studies have shown that as many as 40% of jobless people have symptoms of mental illness compared to 25% of the general population. Similarly the long term unemployed are twice as likely as other young people to have been described anti-depressants. There is a gender divide here too, with young women more likely to suffer from low self-esteem, feel inferior to others or have been prescribed anti-depressants.

### *Educational attainment*

18. Educational attainment is a critical factor in associated with becoming NEET. A person with no qualifications more likely to be on a poor career trajectory (either NEET, long term worklessness or complete withdrawal from the labour market) than someone who achieved 5A\*-C grades at GCSE
19. However, despite higher levels of achievement at all levels of education, young women are more likely to be NEET- this implies there are other factors which, alongside poor attainment, that put people at risk- what these factors are remains unclear.

### *Gender*

20. Young women are more likely to become NEET and remain NEET for longer. It is unclear why this is the case, although the literature offers partial explanations. Young men are more likely to study facilitating subjects that are popular with employers and universities which may limit opportunities for young women.

21. Young women are much more likely to need to work flexibly due to caring responsibilities. However young mothers appear to account for as few as 20% and no greater than 30% of the overall number of NEETs, although it is difficult to source accurate figures on the numbers of female NEETs who are also mothers.
22. Furthermore, women are more likely to be working in low paid, precarious employment than men. Evidence shows that whilst 27% of female employees are paid below the living wage, just 16% of male employees are in the same position. Whilst low pay does not specifically indicate precarious employment it is likely that these jobs will be the least secure and result in several periods of unemployment between low paid jobs, with expected negative impacts on mental and physical health.

### **Impact**

23. Being NEET is experienced in terms of economic, financial, social mobility, health and crime impacts. These are both personal and of a cost to society as a whole.

#### *Economic and Financial*

24. The expected cost to the economy of youth unemployment in 2012 was £10.7 billion with further costs of £28 billion over the next decade. These figures only account for those people claiming Job Seekers Allowance and therefore may underestimate the potential for increased tax revenue if economically inactive people returned to work. As well as wider economic impacts, being NEET also has a personal financial effect including with expected annual earnings that are between £1800 and £3400 lower than for someone who has not spent any time NEET. Significantly women have on average a greater number of workless spells which are longer in duration. This means that the proportion of income lost is greater for women.

#### *Social Mobility*

25. Being NEET can lead to forms of later disadvantage including more persistent unemployment, lower job security and low pay. For many low pay is a life-long existence that passes from one generation to the next-for people of all ages, the majority of people in the bottom earning segments failed to move to higher segments throughout the course of their life. Furthermore, as many as 20% of those in the bottom earning segments dropped out of work altogether, damaging their chances of progress, limiting the future opportunities for them and their children.

#### *Health and wellbeing*

26. Whilst having poor health can limit an individual's work opportunities, periods of unemployment and low socio-economic status can also have a significant impact on a person's health and wellbeing. 40% of jobless people have symptoms of mental illness with the long term unemployed are twice as likely to be prescribed anti-depressants. It is evident that young women are more likely to suffer from low self-esteem, feelings of inferiority and to have been prescribed anti-depressants than their male peers which may both be a cause and effect of worklessness.

## **Crime**

27. One impact that is often thought to be associated with people becoming NEET is an increased participation in crime. 30-35% of young offenders are NEET although it is estimated that young women involved in the criminal justice system account for only 12-15% of all female NEETS. A corresponding estimate for boys would imply that almost half (46-50%) of male NEETs have had contact with the criminal justice system.

## **Policy Responses**

28. Whilst successive Governments have tried to reduce the number of NEETs with a range of strategic, preventive and reintegration approaches, there seems to have been an emphasis on strategic (funding and fiscal stimulus) and preventive (early intervention) with perhaps less focus on reintegration approaches. Responses by the current Government have taken a broad approach to tackling the NEET problem. The policies include: Raising the participation age, The Youth Contract, The Work Programme, the expansion of apprenticeships and mandatory work activity.

## **Future Policy**

29. Although there are differences in the proposed solutions to these issues there is a developing consensus around some of the things need to change. Different perspectives have been put forward with regards reforming apprenticeships, welfare reform, investment in skills and careers advice.

## Literature Review

### What is NEET?

#### History

31. Before the mid-90s, young people who had fallen away from the labour market had been referred to as “Status Zero” (Simmons and Thompson, 2012). The term carried a huge stigma and painted a picture of a largely male group carrying labels of addiction and criminality. Newspapers at the time reinforced this stigma with the following appearing in the Independent in 1996:
32. *“He or she [although it is mainly young men] had a poor record at school with a history of truancy and would have left school at 16, drifting in and out of government training schemes. He spends the majority of his time with people of the same age, involved in crime and drug-taking, with no means of independent financial support, living in an inner-city area - probably a large council estate. He may well live at home but is on the brink of being kicked out as he will bring no wages and no benefits. His family can no longer afford him and the state offers him nothing. He will probably be homeless soon.*
- (Cooper, 1996)
33. The term NEET therefore was an attempt, first used in a report by the Social Exclusion Unit in 1999, to develop positive action that did away with the stigma of the previous classifications. This stigma however remains (Grist et al, 2011; Thompson, 2011), with NEET still associated with criminality and idleness despite the category encompassing a wide range of people with varying life, educational and employment histories who become or remain NEET for a number of different reasons.

#### Defining NEET

34. The attraction of the term NEET lies in the apparent simplicity of identifying those young people, aged 16-24, who are not attached to the main labour market categories of employment, education or training. The term covers young people who are unemployed (but not students); those with long term sickness or disability; and people with caring responsibilities that prevent them working. (Furlong 2006). It also includes those who are unwillingly NEET because of earlier disadvantage and those who are actively making a choice to withdraw from employment, education or training because other life circumstances make it both possible and desirable (ibid.).
35. Furlong (2006) praises the inclusivity of the term as a way of ensuring marginalised groups receive ongoing attention whilst also critiquing the difficulty of formulating meaningful policy responses to tackle such a heterogeneous group. There is also some concern that there is a ‘missing middle’ of young people who, whilst not fitting traditional categories, remain in low level, precarious employment with financial security out of their reach (Roberts 2011).
36. Further criticism of the concept of ‘NEETs’ comes from the way it defines people by what they lack (Hayward et al, 2008). Through the use of this acronym, non-participation becomes attached to *personal* shortcomings overlooking the *social and economic* inequalities that contribute to young people being NEET (Simmons et al,

2014). It also exaggerates the levels of labour market distress by assuming all NEETs will have that status involuntarily and be struggling financially as a result (Philpot, 2011). Philpott argues that a better measure would be to examine the group of people who “want to work” even though they are currently inactive. In terms of gender it is interesting to examine this further since it is often assumed that women are more likely to be voluntarily inactive due to caring responsibilities (Radio 4, 2013). The UK Labour Market Statistics (ONS, 2014) allow us to examine the reasons behind inactivity and therefore identify the proportion of those who want to work (table.1)

**Table 1. Levels of inactivity ('000s)**

<b>Category</b>	<b>All people</b>	<b>Male</b>	<b>Female</b>
Number of inactive people	8,932	3,288	5,644
Number who want a job	2,288	942	1,346
% who want a job	25.6%	28.6%	23.8%

*(Adapted from ONS, 2014)*

37. Although the proportion of women wanting to work is lower, there are more women in that position. This is due to the higher numbers of women classified as inactive. The above covers all women of working age but there is little compelling evidence that the situation should be different for women in the 16-24 bracket. The ‘want to work’ model outlined by Philpot (2011) tends to ignore the underlying labour market structures that may prevent some groups of young people seeking employment. It also places too much emphasis on the current employment status of the individual (Dorsett and Lucchino, 2012) instead of recognising the accumulation of ‘Human Capital’, that may improve future prospects.

38. Furthermore the NEETs concept is inclusive of a broad range of young people transitioning from compulsory education to the labour market via various routes (such as via apprenticeships, further education or direct entry to the job market). It is still unclear how some of those routes lead to successful outcomes whilst others do not or how to facilitate the choice of successful routes. Additionally, an analysis that takes account of the people who have multiple periods NEET will also allow us to identify the impact of low level, precarious employment on the future prospects of young people and the likelihood they will continue to churn in and out of low paid work and unemployment (Simmons, 2014; Shildrick et al, 2010). The next section therefore begins to look at how others have tried to identify who falls into the NEET category.

### **Who is NEET?**

39. Developing effective policies to reduce the number of young people NEET requires an understanding of who is in this group, any shared characteristics they may have and where they are located. From there we can begin to identify both what is linked with people becoming NEET and the impact being NEET has on their lives. This is particularly important from the perspective of gender; despite some commonalities,

young men and women may become NEET for different reasons and experience the consequences in different ways and to varying degrees.

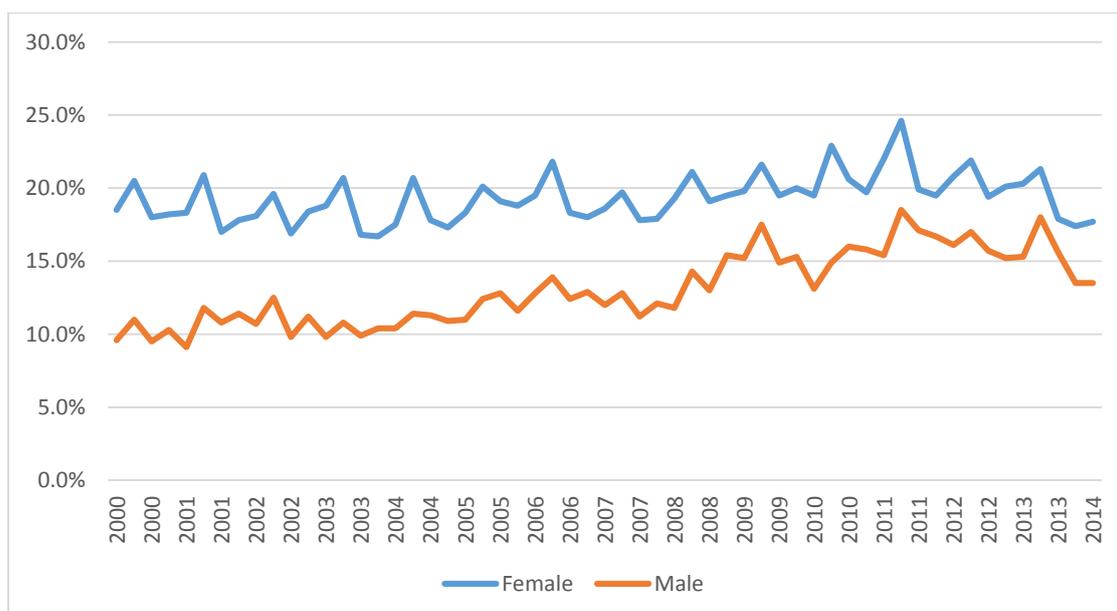
40. Overall there are 1.07 million young people (16-24) NEET, this section looks at how others have tried to break down and analyse this group to see in more detail who these young people are.

### More women NEETs

41. The historical data from the Department for Education (DfE, 2014) shows that the NEET level has been persistently high for more than decade. Even as far back as the middle of the year 2000, 11% of 18-24 year olds were NEET. This discounts the recession as the primary cause and points to an underlying structural cause behind the NEET levels. However it also allows us to examine some interesting gender splits in both the current, and historical trends.

42. It is estimated that the rise in the levels of youth unemployment began in 2004 (Petronglo and Van Reenen,2011;), before the recession took hold.

**Chart 1: NEET levels April 2000- March 2014 by gender**



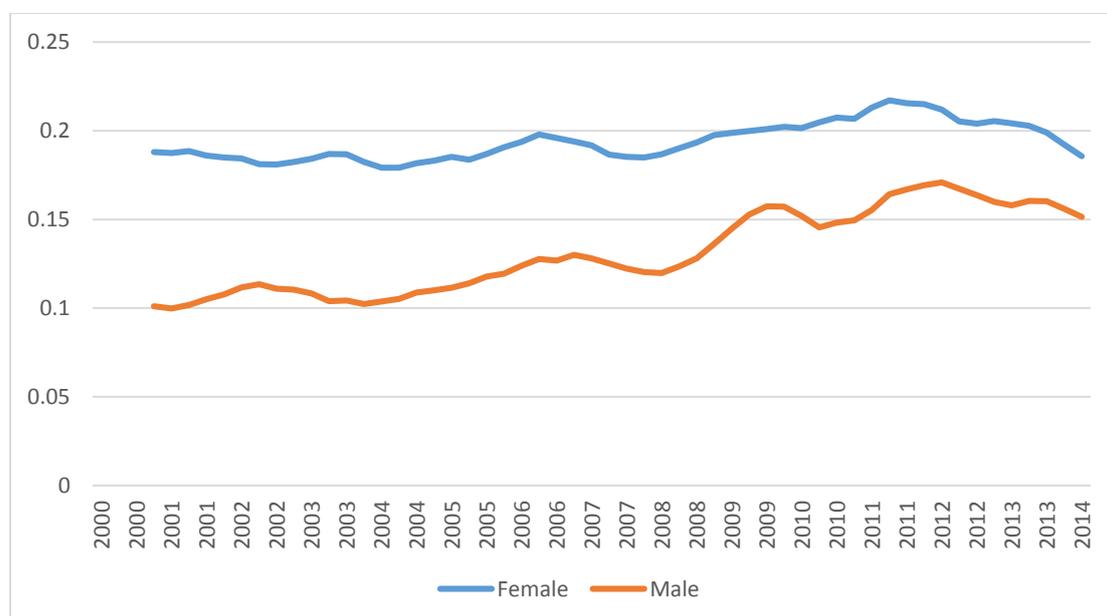
43. Chart 1 exposes the seasonal nature of the NEET levels. Peaks in the NEET which coincide with the July-September months. This is a time during which many colleges are closed and children are on school summer holidays. Although the peaks are roughly consistent for both men and women the effect is more pronounced for women which may suggest a link to the greater likelihood for young women to have caring responsibilities.

44. By applying a four period moving average to this chart we can eliminate the seasonal effect and identify more clearly the trends in both male and female NEET levels. Chart 2 therefore allows us to see that whilst female levels of NEET have remained

consistently high, male levels of NEET whilst starting on a still considerable 10% began to rise appreciably during the latter part of 2004. This is consistent with Petronglo and Van Reenen's (2011) assertion touched on earlier.

45. It has been suggested that much of the overall NEET level is due to underlying structural issues in the economy (ACEVO 2012) however this seems to be truer of the female rate rather than the male rate. The male rate shows a rise from 2004, corresponding with the beginning of a rise in youth unemployment. Whilst the female level shows a much smaller rise over this period. This opens up the hypothesis that whilst the male rate is more sensitive to changing economic conditions, the female rate is more entrenched. This not only suggests that we might expect the male rate to fall more quickly as the effects of any recovery are felt, but also that we will require gender specific approaches if we are to reduce the number of young women NEET.

**Chart 2. NEET levels 2001-2014 by gender (4 period moving average)**



46. Knowledge of this structural difference between the male and female NEET rate also allows us to identify the long run trends. The latest NEET figures (October-December 2013) show that there are 418,000 young women NEET compared to 325,000 young men. The extra 93,000 young women NEET is, in itself, considerable but is dwarfed when we begin to examine the difference in the trends over the last decade or so. When taken for the whole of the period covered by these charts, there were an average of more than 430,000 young women NEET and almost 300,000 young men—a much larger difference of 130,000. Should our hypothesis prove correct and the male rate begin to subside as the economy recovers we might expect the gap to return to something approaching these levels.

### Socio Economic Grouping

47. Thompson (2011) demonstrates that young people with a low socio-economic status are “significantly more likely to be NEET than those from professional backgrounds... [and] are also more likely to lack academic qualifications, and be in Government-

supported training schemes.” Thompson’s analysis shows that more than three quarters of NEETS come from the lowest socio-economic groups (DE).By applying the proportions from Thompson’s analysis to current data we can estimate the total number of NEETs in each socio-economic group (Table 2). This highlights that there are more than 545,000 young people from the DE groups who are NEET compared with just over 46,000 from the AB groups.

**Table 2: Application of Thompson (2011) proportions to current data**

<b>Socio-Economic group</b>	<b>Proportion of overall NEETS</b>	<b>Total</b>	<b>Male</b>	<b>Female</b>
TOTAL	100%	728,000	320,000	408,000
A	2.30%	16,744	7,360	9,384
B	4.10%	29,848	13,120	16,728
C1	11.20%	80,008	35,840	45,696
C2	7.60%	55,328	24,320	31,008,
D	50.40%	366,912	161,280	205,632
E	24.40%	177,632	78,080	99,552

48. Blanden, Gregg and Macmillan (2013) advise caution in interpreting analyses of social class as the methods used can disguise the realities of a person’s situation. Of particular concern is the fact that, for young people, the socio-economic status of their father is used as a proxy for their own status. This is problematic in that it ignores not only their own resources but the influence of the mother in determining outcomes for their children.
49. Therefore it is useful to look at other socio-economic indicators to understand more fully how this status is represented the NEET numbers. A critical and often used factor is proportions of pupils eligible for free school meals (FSM).
50. Latest Department for Education figures show that 15% of pupils are eligible for Free School Meals.
51. The proportion of people who were eligible for FSM who become NEET is 34% (Mirza-Davies, 2014) confirming that that there is an over representation of people from lower socio-economic groups amongst the total NEET population.

## **Ethnicity**

**Table 3: Proportion of NEETS by Ethnicity and Gender**

<b>Ethnicity</b>	<b>All</b>	<b>Male</b>	<b>Female</b>
White	14.19%	13.59%	14.80%
Mixed	17.35%	17.54%	17.16%
Asian	12.18%	9.86%	14.69%
Black	15.20%	15.90%	14.53%
Other	14.09%	11.62%	17.26%
Total	14.85%	13.39%	14.88%

52. Analysis of the literature does not provide a complete or consistent understanding of the role ethnicity plays in making an individual more or less likely to become and remain NEET. According to analysis of census data, mixed race or black young people are most likely to be NEET (17.4% and 15.2% respectively) against an average of 14.9%. There are also variations between ethnic groups based on gender. Black young women have a NEET rate below average, whilst black young men are more significantly more likely to be NEET than men from other ethnic groups. Conversely whilst just 9.9% of Asian men were NEET, 14.7% of young Asian women were. Similarly 11.6% of men and 17.3% of women in 'other' category were NEET. However a study for the National Audit Office (2008) demonstrated that 'White British' people were 1.2 times more likely to be NEET than people of other ethnicity.
53. It should be noted that statistical reviews offer limited understanding of the impact of ethnicity as they often rely on broad categories of ethnic groups which may mask underlying variation and explain the discrepancies in these figures- the impact of ethnicity on a young person's chances of becoming NEET therefore remains far from certain and requires further analysis.

## Geography

54. Geography has strong overlaps with socio economic status, job availability, educational provision and ethnicity. In any overview of who NEETs are, it is therefore important to analyse where NEETs are located. Most of the cities with high proportions of people NEET are in the North of England, in a belt running from Liverpool to Hull (Lee and Wright, 2011). Conversely the areas with the lowest levels of NEET are overwhelmingly in the South of England with Bath, Kingston-Upon-Thames, Bournemouth, Wokingham and Oxfordshire all having less than 10% of young women who are NEET. An exception to this is the city of York which has similarly low levels but is surrounded by areas with higher levels of NEETs.

**Table 4: Local authorities with a high proportion of female NEET levels**

Local authority	% Female NEET
Hartlepool	25.5%
Walsall	24.8%
North East Lincolnshire	24.7%
Wolverhampton	23.9%
Barking and Dagenham	23.6%
Redcar and Cleveland	23.3%
Sandwell	22.9%
Doncaster	22.7%
Oldham	22.5%
Middlesbrough	22.3%
Blackpool	22.2%

55. If we consider numbers instead of proportions, the geographical spread is wider (table. 5) This may be useful if we are thinking about policy solutions as identifying the location of large numbers of NEETs (even where they represent a lower portion of the population) will help to better direct resources to where they are needed the most.

**Table 5: Local authority by number of Female NEETs**

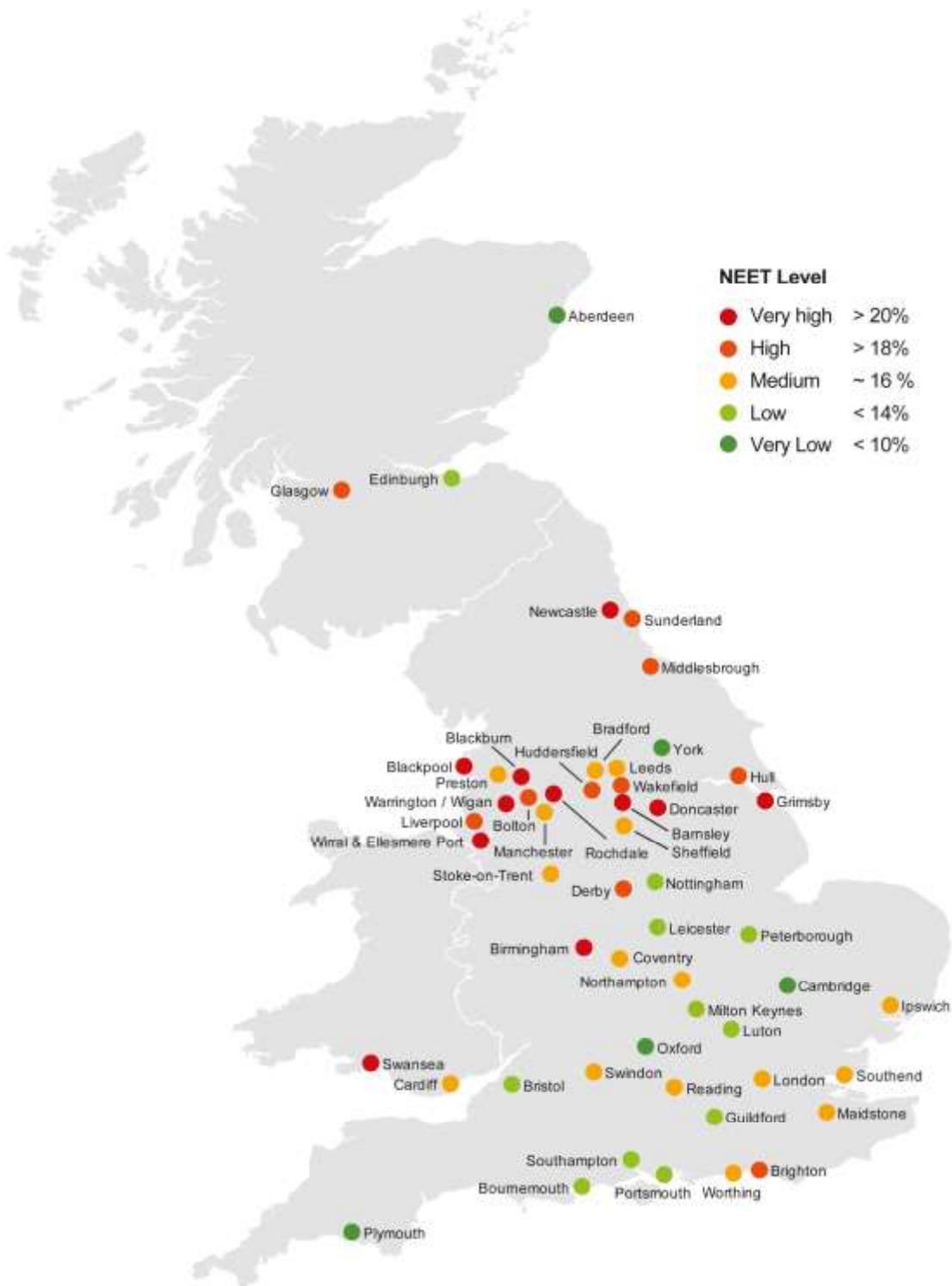
Local authority	Number of Female NEETs
Birmingham	14,708
Kent	12,414
Essex	10,094
Lancashire	9,873
Hampshire	8,064
Leeds	7,170
Hertfordshire	7,082
Norfolk	6,999
Bradford	6,933
Nottinghamshire	6,358

56. Figure 1 shows a stronger concentration in the North West. Grimsby, Doncaster, Warrington and Wigan show particularly high levels in this analysis. There are further pockets in the North East, consistent with analysis by Carter (2012) who demonstrates the existence of youth unemployment hotspots which correspond to these areas. Additionally we see a cluster of authorities around Birmingham forming part of the West Midlands conurbation and the Black Country towns. This clustering effect is interesting and will be useful in helping to identify the efficacy of existing policy interventions and the potential to transform these areas' experience of NEETs.

### Typologies

57. Almost all existing research guards against treating all NEETs as a single, homogenous category. People will become NEET for different reasons, influenced by their backgrounds, current circumstances and future plans and ambitions. There have been several attempts to identify different characteristics of NEET young people which seek to reflect their experiences of becoming, remaining or ceasing to be NEET.

58. These typologies seek to categorise NEETs in four broad ways: by personal circumstances, by time, by learning status and by expected trajectory. Table 6 shows how some authors have attempted to model various typologies and assess the strengths and weaknesses of these approaches. Collectively, the typologies help to identify certain common characteristics. We have attempted to assess the strengths and weaknesses of these models.



**Figure 1: Towns and cities with high levels of NEET**

*Source: The Work Foundation analysis using Labour Force Survey 2009/10 (cited in Lee and Wright 2011)*

**Table 6: Typologies of NEETs**

<b>Approach/ Author</b>	<b>Sub group</b>	<b>Characteristics</b>	<b>Strengths</b>	<b>Limitations</b>
<b>Personal/ Spielhofer et al</b>	Open to learning	Positive School Experience, 5 A*-C	Recognises influence of personal circumstances	Emphasis on attainment, restricted to 16-17 year olds
	Undecided and NEET	Lower qualifications, No significant personal barriers, Lack support		
	Sustained NEET	Negative school experience, No qualifications Multiple personal barriers		
<b>Personal/ BIS</b>	Multiple barriers, not ready to progress	In need of extensive support	Helps to identify those further away from job market.	Tends to overlook skills  Does not consider demand for labour
	Multiple barriers, ready to progress	Have overcome barriers, ready to progress		
	Able but lacking direction	Positive and able, but unable to formulate plans		
	Able, positive has plans	Positive, able with clear direction		
	Qualified, unable to find a job	Qualifications and experience		
<b>Temporal/ Allen, Metha and Rutt</b>	Core NEET	Low levels of skills and qualifications	Recognises extent of impact (e.g financial distress)	Does not take into account how or why individuals may move between categories
	Floating NEET	Lack direction and motivation, churn in and out of EET		
	Cyclical NEET	Sufficiently qualified. Financial distress		
	In Transition	NEET by choice, less likely to be in financial distress		
	At risk	Likely to feel long-term impact		
<b>Learning Status/ BIS</b>	Recent experience	Younger age profile	Highlights drift away from learning that comes with age	Prioritises development of current opportunities
	Applied for a course	Women are over-represented		
	Looking for opportunities	Slightly older, actively searching		
	Want to learn	Older still, no current plans but open to future		
	No Plans	Poor previous experiences		
<b>Trajectory/ Dorsett and Lucchino</b>	Accumulating Human Capital	In full time education- either throughout entire period or with a gap year	Begins to identify characteristics/ reasons people enter negative trajectory	Focus wider than NEETS  Ignores later accumulation of human capital
	Successful education to work transition	Quick and successful route from education into (secure) employment		
	Possible cause for concern	NEET from either 16 or 18, long term worklessness or total withdrawal from the labour market		

## Causes, indicators and barriers to reengagement

59. Due to the multiple influences on young people's lives and the wider economy it is difficult to develop a comprehensive story about what causes a young person to become NEET, but there is a large degree of consensus about which shared characteristics are predictors for how likely a young person is to be NEET. The Audit Commission developed a model analysing how specific characteristics increase the likelihood of someone being NEET, as shown in full in Table 7. The biggest factor (perhaps self-evidently) was shown to be those having recent experience of being NEET. This supports the idea that many people will oscillate between low paid work and unemployment so will spend multiple periods NEET.

**Table 7: Causes of NEET status**

<b>Explanatory factor</b>	<b>Direction of relationship</b>	<b>Increase in likelihood of being NEET for six months or more</b>
Recent NEET experience	Positive	7.877 times more likely
Pregnant parent	Positive	2.816 times more likely
Supervised by Youth Offending Team	Positive	2.575 times more likely
Limited recent education	Positive	2.281 times more likely
Substance misuse	Positive	2.084 times more likely
Carer	Positive	2.024 times more likely
Special Educational Needs	Positive	1.483 times more likely
Limiting Learning Difficulty	Positive	1.319 times more likely
White British	Positive	1.221 times more likely

*Taken from Audit Commission (2010)*

60. Similarly, BIS (2013) lists a lack of job or training opportunities; poor experiences of education; low qualifications; poor literacy and numeracy; challenging family circumstances' and low levels of confidence as factors that contribute to a person becoming NEET. ACEVO (2012) add to this list with experiences of being in care; disability; and socio-economic status whilst Allen, Metha and Rutt (2012) also contribute parental employment; poor school attendance; criminal behaviour and substance misuse.

61. Building on the trajectories analysis of Dorsett and Lucchino (2012) it is possible to develop further insight into things that appear to influence why people become NEET. Table 8, draws on Dorsett and Lucchino's population estimates to estimate the number of people who possess various characteristics who become NEET. This shows that several factors appear linked to an increased likelihood of entering a

negative trajectory (of being either NEET, unemployed long term or withdrawing from the labour market completely. Notably young women are more than twice as likely as young men to be in a cause for concern trajectory whilst personal and parental qualifications are also significant factors.

**Table 8: Proportions of group in ‘cause for concern’ trajectory**

<b>Group</b>	<b>Total number in group</b>	<b>Number in ‘cause for concern’ trajectory</b>	<b>Proportion of group in cause for concern trajectory</b>
Female	388,000	55,900	14.4%
Male	372,000	24,100	6.5%
Parental qualification low	174,000	47,700	27.4%
Parental qualification high	129,000	2,600	2.0%
GCSE D-G/ No qualification	152,000	46,300	30.5%
GCSE A-C	608,000	33,700	5.5%

*Compiled from data in Dorsett and Lucchino (2012)*

62. The literature relating to underlying causes can be grouped into four main categories: labour market structure; family and personal circumstances and social exclusion; educational attainment; and gender.

### **Labour market structure**

63. Many of the barriers young people face will relate to their personal circumstances. However young people themselves are more likely to identify a shortage of jobs as a greater barrier to entering the labour market than their own lack of skills or qualifications (Simmons et al, 2014).
64. Although NEET levels are currently elevated, in part due to the ongoing effects of the financial crisis, a large part of inactivity and unemployment in young people is thought to be due to long running structural elements of UK labour market. Wolf (2011) identifies five key changes in the labour market which is increasing the importance of these structural aspects:
65. *The youth labour market is disappearing:* Until relatively recently most young people transitioned into employment in their mid-teens following completion of secondary education. Current trends are for people to remain in education for longer. This is due in part to the educational premiums that are gained in later work opportunities but also due to a lack of jobs, which pushes young people into education, rather than facing a hostile labour market (ibid).

66. *High returns, to education and qualifications*: The premium that is obtained from completing university degrees is significant in shaping the current experience of young people NEET. Conversely lower levels of vocational qualifications can have a neutral or even negative impact on future earnings (Dearden, McGranahan and Sianesi, 2004). This impact widens the gap between those who gain higher qualifications and those who do not, creating a group of people who are increasingly excluded from the labour market. As this trend continues, employers are increasingly likely to see those leaving education at younger age as 'second best'- 14% of employers would not employ school-leavers, whilst just 5% said the same about graduates in their first job (CIPD, 2013); young people with low level qualifications are entering into a job market where there increasingly limited opportunities.
67. *Universal aspiration to higher education*: The increased wage premiums gained from higher education has created a strong desire to enter higher education. The vast majority of parents want their children to attend university (Wolf 2011) however just 26% of 18 year olds entered university in 2012 (BIS, 2013).
68. This emphasises the gap between those with higher education compared to those with lower qualifications. Additionally, as rates of university attendance rises, the premiums gained by that education are likely to fall which in turn is creating a highly competitive but ultimately frustrating graduate job market.
69. *High returns to employment experience*: Employers are increasingly reluctant to employ young people, citing a lack of skills and a lack of work experience (Chartered Institute of Personnel Development, 2013). This has created a 'Catch-22' for many young people, who find it difficult to gain initial experience that will help them to progress into longer term positions.
70. *Rapid economic change*: The changes in the economy were expected to see low-skill, routine jobs decline with a corresponding increase in higher level jobs requiring higher level qualifications. This has not been the case- instead there has been a contraction in mid-level jobs and increases at the top and bottom of the job market.
71. This has created a highly competitive job market where the skills and experience of older workers gives them an advantage whilst also creating a bottleneck which limits the opportunities for young people to progress to higher levels unless they have previously gained essential higher level qualifications.
72. Furthermore continuous full-time employment is becoming less frequent. Instead, flexible forms of employment such as part-time work, fixed-term contracts, and self-employment are gaining importance. This makes education to work transitions inherently less stable and is likely to not only delay entry to the labour market but increase the likelihood of repeated experiences of being NEET during the years following an end to compulsory schooling (Plantenga et al, 2013).

### **Careers advice**

73. The Women in Work Commission report (2006) called for careers advice that challenged gender stereotypes. Latest figures for apprenticeships show that despite this, young women continue to work in a narrow range of fields- 61% of female apprentices work in just five sectors, whilst the same proportion of men a spread across more than 10 sectors.

74. This is particularly concerning given the fact that many of the sectors with high concentrations of young women have low pay, fewer available jobs and poorer opportunities for progression. For example, whilst there are 5 jobs for every qualified construction worker, each qualified practitioner in hair and beauty is competing with 4 other young people.
75. Additionally, careers advice is often lacking in consistency and narrowly focussed on promoting higher education over vocational routes (Ofsted 2013, Education Committee 2013). This has the effect of further entrenching the idea that vocational routes are second best whilst also denying young people the support they need to make key decisions about their future.

### **Family circumstances and social exclusion**

76. It seems that whatever measure of socio-economic status is used, those at the lower end of the scale are much more likely to experience negative outcomes. Mirza-Davies 2014 highlights that whilst people eligible for free school meals make up just 15% of the pupil cohort, that group goes on to form 30% of the NEET population. Furthermore we have already seen that young people whose parents had poor qualifications were 13 times more likely to be on a poor career trajectory than those whose parents had high level qualifications (Dorsett and Lucchino, 2012). From that same study we also see that whilst 1 in 3 people whose parents lived in social rented housing just 1 in 15 people whose parents owned their home were on a poor trajectory.
77. Burchardt et al. (2002) define many of the factors which are dimensions of social exclusion which relate to Consumption activity (relative/absolute poverty); Savings activity (savings, home ownership); Production activity (paid work, education, looking after a family); Political activity; and Social activity (friends, family and community). Salvesberg and Martin-Giles (2008) suggest that experiencing exclusion in one of these areas will make it more likely that further exclusion will follow. They argue that this results in people prioritising immediate needs such as food and shelter, often at the expense of long term prospects and security. This provides a possible explanation for the numbers of young people experiencing multiple periods NEET interspersed with periods of precarious employment.
78. As Yates and Payne (2010) discuss, one crucial, immediate needs is housing, stressing the importance of secure housing tenure in preventing people becoming or remaining NEET.

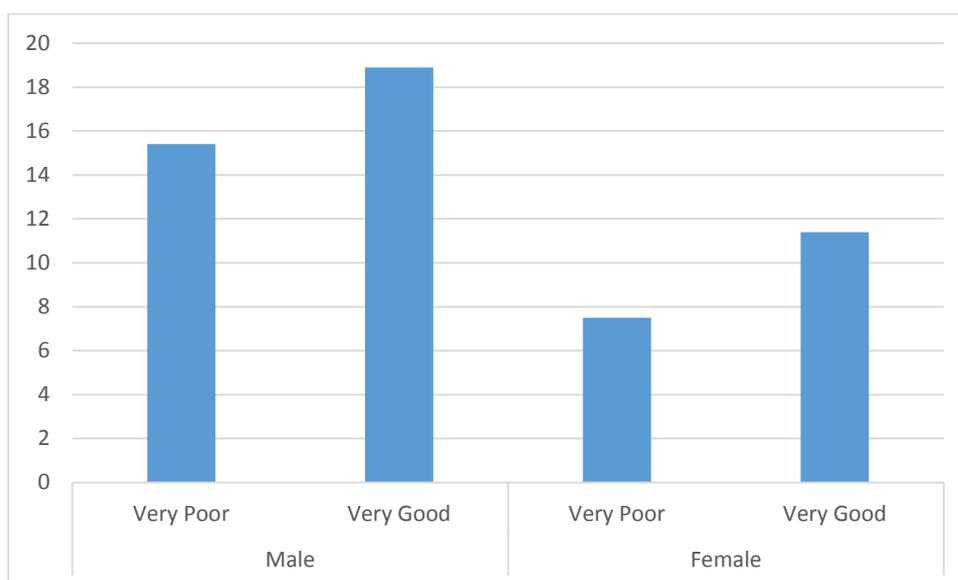
### **Educational attainment**

79. Those with low level qualifications are much more likely to become NEET than those with higher level qualifications. As we have seen above, much of this is due to changing labour market structures and the increasing importance of formal qualifications.
80. Simmons and Thompson (2012) demonstrate that the societal preference for traditional academic routes over vocational routes can, in particular, encourage some young people to pursue less valued academic qualifications which do little to enhance their ability to enter the job market upon completion therefore further

excluding disadvantaged young.

81. The impact of a failure to obtain basic skills can be seen by Birdwell, Grist and Margo's (2011) analysis of the number of years of employment that is achieved by men and women at the age of 37 with varying levels of literacy (Chart 3). This supports the data that those with few or no qualifications are more likely to be NEET than those gaining at least 5 GCSEs at A\*-C (Dorsett and Lucchino, 2012).
82. Significantly, women with good levels of literacy are able to achieve fewer years of employment than men with poor levels of literacy suggesting that there may be other factors that impact on a women's ability to find and maintain employment.

**Chart 3: Years of employment aged 37 with different levels of literacy**



83. Low educational attainment is associated with a number of factors, including socio-economic status and parental qualifications (Evans et al, 2009). However, disengagement from education at an early age has a significant impact (ibid.). A study of young people aged 13-20 who were accessing Barnardos education, training and support services showed that many people had poor experiences of school and disengaged at a very young age. The knock on effect of this disengagement has limited later achievement and has therefore restricted access to further opportunities for continuing education or employment.
84. This only takes us so far however- the same study highlights that some of the key reasons people had bad experiences of school were due to relationships with teachers and bullying from peers. Importantly it also highlights the potential impacts on the mental health and emotional wellbeing of young people which have a lasting effect on their experiences of later education and the labour market.
85. However, superficial reading of educational attainment cannot explain fully the reasons people become NEET. This is most evident in the fact that whilst more young women are holding higher level qualifications (Brinkley, Jones and Lee), a greater proportion of young women become NEET. This may be due in part to the young men being more likely to take subjects (both academically and vocationally) that lead to higher paid jobs with greater opportunities for progression. However,

there are likely to be other gender specific causes of being NEET which warrant further investigation.

## Gender

86. We have seen that even though young women often hold higher qualifications, they still make up a higher proportion of NEETS and those on 'cause for concern' career trajectories (Plantenga 2013, Dorsett and Lucchino 2012). It is likely that some of this impact is due to the subjects that young women take and are encouraged to take as well as the careers guidance they receive which often reinforces gender segregation (Ofsted 2013).
87. However, Allen, Metha and Rutt (2012) show that the barriers to engagement with the labour market are different for young men and young women. Men stated that lack of experience was the main reason for them not being able to engage whilst women stated that the need for flexible working was their main barrier.
88. This suggests that young women are more likely to have caring responsibilities that require them to need flexible working. However we should exercise a note of caution here as although flexibility was the most cited barrier amongst young women, this still account for only 1 in 5 of the women involved in the study, suggesting other barriers affected a greater number of people.
89. Hutchinson et al (2014) have also suggested that (a lack of) childcare is the single most important factor in determining a women's economic activity. She showed that this was related to levels of qualifications- more than half of those with A-levels (53%) had reliable childcare whilst just a third of those without qualifications could say the same.
90. The Women and Work Commission (2006) also identified that women returning to work following childbirth often found it more difficult, often having to change sector or employer, creating an additional barrier for young mothers. This is exacerbated by continued discrimination in employment and recruitment with a third of managers saying they would prefer to employ a man in his 20s or 30s to avoid issues around maternity leave (Slater & Gordon, 2014), whilst 70% of mothers felt they had been put on a different career track when returning to work (ibid).
91. However, these studies offer only a partial explanation for elevated female NEET levels. Whilst 70-80% of young mothers are NEET (Hutchinson et al, 2014) they actually represent as little as a 20% of the NEET population (Lanning 2012). Similarly in a study carried out by Russel, Thompson and Simmons (2014) just 30% of young women gave pregnancy or childcare as a reason for their NEET status. Lanning (2012) has also suggested that some young women will choose motherhood due to a lack of labour market opportunities.

<b>Impact</b>
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## Economic

92. The high level of young people NEET has a huge impact on both the personal financial situation of young people as well as on the wider economy. The cost to the economy in terms of both benefit payments and lowered tax receipts is estimated to

be around £4.8 billion (Macmillan, 2012). Table 10 shows how this is broken down. It is based on the assumption that there are 750,000 claimants receiving an average of £5,600 and that claimants would be working in jobs that pay less (and therefore owe less tax) than other people their age. These assumptions mean that the true cost to the exchequer is likely to be underestimated.

93. Additionally, falls in productivity mean that youth unemployment is likely to have cost the economy £10.7 billion in 2012 alone. There are future costs with the current level of youth unemployment expected to cost the country £28 billion over the next decade (ACEVO, 2012).

**Table 10: Estimated cost to the exchequer of youth unemployment in 2012.**

<b>Total costs</b>	<b>16-17</b>	<b>18-24</b>
Total benefits paid	£3,558.90	£5,661.51
Total number of claimants	27,500	723,380
Total cost of benefits	£97,869,750	£4,095,423,104
Total tax revenue lost	£0.00	£1,199.20
Total paid out in WTC	<b>-£142.70</b>	<b>-£616.98</b>
Total number of NEETs	144,197	1,114,322
Total cost of loss of tax	<b>-£20,769,911</b>	£648,780,942
Total cost	£77,099,839	£4,744,204,046

## Financial

94. In addition to the overall economic impact, young people also feel a personal financial effect as a result of periods spend NEET. They suffer a degree of 'wage scarring' in terms of lost income both now and in the future as well as a loss of confidence and disengagement from the labour market (Lee and Wight, 2011).

**Table 11: Future costs in terms of earnings**

	<b>Male</b>	<b>Female</b>
Average no. of months out of work if youth unemployment	23.56	36.31
% lower earnings at 30/34 per month of youth unemployment	0.67	0.47
Total % lower earnings at 30/34 for average youth unemployed	15.77%	17.07%
Average gross weekly earnings at 30/34	£432.18	£254.68
Average weekly earnings lost from youth unemployment	£68.22	£43.46
Average number of weeks worked	48.92	40.94
Annual cost of earnings lost	£3,337.08	£1,779.37

*Taken from Macmillan (2012)*

95. Table 11 shows that both men and women who spend time out of work between the ages of 16 and 24 will see a reduction in their earning potential at the age of 34. Young women who experience time NEET will lose a greater proportion of potential income compared to other women, mainly due to the fact that they are more likely to be out of work and spend longer unemployed than their male peers.
96. Whilst it appears that the overall wage penalty is higher for men than for women (£3400 compared to £1800) this is due almost entirely to the fact that women earn less on average and are more likely to work part time (ACEVO, 2012). Furthermore the experience of one spell of unemployment itself increases the probability of further spells (Bell and Blanchflower, 2011).
97. It is clear from this analysis that young women spend longer periods of time out of work than young men and as a result experience a greater impact on their future earning power and likelihood of repeated spells of unemployment later.

### **Social Mobility**

98. We have already seen how having a lower socio-economic status can increase a person's chances of becoming NEET (Dorsett and Lucchino, 2012; ACEVO, 2012; Thompson, 2011) however it is equally true that periods spent NEET restrict the social mobility of young people with early disadvantage being reflected in poorer long term outcomes.
99. Coles et al (2010) describe several forms of later disadvantage including more persistent unemployment, lower job security and low pay. For many low pay is a life-long existence that passes from one generation to the next' (Living wage commission, 2014, p13).
100. This is important in the context that many of those in the bottom 10% of earners remained in the same position over time. The majority of people who were able to improve their position only achieved a marginal difference (Magda, 2008). Furthermore Dickens (2000) demonstrates that as many as 1 in 5 of those in the bottom earning segments dropped out of work altogether, meaning their situation actually deteriorated during this period.

### **Health and wellbeing**

101. Whilst having poor health can limit an individual's work opportunities, periods of unemployment and low socio-economic status can also have a significant impact on a person's health and wellbeing (WHO, 2013).
102. Professor John Ashton has called the large number of NEETs a "public health timebomb" (Gallagher, 2013) due to way in which long term unemployment and remaining at a distance from the labour market increase the likelihood of negative long-term consequences such as ill health (Brown and Hesketh, 2004).
103. The health impacts are greater for those in precarious employment situations, either without contracts or on non-fixed temporary contracts (Artazcoz et al, 2005). In this study women experienced a greater prevalence of mental health issues than men

and were more likely to be working in flexible/ precarious employment (ibid.). Similarly there is evidence that whilst 27% of female employees are paid below the living wage, just 16% of male employees are in the same position. (Living Wage Commission, 2014). Whilst low pay does not specifically indicate precarious employment it is likely that these jobs will be least secure and are associated with people experiencing several periods of unemployment between low paid jobs, with expected negative impacts on mental and physical health.

104. Building on this understanding, studies have shown that as many as 40% of jobless people have symptoms of mental illness compared to 25% of the general population (Princes Trust 2014). Similarly the long term unemployed are twice as likely as other young people to have been described anti-depressants (ibid). There is a clear gender divide here too, with young women more likely to suffer from low self-esteem, feel inferior to others or have been prescribed anti-depressants (ibid).

## Crime

105. One impact that is often thought to be associated with people becoming NEET is an increased participation in crime (e.g. Lee and Wright, 2011; Bell and Blanchflower 2010). Some estimates put the cost of youth disadvantage resulting in crime at £23 million per week (Prince's Trust 2010) and highlight the ongoing negative consequences of involvement in crime to both individuals and society (Lee et al 2012).

106. Caution should be applied to interpreting these findings. Firstly, we should consider the possible mutually reinforcing relationship between crime and unemployment (Thornberry and Christensen, 1984) which makes us aware of the complexity of people's circumstances.

107. Secondly, whilst it may be true that there is a higher level of crime amongst young people NEET, only a minority of that group are involved in the criminal justice system. This suggests there are other factors at play in causing criminal activity amongst those people over and above their status as NEET.

108. There is a limited direct statistical evidence, but a paper from Coles et al at the University of York using Youth Justice Board figures showed that 35-45% of young offenders are NEET. From this they estimate that 62,000 of 208,000 16-17 year old NEETs are involved in the criminal justice system in some way (approximately 30%). If we cautiously apply this to current NEET figures for the 18-24 year old group (recognising that the resulting estimate is not as robust as would be desired) we would expect 240,000 to be involved in the criminal justice system.

109. In terms of gender, youth crime statistics suggest that 20% of those involved in the criminal justice system are women. Applied to the above NEET figure, we would expect 48,000 of those NEETs involved in the criminal justice system to be women. This accounts for just 11% of female NEETS who we can estimate might be involved in the criminal justice system. A corresponding figure for young men estimates that between 46% and 50% of male NEETS have had contact with the criminal justice system.

110. Although there is some difficulty in deriving an exact figure from existing data meaning these estimates should be used with caution, it appears that even where

being NEET is associated with increased criminal activity, the connection is weaker for young women.

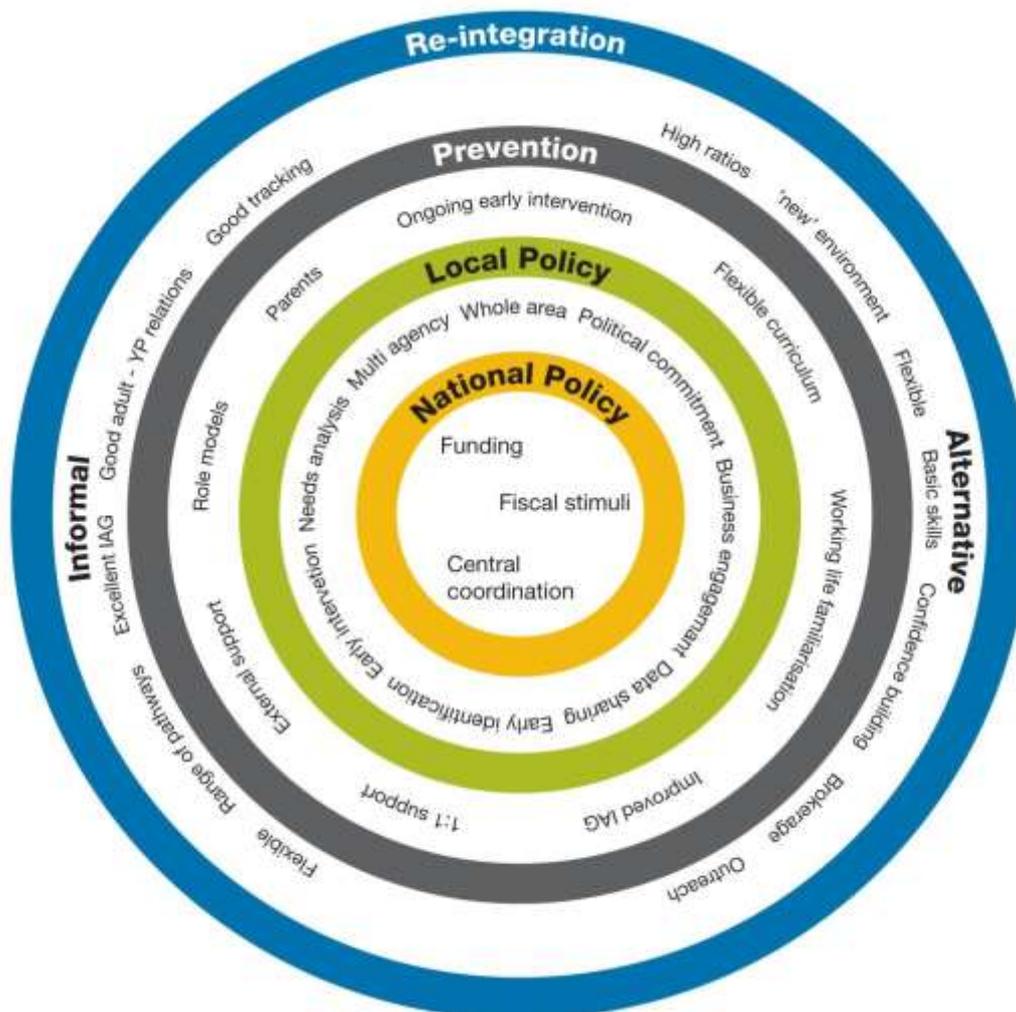
## Policy and Practice

111. Approaches to tackling NEETs are generally categorised as either strategic, preventive or reintegration strategies (Nelson and O'Donnell, 2012; Maguire, 2013). Figure 2 shows a number of approaches that have been used broken down into these categories. It is useful to discuss these broad categories before looking at the details of what current policy and activity is in place to reduce the number of NEETs.

112. Broadly, the national strategic approaches are focus on funding for youth training and employment opportunities; making it more attractive for employers to recruit young employees and apprentices; and the coordination of wider efforts.

113. Similarly, at a local level, Local Authorities are able to coordinate local resources role, draw together local organisations and agencies and gather information about those who need support, using local knowledge to understand how different approaches will work in the local setting.

114. **Figure 2: Approaches to supporting NEET young people**



Reproduced from Nelson and O'Donnell (2012, p11)

115. Preventive measures seek to: reduce disengagement from education; support school to work transitions, provide work experience at a young age and improve information and advice given to young people.

116. Reintegration strategies are linked to developing skills and work readiness following an unsuccessful school to work transition. These approaches have to address multiple challenges due to the differences between groups of NEET and the broad range of individual circumstances and needs (Nelson and O'Donnell, 2012; Grist and Cheetham, 2011). Examples can be seen in the development of new formal and informal learning programmes; information, advice and support for jobseekers and more intensive support to improve health and psychological well-being; and assistance to overcome other barriers such as homelessness or lone-parenthood.

117. Furthermore, BIS (2013) has highlighted that the benefits of additional training are greater for those in their 20s than for younger teens who have had a shorter duration NEET.

### **What is being done to tackle the problem?**

118. Whilst successive Governments have tried to reduce the number of NEETs with a range of strategic, preventive and reintegration approaches, there seems to have been an emphasis on *strategic* (funding and fiscal stimulus) and *preventive* (early intervention) with perhaps less focus on reintegration approaches. Mirza Davies (2014) usefully outlines the current Government's approach to lowering the number of NEETs.

#### *Raising the participation age*

119. Firstly the Government has raised the participation age meaning that young people must remain in education or training until they turn 18. This is a preventive strategy aimed at ensuring young people leave education with sufficient skills to enter the job market.

120. BIS (2013) has indicated the Government's desire to focus on employability skills; basic and foundational skills; life skills; and vocational courses, affording recognition that gaining basic skills is a critical factor in securing employment. However this policy ignores the reasons young people become disengaged from education at a much younger age (Evans et al, 2009). It has also been criticised for failing to address the underlying problems that prevent young people engaging or developing essential skills (Gracey and Kelley, 2013) with some commentators claiming it will merely keep many young people locked into an education system that fails to meet their needs, pushing the problem downstream (ibid) delaying the problem until they are 18.

#### *Youth Contract*

121. This is a strategic approach designed to incentivise employers to recruit and train young people as well as support young people and fund local interventions. Payments are made to employers who take on 18-24 year olds who have been unemployed for more than 6 months. Further incentives are available for offering apprenticeships and employing 16-17 year old NEETs. As well as funding these

incentives and local initiatives work experience and more intensive support is being offered through Job Centre plus. Despite criticism that the youth contract has done little to get more young people in to long term work (TUC, 2012), the additional work experience gained may be of value and result in less time spent unemployed at a later date (Macmillan, 2012). However, employers have warned that awareness of the scheme remains low and that participants in the scheme may be viewed negatively (DWP, 2014)

122. Nevertheless, caution is needed in assessing the value of the Youth Contract as it only applies to those claiming job seekers allowance at a time when 35% of NEETs are not claiming benefits (ACEVO, 2012). Furthermore, the ability of the Youth Contract to change the NEET levels has been questioned whilst there is no significant growth in the youth labour market (Lee et al, 2012). Additionally, the Youth Contract is a three year programme and the extent to which it has been effective will not be visible until 2015.

123. Furthermore, whilst the overall engagement in work and training of participants in the Youth Contract rose by 12 percentage points (DfE, 2014), low levels of enrolment, delayed payments, restrictive eligibility criteria and a lack of knowledge about the personal circumstances of young people have limited success (ibid.)

### *Work Programme*

124. The work programme is not an age-specific programme but a broader welfare to work programme that offers intensive back to work support for the long-term unemployed. Young people are however referred after a shorter period of time. This is an important recognition of the need to intervene to reduce the length of time people spent in unemployment.

125. Similarly to the Youth Contract, the Work Programme is spread over several years and must be assessed accordingly. The first two years showed poor performance but more recently the success rate appears to have risen and is comparable with previous schemes (National Audit Office (NAO), 2014) although there are concerns about the ability of current measures to accurately reflect performance (ibid). Currently 58% of 18-24 year olds on the programme find work (Worral 2013) although some pessimism remains about the number of people moving into long-term jobs. The proportion of young people going into Elementary Occupations (low skill) has risen from 13-27% suggesting that many are entering low paid, precarious jobs (Birdwell, Grist and Margo, 2011).

126. As with the Youth Contract there is a requirement for young people to be claiming Job Seekers Allowance or Employment Support Allowance for a continuous period of more than 9 months. As a result, it is estimated that as little as 10% of 18-24 year old NEETs would be on the work programme. Furthermore contractors have reduced the amount they are spending on the hardest to reach groups (NAO, 2014)

127. Since a large number of people churn in and out of short-term jobs with periods of unemployment in between, a large number of people, in addition to those who are not claiming benefits, are therefore not eligible for the Work Programme. This group are likely to have limited career options and will often lack the skills or experience to break the cycle of low-pay and unemployment, yet they receive little support to help

them overcome these barriers. The Work and Pensions Committee has called for more to be done to identify additional barriers through more rigorous initial assessments (Work and Pensions Committee, 2014)

### *Apprenticeships*

128. The Government has committed to increasing the number of young people taking part in apprenticeships to gain vocational qualifications and work based skills by providing £1.5 billion for apprenticeships in 2011-12 (Mirza-Davies, 2014b), although this is slightly weighted to the 16-18 year old group. The government will fund training costs at varying levels dependent on the apprentice's age. It will cover 100% of the training costs if the apprentice is aged 16-18; 50% of the training costs if the apprentice is aged 19-24; and up to 50% of the training costs if the apprentice is aged 25 or over. This shows that the apprenticeship scheme has a more preventive function than a reintegration function despite both aspects being important.

129. For the first 12 months of an apprenticeship the apprentice will receive the minimum wage for apprentices (£2.60 an hour). Apprentices over the age of 19 also receive the National Minimum Wage after the first 12 months. There is some concern that apprenticeships are not leading enough people to develop high level skills (Steedman and Vaitilingam, 2011) and that the minimum wage for apprentices is too low to make apprenticeships financially viable for many (ACEVO, 2012).

130. Despite this, there were half a million apprenticeships starts last year (Mirza-Davies, 2014b) although the majority of these went to over 25s. There are high entry requirements for many apprenticeships, competition is intense and many places are offered to people already in employment (Maguire, Spielhofer and Golden, 2012).

131. Additionally, the majority of starters were female although again women are over-represented in the older age groups suggesting these are more likely to be conversions from the existing workforce rather than new roles taken by a young person NEET. Once this is accounted for women are under-represented (especially in the higher value fields such as engineering) and paid less (largely due to the gender segregation) (Newton and Williams, 2013).

132. More than 80% of women who undertake apprenticeships do so in just 10 sectors. In comparison the top ten sectors for men comprise just 60% of male apprentices (derived from BIS, 2014). This implies a much narrower range of options is open to young women pursuing vocation paths. The impact of a lack of options is made worse by the limited job opportunities for the areas in which young women train. For example whilst there were 2 jobs for every qualified construction worker, each young woman qualifying in hairdressing was competing with 4 others for each available job (CESI, 2012). This has an impact on the ability of young women to progress from training into employment, delaying entry to the job market which, as previously demonstrated will have longer term impacts.

### *Mandatory Work Activity*

133. Another strand of current policy focuses on incentivising work by the reform of the welfare system and the intention to 'make work pay' (DWP 2010). A part of this reform has seen the tightening of criteria and the increased use of sanctions (DWP, 2013). There has been a lack of understanding about the use and effectiveness of

sanctions with a recent independent review calling for greater clarity in communication about sanctions, supporting claimants to understand what is required and improving the appeals process (Oakley, 2014).

134. A key part of the process of reform has been to enforce mandatory work activity of 4 weeks for 30 hours per week imposing sanctions for failing to participate. The policy has been much criticised as, despite cutting initial benefit claims, it appears to have had little or no impact on moving people into work (DWP, 2012) or on long term claimant levels (McGuinness, 2014). In particular it has been suggested that offering a wider range of placements that are better matched to a claimant's long term career aspirations would have a greater impact on both engagement and future prospects (DWP, 2012 (2)).

### **Challenges to building on current policy**

135. Current policy is failing to have a significant impact on NEET levels. Although recent data shows a slight fall this fails to take account of the long run average levels of NEET, in particular the persistence of a youth unemployment rate far higher than that and for the rest of the population. In this longer term context, the strategies for NEET are having little impact and where numbers are falling they do not appear to be falling consistently or with sufficient speed to make have a significant impact on the lives of many young NEETs.

136. Furthermore the persistence of a gender gap, with young women consistently more likely to be NEET than young men is a great cause for concern. It is likely that this has arisen because of a lack of recognition about the gender impacts and the lack of gender specific measures (Plantenga, and Lodovici, 2013).

### **Current Policy Debates**

137. In an attempt to answer some of these questions several other organisations have recently proposed policies that hope to reduce the number of NEETs and provide meaningful progression for those on low pay. Although many are lacking a specific gender focus the research they have carried out provides a useful insight to current debate around youth employment policies.

**138. It is important to note that although the 'Scarred for Life?' Inquiry will make policy recommendations, for the purpose of this review, Young Women's Trust is not endorsing any of the policy positions cited hereafter.**

139. Nevertheless, despite the differing perspectives of each of these reports, it is useful to identify ongoing points of discussion and in particular to highlight areas around which there is broad agreement of the policy direction.

### **Restructure apprenticeships**

140. Drawing on research of other European economies, the Institute for Public Policy Research (IPPR, 2014) has called for a reform of apprenticeships. Following CESI's (2012) findings that many apprenticeships are taken up by over 25's and the understanding that apprenticeships in other European economies are more rigorous,

it is suggested that apprenticeships be reformed. Under the IPPR proposals apprenticeships would only be available to under 23s would be at level 3 (A-level equivalent) or above and include significant off-the-job training. This call for more rigorous apprenticeship reflects both the recent review by Chris Husbands for Labour's policy review (2014) and the current Government's acceptance of Alison Wolf's (2011) recommendations which seek to restore parity of esteem for vocational education.

141. The CBI (2014) also calls for the system of apprenticeships to be simplified, making it easier for both employers and young apprentices. This is echoed by the CSJ (2014) which has called for an online, UCAS style website for applications to both jobs and apprenticeships for young people to help ease the transition into work.

142. There seems to be a broad consensus therefore that the current apprenticeship system does not fully meet the requirements of young people or business. There are however disagreements as to the nature and extent of the reforms that should happen. These will need further investigation as part of the Inquiry.

### **Welfare reform**

143. The current Coalition Government has introduced extensive restructuring of the welfare system, and there is broad, cross party consensus that this process must continue to deliver a welfare system that meets the challenges of a modern economy. Recent literature has discussed how to better structure out of work benefits to support young people into work and to prevent long-term disengagement from the labour market.

144. The CSJ (2014) has called for clear routes from education to employment with increased support for those unsuccessful in their transition from education to employment given intensive support with receipt of benefits dependent on engagement with this process.

145. The IPPR (2014) presses further on reform, proposing a distinct work, training and benefits track for young people. This would replace out of work benefits with a youth allowance for 18-21 year olds whilst offering paid work experience, both of which would be conditional on the young person being involved in further study or job seeking.

146. Policy exchange (2014) has called for a restructure in the way benefits and employment support are administered. Its central recommendation is the division of Job Centre Plus into separate citizen and employment support units encouraging greater choice for claimants looking for support and the separation of benefits administration and employment support.

### **Investment in Skills**

147. There is widespread agreement that investing in skills for young people is an important aspect both for improving current opportunities but also for reducing future disadvantage and low pay.

148. IPPR (2014) calls for an expansion of the National Citizen Service to increase opportunities for 16-17 year olds to take part and develop teamwork, communication and leadership skills.
149. Robin Simmons (Simmons et al, 2014) advocates a Youth Resolution in which local partnerships would work to reduce levels of NEET by investing in training of young people. This would be underpinned by a commitment by employers to pay under 21s the full National Minimum Wage and to provide training plans for all under 25 in return for a kite mark, additional support and advice and discounted business rates.
150. Social Market Foundation (2014) highlights how 25% of those in lowest paid bracket remain there for 10 years. It claims that increasing skills and productivity is the best remedy for persistent low pay and calls for a 'Skills for Progress' scheme. This would apply to under 24s in low pay for over a year; employers would receive financial incentives to invest in training dependent on the pay of the trainee increasing within 2 years.
151. The Work Foundation (2014) calls for an expansion of the National Careers Service and adult skills budget whilst NIACE (2014) call for a larger review of adult skills, personal skills accounts for all adults and an entitlement to regular career reviews. This points to a wider desire to develop the adult skills agenda, though there is further research required to understand the best mechanisms for reducing the numbers of NEETs through increased skills.

### **Refresh Careers advice**

152. Ofsted (2013) and the Education Committee (2013) have both expressed concerns about the current state of careers advice, particularly citing the lack of consistency, the lack of expertise within schools and the focus on promoting academic routes.
153. The Education Committee (ibid) and IPPR (2014) both highlight a potential role for the National Careers Service to support schools more in careers guidance with Ofsted also advocating the call for stronger links between employers and schools which have been promoted elsewhere (CIPD, 2014; CBI, 2014).
154. Meanwhile the CSJ (2014) has called for 'Progression planning' through Job Centre Plus to support young people into work with a clear career path ahead of them. This is mirrored by the ongoing support that NIACE (2014) seeks in calling for ongoing career reviews and support for progression and skills development.

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