



Youth Jobs Index

August 2017

Impetus – The Private Equity Foundation (Impetus-PEF) transforms the lives of young people from disadvantaged backgrounds by making sure they get the right support to succeed in school, in work and in life. We find, fund and build the most promising charities working with these young people, providing core funding and working shoulder-to-shoulder with their leaders to help them become stronger organisations. In partnership with other funders we help our charities expand and we work to influence policy and decision makers so that young people get the support they need.

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Executive summary

The number of young people spending time out of education, employment or training (NEET) has been falling over the last five years, since a mid-recession high. Despite this happy headline, many young people spend a very long time NEET between the ages of 16-24. We know this from our work with charities supporting these young people but we couldn't see them in the quarterly snapshot figures released by the government. So we decided to dig deeper.

In 2016, Impetus-PEF launched its first Youth Jobs Index – a set of indicators designed to uncover what is happening to young people NEET. Our main finding was that 1.3 million young people were spending six months or more NEET, with long term consequences for their employability, confidence and earnings.

We re-ran the Index this year. We welcome the falls in the numbers of young people NEET seen in the Office of National Statistics (ONS) quarterly releases. But this year's report shows that very little has changed in terms of the most important indicators, and a very significant problem remains. We found:

Falls in the headline numbers mask an increasing chance for some young people of being long-term NEET.

- The overall number of young people spending time NEET has decreased slightly on last year from 2.1 million to 2 million, representing 27% of the 16-24 population.
- The decline in the number of young people who are spending time NEET can be credited to the halving of young people spending between six and 12 months NEET.
- However, the number of young people spending 12 months or more NEET has increased – from 714,000 last year to 811,000 this year, suggesting that a structural problem remains.
- We know from previous research that long periods spent NEET can have a negative impact on a young person's mental and physical health and can have a significant impact on future earnings – to the tune of £225,000 over a lifetime.¹
- Considering the Raised Participation Age (RPA), the number of 16 to 18 year olds NEET should be zero. However, the Department for Education has signalled a steady rise in these numbers.² This is a concerning trend.

The level of qualification an individual has continues to have a positive impact on a young person's ability to exit NEET into work, education or training.

- 15% of young people with a Level 2 as their highest level of attainment are at risk of being long-term NEET (six months or more) compared to 26% of young people with below Level 2 qualifications.
- On finding a job or heading back into some form of education, those with a Level 2 are more likely (86%) than those with below a Level 2 (71%) to sustain that role or course for six months or more.

Executive summary

New analysis shows that women are less likely to move out of NEET status, but men are more likely to experience repeated stints of being NEET.

- Our findings show that young women are more likely to be economically inactive (not looking and unable to work) than men, who are more likely to be classed as unemployed (looking and ready to work.)
- Young people who are unemployed are much more likely to 'churn' in and out of work over the course of a year than those who are economically inactive, suggesting that while they are ready and able to work, job security for these individuals is minimal.

By digging deeper into the data, we have found variances in how long young people spend NEET and how easy it is for them to exit from NEET depending on gender, economic activity, and level of qualification. This allows us to break with the convention of reporting on NEETs as an homogeneous group and helps us to better identify which young people need the most support to avoid spending time NEET and to make a sustained exit.

Understanding the characteristics of young people making up the NEET population is important. Only when we understand who these young people are and why they are NEET can services, like those delivered by our charity partners, be appropriately designed and targeted at those with the greatest need. It also provides benchmarks for the sector which we can use to measure the impact of their programmes.

1

Our research shows how crucial qualifications are for helping young people avoid being long-term NEET and sustain their entry into jobs or education. **Securing Level 2 qualifications at 16, and transitioning to further education or training, must be the aim for all young people.**

2

For those young people, disproportionately disadvantaged, who do not secure good GCSEs in English & maths, the compulsory retakes must be a real second chance. As our *Life after School* research shows, for most they just result in further failure. This leaves them without the level 2 qualifications that make such a difference.

3

From April this year, under the new *Youth Obligation* (being rolled out in-line with Universal Credit,) unemployed NEETs will be required to attend job search 'boot camps', skills training, or compulsory work placements, depending on how long they have been claiming benefit. Elements of this could be useful, **if providers are incentivised to provide tailored support that meets individuals' needs, to dedicate most resource to those with most barriers to work, and to maintain support after a young person has entered a role. These are lessons we have learnt from our partner charities, who succeed in getting, and keeping, young people into work, even after significant periods of being NEET.**

4

The economically inactive, majority female, part of the NEET population will not be affected by the Youth Obligation. The Young Women's Trust have found that the vast majority of inactive females either want to work now, or in the future. **They are harder to reach than the unemployed NEET group, and therefore need specific focus and different services to ensure that they can unpick both practical and less tangible barriers to getting into work.**

Introduction

Since 2012, the government has reported a steady decline in the number of 16-24 year olds who spend time not in education, employment or training (NEET).

This is good news, but it only tells half the story. There are still hundreds of thousands of young people spending very long periods of time NEET. Spending six months or more NEET has a long wage-scarring effect.

The Youth Jobs Index is designed to better understand this issue. It pools data points to understand:

- the characteristics of young people spending time NEET
- how many, and which, young people spend long amounts of time NEET
- how well are young people sustaining their exits from being NEET

This is not a simple task. The Office of National Statistics (ONS) quarterly publication is a sample based, point-in-time tool which provides little information beyond whether an individual is NEET or not.

Working with the Learning and Work Institute, our Youth Jobs Index looks at several waves of data from the Labour Force Survey (LFS) to produce averages of time spent out of education and work. We characterised these young people by the highest level of academic qualifications they attained and their gender.

Our analysis shows that Level 2 qualifications make a difference to how long a young person spends NEET and how well they sustain their transition into education and employment.

Young people NEET are by no means an homogeneous group. The data also characterises young people NEET by their economic activity – whether they are actively looking and able to work versus whether they are not looking and unable to work.

There is an urgent need to define and understand the situation for young people NEET and focus interventions on young people at greatest risk. Headline figures don't allow us to do this – the Youth Jobs Index does.

Methodology

The Youth Jobs Index was compiled by the Learning and Work Institute, for Impetus-PEF.

The research findings are based on data from the LFS, produced by the ONS. The data used for this research consists of eight waves of five quarterly interviews conducted through a sample of 40,000 households covering 100,000 individuals. The confidence intervals in our findings vary due to the nature of obtaining data from a sample in this way. We have used mid-point values throughout this report.

By using eight datasets (from January 2014 to December 2016), which reduce individual weightings, and developing an average over time, the Learning and Work Institute could produce national estimates of long-term NEET and exit sustainment figures.

This report summarises the full findings and associated confidence intervals. It can be found on our **website**.

Findings

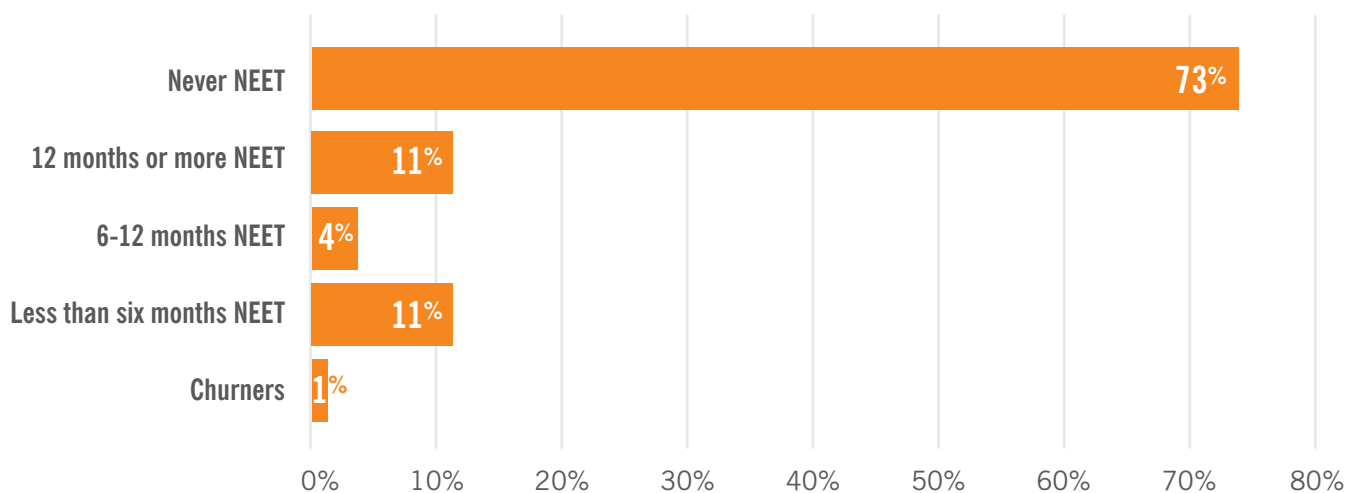
1 Progress on the numbers long-term NEET has stalled

The headline NEET figures are falling. The last ONS publication, covering January to March 2017, reported that 800,000 (11.2%) young people were presently NEET – a 68,000 reduction on the same quarter in 2016.³

This fall is welcome, as is the longer-term fall from the peak quarterly figure of 1,163,000 in 2011. However, this snapshot figure fails to show something important – how long young people are spending NEET. A short time out of education or work might be expected at the transition to adulthood, but a long period has damaging long-term effects. Our analysis shows that many young people experience long periods NEET that cannot easily be seen from the quarterly figures.

Nearly 2 million young people between 16 and 24 spend some time NEET. As the table below shows, of this 2 million the majority (1.18 million) spend more than six months NEET. A very significant proportion, 811,000, or one in 10 of all young people, spend a year or more out of education or work. This is an increase on the figures in last year's report which showed 714,000 spending 12 months or more NEET.

Figure 1
NEET population by duration



Worryingly, the most recent Department for Education quarterly figures, published in May 2017, and which could not be included in our full analysis, revealed a statistically significant rise in the number of young people 16 to 18 NEET in England.⁴

Since the introduction of the Raised Participation Age (RPA) in England in 2014, all young people should be in some form of education or work-based training until they are 18. The RPA policy means that in effect, the NEET rate for 16 to 18 year olds should be zero. Instead, there are 134,000⁵ people in this age group, who are not in education, training, or work at all.

2 Qualifications matter

The impact of qualifications on NEET status

Young people in the UK are increasingly well-qualified – 79% to Level 2 or above, and nearly 40% to Level 3 or above. Given this, it's not surprising that if we look at all the young people spending any time NEET, the majority have a Level 2 qualification or higher.

Figure 2

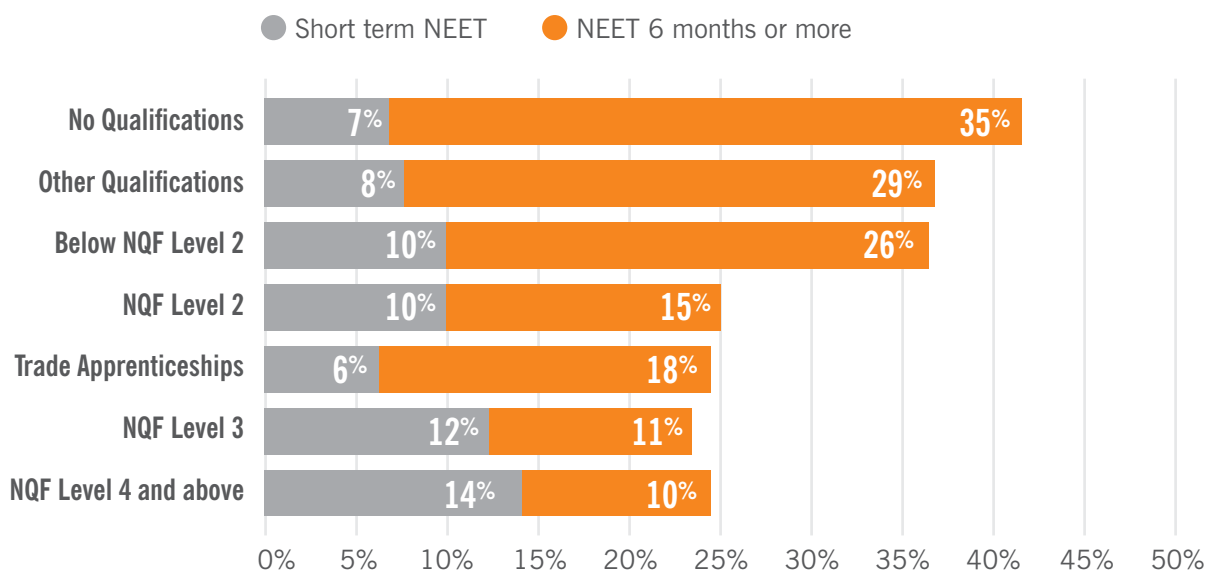
NEET populations by qualification

	Never NEET	Less than 6 months NEET	NEET six months or more
Level 4 and above	964,000	179,000	130,000
Level 3	1,548,000	246,000	224,000
Level 2	1,605,000	216,000	316,000
Below Level 2	524,000	81,000	217,000
No Qualifications	364,000	42,000	214,000

But the fact that qualifications count can clearly be seen when we look at who spends long periods of time NEET. The chart below shows that proportionately, more young people with no (or below) Level 2 qualifications are likely to spend 6 months or more NEET.

Figure 3

Proportion of young people spending some time NEET by qualification



As a result, they make up a disproportionate part of the long-term NEET population.

Qualifications matter

As we can see in the two charts below, young people with above Level 2 qualifications represent over half of young people who are NEET for more than six months. But when we look at young people who are NEET for 12 months or longer, we can see that those with qualifications at Level 2 or below make up a clear majority. Having a qualification above Level 2 certainly seems to help young people avoid long-term NEET status.

Figure 4

Proportion of young people NEET for six months or more by qualification

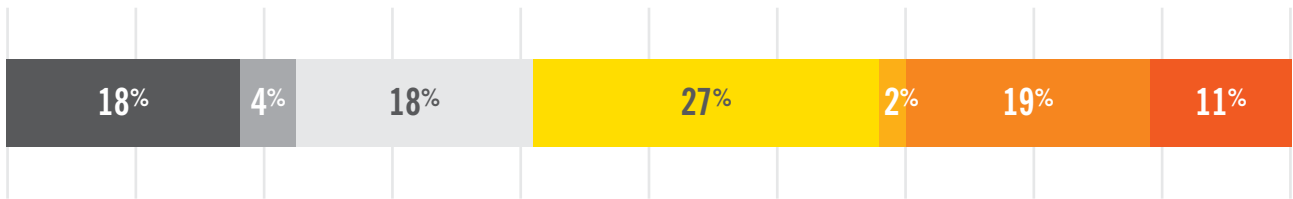
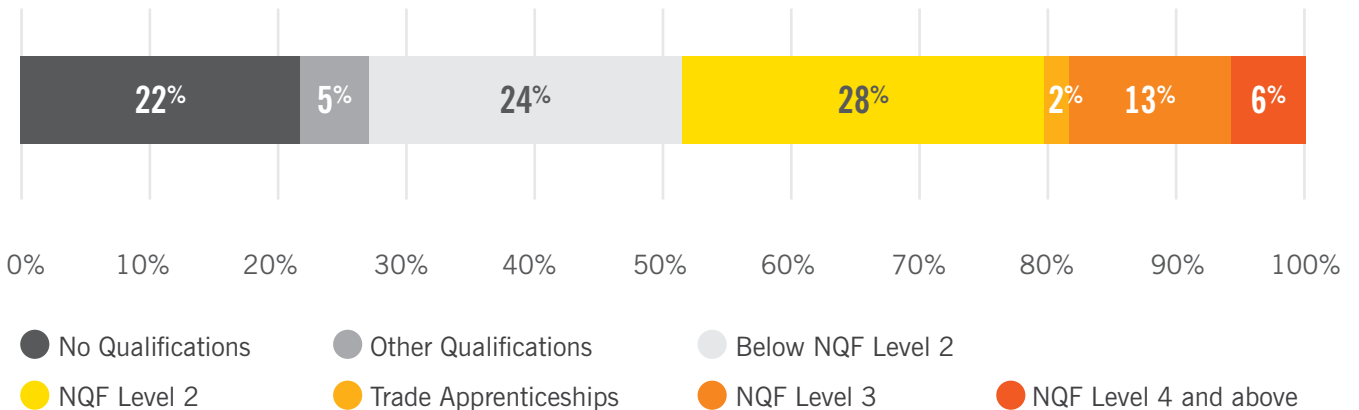


Figure 5

Proportion of young people NEET for 12 months or more NEET



We can look at the role qualifications play in a different way by looking at how they affect a young person's risk of being NEET. The risk of being NEET for six months or more varies strongly with qualifications. Failure to achieve a Level 2 qualification means you are twice as likely to be long-term NEET.⁶

For those with higher level qualifications (Level 3, Level 4 and above), whilst 10% are at risk of spending six months or more NEET, only 3% are at risk of being NEET for 12 months or longer.

Qualifications matter

Our analysis shows that Level 2 qualifications do provide some protection against spending long periods NEET. But those who go on to college and university are even less likely to be long-term NEET and therefore more immune from the associated scarring effect.

Figure 6

Risk of being NEET for six months or more by qualification

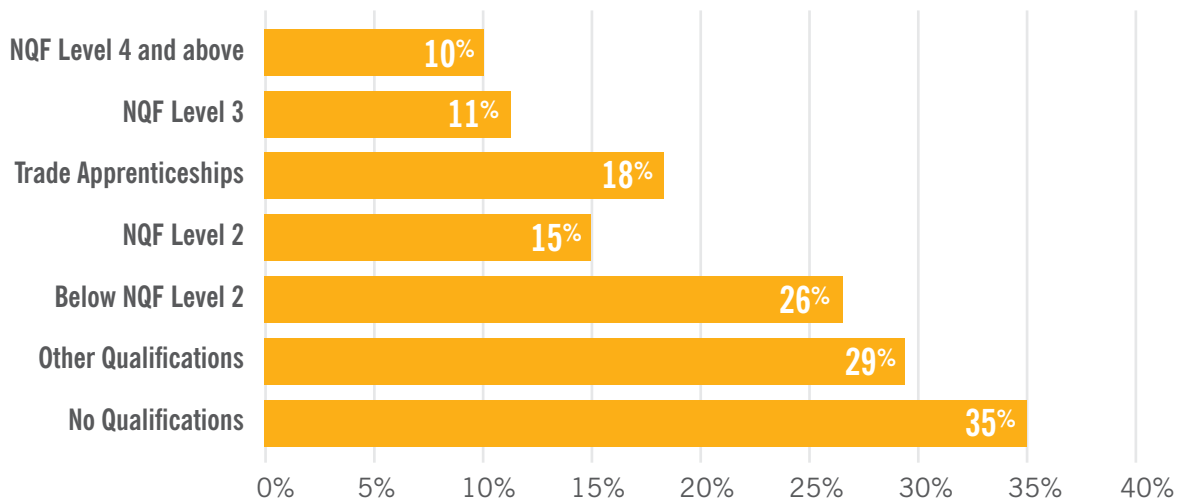
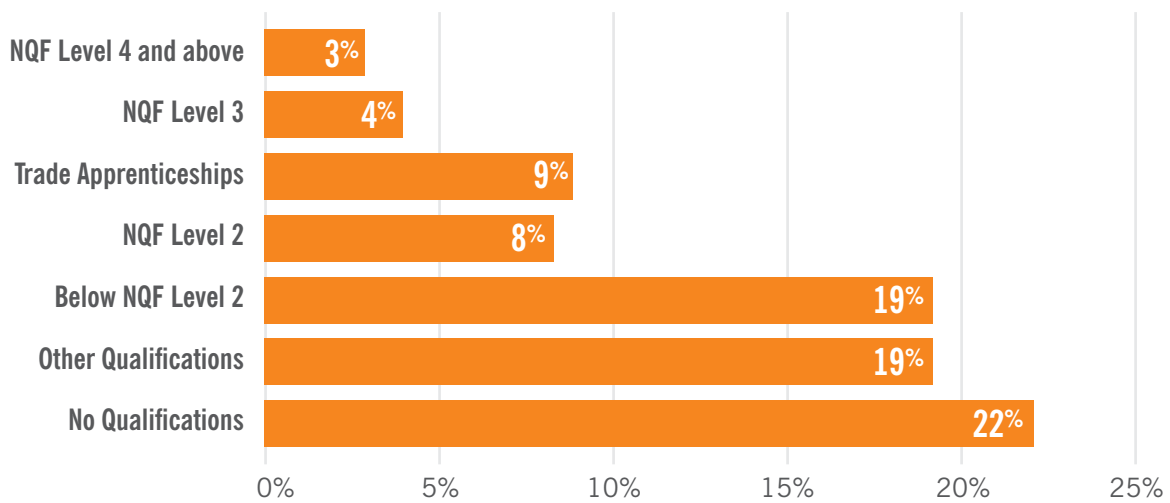


Figure 7

Risk of being NEET for 12 months or more by qualification



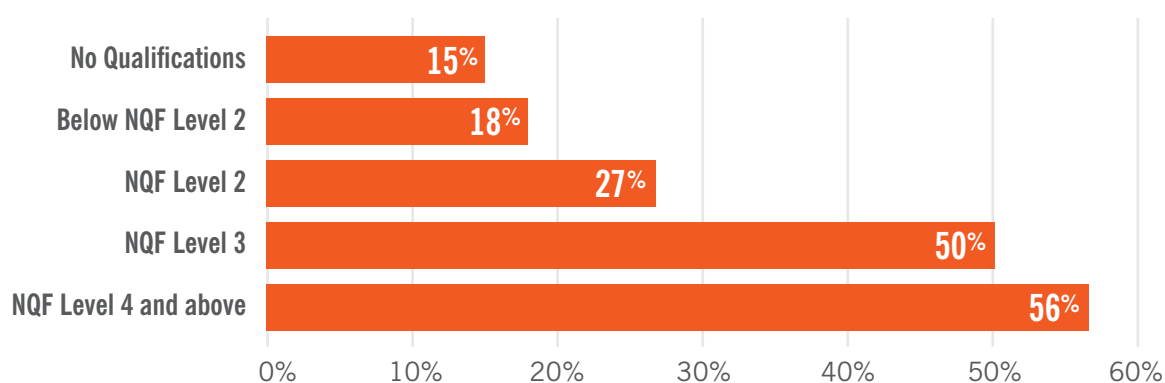
Qualifications matter

The impact of qualifications on NEET exit and sustainment

We also see the impact of qualifications on a young person's ability to leave NEET status. Young people with a Level 3 qualification are twice as likely as those with a Level 2 and around three times as likely as those with below Level 2 qualifications to exit NEET.

Figure 8

Proportion of NEETs exiting and sustaining destinations for six months by qualification



However, the level of qualification doesn't make a significant difference to sustaining an exit from NEET. While young people with Level 2 qualifications experience a significantly weaker exit from NEET rate than their better qualified peers, those that do are as likely as those with Level 3, Level 4 and above qualifications to remain in work, education or training for 6 months or more.

Young people with below Level 2 or no qualifications are much less likely to sustain their exit from NEET status.

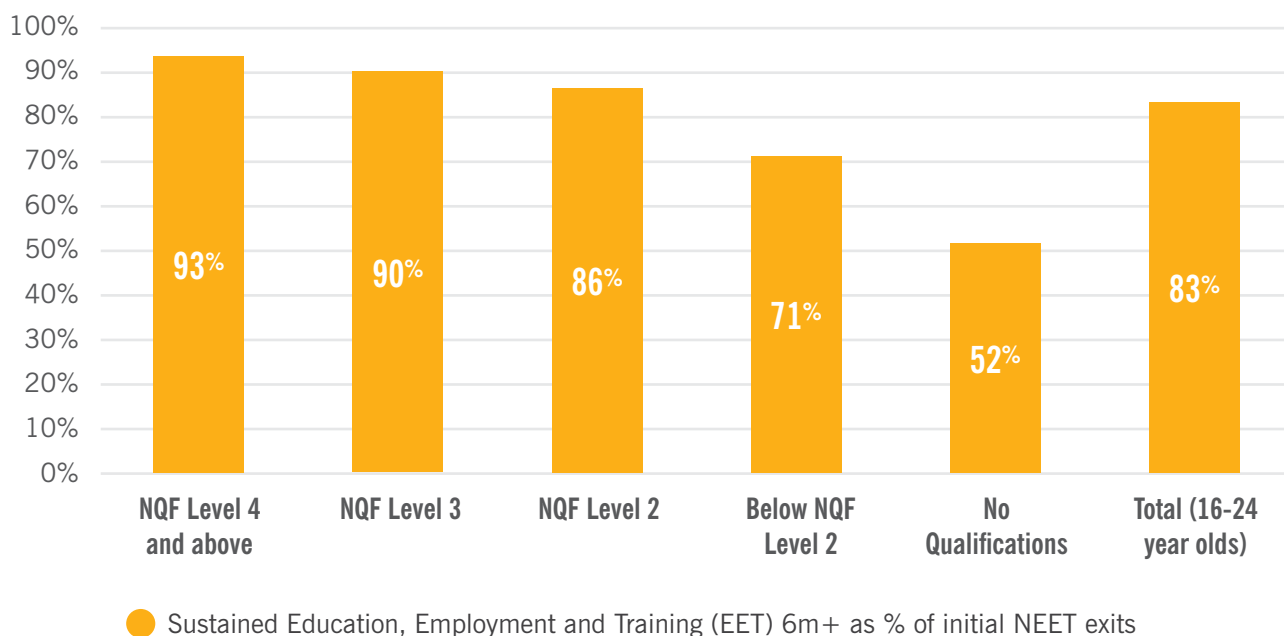
"I received no feedback. I tried phoning and emailing and then recently I saw on a government website that the vacancy had been filled. I need to know if there are areas where I need to improve my skills. Just a simple email saying the vacancy has gone to somebody else would help. I keep going because I want a career in IT. I worked for my qualification. My mum and dad understand I want to work in IT. They say that I shouldn't just go and work in Tesco."

Young male learner, 21, Adviza

Qualifications matter

Figure 9

Proportion of young people sustaining NEET exit for six months or longer as a percentage of initial exit by qualification



3

Women stay inactive, men 'churn' in and out

'Unemployed' vs 'inactive'

The NEET population is officially classified into two different groups; those who are 'unemployed' and those who are 'economically inactive'. 'Unemployed' refers to an individual who is out of work, but looking for and able to work immediately. The latter describes individuals who are not looking for and not available to start work immediately.

The January to March 2017 ONS snapshot suggests that of the 800,000 16-24 year olds who were NEET in that quarter, 334,000 (42%) were unemployed and 466,000 (58%) were economically inactive.

There is a gender split. Women are more likely to be economically inactive (66% of this group are female) while men are more likely to be unemployed (60% of this group are male).

According to research by the Young Women's Trust, 61% of economically inactive young women said they were not seeking work because they were caring for their family and homes. While many want to work, in most cases when interviewed, low-wages, poor work-related support and job insecurity were cited as the main reasons for inactivity.⁷

Women stay inactive, men ‘churn’ in and out

“I have been applying for jobs and sending out my CV with a covering letter, but no-one gets back to me. If I get a reply, they usually say there isn’t a vacancy. It is disappointing. I want to get out and earn my own money. I don’t really do anything. I don’t really go out. I spend a lot of time searching job websites. It is important not to give up. I am hoping that when I reach 18 I will have more luck with applications to warehouses. It is difficult to know what else I can do to get work. I am not doing anything with my life.”

Young female learner, 17, TwentyTwenty

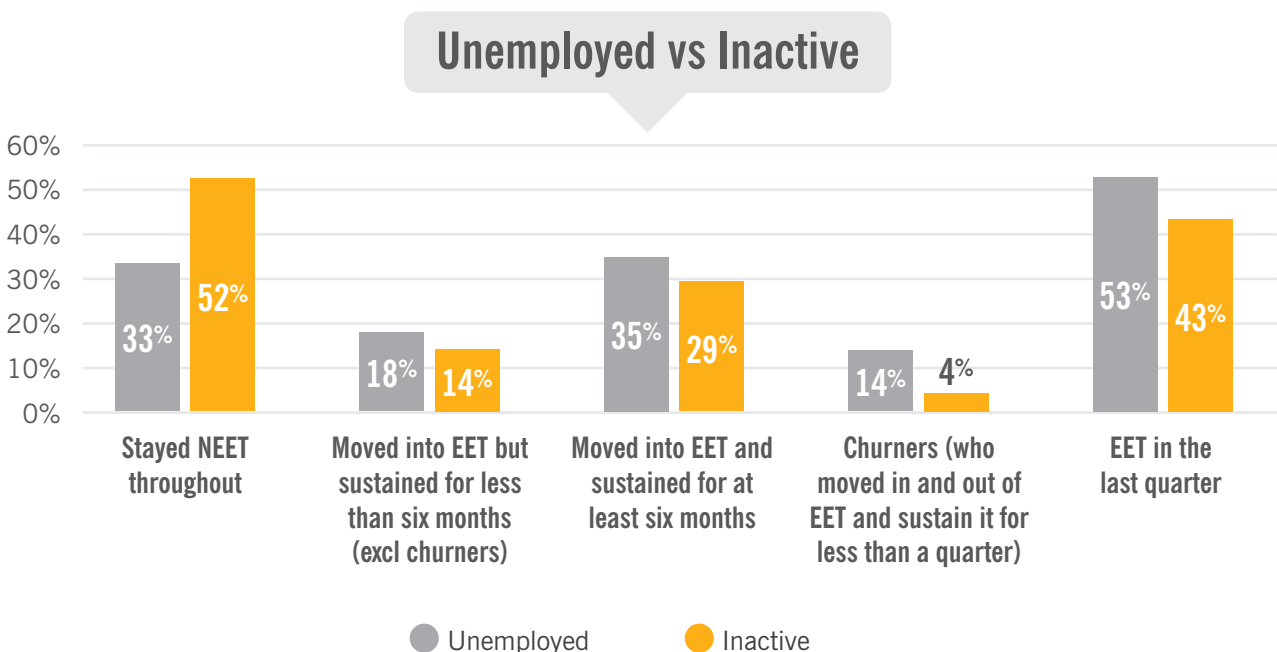
What happens after the ‘snapshot’

This context is important when looking at what happens to young people NEET over the course of a year. In other words, the quarterly figures give us a snapshot – but what happens to the young people in the picture afterwards, and does this change depend on whether they are inactive or unemployed? Or whether they are men or women?

Young people defined as unemployed and therefore available to work, are much more likely to enter work (or sometimes education) over the course of a year, but also much more likely to fall out of work and back into being NEET again. The figure below shows that over a period of five quarters, many are not staying in work for longer than three months. 47% of unemployed young people who start the year NEET will finish the year still NEET, although they are likely to have been in work at some points during the year. 33% of unemployed young people stay NEET for the entire year.

Figure 10

Unemployed and inactive NEET young people tracked for a full year



Women stay inactive, men ‘churn’ in and out

“I decided to turn up for Maths GCSE, because I like maths. But I didn’t do anything for a year after I left school. I didn’t leave the house. Since then, I have been bouncing from training programme to training programme. Once I finish my current programme, I plan to look for work experience in retail. Although, I’ve been out of work so long it looks incredibly bad on a CV. It becomes a barrier to getting work. TwentyTwenty has been encouraging me to be more pro-active and I have been offered counselling. I would like to work, not least because I have so little money to live on but I want a job that holds out opportunities. I don’t want a dead-end job.”

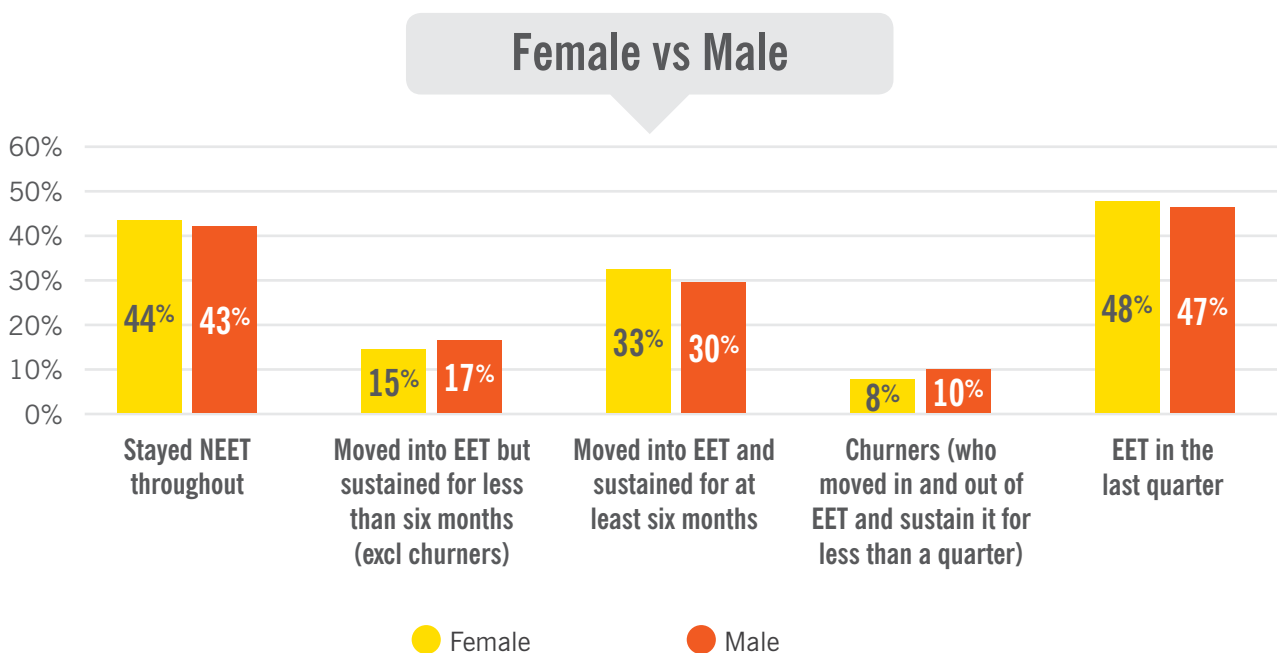
Young male learner, 21, TwentyTwenty

The picture for economically inactive young people is different. Over half (52%) of young people who are economically inactive spend a year or more NEET, compared to 33% of unemployed young people. Meaning, perhaps unsurprisingly, economically inactive young people are not experiencing the same levels of churn as their unemployed peers.

We know that males who are NEET are more likely to be unemployed while females who are NEET are more likely to be economically inactive. This distinction has little impact on the proportion of men (43%) and women (44%) spending the entire year NEET. Of interest is that while more women are inactive compared to men, they are slightly better at finding a job and keeping it for 6 months compared to men.

Figure 11

Female and male NEET young people tracked for a full year



Women stay inactive, men ‘churn’ in and out

The variances between NEET populations indicate that the groups require tailored responses. The greater levels of churn experienced by unemployed young people, who tend to be men, suggest that they chiefly need support to stay in work, once they have found a job.

Whereas the majority of economically inactive young people, who are mainly women, spend 12 months or more NEET, which suggests they require more support to overcome barriers to employment, become work-ready, and enter a job.

Recommendations

Our analysis shows that, to understand the situation for young people NEET in the UK, we need more than the snapshot figures every quarter.

We know from previous research that long periods spent NEET can have a negative impact on mental and physical health and can have a significant impact on future earnings – to the tune of £225,000 over a lifetime.⁸ Preventing young people spending a long period NEET, and helping them make a sustained exit into education or work, has a positive benefit for young people, the state, and the economy.

At the moment, there remains a very large number of young people who spend six months or more NEET. The issue has not shifted. Continued rises in overall employment fail to affect this group, and the raised participation age has not succeeded in making young people NEET aged 16 to 18 a thing of the past. Action is needed

1

Our research shows how crucial qualifications are for helping young people avoid being long-term NEET and sustain their entry into jobs or education. **Securing Level 2 qualifications at 16, and transitioning to further education or training, must be the aim for all young people.**

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For those young people, disproportionately disadvantaged, who do not secure good GCSEs in English & maths, the compulsory retakes must be a real second chance. As our *Life after School* research shows, for most they just result in further failure. This leaves them without the level 2 qualifications that make such a difference.

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From April this year, under the new *Youth Obligation* (being rolled out in-line with Universal Credit,) unemployed NEETs will be required to attend job search ‘boot camps’, skills training, or compulsory work placements, depending on how long they have been claiming benefit. Elements of this could be useful, **if providers are incentivised to provide tailored support that meets individuals’ needs, to dedicate most resource to those with most barriers to work, and to maintain support after a young person has entered a role. These are lessons we have learnt from our partner charities, who succeed in getting, and keeping, young people into work, even after significant periods of being NEET.**

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The economically inactive, majority female, part of the NEET population will not be affected by the Youth Obligation. The Young Women’s Trust have found that the vast majority of inactive females either want to work now, or in the future. **They are harder to reach than the unemployed NEET group, and therefore need specific focus and different services to ensure that they can unpick both practical and less tangible barriers to getting into work.**

Acknowledgements

This is the second Impetus-PEF Youth Jobs Index. Our sincere thanks go to Paul Bivand and Tony Wilson from the Learning and Work Institute, who extracted and analysed data from the LFS. A debt of gratitude is also due to the young people who were willing to share their stories and to TwentyTwenty and Adviza, our charity partners, who connected us with them. Some of their stories are featured in this report. Thanks also to our team at Impetus-PEF, who provided both insight and editorial contribution to this report.

Notes

- ¹ http://impetus-pef.org.uk/wp-content/uploads/2013/12/Make-NEETs-History-Report_ImpetusPEF_January-2014.pdf
- ² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/615427/SFR21-2017_NEET_Statistics_Quarterly_Brief_Q1-2017.pdf
- ³ <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/bulletins/youngpeoplenotineducationemploymentortrainingneet/may2017>
- ⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/615427/SFR21-2017_NEET_Statistics_Quarterly_Brief_Q1-2017.pdf
- ⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/615441/SFR21-2017_NEET_and_NET_tables_Q1-2017.xlsx
- ⁶ When looking at NEET durations, we have divided the analysis by those at risk of being NEET by qualification and the NEET population broken down by qualification. This distinction is important. For example, young people with a Level 2 as their highest level of education represent 27% of the population who are NEET for six months or more – the highest of all qualification groups. We know from above there are more young people with a Level 2 than any other qualification. This masks the level of risk associated with possessing a Level 2. When looking only at young people with a Level 2 as their highest qualification, 15% of this population spend six months or more NEET. This is half the risk-rate of those with below Level 2 qualifications. This suggests that while there are more young people with a Level 2 long-term NEET, proportionally, you are more likely to be long-term NEET with lower qualifications.
- ⁷ https://www.youngwomenstrust.org/assets/0000/5375/Young__Female_and_Forgotten_Full_Report.pdf
- ⁸ http://impetus-pef.org.uk/wp-content/uploads/2013/12/Make-NEETs-History-Report_ImpetusPEF_January-2014.pdf

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