

Giving Young People a Future

Policies on Combating Youth Unemployment

Policy Paper 103



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Executive Summary

Every young person deserves a fair chance to succeed when they leave full-time education and begin their working life. Nobody should be held back because of the school they went to or the area in which they live. Young people should have the opportunity to develop their skills not only to get a job, but also to enable them to achieve their potential throughout their career and play a full part in adult society.

Youth unemployment has been on the rise for over a decade, increasing by nearly 75% during the previous Government's last two terms in office. While the economic downturn has led to a sharp increase in unemployment across all age groups, it has disproportionately impacted upon younger people, including many who come from poorer backgrounds, BAME communities, have been in care, in the criminal justice system or have a disability. Crucially, a quarter of unemployed 16-24-year-olds have been out of work for one year or more. If this trend continues, we run the risk of creating a 'scarring effect' where the longer a young person has been out of work, the more difficult it is for them to find a job and the more disaffected with society they are likely to become.

Liberal Democrats are determined to prevent young people paying for previous generations' mistakes. We believe that young people should be treated as individuals and that services should approach meeting their needs in a coordinated way. We will improve learning and employment opportunities for young people through:

- Extending the Youth Contract into the next Spending Review and retain the guarantee for 18 year-olds permanently so that no young person leaves school at 18 without the opportunity to take up training, education or work within one year.
- Encouraging job creation by supporting young entrepreneurs to obtain the finance they need to set up their own business and stimulating the growth required to create sustainable jobs for young people.
- Giving young people more opportunities for learning and training, including providing loans towards the living costs of those on apprenticeships, ensuring wide availability of different apprenticeship opportunities and supporting young people on Jobseeker's Allowance to develop the sorts of skills that employers are looking for and gain valuable experience.
- Guaranteeing young people at school access to careers guidance, mentoring and clear, impartial information about the different options available, enabling them to make informed choices about their future.
- Ensuring schools are held to account for their success in getting school leavers into education, training or work and allowing local authorities to intervene appropriately where a school is underperforming in this area.

The policies in this paper build upon the wider policies on supporting young people in Policy Paper 89, *Equity and Excellence*, Policy Paper 90, *Investing in Talent*, and Policy Paper

96, *Free to Be Young*. This paper looks specifically at supporting young jobseekers and entrepreneurs, improving the training opportunities open to young people, including apprenticeships, and ensuring high quality careers guidance at school.

Introduction

1.0.1 Liberal Democrats in the Coalition Government have worked tirelessly to deliver our party's goal of creating a fair, free and open society. Whilst we have prioritised building a sustainable economy and reducing the deficit, which has been imperative to retaining the confidence of the markets and investors, we have also dealt head-on with issues which create barriers to social mobility.

1.0.2 From taking over one million of the lowest paid out of tax to improving educational support for nearly half a million of the most vulnerable children through our flagship Pupil Premium policy, Liberal Democrats have demonstrated our lasting commitment to fairness. We must not, however, be complacent but rather must strive to ensure that everybody has the opportunity to achieve their full potential, whatever their background.

1.0.3 One of the biggest issues preventing young people from fulfilling their potential is the disproportionately high level of youth unemployment. The economic downturn has reduced the number of job opportunities available, particularly for young people, as businesses have reduced hiring at entry level in an effort to avoid redundancies and cut costs. However young people also face significant barriers to employment and in particular poverty, race, disability and other factors, such as having been in care or in the criminal justice system, can impact on their chances of finding and keeping a job. We need to tackle this by providing young people with the proper support, advice and opportunities they need to find suitable and meaningful employment.

1.0.4 The Coalition Government has already taken significant steps, both to stimulate the kind of growth that will create jobs and to ensure young people have more opportunities for learning and training so that they are equipped with the sorts of skills that businesses are seeking. Liberal Democrats in particular welcome the Coalition Government's cross-departmental focus on youth unemployment, shown through the Social Mobility Strategy, the Hughes Report on Access to Education and the Wolf Report on Vocational Education.

1.0.5 By placing youth employment at the heart of its growth strategy, the Coalition Government has increased the number of apprenticeships by 58 per cent and created the £1bn Youth Contract, which will provide opportunities for 410,000 young people over the course of this Spending Review period. This includes 250,000 new work experience placements, apprenticeship incentive payments worth £1,500 to SMEs, 160,000 wage subsidies and 55,000 extra places in sector based work academies.

1.0.6 The Coalition Government is also committed to stimulating balanced and sustainable growth through a £30 billion infrastructure project, the Green Deal, which will create 100,000 jobs, and the £2.4bn Regional Growth Fund, creating 500,000 jobs. Young entrepreneurs will also be supported through the £10m Innovation Fund, enterprise clubs and the New Enterprise Allowance, which provides a package of up to £2274 to people who have been unemployed for six months or more to help them with costs as they set up their own business.

1.0.7 Liberal Democrats believe we have a responsibility to help young people find work and pursue a career. This means tackling the immediate problem of high youth unemployment, through stimulating growth and improving support for young jobseekers.

1.0.8 Liberal Democrats also believe an education system should enable young people to make informed choices about their career path and prepare them for work. We must work to ensure that further education, higher education, apprenticeships and on-the-job training are all equally valued as career choices. The previous Government's damaging target to get 50 per cent of young people into higher education created a misplaced belief that the only option for finding employment is to obtain a degree. This severely restricted the options that young people thought were open to them. In reality further education, apprenticeships or on-the-job training, particularly at a higher level, are just as valuable for young people looking for a good career.

1.0.9 This paper outlines our vision to give all young people the opportunity to achieve their full potential and develop a pride and passion in working hard, whichever career path they choose to take. Young people should have a variety of valuable, structured paths to support them into the world of work, both while at school and beyond.

1.0.10 We will ensure that all young people currently unemployed have the chance to improve their skills through extending the Youth Contract and seek to stimulate growth, job creation and entrepreneurship as a priority. We will build on the Coalition Government's work to open up apprenticeships to more young people by improving the quality of apprenticeships and delivering more financial support to young apprentices. We will also support young jobseekers to develop the skills they need to find work.

1.0.11 This paper also outlines our proposals to guarantee good quality, independent careers advice so that all young people leave school with a clear view of the broad range of opportunities available for further study, training and employment, as well as a good understanding of the sorts of skills they need to achieve their goals.

Tackling Youth Unemployment

2.0.1 Youth unemployment is rising and most new jobs that businesses are planning to create are not expected to go to young people but to those with more experience. The economic downturn led to a sharp increase in unemployment among all age groups, but youth unemployment in particular had been rising unchecked since 2001. This underlying trend can be attributed, in part, to previous Governments' failures to prepare young people adequately for the world of work. Evidence from businesses indicates that one of the major reasons for not hiring young people is the lack of younger candidates with the appropriate skills.

2.0.2 We cannot let young people pay the price for previous generations' mistakes. We must stimulate job creation and support those who are currently out of work to find meaningful employment as soon as possible. Crucially, people who have been jobless for a long period of time are more likely to remain out of work, as they lose key skills and become disenchanted. For young people who have never had a job, the risk is even greater as they do not have the advantage of previous experience gained through employment. We believe this is inherently unfair and needs to be tackled so that all young people currently out of work have a chance to find a job.

2.0.3 The Coalition Government has already taken significant steps to create more jobs through investing in infrastructure and in key industries, such as the green economy. In addition to a £30bn infrastructure plan, the Green Deal will create around 100,000 jobs and Regional Growth Funds are helping communities to foster sustainable growth and prosperity. Liberal Democrats call on the Coalition Government to work with businesses to encourage growth that will create jobs for young people in particular.

2.0.4 Liberal Democrats are also committed to ensuring that young people are not disadvantaged because they lack previous employment experience and that they are able to develop the sorts of skills that businesses are looking for by building on the Youth Contract. We will also seek to support young entrepreneurs to get the finance they need to start a successful business.

2.1 Building on the Youth Contract

2.1.1 The Coalition Government's new Youth Contract will guarantee half a million young people have access to the kind of support they need to develop their skills and find employment, whether through work experience, apprenticeships or on-the-job training.

2.1.2 Liberal Democrats propose to extend the Youth Contract into the next Spending Review period so that the protection it offers will remain in place for those that need it. This will ensure that 16-24 year-olds can gain the necessary experience and skills to find suitable and meaningful employment.

2.1.3 For 18 year-olds, we will make this guarantee permanent, ensuring that every 18 year-old is able to find suitable work, education or training within one year of leaving school, so that nobody is left behind.

2.1.4 For the most vulnerable young people, particularly 16-17 year-olds not in employment, education or training, who need that little extra bit of help, we will ensure that they are given targeted support through the Youth Contract, the Youth Service and detached youth work, enabling them to get into work, education or training.

2.2 Supporting Young Entrepreneurs

2.2.1 Entrepreneurship is essential for a prosperous economy and as Liberal Democrats we believe that government should support individuals in establishing and growing their own businesses. Entrepreneurship relies on dynamic, hard-working individuals to invest time and effort into building a business up from nothing. However the level of capital needed to start a business is not available to all, particularly young people who have lower levels of personal savings and are less likely to receive a bank loan.

2.2.2 The Coalition Government's commitment to supporting entrepreneurs obtain the finance they need to start a business through the benefits system is welcome. However Liberal Democrats want to make sure young people in particular can benefit from this support. We propose to support young entrepreneurs by ensuring that 16-24 year-olds are given priority in the start-up loans under the New Enterprise Allowance. This will give young people access to low-cost start-up loans to allow them to obtain the capital funding necessary to start their own businesses. As resources allow, we will also look at increasing the value of the start-up loans.

2.2.3 Liberal Democrats also believe that community finance has an important role to play in supporting entrepreneurs. Currently, there is a serious lack of funding institutions that are capable of lending to enterprises and micro-businesses. Conventional banks often make lending decisions based on credit scores, rather than using specialist business or local knowledge. This penalises young entrepreneurs in particular, as they do not often have the credit score required to take out a loan to start a business.

2.2.4 Community banks, credit unions and Community Development Finance Institutions (CDFI), are more likely to have local knowledge than mainstream banks. They are often better able to make decisions about lending to local entrepreneurs, which means funds can be released quickly, which is crucial. They are also better able to operate in hard-to-reach communities and often have explicit social objectives, such as supporting young people or creating jobs.

2.2.5 The Coalition Government has already taken steps towards encouraging a different approach to banking. The Localism Act will make it easier for local authorities in England to support the setting up of new local banks through the General Power of Competence. Additionally, the Big Society bank (Big Society Capital) has already provided funding for organisations that support entrepreneurs set up businesses or social enterprises and for those that help young people find employment, including the social lender, Triodos Bank.

2.2.6 Liberal Democrats call on the Coalition Government to support the development of the community finance sector. As a priority, Liberal Democrats call for credit unions and CDFIs to be put on an equal footing with conventional lending institutions. This can be achieved in part by allowing them to compete with high street banks and by reducing the regulatory burden on local authorities wishing to set up a community bank. We also propose to ensure that any future lending targets for banks, similar to Project Merlin, assign a portion of funds to finance the development of the community banking sector, so that the major high street banks compensate for their failure to provide the lending services that young entrepreneurs and others need.

Opportunities for Learning and Training

3.0.1 Liberal Democrats believe young people should have as many options open to them as possible when they leave school. Unlike higher education students, those wishing to take up an apprenticeship in a different part of the country do not have access to loans for living or travel costs. This is a significant barrier and reduces opportunities, particularly for young people who live in remote areas, who need to travel or even move to the cities and towns to take up an apprenticeship.

3.0.2 Liberal Democrats call on the Coalition Government to break down the barriers to further training by offering a vastly improved package of support to young people who wish to take up an apprenticeship but are unable to move away from home. Young people should have the opportunity to take up a high quality apprenticeships or on-the-job training, enabling them to launch successful careers. We should also improve the quality of apprenticeships and encourage businesses offer 'school leaver' programmes alongside the usual graduate entry, which offer an alternative route to a degree-level or professional qualification through a mixture of on-the-job training and academic study.

3.0.3 For those young people currently unemployed, Jobcentre Plus and the benefits system should support them to develop the sorts of skills that employers are seeking. Liberal Democrats propose that young people on JSA are given more opportunities to develop their 'life' skills and 'employability' skills and should not lose financial support if they volunteer or take up appropriate work experience.

3.1 Removing the Barriers to Learning and Training

3.1.1 One of the barriers that many people face is the cost of travel and accommodation. Those in higher education receive low-cost loans for living costs but there is no such support for those entering post-18 training or apprenticeships, even if they need to move to a different part of the country to take up their place. We will address this inequality.

3.1.2 We will put in place a system for offer means tested, low-cost loans to 16-24 year-olds in an apprenticeship or on-the-job training if they need it during their first year. The loans could be used for putting down a rental deposit, buying a travel card or helping with initial day-to-day living costs. We would also work towards giving additional childcare support to single parents in an apprenticeship or on-the-job training, enabling young parents to move into employment. The cost of the loans and childcare would be shared between the government and the employer.

3.1.3 For young people who have been out of employment, education or training for a long period, taking up an apprenticeship can be daunting. This can mean they are more reluctant to move off benefits and into training. Liberal Democrats therefore propose introducing foundation apprenticeships for one year, to act as an entry point for those who need it.

3.2 Providing High Quality Apprenticeships

3.2.1 The Coalition Government has increased significantly the number of apprenticeships available to young people. Through the Youth Contract's 40,000 incentive payments to create apprenticeships, businesses will be encouraged to take on young apprentices, rather than older people who are already in employment.

3.2.2 Liberal Democrats call on the Coalition Government to guarantee the wide availability of 'higher level' apprenticeships for qualified young people, whilst ensuring that those who do not qualify for higher level apprenticeships are able to build up their skills through 'foundation level' and 'advanced level' apprenticeships.

3.2.3 We will encourage and promote the use of Apprenticeships Training Agencies within colleges and University Technical Colleges, whereby apprentices are directly trained, employed and managed by the college and contracted out to local businesses. This benefits apprentices, who are able to gain valuable experience whilst learning in a college environment, as well as employers, who are spared the risk of taking on a full-time apprentice. Local employers may also see the value that apprentices can bring to their business and consider employing apprentices in future.

3.2.4 Liberal Democrats will also encourage businesses to develop 'school-leaver' programmes alongside their graduate intake, which combine structured academic or vocational study with on-the-job training. Participants can 'earn as they learn' and are often able to obtain a degree or professional qualification as an alternative route to university. 'School-leaver' programmes can be of immense value to companies as they increase diversity by widening the pool of talent from which they draw. Liberal Democrats will encourage companies to work with schools to support students into these programmes and seek to enable them to advertise appropriate placements through the UCAS system.

3.3 Supporting Young Jobseekers

3.3.1 Giving the right kind of help to young people not in work is crucial. Jobcentre Plus doesn't always have the flexibility to provide young people with the sort of support they need to develop their skills. Through the Work Programme and the Youth Contract, the Coalition Government has taken steps to address this, but we believe we need to go further in supporting young people into work through Jobcentre Plus and the benefits system. Liberal Democrats believe we should do more and call upon the Coalition Government to undertake a review of the effectiveness of Jobcentre Plus in meeting the needs of young people looking for work, including an assessment of the training needs for Jobcentre Plus advisers working directly with young people.

3.3.2 Liberal Democrats recognise there are other particular barriers facing young people who come from poorer backgrounds or BAME communities, have been in care, in the criminal justice system or those with disabilities. We therefore call for Jobcentre Plus

and other agencies working to reduce youth unemployment to record their success in finding employment for those young people with additional barriers to employment.

3.3.2 Evidence shows that many employers are reluctant to take on young people because some lack the necessary 'life' skills and 'employability' skills, such as customer service, business awareness, communication and interpersonal skills. Liberal Democrats propose that at the New Jobseeker Interview, which takes place when a jobseeker initially claims JSA, the Jobcentre Plus adviser should assess the new claimant's skills in these areas. The adviser should then give guidance on how to improve their skills as part of the Jobseeker's Agreement. Those with the lowest levels should be referred to suitable training programmes that they are able to start before they become eligible for the Work Programme. Reassessments should take place every 26 weeks for those out of work for long periods, as people can quickly lose such skills when not in regular employment.

3.3.3 Young people looking for work can benefit hugely from volunteering, which can enable them to develop their 'life' skills and 'employability' skills, gain valuable experience in a particular field and can offer references for job applications. However, outside the Work Experience Programme, young people are not able to take up voluntary or work experience placements for more than 16 hours per week without losing their financial support. This means that only young people who can afford to support themselves are able to gain this valuable experience, while others find themselves victim of the vicious circle of 'no experience, no job; no job, no experience'.

3.3.4 Liberal Democrats will allow all jobseekers to volunteer for more than 16 hours per week without losing JSA. We will work with Volunteering England, Volunteering Scotland and Volunteering Wales to encourage employers to provide appropriate volunteering or work experience schemes, which combine mentoring, training and 'hands-on' experience.

3.3.5 For young people who have been out of work for a long time, making that first step off benefits and into employment can be daunting. If for some reason a young person finds a job but it doesn't work out or they are made redundant, it can take quite a while for them to receive JSA again. With few savings to fall back on, this uncertainty can make young people reluctant to take on work. Liberal Democrats call for 'rapid reclaim' of benefits for young people for 12 months after they move off JSA. This will remove one of the barriers young people face in taking the first step into employment.

Careers Guidance at School

4.0.1 Liberal Democrats believe every school leaver should be able to make study, training and career decisions based on a broad knowledge of the options available to them, having had clear, balanced and independent advice from an early age. Schools should be able to focus on more than just helping students obtain the required qualifications – they should provide an environment that prepares young people for the world of work and enables them to make informed choices about their future.

4.0.2 The previous government set damaging targets which forced schools to focus on a narrow set of objectives that would score well on league tables but not necessarily prepare their students for work. The 50 per cent target on higher education participation led to a disproportionate focus on the university route, restricting the choices that young people felt they were able to make. Young people were often actively discouraged from choosing equally valuable options, such as further education, apprenticeships or on-the-job training.

4.0.3 Liberal Democrats are committed to giving every young person an equal start in life, regardless of their background or the school they attend. As part of this we propose a package of measures to reform school careers support. We seek to ensure that all young people have the ability to gain relevant skills and experience and to make decisions about their career path based on good quality, independent and impartial advice.

4.0.4 We also believe there should be clear information provided to all students about the different options available to them when they leave school. The Coalition Government has taken significant steps to improving the information school leavers can access about university courses but years of excessive government interference has made the vocational education system extremely complex and difficult to navigate.

4.0.5 Liberal Democrats therefore call on the Coalition Government to implement the Wolf Report recommendation to end central government's micro-management of vocational education, reduce the complexity of the vocational qualification system and provide accurate information about courses and qualifications to all young people, as recommended in the Wolf Report.

4.1 Guaranteeing Independent and Impartial Careers Advice

4.1.1 Liberal Democrats believe that from a young age, children should be exposed to a better and more-rounded outlook on the learning paths and career options available to them. Careers advice currently starts too late for many young people, who may have already chosen GCSE options that restrict their future choices. Careers advice should also complement a message to students, which starts from primary-school age and continues throughout their school career, of seeing the value of hard-work and developing a work ethic. We need to inspire children to want to achieve, to foster a pride in themselves and their work, which lasts through school and into employment.

4.1.2 As resources allow we will work towards providing high-quality, independent and age-appropriate careers advice for all young people from age 10-11 and face-to-face careers advice for all from age 13-14. It is vital that this advice is impartial and independent, partly to take the burden off teachers and partly because most teachers have gone through university and may not have experience of the other employment routes.

4.1.3 Careers guidance should deliver as far as possible a wide-ranging programme. Liberal Democrats will encourage careers advice that includes, for example: different learning options and career routes, without gender stereotyping certain career paths; learning about work and developing an understanding of the sorts of skills employers are looking for; and involvement in entrepreneurial projects.

4.2 Encouraging Mentoring

4.2.1 In order to enable young people to develop the sorts of skills that will help them find employment in the area they want, it is crucial they are able to make an informed choice about the various options available. An important aspect of this is ensuring students are able to learn about careers outside the normal school environment.

4.2.2 Students should have more opportunity to experience the world of work first hand and careers support should also include helping them find short work experience placements with local businesses at various stages of their school career, beginning at age 14, as recommended in the Hughes Report. We propose in particular that employers taking part in the Work Experience Programme, through Jobcentre Plus, are also required to offer placements to local school students. Additionally more Local Authorities should be given the opportunity to support 'Work Pairings', which currently exist in some parts of the country and offer 16-18 year-olds work experience with local businesses.

4.2.3 We also call for the Coalition Government to encourage schools to form partnerships with former pupils, local businesses and further education providers. These partnerships could see business mentors going into schools to enable students to find out more about different career options or regional careers fairs for local schools that act as a showcase for further education providers, trade bodies and businesses. This would give businesses a wider reach as they are unable to visit every school and the involvement of trade associations will ensure career paths that tend to be through small businesses can be represented.

4.3 Holding Schools to Account

4.3.1 A huge emphasis is currently placed on the success of schools in sending school leavers to university, irrespective of the career path students want to take. Liberal Democrats believe value should be placed on the success of schools in getting their students into further learning and employment. We therefore call on the Coalition Government to carry out its commitment to ensure accountability regimes for schools and colleges include a destination measure comprising data on students moving into further education, higher education, apprenticeships, employment and on-the-job training.

4.3.2 We also call for a new accountability regime for schools, based on this destinations data, so that schools where too high a proportion of leavers become NEET can be classed as 'underperforming', and local authorities are able to intervene appropriately. We recognise that there are other determinants of the proportion of school leavers who are NEET which are out of the control of the school, such as the state of the local economy or the accessibility of training options, particularly in rural areas. We therefore believe there should be a baseline national floor standard, with discretion for local authorities who wish to raise the floor standard in their local area.

Giving Young People a Future - Policy Paper 103

This paper has been approved for debate by the Federal Conference by the Federal Policy Committee under the terms of Article 5.4 of the Federal Constitution. Within the policy-making procedure of the Liberal Democrats, the Federal Party determines the policy of the Party in those areas which might reasonably be expected to fall within the remit of the federal institutions in the context of a federal United Kingdom. The Party in England, the Scottish Liberal Democrats, the Welsh Liberal Democrats and the Northern Ireland Local Party determine the policy of the Party on all other issues, except that any or all of them may confer this power upon the Federal Party in any specified area or areas. The Party in England has chosen to pass up policy-making to the Federal level. If approved by Conference, this paper will therefore form the policy of the Federal Party on federal issues and the Party in England on English issues. In appropriate policy areas, Scottish, Welsh and Northern Ireland party policy would take precedence.

Many of the policy papers published by the Liberal Democrats imply modifications to existing government public expenditure priorities. We recognise that it may not be possible to implement all these proposals immediately. We intend to publish a costings programme, setting out our priorities across all policy areas, closer to the next general election.

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