
Welfare, Work and Young People

How to improve prospects
for 16-24 year olds

Steve Hughes



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About the Author

Steve Hughes is the Head of Economic and Social Policy. Before joining Policy Exchange, Steve worked at the Bank of England, where he conducted research into the circulation of banknotes, and helped manage the regulatory system that governs cash distribution in the UK. Prior to this, Steve worked at the British Chambers of Commerce, producing economic indicators and advising on tax, international trade and SME finance policy. He has also worked in Parliament, researching HM Treasury and Department for Work and Pensions legislation as it passed through the House of Commons. Steve read economics at the University of Nottingham.

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Executive Summary

This paper is about people under the age of 25 and how they interact with the welfare system. By extension, it is about how people under the age of 25 interact with the world of work. Poor employment outcomes for 16-24 year olds are a longstanding public policy issue with multiple negative consequences. For the individuals involved it can mean lower pay and impaired employability much later on in life. For the state it can mean missed opportunities to fill skills gaps, improve productivity performance, increase tax revenue and reduce the cost of benefit payments.

The welfare system and countless other policy programmes are designed to prevent, alleviate or solve these problems. Some interventions are targeted solely at 16-24 year olds and some apply different treatment to 16-24 year olds. Differentiating state support in this way recognises that the choices made at this time in life are crucial to determining a person's future. It also recognises that the typical young person has fewer financial responsibilities, lower wage expectations, underdeveloped skillsets and less experience than those who are older than them. The result of it all is a package of policy that has massive variation in scope, cost and success.

The central arguments of this paper are that policy differentiation for young people should go further and that current interventions aimed at younger people could be made smarter. Recommendations are made to trial a devolved restructure of Jobcentre Plus for young people, and to build the Youth Obligation – a forthcoming welfare to work programme for 18-21 year olds – on the principles of addressing skills shortages and offering quality job opportunities.

Young People and Work – The Problems

Debates about young people and their interaction with the world of work often focus on the negatives, referencing the social problems or evidence of policy failure that tend to accompany poor employment outcomes. The undoubted positives young people can bring to the workplace are regularly ignored and overlooked, meaning that an important part of the story does not get told. Employers say that today's school leavers are at ease with technology, giving them an advantage over those who grew up before the widespread use of computers. They also say that those in their late teens or early twenties can add a type of energy and enthusiasm to a job that is a unique product of their youth.

And just as these positives should be recognised in discussing this subject, so too should the labour market environment into which today's young people enter after leaving education. Technological advancement and globalisation have changed the job opportunities that are available and will change them again, creating the need for new skills as the need for old ones is destroyed. There is also

little doubt that labour market regulation is changing opportunities. And while the controversy around zero-hours contracts along with other types of labour market flexibility will continue, the argument that they create jobs which would not otherwise exist is a strong one.

There is no debate, however, around the fact that employment opportunities for young people can only be maximised if there is a strong economy. The fallout from the financial crisis saw the number of unemployed 16-24 year olds rise above one million and it took seven years for the youth unemployment rate to fall to pre-2008 levels. But that is not to say policy should be active in a downturn and passive when growth is healthy and jobs are widely available. Regardless of the economic conditions there are roles for Government, people themselves and employers to play in supporting the young into work. The problem is that these roles are not always played as effectively as they could be:

- **The role of Government.** The state uses numerous different pots of money to target initiatives at young people to help them into work, with schemes originating from different parts of Whitehall and implemented by both central and local government. The Department for Education funds apprenticeships and did finance the now defunct Youth Contract. The Department for Work and Pensions defines how welfare to work programmes treat younger claimants. The Cabinet Office pays for the National Citizen Service to support the, “...transition into adulthood for young people”. There is nothing necessarily wrong with these or other schemes on an individual basis, but their interaction with one another can create complexity and duplication. In turn, this acts to constrain their effectiveness and prevents a coherence of approach that is an age-old complaint of those delivering frontline services. While this is frustrating and troublesome and needs addressing, the interventions in question do reach a lot of young people and change their lives. But there are a lot of young people that the interventions do not reach. Those who are not claiming welfare, not in education and not training, or those who are in a low-paid, low skilled job, are essentially off the radar when it comes to state support. The people in these situations are Universal Credit claimants waiting to happen, giving rise to the issues of low employability and productivity after they have become entrenched.
- **The role of people:** The attitudes and decisions of individual people play a huge role in determining their employment outcomes, but their attitudes and decisions can be impaired by a lack of information and knowledge about the labour market that they want to join. Those with networks of friends and family that have a high incidence of worklessness can be poorly informed about how to get into employment, and could have a limited understanding of what employers want and expect from an employee. Those who are ill-informed about the skills gaps within their locality could end up taking a training course to acquire a qualification that local employers do not want or need. This kind of information deficiency can also reduce labour market opportunities in less obvious ways. For instance, being poorly informed about how transport networks interlink to get somebody from one place to another can restrict the geographic area over which they look for work.
- **The role of employers:** A constructive contribution can be made by employers in the preparation of young people for work, but there is a question mark over

the extent to which this contribution is happening. The research on this subject makes repeated references to how the links and relationships between employers, education providers and the jobcentre are often poor, but that the biggest barrier to the links being made is the employer's time constraints when running a business. Even if this were not a problem, the evidence suggests that employers harbour doubts about how well the education system prepares young people for the workplace and how well the jobcentre vets candidates before putting them forward for vacancies. This damages employers' confidence in what the state can deliver and leads to scepticism about the value of engagement with it. All of this damages the matching of the supply and demand for labour, something that is exacerbated by a general weakening in recent decades of the connection between employers and future full-time employees. Having a job whilst learning is known to improve the transition to employment for a young person, but the proportion of 16-17 year old students who also work has fallen from 42% in 1997 to 18% in 2014. The evidence suggests that employers are not driving this trend, and concerns people have about work interfering with their study and increased competition for entry-level jobs are two examples of what is causing it.

Young People and Welfare – The Caseload

The headline caseload of a welfare payment, or the number of people within a certain social category, tells us little or nothing about how policy should be designed to improve their lives. A prime example is the group of young people classed as Not in Education, Employment and Training (NEET), the default statistic used by the media, politicians and some policymakers to indicate how serious the plight of the nation's youth is. The term is catch-all and overly simplistic, failing to represent a variety of social problems affecting the people that it covers. Those who are NEET are either unemployed (available to work and looking for work) or inactive (not available for work or not looking for work). Inactive NEETs include those who are long-term sick, those who are looking after the family home and those in a period of short-term limbo between finishing education and starting work. Add into the mix the inescapable importance of economic geography – a 16-24 year old in the North East is almost twice as likely to be NEET as a 16-24 year old in the South East – and the limitations of lumping people together under a single categorisation are clear.

If the underlying characteristics of the people claiming a particular welfare payment, or the people who are grouped together under a single social category, were better understood then more informed debate and better design of policy should result. Looking at the underlying characteristics of the 16-24 year olds who are claiming benefits shows how their interaction with the benefits system is different from those who are older than them. Younger claimants are more likely to be single, more likely to get a job if they have been long-term unemployed, more likely to have their benefit payment sanctioned if they are a jobseeker and more likely to see an improvement in their health if they are on sickness benefit. The under 25s also tend to be a small minority of the claimants of most welfare payments (16-24 year olds make up only 6% of Tax Credit recipients and around 5% of Housing Benefit claims). This is largely because younger people face restrictions on benefit eligibility and because on average people have their first child when they are over 25.

To get more specific, this paper looked at four particular caseloads to show how younger claimants differed from older claimants:

- **The Housing Benefit Caseload:** The high cost to the Exchequer of Housing Benefit is a problem for the Government and a suite of measures have been introduced in recent years in an effort to control it. One of the most relevant recent policies to this paper is the ending of automatic entitlement to Housing Benefit for those aged 18-21 who do not meet certain criteria, such as being parents, being classed as vulnerable, or having recently been in work. The saving from this is projected to be £40m in 2020/21, a drop in the ocean considering the £24bn annual cost of Housing Benefit. Roughly £1.35bn a year is made in payments of Housing Benefit to the under 25s, with less than 10% of it paid to couples and over 50% of it paid to single people with a child dependent. In all other working-age groups between 20-30% of expenditure is attributable to couples. The circumstances of Housing Benefit claimants differ across age categories, reflected by the fact that almost three quarters of claimants under the age of 25 are “passported” onto it. Passported claims are automatic entitlements based on a person’s existing claims of other benefits (such as Income Support, JSA, or ESA). Around 50% of 25-44 year old Housing Benefit claimants are passported.
- **Jobseeker’s Allowance (JSA) and Employment and Support Allowance (ESA) caseloads:** JSA claimants under the age of 25 make up around one fifth of the total. Until recently, almost half of JSA claimants had been under the age of 35, which had been a relatively consistent as a proportion of total claimants since the year 2000, but this proportion has dropped in recent months. JSA benefit sanctions, imposed when a claimant fails to comply with the conditions attached to their claim, are applied proportionally more to the under 25s who make up over a third of total sanctions, but under a fifth of total JSA claims. ESA claimants under the age of 25 make up less than 10% of the caseload and the over 35s make up over 75% of the caseload. One in ten 16-24 year olds reported their health worsening six months after making their initial claim, in comparison to roughly one in five 25-34 year olds, one in four 35-49 year olds and one in three 50-54 year olds. Younger ESA claimants are more likely to be male than female.
- **The Lone Parent Caseload:** There is a strong relationship between having children at a young age, lone parenthood and benefit dependency. The related social problems are many and varied, and include teenage pregnancy, concentrated geographic deprivation, low educational attainment and poverty. A combination of the economic cycle, societal trends and policy interventions has meant some progress in addressing these problems. Taking teenage pregnancy as a case in point, the UK’s teen birth rate has fallen significantly in recent years (although it is still much higher than the EU average, over twice that of Germany and over four times that of the Netherlands). It is a much more complicated issue than the often referenced path of pregnancy to lone parenthood to reliance on welfare payments. Two statistics illustrate this. First, in 2014 there were 50,000 people under the age of 20 had one or more children, with just over a third of them classed as being in a relationship (married, civil partnered, or cohabiting). Secondly, also in 2014, there were

211,400 lone parents aged between 16 and 24 in the UK, with around a third of this number classed as a “concealed family” and living in their parental household. In other words, a sizeable proportion of teenage parents are one half of a couple, and a sizeable proportion of young lone parents utilise support networks other than the welfare system.

Recommendations

Those under the age of 25 are in a unique phase in life and subsequently interact with work and the welfare system in unique ways – they typically have very different circumstances, experiences, skillsets, attitudes, responsibilities and goals to those who are older than them. While public policy initiatives and welfare already reflect this to an extent, differentiation in state support for 16-24 year olds could go further and interventions targeted at them could be made smarter:

- 1. Reimagine Jobcentre Plus for young people:** A small number of Youth Employment Centres (YECs) should be created to offer employment support and youth services exclusively to the under 25s. They would operate separately from the current JCP network under their own branding and in their own premises. The purpose of their creation would be to trial the integration of access to youth services and employment support within a given geography and to experiment with the design of policy. Decision making and funding would be devolved to YECs, meaning that resource allocation would be fully flexible. The idea is that a YEC would become the single employment reference point for all young people in a local area, providing support to both welfare claimants and non-claimants who are looking to get work or looking to progress in work.

Despite JCP facing a number of operational pressures in recent years – the fallout from the recession, repeated policy change and a reduced budget to name just a few – it has coped with them well. Nevertheless, JCP’s current structure and its interaction with other providers of state support have deficiencies. These include a lack of an identifiable point of contact for service users and the crowding out of specialist employment support services being developed. YECs would be an attempt to address these deficiencies and to prove the concept that employment support can be split from benefit administration to realise better outcomes.

The following list gives an outline of what the basic functions of a YEC would be:

- YECs would act as a local gateway to all services that could help or support a young person with their employment needs. This would include access and signposting to national organisations ranging from the National Careers Service to the Prince’s Trust. It would also include access and signposting to any relevant local providers in the public or voluntary sectors. YECs would also be the entry point for government welfare to work initiatives, such as the forthcoming Work and Health Programme.
- Advisers in YECs would understand the skills needs of local employers and the vacancies that are available within them, particularly related to entry level positions that may be more appropriate for younger people. They would also

have knowledge of the traineeships and apprenticeships on offer and how to apply for them, as well knowledge of the training courses that were available to young people.

- YECs would be open to both welfare claimants and non-claimants alike. This would require employment advisers providing support in different ways for the different circumstances of young people walking through the door. As much as YECs should offer something for those who would find it relatively straightforward to get a job, they should also offer something for those with significant barriers to work, such as mental health problems or homelessness.

The following list gives some examples of how a YEC may trial different ways of working:

- Use different approaches to manage staff resource. This could mean recruiting fewer advisers on a higher wage to attract a better quality of candidate. It could mean focussing more resource on employer engagement if that was deemed a priority. It could mean training advisers to have different specialisms, such as those to help young people with a disability or health condition.
- Re-design conditionality and sanction regimes. This could mean that every young person's Claimant Commitment would include a requirement to spend half a day on a local volunteer project that has been set-up by the YEC. It could mean changing the sanctioning rules so that low-level rule breaches do not incur a financial consequence, instead trialling new penalties like a daily sign-on requirement.
- Trial new ways of employer engagement. This could mean organising job fairs for local employers and young people. It could mean facilitating employers having greater interaction with local schools, or making sure that local provision of training matches employer needs.

To properly test the concept of YECs would mean a decent amount of time dedicated to trialling them, rather than the usual DWP approach of experimentation using short-term pilots. A trial period of five years would mean that there would be no pressure to get things right in the first instance, so that YECs could be refined through iteration. It will allow YECs to slowly build the most effective model of intervention best suited to a specific locality, labour market and welfare caseload. Should YECs prove successful then they would be a blueprint for widespread implementation across the country and for a greater overhaul of JCP.

Each YEC would be free to trial new ways of working subject to approval its governance structure, with recent devolution deals providing a model for how the relationship between central and local government could work. It would be necessary to have robust and independent evaluation of each YEC's actions built into their design so that the success of new ways of working could be properly assessed. Without evaluation the pros and cons of devolved control and of new interventions would always be blurred.

A potentially efficient way of implementing YECs could be through private welfare to work providers, which could be invited to tender proposals to create a YEC in a specific locality. This does not have to be a typical tendering process and variations, such as encouraging partnerships with the local voluntary sector, could

be tried. Alternatively, YECs could be spun out of JCP into a public service mutual; an organisation that has left the public sector but that continues to deliver public services with a large degree of autonomy by its staff.

The YECs model would need funding. Part of this could be taken out of the budget for jobcentres in a specific area, which would see reduced footfall and demand for resource because younger claimants would no longer be using its services. But there would need to be additional funds assigned to the project, given that economies of scale will be lost, and separate premises would need to operate. These additional resources could be contributed by reallocating some of DWP's other spending, such as from the Innovation Fund or Flexible Support Fund, or by utilising underspend from Discretionary Housing Payments. Another option would be an "invest to save" model that uses the principle of allocating future spending to current employment support programmes. The argument is that bringing the expenditure forward will get more people into work, creating savings and offsetting the expenditure that would have occurred. This model of financing has yet to be tried, but doing it on a small scale through YECs could be a good way of experimenting with the concept.

This type of dedicated support for younger people has some recent precedent in the UK, and YECs are more ambitious versions of the successes seen in the MyGo project in Ipswich and the Youth Employability Service in Brighton. There is also precedent from overseas, with the city of Calgary in Canada having a specific institution to support 15-24 year olds getting into work.

2. A three point plan for the Youth Obligation: The Youth Obligation, an intensive regime of welfare to work support for 18-21 year olds receiving Universal Credit, will be implemented in April 2017. It will be a key policy representation of the Government's belief that young people should be "earning or learning". A rough outline of the scheme has been set out by the Cabinet Office and DWP, which includes an initial three week syllabus to support job search (the "Intensive Activity Programme") followed by a requirement for claimants to apply for an apprenticeship or traineeship, or go on a mandatory work placement.

Elements of the Youth Obligation outline are familiar, with some similarities to the active labour market policies of New Labour's New Deal For Young People and the Coalition's Work Programme. Lessons can be taken from these interventions (as well as others) to provide some underlying principles for the Youth Obligation. Focussing resource on those young people who would get a job anyway should be avoided. Work experience placements should be relevant to local skills needs. Job opportunities should be sustainable and should be provided in the private sector wherever possible. Too stringent a regime can see participants disengage and drop out of a programme.

For the Youth Obligation to be able to fulfil its potential it should be built around the idea of utilising out of work young people to address skills shortages and to enhance productivity. To do this would require employers, the jobcentre and the education system to operate in a seamless network. Too often this does not happen and the following ideas would help to improve the situation:

i. Build Sector-Based Work Academies into the Youth Obligation.

Introduced in England in 2011, Sector-Based Work Academies are run for industries with large numbers of local vacancies and give benefit claimants skills training and work experience required to work in a specific sector. Because the programme is demand-led it means that it covers a diverse range of occupations, from retail to teaching and from agriculture to engineering. Each Sector-Based Work Academy is run through partnerships between employers, JCP and training providers and has three stages: pre-employment training, a work experience placement and a guaranteed job interview linked to a genuine vacancy. They are focused upon claimants of JSA, ESA, Universal Credit and, more recently, lone parents on Income Support aged 18-24. DWP guidance suggests that referrals to the scheme should be close to the labour market and a recent review reported that 19-24 year old JSA claimants taking part in Sector-Based Work Academies spend reduced time on benefits and increased time in employment. Given these initial indications of success for Sector-Based Work Academies, there should be some exploration of how they could be expanded and applied to a greater number of people. One approach could be to design the Youth Obligation Intensive Activity Programme to get some claimants who are further away from the labour market to the “pre-employment training” phase of a Sector-Based Work Academy. Another approach could be to develop an offshoot of Sector-Based Work Academies specifically for those claimants who are further away from the labour market, creating a form of segmented employment support within the programme. For example, the end point of such an offshoot could be getting a claimant a work experience placement that does not come with a guaranteed job interview.

ii. Each Jobcentre Plus district should produce and publish Employer Engagement Plans, which would include a framework for local implementation of the Youth Obligation. Some parts of the JCP network are better at engaging with employers than others. This recommendation is aimed squarely at making the JCP network collectively think more about how relationships with employers could be strengthened and created, as well as being a tool for sharing best practice across in different parts of the country. The JCP network has almost 2,000 “Employer Engagement and Partnership Services” employees, who are a crucial resource in the welfare to work system. Each Employer Engagement Plan would describe:

- How a particular district is engaging employers, including how it is maintaining employer relationships and trying to establish new ones.
- How the district plans to upskill its employer engagement staff so that they can better serve their function within JCP. This could include, for example, a short period of work experience within the HR department of a local employer.
- The district’s assessment of the skills gaps that exist within the local area, and how well aligned the training provision within a locality is with its skills deficiencies.
- How the district ensures suitable claimant referrals for vacancies.

- How the Youth Obligation fits in with the needs of a local economy and how it fits with the district's plan to support the school to work transition.

Employer Engagement Plans would be made public, allowing approaches to be compared across jobcentre districts and allowing the introduction of some kind of accountability to this part of the JCP operation. It would also signal to the business community that JCP takes employer engagement seriously. The concept is not dissimilar to local planning authorities publishing "Local Plans", which sets out how more homes are going to be delivered and how infrastructure will be built by Local Authorities.

iii. Use the Youth Obligation to trial new ways of linking employers to JCP via other government services. The state engages and interacts with employers every day in many different ways. The Health and Safety Executive carries out risk assessments, UK Trade and Investment supports exporters and encourages inward investment and HM Revenue and Customs collects payments related to a companies' payroll. The government should look at how these services, and others, could be used to facilitate employment opportunities through JCP. These opportunities could be traineeships, apprenticeships, work experience placements, or permanent jobs. The Youth Obligation could be used to trial new ideas for how this would work such as:

- Use HMRC payroll data to identify employers who could be looking for staff. When a new employee starts working for a business they have to be registered with HMRC and when an employee leaves or retires from a business it has to be reported to HMRC. This information could be used to identify businesses that have particular staffing needs. For example, companies that are growing, that have a higher propensity to take on young people, or that have a high degree of turnover could be identified and contacted by employer engagement staff at JCP.
- Refer Companies House registrations to local JCP employer engagement teams. To set up a private limited company in the UK registration with Companies House must take place. Tens of thousands of new companies are incorporated every month. Whilst this is clearly too many organisations for JCP to contact directly in person, each newly incorporated company could be sent information on how JCP can help with recruitment, along with contact details of employer engagement staff.

Just as it is important to for the Youth Obligation to provide an effective channel for young people to get off of welfare and into work, it is also important to understand where Youth Obligation participants go after they have left the initiative. One of the weaknesses of previous welfare to work schemes has been limited knowledge of where claimants end up, which restricts the lessons that can be learned from policy interventions. This opportunity should not be lost with the Youth Obligation and a supplementary recommendation is:

- **Track destinations off the Youth Obligation.** Local Authorities already do some tracking of where young people go after they have left education in an

attempt to better identify and engage those who are falling off the radar. In the examples of the New Deal for Young People and Work Programme, tracking off-flows from the programme did not reveal much about where those leaving an active labour market programme went next. Having better systems in place to do this would better inform public policy and allow better targeting of support. To do this across all participants would be incredibly resource intensive, but targeting the tracking specific areas of the country on a smaller scale would be a good start.

3. Be smarter with other state youth interventions: The incoming Conservative Government had said that it wanted to make the state “Smarter”, which means reforming public services using new ideas and becoming more efficient in delivery. The following three ideas speak to this agenda:

i. Use the devolution agenda and co-location initiatives to trial how technology can integrate and improve services for young people. Effective flows of information within and between programmes and institutions are of benefit to the users of services. For example, this could be information shared within JCP between employer engagement teams and work coaches, meaning that welfare claimants are better matched to the stock of available jobs. It could be information shared between the Local Authority and JCP on those young people at risk of NEET-hood, allowing some kind of early intervention process to be put in place. There are good case studies from the US of how technology complements greater integration of services and has resulted in better outcomes. One such case study comes from New York, which seven years ago began an initiative to collect its social service data in one place. The premise was that multiple users of social services could walk into different agencies without having to re-enter information or fill out the same paperwork. The collected data from this exercise could then be used to detect fraud and better target services. Trials to utilise this type of initiative in the UK would suit the cohort of service users that are young people because they are relatively small in number and interact with a variety of services, including the education system.

ii. Focus increased funding for relationship support on teenage couples with children. Not long before he left office, David Cameron announced that there would be an extra £35 million dedicated to relationship support. Given the analysis in this paper, using some portion of these increased funds to focus on young couples (which are more likely to experience break down) with children could have potentially greater benefits than for older couples. There is some evidence that teenagers may be reluctant to use relationship counselling services, despite difficulties being reported with their partners. Therefore, using some of the funding to trial different methods of engaging young couples who may need relationship support would also be worthwhile.

iii. Ensure National Citizen Service (NCS) providers are better incentivised and able to get the hardest to reach groups to participate. The NCS –

first launched under the Coalition Government – recognises that fostering social ties between young people from different backgrounds can improve the confidence of people from deprived households who might otherwise have had a narrow or localised frame of reference. Under the current design of the NCS, which was recently granted more funds, providers are required to bring together people from different social groups as part of the payment by results contract. Some measures have been put in place, including single gender programmes and measures to recognise religious holidays. However, more still needs to be done to ensure that NCS captures and includes people at the margins who could stand to benefit most but are the least likely to take part. Measures could include amending the payment by results formula to better incentivise contact with harder to reach groups and utilising the Troubled Families Programme to refer potential participants.

1

Attitudes, Age, Politics and Policy

This paper is about people under the age of 25 and how they interact with the welfare system. By extension, it is about how people under the age of 25 interact with the world of work. A young person who is not in employment and who is claiming benefits represents the loss of human potential and a poor return on the state's investment in providing an education.¹ The larger the number of young people in this situation the larger the number of missed opportunities there have been to address skills shortages, improve productivity performance, increase tax revenue and reduce the size of the welfare bill. This is not a theoretical problem and it is not a problem specific to the UK. It is also not a new problem, nor one that will ever be completely solved. Nevertheless, the advantages to the economy, society and individuals of managing it better are obvious, even if the methods to do so are not.

There is no set route that a young person takes from finishing full-time education to gaining employment. They may get a job straight away. They may get a job after a stint on benefits. They may drop off the radar completely, re-entering the system at a later date. As well as the countless individual circumstances at play, numerous areas of public policy influence the outcomes of somebody making this transition from school to work. The most important of these influences are undoubtedly the strength of the economy, the path taken in receiving an education and acquiring skills, the regulation of the labour market and the design of the welfare system. Each could reasonably be the focus of their own study and in many cases already have been several times over. Instead of covering the same ground this research looks at how the current system of state support for young people operates as a coherent whole.

To inform this paper we have delved into the large body of research that already exists on the subject, solicited the views of experts, practitioners and young people and reviewed the available statistics. Our starting point was to understand the public's attitudes towards welfare and work for the under 25s, to evaluate how and why age currently differentiates welfare provision and to look at recent political narrative and policy initiatives related to 16-24 year olds.² The rest of this chapter gives an introduction to each of these topics.

Following this, Chapter Two summarises what previous research tells us about the roles of Government, individuals and employers in improving labour market outcomes for young people. Chapter Three contributes new analysis to the understanding of how those under the age of 25 interact with the welfare system. Chapter Four provides further analysis and policy recommendations.

¹ OECD Skills Outlook 2015, May 2015, <http://www.oecd.org/edu/oecd-skills-outlook-2015-9789264234178-en.htm>

² This report is largely focused on the 16-24 age range, but occasionally uses examples with narrower or wider age bandings

The public's attitudes towards young people, welfare and work

Public opinion should be considered when formulating policy. A person's daily life and experience provide them with information that forms a viewpoint that adds something to the understanding of a subject that cannot be derived from data analysis or academic research.

If the UK welfare system were to be rebuilt from scratch to reflect the public's attitudes then parts of it would likely look very different to what is currently in place. Generally speaking, people have a clear preference for restoring the contributory principle and for more proportionality (Child Benefit would only apply to a limited number of children and the Winter Fuel Payment would be means tested).³ It is nowhere near as clear what people think about the issue of young people, the welfare system and work, with the limited polling on the subject giving mixed messages.

In 2012, 60% of respondents to a poll agreed with the statement that, "Those aged under 25 are adults who should have the same rights and responsibilities as other adults, including accessing benefits if they hit hard times". Yet in 2013 60% of respondents to a survey agreed that young people should be kept outside of the adult welfare system, but should be provided with better access to apprenticeships, education and opportunities for work with training.⁴ Muddying the waters still further is the British Social Attitudes Survey, reporting that 43% of people believed that exactly the same level of benefit entitlement should apply to over and under 25s who are in the same circumstances (20% said that the under 25s should have access to most of the same benefits, and one in three believed they should have access to a few or none at all).⁵

There have not been many polls, in recent years at least, that have asked particular questions about particular benefit payments and their application to young people. The one exception is Housing Benefit, which has been a focal point in the public debate around who should and should not be entitled to welfare. 35% of respondents to the 2012 poll referenced above supported its removal, "from most people under the age of 25".⁶ But a survey conducted by the same company five months prior to this found 53% of respondents supporting the withdrawal of Housing Benefit, "from the great majority of welfare claimants under the age of 25".⁷ More recently, a June 2015 poll found that 43% supported stopping Housing Benefit for the under 25s and 39% opposed. More recently still, 50% of respondents to a July 2015 poll thought that stopping people under the age of 21 from claiming Housing Benefit was a good idea, 33% thought it was the wrong priority and 17% didn't know if it was a good idea or not.⁸ Perhaps predictably, the level of support attributed to some of these answers varied significantly according to age. In the last example just under a third of 18-24 year olds thought that the removal of Housing Benefit from the under 21s was a good idea, compared to just under two thirds of those aged 60 and over.

Some surveys have provided interesting insights into young people's own views of how they might interact with the welfare system and work. Last year, a poll for Barnado's reported that around a fifth of 14-22 year olds were not very confident of earning enough money to support themselves without relying on benefits.⁹ More worryingly, a poll conducted at a similar time showed 5% of

3 Policy Exchange, 2011, <http://www.policyexchange.org.uk/images/publications/just%20deserts%20-%20apr%2011.pdf>

4 IPPR, "No More NEETs: A plan for all young people to be earning or learning", November 2013, http://www.ippr.org/files/images/media/files/publication/2013/11/no-more-neets_Nov2013_11516.pdf?noredirect=1

5 British Social Attitudes, http://www.bsa.natcen.ac.uk/media/38977/bsa32_welfare.pdf

6 YouGov/Fabian Society Poll, November 2012, http://d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/x67cmfrax0/YG-Archive-Fabian-Society-Housing-benefit-results-121115.pdf

7 YouGov Poll, June 2012, http://d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/vuyiidh8m9/YG-Archives-YouGov-Welfare-260612.pdf

8 YouGov, July 2015, https://d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/gtjm0xqimo/InternalResults_150709_budget_W.pdf

9 Ipsos MORI, August 2015, <https://www.ipsos-mori.com/Assets/Docs/Polls/ipsos-mori-barnados-generation-selfie-tables.pdf>

respondents strongly considering the option of living on benefits after they had left school (this figure was as high as 8% when the lowest socio economic group answered the question).¹⁰ Another piece of research has shown that Generation Y – those born between 1980 and 1999 – often took an unfavourable view of their own age group’s work ethic when compared to that of older generations, but felt that those older generations had better paid work available, less debt and more affordable housing.

Whilst the above information offers interesting titbits, it contributes little that is concrete to inform the debate on the subject of welfare, work and young people. If anything, the main take away could be the not very helpful conclusion that, “it is complicated”. To determine more from polling would require an in-depth line of questioning. For example, while there is a reasonable degree of support for generally restricting access to Housing Benefit for those in their late teens or early twenties, there is no understanding of what people think about which specific groups in society should remain eligible (if any) and why they should remain eligible.

Despite the limited knowledge we can gain from the polling it does seem reasonable to infer that there is a general belief that young adults should have access to welfare, but that variations on access because of their age could be a good thing. To an extent, this is already reflected in welfare provision (see next section) and the recommendations in this paper build on this principle.

How and why age differentiates welfare provision

Age is a major determinant of how somebody is treated by the benefits system. It dictates when an older person can start to draw their State Pension, when they can get their free TV licence and when they are eligible for the Winter Fuel Payment. It has a bearing on the stringency of work search requirements faced by lone parents, with eligibility for Income Support and JSA defined by how old their child is.¹² It imposes a limit for single, childless Housing Benefit claimants under 35, who can only receive a payment to reflect the rent of a room in a shared house rather than for the cost of an entire property.¹³ There are plenty of other examples, including Tax Credits and Universal Credit having age restrictions, and JSA being paid at £57.90 a week for 18-24 year olds compared to £73.10 a week for those who are 25 or over.

Broadly speaking, age can determine whether a person is eligible for a benefit or not, the benefit conditionality that they are subject to, the type of employment support that they can receive and the level of benefit payment that they can claim. The main reason for using age as a dividing line is to recognise that the different phases of a person’s life have distinctive characteristics and that these characteristics typically align with getting older. To take JSA as a straightforward example, there is no particular reason why a claimant who has just turned 25 should receive more per week than a claimant who is a few weeks shy of their 25th birthday. But the line has been drawn to reflect a judgement that younger people need less state support than older people because they typically have fewer financial responsibilities and lower wage expectations from work.¹⁴

Some may argue that distinction by age should not exist – an adult is an adult and should be treated on an equal footing. Yet there are unlikely to be many people who would argue that different circumstances should not be taken into account

10 ComRes, Young Women’s Trust Apprenticeship Survey, http://www.comres.co.uk/wp-content/uploads/2015/09/YWT_Apprenticeships-Survey_Summer-2015.pdf

11 Ipsos MORI, “changing attitudes to welfare”, 2013, http://www.demos.co.uk/files/Demos_Ipsos_Generation_Strains_web.pdf?1378677272

12 Lone parents receiving Universal Credit will be expected to look for work when their child is three.

13 The Coalition Government increased this age from 25 to 35 in 2012.

14 See the 1985 Green Paper for further information on using age as a dividing line. It is referenced in this Parliamentary briefing: <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN03793>

when welfare payments are made. Using a person's age as a tool to achieve this makes sense due to its simplicity and also creates a de facto contributory concept into welfare provision. The younger a claimant is the less likely they are to have paid into the system and the less they are likely to receive from it.

This reasoning was clear in the Coalition's approach to making savings from welfare expenditure. Pensioners have largely been protected from deficit reduction, with their universal benefits ring-fenced and the Basic State Pension uprated above inflation through the Triple Lock. This was justified on the basis that as a group pensioners are, "...least able to increase their income in response to welfare reform",¹⁵ and have funded the welfare system all of their working lives so that now they can get something back out of it. Applying this logic in the opposite way, younger people are more likely to be able to change their circumstances in response to welfare reform and have only just begun to fund the system.

This paper builds on the justification for why differentiation by age should happen in the provision of welfare and in other public policy programmes and provides ideas on how this should happen.

A potted history of recent political narrative and policy

When politicians publicly talk about young people, welfare and work it is more often than not related to the issue of benefit dependency. This was certainly the context used for the subject in the run-up to the 2015 General Election. David Cameron made a speech arguing that the, "...well-worn path – from the school gate, down to the jobcentre, and on to a life on benefits – has got to be rubbed away".¹⁶ The Labour Party had previously picked up on the same theme, with Ed Miliband saying that, "...a Labour government will get people to sign-up for training, not sign on for benefits".¹⁷ The Conservative Party had a manifesto commitment – which was implemented in the post-election Summer Budget – to end automatic entitlement to housing support for 18-21 year olds out of work.¹⁸ It was argued that the policy would prompt culture change, preventing young people from, "...slipping straight into a life on benefits".¹⁹

The more positive but often less heard political narrative around young people, welfare and work focuses on making sure everyone, regardless of their background, has a good start in life. While a "good start" will likely mean different things to different people tangible policy commitments can support it. Two examples from the Conservatives' manifesto are the expansion of apprenticeships and the abolition employer National Insurance Contributions for young adults. It can also be used as a general guiding principle for Government policy and there is currently a cross-Whitehall push to extend life chances to give, "...every child the chance to dream big dreams, and the tools – the character, the knowledge and the confidence, that will let their potential shine brightly".²⁰

Behind the rhetoric, the detail of how welfare and policy programmes for young people are designed involves varied rationales, budgets and government departments. The policies themselves can broadly be grouped into two categories: policy aimed at preventing young people becoming dependent on welfare and supporting them into work, and policy aimed at treating the symptoms of failed prevention. Prevention covers areas as diverse as the effectiveness of state education and the specialisation of health services. Treating the symptoms covers areas as diverse as the efficiency of transport networks in improving accessibility to job markets and how to apply sanctions to those that flout the rules applied to their benefit entitlement.

15 Summer Budget, July 2015, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443232/50325_Summer_Budget_15_Web_Accessible.pdf

16 BBC News, 17 February 2015, "David Cameron: Unemployed young 'should do community work'": <http://www.bbc.co.uk/news/uk-politics-31500763>

17 LabourList, Ed Miliband's speech to the launch of IPPR's "Condition of Britain" report, June 2014, <http://labourlist.org/2014/06/full-text-ed-milibands-speech-to-the-launch-of-ippres-condition-of-britain-report/>

18 There are exemptions for certain groups. Those 18-21 year olds that will still receive automatic entitlement are: "vulnerable young people, those who may not be able to return home to live with their parents, and those that have been in work 6 months prior to making a claim". Summer Budget, July 2015, Para 1.159. The policy costing for this further outlined that exemptions will be in place for, "...parents, certain vulnerable groups and for those recently in work".

19 Summer Budget, July 2015, para 1.158

20 Prime Minister Speech on Life Chances, January 2016, <https://www.gov.uk/government/speeches/prime-ministers-speech-on-life-chances>

An integral piece of this policy agenda is the billions that fund welfare to work initiatives. These initiatives have evolved over a number of years and have allowed an evidence base to be built around the effectiveness of intervention. Labour's New Deal For Young People meant that any young person in receipt of JSA for over six months went on a mandatory programme of intensive job search and received careers advice, before being moved on to take an option, which included a training programme or a subsidised job. This was ultimately replaced by the Coalition's Work Programme, which saw jobseekers of all ages sent to a private provider for intensive employment support after a certain amount of time on benefit (18-24 year olds are referred to the Work Programme earlier in their claim than other participants). Another Coalition reform of note was the failed Youth Contract (a successor to Labour's Future Jobs Fund), which offered work experience and cash incentives for employers to take on young people.

One of the next big welfare to work initiatives will be the introduction by the Conservatives of the Youth Obligation from April 2017. This will involve intensive coaching at the start of a young person's claim (which includes practice job applications and interviews), followed by a mandatory requirement for young people to take up a job, apprenticeship, traineeship, or unpaid work experience. Anybody not complying with the rules of the Youth Obligation faces losing their benefits.²¹

Beyond welfare to work there are plenty of other examples of government policy to support young people into work. These include specific tax breaks, wage subsidies and grants (some of these are referenced later in the paper). But broader labour market policy will also have a potentially big impact on young people and in particular the introduction of the National Living Wage (NLW). While the NLW does not mean an increased wage floor for the under 25s (their rates stay at the level of the Minimum Wage), there are knock-on effects from its introduction for the age-group. Firstly, those aged 21-24 now have a mandated pay differential compared to those who are over 25 (when under the National Minimum Wage all those over the age of 21 had the same rate). Secondly, all of those under 25 are now theoretically cheaper to employ than older workers which could increase the demand for their labour.²²

The recommendations made in this paper are primarily based around a young person's interaction with the welfare system and are based around two recent policy concepts that will influence how public services are provided. The first is the need to create a "Smarter State", which means reforming public services using new ideas and becoming more efficient in delivery.²³ The second is the drive to devolve power to local authorities, which know their labour markets better and can utilise expertise better than central government can.²⁴

21 Cabinet Office Press Release, August 2015, <https://www.gov.uk/government/news/hancock-every-young-person-should-be-earning-or-learning-from-april-2017>

22 Resolution Foundation, "Analysing the National Living Wage", July 2015, <http://www.resolutionfoundation.org/wp-content/uploads/2015/07/RF-National-Living-Wage-briefing.pdf>

23 "My vision for a Smarter State", September 2015, <https://www.gov.uk/government/speeches/prime-minister-my-vision-for-a-smarter-state>

24 Ministerial Speech, December 2015, <https://www.gov.uk/government/speeches/employment-minister-tells-ersa-embrace-the-challenge-of-supporting-people-into-sustainable-jobs>

2

Young People and Work – The Problems

There is no shortage of commentary, research and analysis on how young adults engage with welfare systems and participate in labour markets. Public sector bodies, charities, unions, think tanks and academics have produced a stock of work looking at the problems that young people face and how the state can better address them. While these organisations may have different starting points, perspectives and agendas there is a large degree of commonality in their conclusions, which broadly suggest that there are three big influences on a young person's employment outcomes:

- **The role that government plays** in designing the tax and benefit system and creating the conditions for economic growth. This also includes the combined contribution of the education system.
- **The role that people play** in taking responsibility for their own futures and in making informed decisions that will help them to realise their potential. By extension this includes the people who form a family, which has a huge influence on decisions and outcomes.
- **The role that employers play** in developing a constructive partnership with the public sector to develop human capital and in providing job and progression opportunities.

The literature can make for gloomy reading, with evidence of damaged life chances and countless social problems arising from public policy failure. It is, however, important to highlight the many positives that can be attributed to the UK's younger generation. For example, employers report that young people are quicker to learn and have better IT skills than older workers,²⁵ as well as often being more flexible and open to new challenges.²⁶ And while an often referenced downside of employing younger people is that they are expensive given their relative lack of soft skills and experience they are still low cost to employ in absolute terms. There were reports that firms favoured the recruitment of junior staff during the recovery from recession because they were cheap to hire when cashflow was tight and skills gaps needed to be filled.²⁷

Just as it is important to recognise these positives, it is important to recognise that today's young people will experience a very different world of work to their recent predecessors and that this will probably be true of each generation to come.

25 The Work Foundation, "Beyond the business case: The employer's role in tackling youth unemployment", July 2013, <http://www.theworkfoundation.com/Reports/336/Beyond-the-business-case-The-employers-role-in-tackling-youth-unemployment>

26 CIPD, "Investing in young people: why your business can't afford to miss out", September 2012, https://www.cipd.co.uk/binaries/investing-in-young-people-why-your-business-cant-afford-to-miss-out_2012.pdf

27 Analysis of Bank of England Agents' Summary of Business Conditions, January 2008 to June 2015.

Technological advancement and globalisation have changed the job opportunities that are available and will change them again, creating the need for new skills as the need for old ones is destroyed. To give a stark illustration, between 1979 and 1999 there was a roughly 400% increase in the number of care assistants and software engineers, and a near complete elimination of face-trained coal miners.

The stringency of UK labour market regulation has also had a bearing on how young people now engage with employment and has sparked fierce debate about the quality and security of some types of work. Jobs that come with zero-hours contracts have been a prominent feature of this debate, with 38% of them filled by 16-24 year olds.²⁸ But it is not a clear cut issue, with obvious positives (employers provide job openings and work experience where otherwise they would not have) and obvious negatives (those on the contracts have uncertainty over their future income).

Where there is no debate, however, is that opportunity has been negatively affected by the financial crisis, subsequent recession and protracted economic recovery, and that fundamental to maximising the labour market prospects for young people is strong economic growth. The fallout from the financial crisis saw the number of unemployed 16-24 year olds rise above one million, and it took seven years for the age-group's unemployment rate to fall to pre-2008 levels.²⁹ Any policy initiative that seeks to improve employment outcomes, regardless of the age group it is targeted at, has to recognise that robust growth will be a significant contributor to its success.

This chapter outlines the roles that government, people and employers play in influencing a young person's labour market outcomes, highlighting where problems exist. Some policy lessons from overseas are touched upon in the final section.

The Role of Government

Both central and local government have roles in influencing the route of young adults through education and into work, or off benefits and into work. The Department for Education has an objective for all 19 year-olds to, "...complete school or college with the skills and character to contribute to the UK's society and economy".³⁰ The Department for Work and Pensions sets the conditions to which claimants must adhere in order to receive a welfare payment, runs the Jobcentre Plus network and designs the contracts for welfare to work programmes. Local Authorities have a growing number of statutory duties to "encourage, enable, and assist" young people to participate in education and training, and are required to collect information about young people who are not.³¹

This list of state interventions could go on and on, referencing scores of initiatives and a great many more statutory functions. The point is that different arms of the state implementing different initiatives means that public money aimed at young people comes from disparate sources. The Department for Education funds apprenticeships and did finance the now defunct Youth Contract.³² The European Union (for now at least) sends resources to direct at NEETS from the European Social Fund.³³ The Cabinet Office pays for the National Citizen Service to support the, "...transition into adulthood for young people".³⁴ These are just a few of many examples. Multiple layers of government (and multiple actors within those layers of government) are active in this area of policy and use a variety of

28 ONS, Analysis of Employee Contracts That do not Guarantee a Minimum Number of Hours, 9 March 2016, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/contractsthatdonotguaranteeaminimumnumberofhours/march2016>

29 ONS Series MGWY

30 Department for Education, Single Departmental Plan: 2015 to 2020, <https://www.gov.uk/government/publications/department-for-education-single-departmental-plan-2015-to-2020/single-departmental-plan-2015-to-2020>

31 DfE, "Participation of young people in education, employment or training: statutory guidance for local authorities", September 2014, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/349300/Participation_of_Young_People_Statutory_Guidance.pdf

32 Parliamentary Brief, "Youth Contract", February 2015, <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06387>

33 "European Social Fund Operational Programme 2014-2020", September 2015, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/461596/ESF_Operational_Programme_2014_-_2020_V01.pdf

34 Cabinet Office Press Release, September 2012, <https://www.gov.uk/government/news/national-citizen-service>

private sector and third sector organisations to deliver it at a local level. Add to this those organisations that have no link to the state and it means that a complex and duplicative system is in place. One estimate has put the number of different agencies engaging with NEETs in Shoreditch at over 70.³⁵

It should be noted that a large number of organisations involved in one area of policy is not automatically a bad thing. Lots of small, specialist and innovative providers may be desirable. But a lot of evidence suggests that the plethora of organisations, initiatives and qualifications that form the school to work landscape are incredibly confusing. This is the perspective of employers who access support to recruit young people.³⁶ It is the perspective of young people not taking the academic route post-school.³⁷ It is also the view of the Department for Education.³⁸

As Policy Exchange has pointed out in previous research, a spaghetti bowl of organisations can deliver poorer outcomes for those most in need of state support. A welfare claimant with a lack of training, mental health issues and who has been out of work for a long period, might receive support from Jobcentre Plus, a Work Programme provider, an external charity, the Local Authority and health services, with limited co-ordination between them.³⁹ The agreement to devolve budgets and decisions to local areas does include some measures to join up services, but this is relatively small beer.⁴⁰ A lack of joined up implementation remains a common complaint of the people involved in frontline delivery and better integrated and holistic service provision should be an ongoing objective of public policy.

But for a young person to be a beneficiary of the support offered by the state – whether that support is integrated or not – requires them to be engaged with it in the first place, and there are two often overlooked scenarios where this engagement may not take place. The first is that some young adults are not in training and not in work, but at the same time are not claiming benefit, putting them completely off the radar when it comes to intervention. They are out of reach of state support, unable to be coerced or influenced by the conditionality attached to welfare payments and may face many of the issues in later life associated with post-school unemployment. The second is that many young people with only a few qualifications do get a job, taking on roles with low skills requirements and limited chances for development. They are off the radar too, not included in the jobless statistics, but with limited opportunity to progress beyond the point at which they are at and likely to remain, “...trapped in the lower realms of the labour market” for years on end.⁴¹ In other words, the people in these situations are Universal Credit recipients waiting to happen. There is a convincing argument to say that policy should better address both of these relatively unrecognised problems, as effective early intervention could reduce costs for the state further down the line.

The Role of People

The individual attitudes and decisions of people play a huge role in determining their own outcomes. Some evidence points to young peoples’ work related decisions being impaired by the lack of information that they hold. Those with networks of friends and family that have a high incidence of worklessness can be poorly informed about how to get into employment and lack understanding of what employers want and expect from them if they do.⁴² Being poorly informed about how to physically get to a job using the transport network can limit how far somebody is willing to travel to work, which reduces the number of opportunities that they can take advantage of.⁴³

35 The Work Foundation, “Short-term crisis - long-term problem? Addressing the youth unemployment challenge”, June 2012, http://www.theworkfoundation.com/DownloadPublication/Report/314_short-term%20crisis_long_term_problem.pdf

36 UKCES, The Youth Inquiry, March 2011, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/305576/the-youth-inquiry.pdf

37 Overlooked and left behind: improving the transition from school to work for the majority of young people, House of Lords Select Committee, March, 2016, <http://www.publications.parliament.uk/pa/ld201516/ldselect/ldsocmob/120/120.pdf>

38 Technical and professional education revolution continues, November 2015, <https://www.gov.uk/government/news/technical-and-professional-education-revolution-continues>

39 Policy Exchange, “Joined Up Welfare: The next steps for personalisation”, July 2014, <http://www.policyexchange.org.uk/images/publications/joined%20up%20welfare.pdf>

40 An example would be the Greater Ipswich City Deal: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253854/Greater_Ipswich_Deal_Document_WEB_VERSION_301029.pdf

41 Resolution Foundation, “No snakes, but no ladders: Young people, employment and the low skills trap at the bottom of the contemporary service economy”, March 2012, http://www.resolutionfoundation.org/wp-content/uploads/2014/08/No_snakes_but_no_ladders_-_Young_people_employment_and_the_low_skills_trap.pdf

42 The Work Foundation, “Short-term crisis - long-term problem? Addressing the youth unemployment challenge”, June 2012, http://www.theworkfoundation.com/DownloadPublication/Report/314_short-term%20crisis_long_term_problem.pdf

43 “On The Move”, Policy Exchange, August 2015, <http://www.policyexchange.org.uk/images/publications/on%20the%20move.pdf>

A consequence of information deficiencies could also be that a person undertakes a training course to develop skills that are not reflective of what local employers want or need, missing a chance to acquire qualifications that would improve both their pay packet and the economy's productivity.⁴⁴ This problem with the demand for skills has a knock-on issue for the supply of them. Learning providers have been criticised for their role in passively accepting whatever demand for a course exists, regardless of whether an oversupply of the qualification exists, ensuring that complaints about too many hairdressers or beauty technicians remain inevitable in any discussion of skills policy.⁴⁵

Even if the information that young people have about local labour markets and skills needs were good there are mixed opinions about their general attitude and approach to work. Some employers believe that young people bring energy and positivity to an organisation, while others have had bad experiences.⁴⁶ This should probably be expected given that any young person will have limited understanding of the requirements of the workplace in their first years within it and that some will take time to adapt. But concerns about attitude run deeper than whether or not somebody is a "slacker". Gender and the school, home and economic environments of a person's formative years are known to be important in determining their outlook. For instance, young women taking qualifications below degree level embark on a much narrower range of apprenticeships than men and it has been argued that the careers information provided to young women too often fails to challenge gender stereotypes.⁴⁷

No discussion of attitudinal issues would be complete without references to the popular narrative of cultures of worklessness being passed down through the generations of the same family. Workless households are obviously an important social policy concern, with children living in them at the age of 14 being around 1.5 times as likely to be in poverty compared to children living in households where one adult is working.⁴⁸ But generalisations about what these households mean for the future benefit claims and job prospects of the children within them should be avoided. Two generations of complete worklessness in the same family is incredibly rare, workless parents are keen for their children to do better than they did and the children themselves want to avoid the problems experienced by their parents.⁴⁹ Despite this nuance, it is without doubt that parents, carers, or families are one of the most important influences, if not the most important influence, on the lives of young people.⁵⁰

The Role of Employers

Employers can be constructive contributors to the preparation of young people for work. But there is a question mark over the extent to which this contribution is happening and how well employers' relationships with schools, education providers and the state are working.

The evidence shows that a person's level of engagement with employers whilst in education has positive results in helping the transition from school to work.⁵¹ Despite this, in some cases it is becoming more uncommon. The proportion of 16-17 year old students who also work fell from 42% in 1997 to 18% in 2014 with the trend being dubbed, "The Death of The Saturday Job". The causes of the decline have been attributed to young people wanting to focus more on study, fewer labour market opportunities for part-time working and – to a lesser extent

44 The Work Foundation, "The Geography of Youth Unemployment: A route map for change", April 2014: <http://www.theworkfoundation.com/Reports/360/The-Geography-of-Youth-Unemployment-A-route-map-for-change>

45 LGA written evidence to the DWP Select Committee, <http://www.publications.parliament.uk/pa/cm201213/cmselect/cmworkpen/151/151we13.htm>

46 The Work Foundation, "Beyond the Business Case", July 2013: <http://www.theworkfoundation.com/Reports/336/Beyond-the-business-case-The-employers-role-in-tackling-youth-unemployment>

47 TUC, "The Gender Jobs Split", November 2013: <https://www.tuc.org.uk/economic-issues/labour-market/equality-issues/gender-equality/gender-jobs-split-touchstone-extras>

48 ONS, "Intergenerational transmission of disadvantage in the UK & EU", September 2014, http://www.ons.gov.uk/ons/dcp171766_378097.pdf

49 Joseph Rowntree Foundation, "Are 'cultures of worklessness' passed down the generations", December 2012, <https://www.jrf.org.uk/report/are-cultures-worklessness-passed-down-generations>

50 Stephen Crabb Speech, "Transforming lives through welfare and work", April 2016, <https://www.gov.uk/government/speeches/transforming-lives-through-welfare-and-work>

51 The Work Foundation, "Beyond the Business Case", July 2013: <http://www.theworkfoundation.com/Reports/336/Beyond-the-business-case-The-employers-role-in-tackling-youth-unemployment>

– educational providers not providing the necessary flexibility to accommodate employment.⁵²

As well as the relationship between students and employers weakening, the relationship between educators and employers also has its issues. A recent survey showed that eight out of ten secondary schools believe that they are effective at offering all types of careers guidance, but that all businesses thought that careers guidance needed reform. The same survey found that 41% of businesses held the view that universities are “not very effective” or “not effective at all” in preparing young people for work.⁵³

Various solutions have been suggested to help remedy the problems in the examples above, from creating local “champions” to strengthen ties between employers and educational institutions,⁵⁴ to local employers being sought out to sit on a school’s board of governors.⁵⁵ Both ideas have merits, but the biggest obstacle to them happening is the simple fact that employers do not have the time to involve themselves.

Welfare to work providers and jobcentres also want strong links to local employers in order to help find their clients employment opportunities. Here too, problems have been reported, with competing work programme providers in the same locality creating confusion amongst businesses around who they should be engaged with (although, it is also the case that competing work programme providers in the same locality offer employers choice). Similar to the solutions suggested for developing employer links to the education system, it has been argued that businesses should offer more work experience opportunities and help to design and deliver employment support initiatives.⁵⁶ To achieve this would still require an employer’s time, though, meaning that it is unlikely to become a widespread reality.

It is important to note that the insufficiencies outlined here tend to exist at a local level and are in the gift of local people to rectify. They are less of an issue when national policy is being set, as representative bodies can act as advocates for the business community. Examples are the employer-led ‘trailblazer’ groups that develop apprenticeship standards and the UK Commission for Employment and Skills, which has an objective to inform the government’s policy thinking. Nevertheless, national policy can have a role in dictating local relationships as shown by the recent devolution agreements.

What are the Lessons from Overseas?

Looking at international examples of welfare design and how they relate to employment is a useful exercise, but rarely points to policy solutions. Different economies, labour markets, education systems, cultures and histories mean that specific interventions that appear successful in broadly comparable countries cannot be grafted onto the UK system as an “off-the-shelf” easy win.

What looking at other countries does do, however, is give insights into the pros and cons of the fundamental characteristics of certain approaches. These insights are many and varied, and the following examples have been well referenced more fully elsewhere,⁵⁷ but it is worth briefly repeating them:

- The German “dual-apprenticeship” is regarded as a very successful model of post-school vocational education, with the key lesson being a high degree of employer involvement in training yielding better outcomes. One feature of it

52 “The Death of the Saturday Job”, UKCES, June 2015, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/435285/15.06.15_DOTSJ_Report_design_final_EDIT.pdf

53 British Chambers of Commerce, “Businesses and schools ‘still worlds apart’ on readiness for work”, August 2015: <http://www.britishchambers.org.uk/press-office/press-releases/bcc-businesses-and-schools-%E2%80%98still-worlds-apart%E2%80%99-on-readiness-for-work.html>

54 CBI, How to get the UK working, October 2011: http://www.cbi.org.uk/media/1138544/cbi_action_for_jobs_oct11.pdf

55 The Work Foundation, “Beyond the Business Case”, July 2013: <http://www.theworkfoundation.com/Reports/336/Beyond-the-business-case-The-employers-role-in-tackling-youth-unemployment>

56 The Employment Related Services Association, “Meet the needs of Employers”, May 2015: http://ersa.org.uk/system/files_force/ERSA%20manifesto%20briefing%20Employer%20join%20up%20Final_0.pdf?download=1

57 IPPR, “States of Uncertainty: youth unemployment in Europe”, November 2013, <http://www.ippr.org/publications/states-of-uncertainty-youth-unemployment-in-europe>

is a series of checks and balances to try and make sure, “...that the short-term needs of employers do not distort broader educational and economic goals”.⁵⁸

- In Denmark there is a focus on job matching, with training and education geared towards sectors which offer good job prospects. The Danish government has also recently set-up a knowledge bank, which aims to collate and review evidence from labour market interventions to see what works (and what could work better). There is some evidence that these active labour market policies can act as a deterrent, as they are so stringent that some young people do not want to take part.
- Deterrence is also a problem evident in the Australian “work for the dole” system, which mandates work related activity for benefit claimants, with many dropping out. It is also argued that menial work, undertaken full-time, prevents people from conducting work search activities and hinders their ability to get a job.
- The labour market outcomes for young people in the Netherlands are based around a very flexible system for those at the bottom end (a large incidence of temporary and part-time contracts). This has helped young people get work experience, which is crucial if they then want to go on to permanent positions. The downside is that temporary contracts can deter firms from investing in training, and disadvantaged groups find it much harder to move from temporary positions to permanent ones.

These examples show some of the specific policy considerations evident in other countries, but there are conceptual considerations too. Where the line is drawn for parental responsibility for a child is one of these. In the UK and Sweden this is based upon age, treating young people as independent from the age of 18. In Germany, a parents’ responsibility for their children only ends when they have left education. Distinctions too are made in payment levels – in Sweden when a person becomes eligible for benefits they do so at the full rate as every adult, in Denmark (like in the UK) they become eligible at a different rate.⁵⁹

58 OECD, 2010, “Vocational education and training in Germany. Strengths, challenges and recommendations”. <https://www.oecd.org/education/skills-beyond-school/45938559.pdf>

59 JRF, “Young people and social security: an international review”, October 2015, <https://www.jrf.org.uk/report/young-people-and-social-security-international-review>

3

Young People and Welfare – The Caseload

Knowing that somebody is a claimant of ESA, or JSA, or Housing Benefit, or that they are classed as NEET, conveys little meaningful information about how policy should be designed to help change their life for the better. Breaking down the headline caseloads of benefits and categorisations gives a much clearer picture of the task facing the Government's welfare to work programmes.

To give an example, there are 2.3 million claimants of ESA, which simply tells us that there are 2.3 million people claiming an out-of-work benefit because of a health condition. More useful for policy design is the knowledge that around half of all ESA claimants have a condition categorised as “mental and behavioural disorders”. Breaking down this sub-categorisation further would be more useful still and attempts to further understand the granular characteristics of claimant cohorts should be an ongoing function of the DWP.

This chapter provides some breakdowns and analysis of benefit caseloads to show that 16-24 year old claimants tend to have a different relationship with welfare payments and the welfare system when compared to older claimants. As outlined earlier in this paper, differentiation by age is already an embedded principle in how welfare is applied, which is a logical and well-justified approach to take. The evidence included in the following sections is used as the basis for the argument that differentiation by age could go even further.

The analysis begins with a breakdown of the concept of NEETs, which highlights the drawbacks of narrow categorisations. There then follows a commentary on the overall caseloads of young people on benefits, giving some insights into their general relationship with the welfare system. This is followed by a more detailed look at how young people interact with the major benefits of Housing Benefit, JSA and ESA, and uses the social policy concern of teenage pregnancy and lone parenthood as a case study in policy effectiveness.

The nuance of NEETs

The number of young people NEET is the default statistic used by the media, politicians and some policymakers to indicate how serious the plight of the nation's youth is. And while it is a reasonable proxy to reflect the extent of social and economic problems faced by younger generations, it gives little indication of how policy should respond to them. In other words, NEET is a catchall term defining a group of people who at a particular moment in time are out of work

and not learning. Scratch the surface of the headline numbers and it is clear to see that very different individual circumstances and social problems are covered by the definition.

865,000 16-24 year olds, 12% of the age category, are classed as NEET. 44% of NEETs are unemployed (available to work and looking for work), with the rest economically inactive (not looking for work, or unable to start work). Most unemployed NEETs are men (59%) and most inactive NEETs are women (62%).⁶⁰ The reasons for inactivity vary. Around half of inactive NEETs look after family or the home, roughly a quarter are temporary or long-term sick and roughly a quarter more give other reasons, including waiting for the results of a job application or recently having left education.⁶¹ The characteristics of the people more likely to be NEET range from those who are eligible for free school meals, to those who have been excluded from school, to those who have a child, to those who have a disability.⁶² Economic geography also influences the likeliness of NEET-hood. 18.1% of 16-24 year olds in the North East are NEET, compared to just 9.3% of 16-24 year olds in London.⁶³ Although, a large number of NEETs could perpetuate poor economic performance meaning that causation runs in both directions.

These numbers highlight that a plan to reduce the numbers that are NEET requires both specific policy interventions and a broader framework for strong economic growth. A jobcentre adviser can be trained to offer bespoke employment support for people with particular needs, but they cannot do anything about how macroeconomic performance affects their part of the country. The numbers also serve to highlight that policy interventions, regardless of how good they are, will not reach everybody. To retrace the argument in the previous chapter, state support can be targeted at an 18 year old who is registered unemployed and regularly signs on to claim benefit, but it cannot be targeted at an 18 year old who is not looking for work and not claiming benefit.

In summary, the NEET category is at best a crude way of bunching young people that represent different policy problems under an umbrella term. At worst, it is a distraction from the specific obstacles facing individual young people in getting a job and reducing their dependency on the state.

A smaller and more responsive group

The ten most expensive working-age benefits are expected to cost the Exchequer around £90bn in 2015/16.⁶⁴ The under 25s make up a small minority of the caseload for most of these benefits. For example, 6% of all Tax Credit recipients are under the age of 25, whereas those in the 25-34 age range make up over a quarter of recipients. This is primarily driven by eligibility rules – those under 25 without children or that do not have a disability cannot claim.⁶⁵ Benefits linked to children, such as Statutory Maternity Pay and Child Benefit, will overwhelmingly be paid to older age cohorts. In England and Wales 80% of children born in 2014 were to mothers over the age of 25 (over 50% were born to mothers aged over 30).⁶⁶ Only 5.2% of total Carer's Allowance claims, a benefit paid to those who look after someone with substantial caring needs for at least 35 hours a week, are made by people aged 16-24. The bulk of recipients are in their late thirties, forties or fifties.⁶⁷

Income Support has a caseload that exemplifies how younger and older people can differ in how they interact with welfare. There are around 730,000 claimants,

60 ONS, "Young people not in education, employment or training", May 2016, <http://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/bulletins/youngpeoplenotineducationemploymentortrainingneet/may2016>

61 ONS statistics, Inactivity by reason: <http://www.ons.gov.uk/ons/about-ons/business-transparency/freedom-of-information/what-can-i-request/published-ad-hoc-data/labour/august-2014/economically-inactive-people.xls>. These are the latest statistics available.

62 "NEET: Young People Not in Education, Employment of Training", <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06705>

63 NEET estimates by region, May 2016: <https://www.gov.uk/government/statistics/neet-statistics-quarterly-brief-january-to-march-2016>

64 The benefits are: Housing Benefit, Employment and Support Allowance, Personal Independence Payment/ Disability Living Allowance, Working Tax Credit, Child Tax Credit, Child Benefit, Income Support, Carer's Allowance, Statutory Maternity Pay, and Jobseeker's Allowance. Figures are from the Benefit Expenditure and Caseload Tables, Summer Budget.

65 Analysis of Government's 2015 Tax Credit statistics: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/423621/ChildandWorkingTaxCreditsStatistics-April_2015.pdf

66 ONS, Births by Parents' Characteristics in England and Wales, 2014, November 2015: http://www.ons.gov.uk/ons/dcp171778_423633.pdf. The numbers being born to mothers under the age of 25 are on a downward trend, with more births in 2014 to women aged 35 and over than to those under 25 for the first time.

67 Figures derived from the Nomis database.

with around half aged 16-34 and around half aged 35-64. 80% of Income Support recipients aged 16 to 34 are lone parents, in comparison to just over a third of those 35 and over, who are primarily claiming as carers or because they are on Incapacity Benefit.⁶⁸ This split in the caseload should be self-evident. Younger people tend to have children and older people are more likely to have a health problem (and Income Support is only available to those with a child below school age so it is highly unlikely that there would be a claimant above the age of 50 anyway). But the point is that two separate claimants of Income Support can be receiving the benefit for different reasons that are aligned with age.

These Income Support claimant sub-categories could be broken down still further, and Policy Exchange has previously produced research on the characteristics of the lone parents in the UK, who play a particularly interesting role in the debate around welfare, work and the young (see case study box at the end of this chapter).

Along with smaller caseloads, it is generally easier to get somebody who is long-term unemployed into work if they are younger. As a result, Work Programme providers are expected to get one in seven 18-24 year old JSA claimants six months' work within a year of them joining the scheme, but only one in nine of those claimants 25 and over.

In short, the small numbers of young people that do rely on welfare typically do so for a specific reason. They are largely ineligible for the generic income top-ups of Tax Credits, they are eligible for certain payments because of different circumstances to older age groups and they are expected to be more responsive to welfare to work intervention. This is not to trivialise the issue though, as being on welfare young will increase the chances of being on welfare later on in life.

Housing Benefit – In focus

Expenditure on Housing Benefit is a headache for the Government. The cost of servicing it has ballooned in the last twenty years and is expected to total just over £24bn in 2015/16, having risen by over £7bn in real terms since 1995/96.⁶⁹ There have been numerous changes put in place in an attempt to address it. Some of these reforms have proved controversial even when they save a tiny amount of public money – the “Bedroom Tax” being a recent, notable example. And despite the major cost saving reforms of the last Parliament Housing Benefit is still expected to cost a billion more in real terms in 2015/16 than it did in 2010/11.

This problem speaks to failures in other areas of Government policy, with the failure to get more houses built having a knock-on impact on rents. The way in which rents can be applied by landlords has origins in de-regulation measures included in the 1988 Housing Act, which created new types of private tenancy. That rents may rise as a result of the legislation and have an impact on Housing Benefit expenditure was recognised as a potential outcome of the new system, even if the magnitude of impact was not.⁷⁰ DWP estimate that £2.9bn (33%) of private sector Housing Benefit expenditure in 2010/11 was attributable to real terms rent growth over the previous ten years; the equivalent figure for the social sector is £2.5bn (20%).⁷¹

The focus on the cost of Housing Benefit has led to numerous questions being asked of it: Who should be eligible for it? What level of rent should be covered by it? What are the perverse incentives within the system? In the context of this report, the recent Summer Budget announced that automatic entitlement to

68 Analysis of Nomis stats

69 Summer Budget, benefit Expenditure and Caseload tables.

70 Extract from Parliamentary Briefing on Housing Benefit, p16, <http://www.parliament.uk/business/publications/research/briefing-papers/SN05638/measures-to-reduce-housing-benefit-expenditure-an-overview>

71 “Impact of Rent Growth on Housing Benefit expenditure”, DWP, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/259176/impact-of-rent-growth-on-housing-benefit-expenditure.pdf

Housing Benefit will be removed from those aged 18-21 who do not meet certain criteria, such as being parents, being classed as vulnerable, or having recently been in work.⁷² This is projected to save £40m by 2020/21, a tiny proportion of the £1.35bn spent annually on Housing Benefit for the under 25s let alone the £24bn spent on Housing Benefit as a whole.

What does the young adult Housing Benefit caseload look like?

Housing Benefit caseloads are small for the under 25s relative to other working age groups (see Chart 1) and make up around 5% of all claims. But the circumstances of claims are generally different to the other groups. Less than 10% of the £1.35bn cost of Housing Benefit for the under 25s is paid to couples, with over 50% of the cost paid to single people with a child dependant (see Chart 2). For all other working-age groups around 20-30% of the cost is attributable to couples.⁷³

Chart 1: Housing Benefit Caseload by age and family status

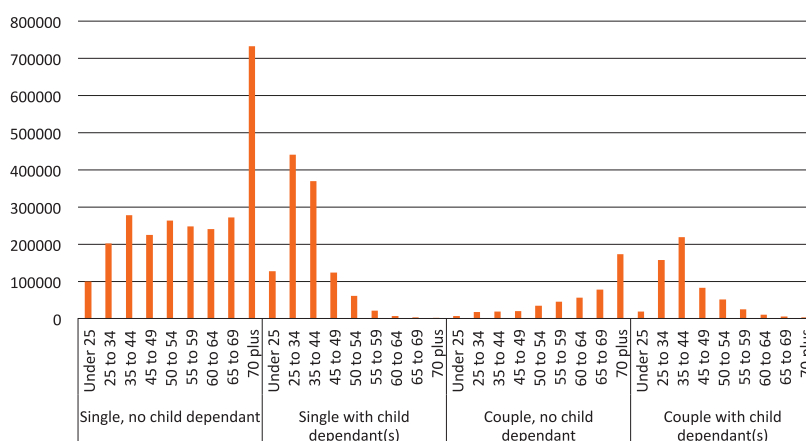
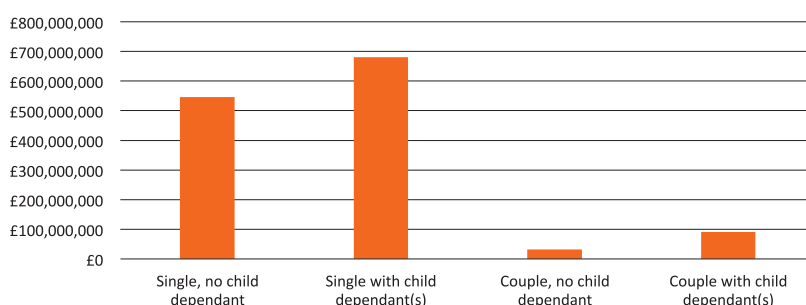


Chart 2: Cost of Housing Benefit for Under-25s

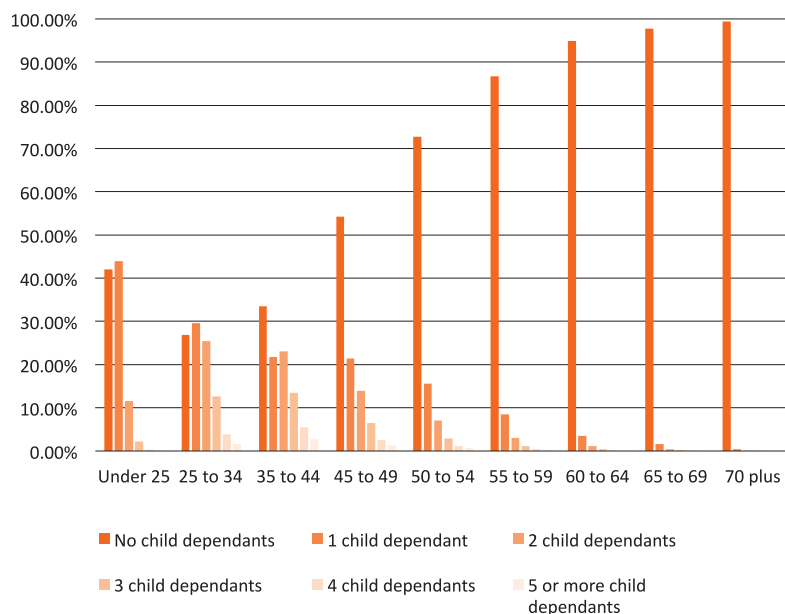


⁷² Housing Benefit here means the Housing Element of Universal Credit, and will be applied from April 2017.

⁷³ Charts One and Two derived from Policy Exchange analysis of DWP Stat Explore.

⁷⁴ DWP Stat Explore, Feb 2016.

The under 25 Housing Benefit claimants also typically have fewer children. 42% of claimants in this age group have no child dependents and 44% of claimants have one child dependent. The equivalent figures for 25 to 34 year olds are 27% and 30% respectively (see Chart 3).⁷⁴ To put this in another way, only 14% of under 25 Housing Benefit recipients have more than one child compared to 43% of 25 to 34 year olds.

Chart 3: % Housing Benefit caseload by number of child dependants

What does this tell us about young adults and Housing Benefit?

The circumstances of Housing Benefit claimants differ across age categories. This is also reflected by the fact that over 70% of claimants under the age of 25 are “passported” onto Housing Benefit. Passported claims are automatic entitlements based on a person’s existing claims of other benefits (such as Income Support, JSA, or ESA).⁷⁵ Around 50% of 25-44 year old Housing Benefit claimants are passported.⁷⁶

Jobseeker’s Allowance/Employment and Support Allowance – In focus

A lot of public money is spent on claimants of JSA and ESA. Not just through the payment of the benefits themselves, but through the associated employment support provided by jobcentres or the Work Programme (as well as through other active labour market programmes). The hope is that the cost of employment support is offset by claimants spending less time on welfare and more time in work, bringing a net benefit to the public finances.

JSA is paid when somebody is looking for work. ESA is paid to somebody unable to work due to illness or disability. The system of how claimants interact with the state whilst they receive these benefits has been chopped and changed over time. One of the most recent JSA reforms is requiring recipients to attend jobcentres more frequently in the first three months of their claim. One of the most recent ESA reforms has been reducing the payment for claimants who are likely to work in the future, thus eliminating what the Government says is a financial incentive that prevents recipients from moving closer to employment.

⁷⁵ The Child Poverty Action Group provides a good overview of passporting: <http://www.cpag.org.uk/content/%E2%80%98passporting%E2%80%99-maximum-housing-benefit>

⁷⁶ DWP Stat Explore, February 2015.

Who are the young adult claimants of JSA and ESA?

JSA claimants under the age of 25 make up around one fifth of the total. Until recently, almost half of JSA claimants had been under the age of 35 (see Chart 4), which had been a relatively consistent as a proportion of total claimants since the year 2000, but this proportion has dropped in recent months.⁷⁷ For ESA claimants, those under the age of 25 make up less than one tenth of the caseload and the over 35s making up over 75% of the caseload (See Chart 5).⁷⁸ Over 60% of JSA claimants are male across all age categories apart from the under 18s, whereas the caseload split by gender for ESA claimants is much more even (See Chart 6). In short, JSA claimants are more likely to be younger and male than ESA claimants.

Chart 4: number of JSA claimants by age band

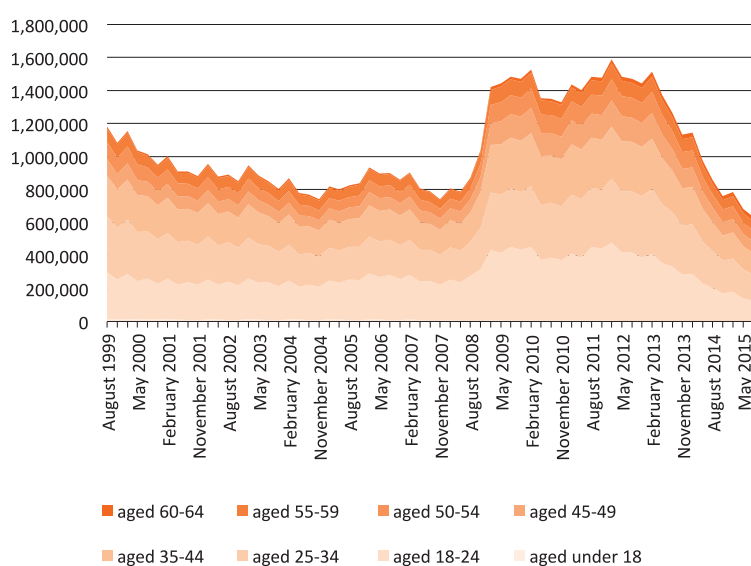
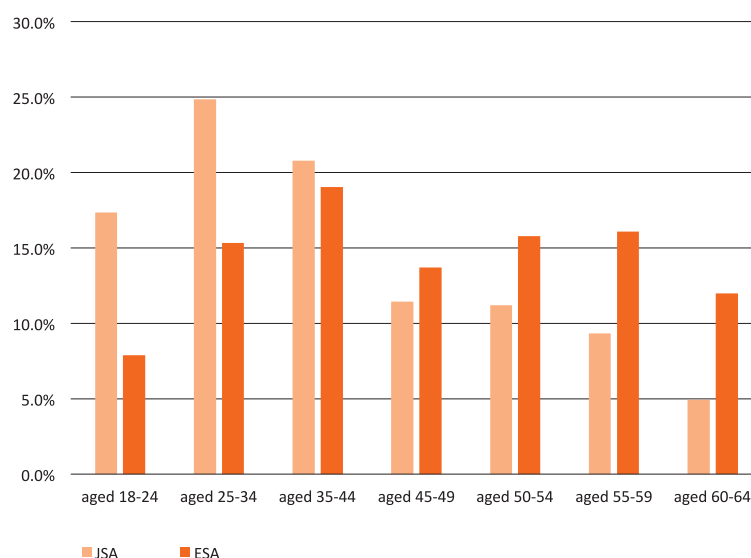
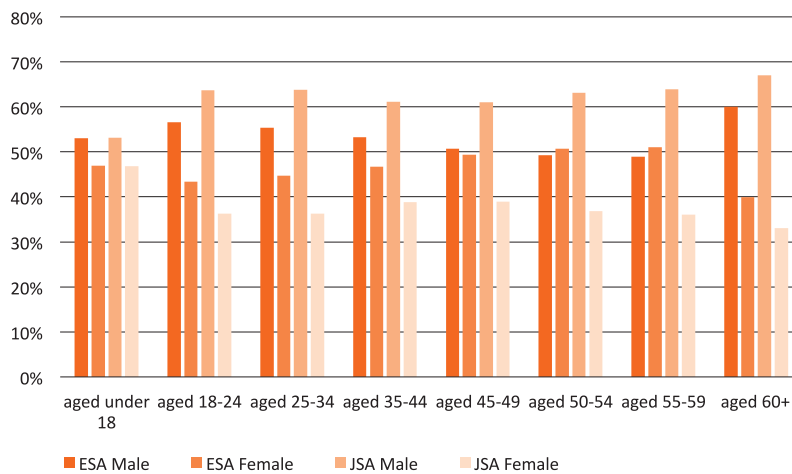


Chart 5: % of JSA/ESA working age caseload by age group



⁷⁷ Labour Market Statistics. Note that this doesn't include UC claimants.

⁷⁸ It is worth noting that despite 18-24 year old ESA claimants being a smaller proportion of the overall caseload than 18-24 year old JSA claimants are, the numbers in absolute terms suggest that under 25 ESA claimants are worthy of greater policy focus.

Chart 6: Proportion of caseload split by gender

The length of unemployment and length of ESA claim

While not necessarily related to the claims of JSA, the length of unemployment also varies by age. About one fifth of those 18-24 year olds who are unemployed have been for over 12 months, around 40% of 25-49 year olds have and over 43% of those aged 50 and over have.⁷⁹ Just over 60% of ESA claims for the under 25s are less than two years in duration, a higher proportion than any other age category (See Chart 7). That said, this may not tell us much – if somebody started an ESA claim at 23, then by the time their claim was two years old then they would be recorded in the older age category (this impact would be less in other age categories because they are wider). Despite the uncertainty over conclusions, a much smaller proportion of the under 25s has a health status that gets worse as their ESA claim progresses. In a 2011 study, one in ten 16-24 year olds reported their health worsening six months after making their initial claim, in comparison to roughly one in five 25-34 year olds, one in four 35-49 year olds and one in three 50-54 year olds.⁸⁰

The role of sanctions

The sanctions regime is in place to ensure compliance with the conditionality attached to welfare payments. JSA claimants under the age of 25 are more likely to get sanctioned relative to their JSA caseload,⁸¹ with 18-24 year olds make up under a third of sanctions, but under a fifth of claims (see Chart 8). For ESA claimants, this pattern is not evident, but there are far fewer sanctions applied to this group of claimants anyway.

The reasons that 18-24 year olds on JSA are referred for a sanction decision does not seem to be materially different from other age groups. The biggest reason for a sanction being applied is for not participating in the Work Programme.⁸² The same is true of ESA sanction decisions, with the overwhelming majority referred for failure to participate in work-related activity.⁸³

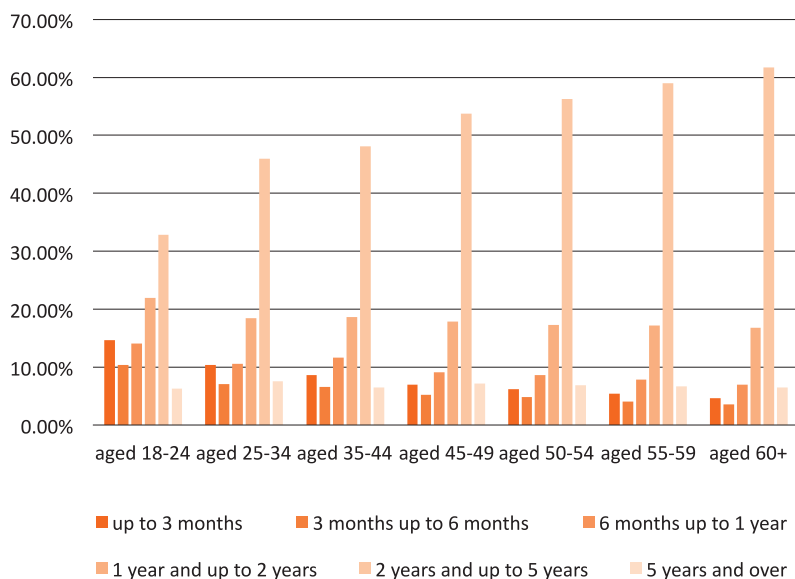
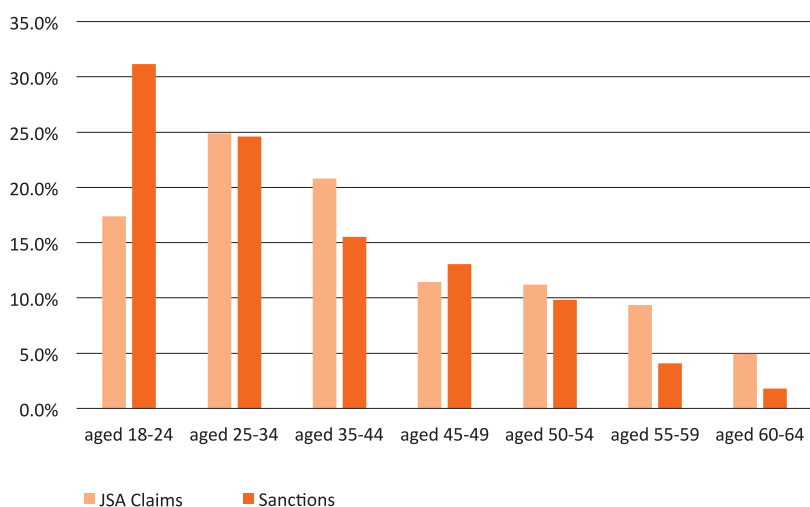
79 ONS, June 2016 Labour market Statistics.

80 DWP, "Employment and Support Allowance: findings from a follow-up survey from customers", 2011, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214519/rrep745.pdf

81 Figures from DWP Stat-Explore, November 2015 (the latest available at the time of writing).

82 DWP Stat Explore figures for 2015.

83 Ibid

Chart 7: Duration of ESA claims by age category**Chart 8: % of JSA claims and sanctions by age group**

Conclusion

At the beginning of the chapter it was argued that defining people by benefit type or umbrella term was a superficial method of categorisation and as a general rule younger people tended to interact with the welfare system and welfare payments in a different way to older people. The analysis of Housing Benefit, JSA and ESA added to this argument by illustrating the differences of how younger people engage with welfare from older people. Typically, if a younger person is receiving a welfare payment they are more likely to be single, more likely to have a child dependent, more likely to get a job if they have been long-term unemployed,

more likely to be sanctioned if they claim JSA, and more likely to get better if they are sick.

This supports our view that the under 25s are particularly unique in their behaviour, circumstance and interaction with benefits system to warrant looking at policy change to reflect it.

Lone parents, teenage pregnancy and welfare – a case study of policy in progress

There are several reasons as to why lone parents have been a major social policy concern in recent decades. Firstly, there has been a challenge in getting lone parents into work. Secondly, the average lone parent household receives more than double the benefit of a two parent household making them relatively expensive to the state. Thirdly, the living standards of children growing up in lone parent households are on average lower than those in two parent households.⁸⁴

This paper argues that the under 25s have unique characteristics as a cohort and typically interact with welfare in unique ways when compared to older age groups. Lone parents under the age of 25 provide a particularly interesting case study for this argument. One reason for this is that the age group has direct relevance to teenage pregnancy, an issue that has strong connections to lone parenthood and a number of other social policy concerns that include low educational attainment, unemployment and poverty.⁸⁵ Another reason is that some benefits are not available to the under 25s unless they have a child dependent. For example, 81% of tax credit recipients aged 16-24 are single people with children in comparison to only 56% of tax credit recipients aged 25-34.⁸⁶

Policy has now targeted reducing teenage pregnancy and increasing lone parent employment rates for a number of years. The relevant indicators suggest that the interventions have had some success. The conception rate for women aged 15-19 in England and Wales fell from 61.4 conceptions per thousand women in 2007 to 37.9 conceptions per thousand women in 2014.⁸⁷ The percentage of lone parent families classed as working has risen from 47.1% in 1996 to 65.7% in 2014.⁸⁸ Despite these positives, the international comparisons are not favourable. The UK performs poorly on teenage pregnancy when compared to the EU as a whole and has a teen birth rate over twice the rate of Germany, and over four times the rate of the Netherlands.⁸⁹ There is also a wider social context to consider, as it is still the case that the more deprived an area the higher the teenage conception rate.⁹⁰ As a result, both are still the focus of government policy. The number of under 18s conceptions remains on the list of public health outcomes that need to improve⁹¹ and changes to welfare conditionality for lone parents were announced in the post-election budget.

This section of the paper looks at how policy has influenced these outcomes and the direction it could now go in. Before this, it is important to reiterate the point made at the start of this chapter – that trying to understand the underlying characteristics of cohort subsequently aids understanding of how policy could respond. The following statistics provide some examples of why discussions of either teenage pregnancy or the benefit eligibility of young lone parents should be careful to avoid over generalisation:

84 Policy Exchange, "Parenting Alone", 2014, <http://www.policyexchange.org.uk/images/publications/parenting%20alone.pdf>

85 DoH, "Improving outcomes and supporting transparency", December 2014, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/382115/PHOF_Part_2_Technical_Specifications_Autumn_2014_refresh_02.12.2014_FINAL.pdf

86 HMRC Tax Credit Statistics, Page 19, <https://www.gov.uk/government/statistics/personal-tax-credits-provisional-statistics-2013-to-2009>

87 ONS, Conceptions in England and Wales in 2014, <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/conceptionandfertilityrates/bulletins/conceptionstatistics/2014>

88 ONS, "Families in the Labour Market 2014", http://www.ons.gov.uk/ons/dcp171776_388440.pdf

89 International comparisons of Teenage Births, ONS, October 2014, <http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/rel/vsob1/births-by-area-of-usual-residence-of-mother-england-and-wales/2012/sty-international-comparisons-of-teenage-pregnancy.html>

90 ONS release, 2014, <http://www.ons.gov.uk/ons/rel/regional-trends/area-based-analysis/conceptions-deprivation-analysis-toolkit/conceptions-deprivation-measures--2009-11.html>

91 DoH, "Improving outcomes and supporting transparency", December 2014, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/382115/PHOF_Part_2_Technical_Specifications_Autumn_2014_refresh_02.12.2014_FINAL.pdf

92 Policy Exchange from ONS statistics. In 2014 there were 50,000 10-19 year olds who had one or more children.

93 See the recommendations at the end of this paper.

94 Policy Exchange request of ONS Statistics.

95 It is important not to conflate the number of concealed families and Housing Benefit claims for the 16-24 age group. The numbers here are illustrative to show that lone parenthood does not automatically equate to HB claims, and that there are a significant number of 16-24 year old lone parents who do not claim HB. In 2014 there were 211,400 lone parents aged 16-24 in the UK.

96 Brookings Institute, "Teen Births Are Falling – What is going on?", March 2014, http://www.brookings.edu/~media/research/files/reports/2014/03/teen-births-falling-whats-going-on-kearney-levine/teen_births_falling_whats_going_on-kearney-levine.pdf

97 FT, "US birth rate falls 3 per cent", November 2011, <http://www.ft.com/cms/s/0/c9c4c2b6-120d-11e1-9d4d-00144feabdc0.html#axzz41Z4PNC6H>

98 Brookings Institute, "Teen Births are Falling: What's Going On?", March 2014 Kearney and Levine, http://www.brookings.edu/~media/research/files/reports/2014/03/teen-births-falling-whats-going-on-kearney-levine/teen_births_falling_whats_going_on-kearney-levine.pdf

99 IZA, "Offline Effects of Online Connecting: The Impact of Broadband Diffusion on Teen Fertility Rates", May 2015, <http://ftp.iza.org/dp9076.pdf>

100 Teenage Pregnancy Independent Advisory Group Final Report, 2020, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/181078/TPIAG-FINAL-REPORT.pdf

- Just over a third of teenage parents are classed as being in a relationship (married, civil partnered, or cohabiting).⁹² These relationships may be more likely to break down, but that they exist in the first place is rarely discussed and has implications for policy.⁹³
- Almost one third of lone parents aged 16-24 are classed as a "concealed family", which means that they are living in their parental household but treated as a separate family.⁹⁴ Of the 110,000 lone parents aged 16-34 living as a concealed family over 60% are under 25.
- Teenage lone parents make up a tiny proportion of the Housing Benefit caseload. For the latest figures available there were estimated to be 32,000 lone parents under the age of 20. The latest Housing Benefit figures show that single, teenage claimants with child dependents total only 10,500 (see Chart, below).⁹⁵

How has welfare policy influenced rates of teenage pregnancy?

The UK's decline in teenage pregnancy is not only attributable to the design of state intervention and has been driven by a combination of economic, societal and policy factors. The role of welfare is just one part of a far bigger story that has played out both in the UK and overseas, with a lot of other countries seeing their teenage pregnancy problem improve in recent years. As a result, a good stock of research has been produced looking at how this improvement has come about.

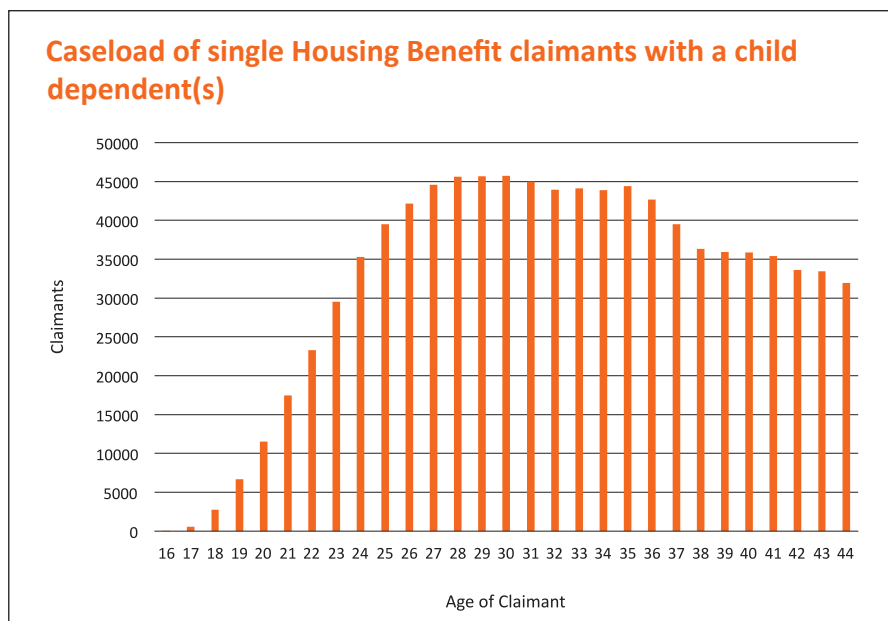
One of the biggest influences – if not the biggest – has been the fallout from the financial crisis. Conceptions leading to maternities for the under 20s in England and Wales almost halved between 2007 and 2014. They fell by over a third during the same period in Scotland. The US teenage birth rate declined at a rate of 2.5 per cent a year between 1991 and 2008, and by 7.5 per cent between 2008 and 2012.⁹⁶ That said, the credit crunch and its fallout did not just affect teenage pregnancy rates – people of all ages are less inclined to have children when there is extreme economic uncertainty. This was evident in the US during the Great Depression and the energy crisis of the late 1970s, both of which were accompanied by a sharp drop in the overall birth rate.⁹⁷

Aside from the financial crisis, there have been plenty of other significant contributors to reduced incidence of teenage pregnancy. These include improved contraceptives, better access to contraceptives and expanded educational opportunities for young women.⁹⁸ A convincing paper has also argued that the growth in broadband internet is partly responsible, as it has changed social connections and allowed people access to more and better information on relationships and sexual health.⁹⁹ Turning to specific state interventions, the wider provision of health services, better education on sexual health and public information campaigns have been said to have a positive effect.¹⁰⁰

There are less clear-cut relationships between cause and effect when considering the UK welfare system's influence on teenage pregnancy rates. This, as well as the role welfare has played more broadly on decisions to have children, has been a major source of debate over the years. Broadly speaking, the research shows that the welfare system does have an effect on outcomes, but the extent of this effect is

unclear when welfare interacts with a wider bunch of issues. For example, the Labour government's 1999 inquiry into teenage pregnancy found that young people who think they have no prospect of employment expect to end up on benefits one way or another and, "...see no reason not to get pregnant".¹⁰¹ Another example is a 2008 IFS study looking at the connection between a more generous tax credits system and fertility rates. The broad conclusion was that there was a noticeable increase in childbearing by the group affected by reform, but this may reflect a change in the timing of births, rather than the overall quantity. It also found that the reforms brought about this change in couples more than single people.¹⁰²

This uncertainty in the link between welfare policy and teenage pregnancy outcomes is also evident in other countries. One of the most interesting case studies is the US welfare reforms in the mid-90s that targeted teenage pregnancy. The Temporary Assistance for Needy Families programme had an explicit aim to reduce birth rates outside of marriage, subjecting teen parents to educational participation requirements in return for benefits and imposing a lifetime limit on welfare claims. There was a massive decrease in child birth amongst teenagers alongside the reforms. But while the change in welfare rules clearly had an impact, a major influence is thought to be the then booming economy increasing work opportunities. It is also important to note some evidence of unintended consequences, with a study in the early noughties finding teen mothers more likely to give custody of their children to relatives rather than take individual responsibility for them.¹⁰³



How has welfare policy influenced rates of lone parent employment?

The way in which all lone parents are treated by the welfare system has changed a lot over the last twenty years. There have been both big policy shifts and a range of pilot schemes. One key reference point is the Freud Report of 2007, which highlighted that the UK placed fewer work search requirements on lone parents than other countries did and had a lower lone parent employment

101 Social Exclusion Unit, "Teenage Pregnancy", June 1999, <http://dera.ioe.ac.uk/15086/1/teenage-pregnancy.pdf>

102 IFS, "Does Welfare Reform Affect Fertility?", 2008, <http://www.ifs.org.uk/wps/wp0809.pdf>

103 "Welfare Reform: How do we measure success?", http://fordschool.umich.edu/research/poverty/pdf/lichter_jayakody.pdf

rate because of it. This resulted in a lone parent's eligibility for Income Support being repeatedly tightened. Before November 2008 a lone parent could claim Income Support up until their child was 16 years of age and now can only claim it until their child is five years of age. Ineligibility to claim Income Support means that JSA has to be claimed instead, which has greater work search requirements attached.¹⁰⁴ Lone parents have also been through the different iterations of welfare to work programmes, including the voluntary New Deal for Lone Parents and its successor the compulsory Work Programme.

These policies were an undoubted success. After being relatively constant throughout the 1980s, the percentage of lone parent families classed as working rose from 47.1% in 1996 to 65.7% in 2014.¹⁰⁵ This has brought the UK much more into line with the performance of comparable European countries. It is not only the UK that has seen success in this way, and the Clinton welfare reforms of the 1990s referred to in the previous section tell a similar story, with the main contributor to reduced welfare for single mothers being found to be more stringent work requirements.¹⁰⁶

The UK also has seen a decent amount of experimentation with new methods of getting lone parents into work, albeit with limited success. This included:¹⁰⁷

- In-Work Credit – a weekly payment to lone parents who moved into work for more than 16 hours per week and that could be claimed for a period of 12 months.
- Work Search Premium – a weekly payment for lone parents willing to engage with the New Deal for Lone Parents to undertake voluntary work search activity. Receipt of the payment was at the discretion of a personal adviser.
- New Deal Plus for Lone Parents – an attempt to add coherence of support to lone parents, bringing together financial incentives to look for work as well as childcare programmes.

Some parts of the recent benefits overhaul (with some changes still to be enacted), will have implications for lone parents. The 2015 Summer Budget announced that lone parents with a child aged three or over will be expected to look for work if they are claiming Universal Credit. And lone parents, both those who work and those who do not, will on average lose more benefit entitlement than most other groups from the forthcoming cuts to Universal Credit.¹⁰⁸ It remains to be seen how these reforms will change labour market participation, and how they may alter behaviour when there are a number of other factors that affect the ability of lone parents to get into work. These include childcare provision, the cost and availability of transport and the stock of jobs with flexible hours that are available.

The above discussion relates to the entire cohort of lone parents. The questions for this research is how younger lone parents differ from older lone parents and what this means for the design of policy. On the first point, previous Policy Exchange research found important differences between younger lone parents and older lone parents, which included:¹⁰⁹

“Only 6% of lone parents who had their first child aged 16–19 now have higher or degree level qualifications and 24% have no qualifications at all. However, among lone parents who had their first child between the ages of 24 and 29, 24% have higher education or degree level qualifications, increasing to 31% of lone mothers who had their first child in their early thirties.”

104 “Exploring the impacts of the UK government’s welfare reforms on lone parents moving into work”, May 2014, http://www.gcph.co.uk/assets/0000/4284/Lone_parents_Literature_Review_web.pdf

105 ONS, “Families in the Labour Market 2014”, http://www.ons.gov.uk/ons/dcp171776_388440.pdf

106 Assessing the Impact of Welfare Reform on Single Mothers, Yale, <http://cowles.yale.edu/sites/default/files/files/lunch/keane-040505.pdf>

107 DWP, “The lone parent pilots after 24 – 36 months”, 2009, <http://webarchive.nationalarchives.gov.uk/+/http://research.dwp.gov.uk/asd/asd5/rports2009-2010/rrep606.pdf>

108 IFS Green Budget, Chapter 10, February 2016, <http://www.ifs.org.uk/uploads/gb/gb2016/gb2016ch10.pdf>

109 Policy Exchange, “Parenting Alone”, 2014, <http://www.policyexchange.org.uk/images/publications/parenting%20alone.pdf>

This suggests that policy differentiation is necessary. There are some examples of this already happening, and Sector Based Work Academies – programmes targeted through JCP at getting people into sectors that have a high number of vacancies and discussed more in the final chapter – are open specifically to lone parents between the ages of 18-24 who are receiving Income Support. Perhaps the area of policy where there has been most particular focus on young lone parents as opposed to lone parents generally (and for young parents more generally) is that of housing.

Housing for young parents

Housing for teenage parents (as well as vulnerable young people more generally) is a contentious issue, and there have been numerous attempts to try and address the problems that have arisen in the past. The most recent group of pilots aimed at the housing needs of teenage parents ended in 2011, with the evaluation of them succinctly outlining the problem by stating:¹¹⁰

“Little is known about the impact of various types of accommodation and housing-related support on outcomes for teenage parents and, by extension, their children.”

The pilot itself had several strands running across several Local Authorities, where “enhanced support packages”, designed by the LAs, were put in place for teenage parents. These packages varied in what they included, from dedicated accommodation with on-site support workers, to explicit emphasis on formal education and training.

The main conclusion drawn from the evaluation at the end of the pilots was that housing options varied significantly at a local level, but teenage parents should wherever possible be placed in accommodation most suited to their needs. For those in need of help most this might be in supported accommodation with on-site staff and for others it may be an independent tenancy geographically close to support networks. The evaluation also pointed to lessons to be learned, which included the need to be realistic about the readiness of teenage parents for employment, education or training, arguing that a balance should be struck between preparation for the labour market and adequate time to establish a stable home environment and bonding with their child. Perhaps even more salient, was the conclusion that the role of frontline staff is “critical”, with young parents greatly valuing and deriving confidence from their relationships with support workers.¹¹¹

Before these pilots, housing for single teenage parents was intermittently high on the political agenda. Gordon Brown raised the prospect of teenage mothers being housed in supervised hostels, rather than council houses, arguing that being in council houses on their own single parents could be isolated from the support that may change their lives.¹¹² This was not a good idea for some, with the counter argument being that some hostels can lead to detrimental outcomes (one MP suggested in response to Gordon Brown’s proposal that hostels could be, “... magnets for pimps and people who prey on young women”).¹¹³ But lumping any type of shared accommodation together to suggest that they are universally bad would be short sighted, as there are examples of positive results. Accommodation

110 “Supporting Independence? Evaluation of the teenage parent supported housing pilot”, DfE, Spetmeber 2011, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182552/DFE-RR158.pdf

111 Ibid.

112 Daily Mail, “Teenage mothers will be sent to hostels, not given council flats, vows Brown”, September 2009, <http://www.dailymail.co.uk/news/article-1217047/Teenage-mothers-sent-hostels-council-flats-vows-Brown.html>

113 BBC News, September 2009, “Fears over ‘mothers hostel’ plan”, http://news.bbc.co.uk/1/hi/uk_politics/8283198.stm

centres known as “Foyers” having been growing in number since the early 1990s, providing 16-25 year olds with programmes to access housing, learning, training and employment and are thought to be a success.¹¹⁴ One such foyer is the specialist Focus E15 hostel in east London for young mothers, which has been in the news recently because of Newham Council’s decision to close it as a result of welfare cuts.¹¹⁵

The housing dilemma for teenage parents may be a complicated one, but the common thread running through all of the initiatives trying to address the problem is the idea that that provision of holistic support is a necessary condition for realising better outcomes. The devolution agenda is something that could potentially give the fresh impetus to the ideas around hostels and supported accommodation more generally.

Teenage pregnancy and lone parents – a policy problem that persists

114 The Foyer Federation, <http://foyer.net/about-us/>

115 The Guardian, “young Mothers evicted from London hostel may be rehoused 200 miles away”, October 2013, <http://www.theguardian.com/society/2013/oct/14/young-single-mothers-focus-e15-newham-rehoused>

4

Recommendations

This report has so far shown that those under the age of 25 are in a unique phase in life and subsequently interact with work and the welfare system in unique ways. They typically have very different circumstances, experiences, skillsets, attitudes, responsibilities and goals to those who are older than them. Reflecting this, public services and policy initiatives are often focused solely on younger people, or are differentiated according to age. This chapter makes proposals to further distinguish policy for the under 25s. The recommendations cover the role of Jobcentre Plus (JCP), maximising the potential of the Youth Obligation and three additional ideas for how to better deliver youth policy.

Reimagine Jobcentre Plus for young people

Recommendation: A small number of Youth Employment Centres (YECs) should be created to offer employment support and youth services exclusively to the under 25s. They would operate separately from the current JCP network under their own branding and in their own premises. The purpose of their creation would be to trial the integration of access to youth services and employment support within a given geography, and to experiment with policy development. Decision making and funding would be devolved to YECs, meaning that resource allocation would be fully flexible. This flexibility could be used to test changes to how staff resource is sourced and allocated, re-design conditionality and sanction regimes and try new methods of personalising support for those in receipt of benefits. The idea is that a YEC would become the single employment reference point for all young people in a local area, providing access to support for both welfare claimants and non-claimants looking to get work or to progress in work. To truly understand the benefits of this model, YECs should operate for a period of at least five years, allowing enough time for policy to improve through a process of iteration and for it to be properly evaluated.

The background of Jobcentre Plus

JCP has the dual role of administering working-age benefits and providing a public employment service to the unemployed. It provides support to benefit claimants looking for work, makes sure that claimants fulfil their commitments to look for work and acts as a recruitment service to employers.¹¹⁶ It is an integral part of the welfare to work system.

JCP has experienced all kinds of operational pressures in recent years. Its day-to-day running has been affected by high caseloads as the economy recovered from

116 DWP Select Committee, 'The role of Jobcentre Plus in the reformed welfare system', January 2014, <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworkpen/479/479.pdf>

recession, tighter budgets because of public spending cuts and the implementation of numerous policy changes. A Select Committee review into the impact of these pressures concluded that, “JCP is capable of responding well to policy changes and fluctuating claimant numbers”.¹¹⁷

JCP will need to further use this capability in the coming years. The support that it provides will be extended, sign-on requirements will be increased for those at the beginning of their claim, the roll out of Universal Credit will continue and more co-location initiatives will be put in place.¹¹⁸ In addition, the outsourced welfare to work programmes that complement the activities of JCP will change in scope and have reduced funding available to them.

Despite its resilience in coping with policy change there are many questions that remain to be answered about how well JCP performs and if the current structure is the right one. Is JCP doing as well as it can to help those that cycle in and out of temporary employment? Is the initial JCP assessment of claimant barriers to getting a job as good as it could be? How much is the quality of face-to-face JCP support affected by box-ticking and compliance procedures? Is JCP evaluated for its effectiveness as robustly as it should be? Does JCP serve all age cohorts as well as it could? Given that the JCP network is the frontline foundation of working-age welfare the answers to these questions are very important.

Previous Policy Exchange research has argued that JCP – and the welfare system as a whole – fails to deal effectively with those that suffer from multiple disadvantages (any combination of issues such as mental health problems, low skills, family disruption, criminal history, social networks that do not encourage work, substance abuse, disability, unstable housing). This happens because signposting to services is poor and because the delivery of services is not specialised enough. While improvements to the system have been made in recent years, there are a number of reasons why problems persist:

- There is no single, clear and central point of contact for users.
- JCP dominates employment support services, preventing the development of more specialist providers.
- Government departments and budgets are too often “siloed”.
- Commissioning generally occurs across diverse and overlapping commissioning zones.
- A lack of local information stymies coordination on the ground.
- There are barriers to the effective use of data.

The research recommended that to solve some of these problems required JCP offices be co-located with other providers of welfare services, such as Local Authorities, making them a one-stop shop for interaction with state support. These hubs would be rebranded as Citizen Support Centres and would act as a gateway to support for those on out-of-work benefits. On day one of a person’s claim they would be assessed for their particular barriers to work and then signposted to organisations that have a proven track record of success to help them with their particular needs. More specifically, the employment support element of JCP would be hived off as a mutual to compete with private sector providers that help claimants back into work.¹¹⁹

The idea of separating JCP benefit administration and employment support to improve signposting, delivery and specialisation forms the basis of the idea for YECs.

117 DWP Select Committee, The role of Jobcentre Plus in the reformed welfare system”, January 2014, <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/479/479.pdf>

118 Spending Review, 2015, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf

119 Policy Exchange, “Joined Up Welfare: The next steps for personalisation”, July 2014, <http://www.policyexchange.org.uk/images/publications/joined%20up%20welfare.pdf>

Introducing Youth Employment Centres

This paper argues for the creation of a small number of YECs. They would focus attention exclusively on the under 25s, replacing JCP employment support provision for this age-group and act as a single gateway to all youth services. The purpose of introducing YECs would be twofold:

- 1.) To better co-ordinate, integrate and signpost the services available to young people (both those services currently provided by JCP and those that are not).
- 2.) To try a new approach to innovation in employment support policy in the hope that it would increase understanding of how to design successful interventions.

Number one of the above is necessary to try and address problems that have been outlined already in this paper – that the package of state support available to young people can often be delivered in a fragmented and convoluted way. The second is discussed more in this chapter and is aimed at breaking the current mould of how potential policy improvements are tested by the Government for wider implementation.

The broader objective of YECs should be to improve the education to work transition for all young people. There are already nods to this in policy, with new DWP initiatives to put jobcentre advisers in schools and Local Authorities tracking young people who are likely to disengage from employment after leaving education.^{120 121} But having an explicit objective could provide a focus on improving what has been repeatedly referenced as a deficiency in the preparation of young people for work.

While all of this could possibly be achieved within the current JCP model there are good reasons to think that YECs would be a better approach. Firstly, a separate entity as described would allow for stronger links to be built with schools and colleges because a YEC would not just be about young people on welfare, but also others who were looking for guidance and support. Secondly, YECs would allow advisers to build a specialism in dealing with the particular employment issues facing the under 25s (on the flip side, it would also allow JCP to focus more on older claimants). This may even attract different candidates to be advisers than would be the case for positions in JCP, as it would provide the opportunity to work exclusively with young people. Thirdly, YECs could allow the government to vary the amounts invested into employment support for different age cohorts. For example, it may be beneficial to invest more in young people, thus improving their life chances and saving money for the Exchequer further down the line.

Youth Employment Centres as a proof of concept

DWP's conventional model of experimenting with policy is to test through pilots, which often evaluate one specific change to policy on one specific group of claimants. Recent pilots have been aimed at social housing tenants, those with a drug or alcohol dependency and disadvantaged young people. The jobcentre does this too, experimenting with the provision of work experience in the haulage industry to address a shortage of drivers,¹²² the introduction of "Claimant Champions" for older people¹²³ and different methods of utilising digital technology to communicate. These pilots can provide valuable insights into new

120 DWP, Jobcentre Plus support rolled out to schools, January 2016, <https://www.gov.uk/government/news/jobcentre-plus-support-rolled-out-to-schools>

121 The LGA, "Tracking Young people", <http://www.local.gov.uk/documents/10180/49928/Guide+to+tracking+for+local+authorities/2c8e7291-49d3-49e2-bccc-c55d583618e>

122 PQ, December 2015, <http://www.theyworkforyou.com/wrans/?id=2015-11-24.17480.h&s=jobcentre+plus+%22jobcentre+plus%22+section%3Awrans%20-%20g17480.r0>

123 PQ, September 2015, <http://www.theyworkforyou.com/wrans/?id=2015-09-14.10176.h&s=jobcentre+plus+%22jobcentre+plus%22+section%3Awrans%20-%20g10176.r0>

ways of working, but they are typically small scale and conducted for short periods, thus limiting the knowledge that can be gained from them.¹²⁴

YECs should be implemented using a different approach, loosely based on the concept of prototyping as a method of trying new ways to deliver public services.¹²⁵ This would mean that there would be no pressure to get things right in the first instance, so that YECs could develop and be refined through iteration, and lots of people relevant to the new approach are involved in the process at an early stage.

In this context, YECs would be a proof of concept, developing, testing and improving the idea that young people would be better served by employment support being split from JCP and by further differentiating the policy that applies to them. It will allow YECs to slowly build the most effective model of intervention best suited to a specific locality, labour market and welfare caseload. Should YECs prove successful then they would be a blueprint for widespread implementation across the country and for a greater overhaul of JCP.

This way of testing new policy is not without precedent. Prototype Employment Zones in the late 90s intended to explore, “...innovative approaches to providing people with skills; and support individuals in their efforts to become self-employed”.¹²⁶ They were focused on those aged over the age of 25 who had been unemployed for at least 12 months. The people involved in the initiative gave overwhelming support to the approach, but an evaluation regarded the zones as missed opportunity, with their two year life span thought to hamper policy development.¹²⁷ This is an important point and the length of time dedicated to policy initiatives and trials can have a direct bearing on their success. Recognition of this is why Work Programme contracts were made to last five years, so as to create incentives for providers to invest time and money in developing their services.¹²⁸ With this in mind, the time period over which to properly test YECs should be an important consideration.

The final point to make about the approach outlined here is that robust evaluation of each YEC’s actions must be built into their design. Without it, the pros and cons of devolved control and of new interventions would always be blurred. This could be the number of benefit off-flows that there are, or it could be the number of training opportunities taken up (really, it could be whatever the individual YEC sees fit to evaluate in consultation with its governance structure). One note of caution is that evaluation is something that has not been done well enough in the past. The National Audit Office (NAO) has previously concluded that the DWP is missing an opportunity to test new ways of helping claimants by not evaluating the costs and benefits of flexibilities in a systematic way. More recently, the NAO reported that councils had limited understanding of how effective their spending was on local welfare provision, with few attempts to quantify the benefits of the local programmes that were in place.¹³⁰

The governance of Youth Employment Centres

The drive to greater devolution offers new opportunities to innovate in the delivery of public services within a defined, sizeable geographic area and the City Deals process provides a perfect opportunity to implement a YEC style initiative. Indeed, devolution is already delivering new welfare policy innovation, with a good example being a new attempt to get the hardest to help into work in Greater Manchester. When it is fully operational the Working Well programme will cover

124 DWP FOI 3414, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/274949/foi-3414-13.pdf

125 NESTA, “Prototyping Framework”, http://www.nesta.org.uk/sites/default/files/prototyping_framework.pdf

126 Education Select Committee, 2000, <http://www.publications.parliament.uk/pa/cm199900/cmselect/cmduemp/60/6011.htm>

127 DfE, “Prototype Employment Zones: A Qualitative and Contextual Evaluation”, October 2000, <http://dera.ioe.ac.uk/4491/1/RR232.pdf>

128 CBI, Fulfilling the potential of the Work Programme, 2012, http://www.cbi.org.uk/media/1668816/Work_in_progress_-_fulfilling_the_potential_of_the_Work_Programme.pdf

129 NAO, “Responding to Change in Jobcentres”, February 2013, <https://www.nao.org.uk/wp-content/uploads/2013/03/Job-Centres-Full-report.pdf>

130 NAO, Local Welfare Provision, January 2016, <https://www.nao.org.uk/wp-content/uploads/2016/01/Local-welfare-provision.pdf>

50,000 individuals and have a £100m budget, made up of funds provided by Greater Manchester, the European Social Fund and central Government.¹³¹

This does raise issues of governance and the question of who would be accountable for the success and failure of policy decisions made by YECs. This paper is advocating that part of the JCP network, which has its policy direction largely set by central government, is carved out to offer different types of support. There could be some reticence from central government to cede this type of control. One way to address this would be to have a Steering Group and a Board that included representatives from central government and from the localities running the YEC.¹³² Subject to approval from this governance structure, YECs should be free to experiment with new policy initiatives and variants of existing ones.

The devolution agreements that have recently been made also include models for how the relationship between central government and local areas will work on employment support. For example, the DWP and West Midlands Combined Authority will co-design employment support, with DWP setting the funding envelope and “high level performance framework”, and the Combined Authority delivering it. Before the delivery begins an agreement sets out the respective roles of each party.¹³³ Of course, to be true to the premise of proper devolution YECs would be left to get on with it by Whitehall with no checks and balances at all. But regardless of the governance arrangement, there would need to be some effective co-ordination between national and local welfare support, as they are ultimately expected to complement each other.¹³⁴

What could Youth Employment Centres do and how would they be funded?

The following list gives an outline of what the basic functions of a YEC would look like:

- YECs would act as a local gateway to all services that could help or support a young person with their employment needs. This would include access and signposting to national organisations ranging from the National Careers Service to the Prince’s Trust. It would also include access and signposting to any relevant local providers in the public or voluntary sectors. YECs would also be the entry point for government welfare to work initiatives, such as the forthcoming Work and Health Programme.
- Advisers in YECs would understand the skills needs of local employers and the vacancies that are available within them, particularly related to entry level positions that may be more appropriate for younger people. They would also have knowledge of the traineeships and apprenticeships on offer and how to apply for them, as well knowledge of the training courses that were available to young people.
- YECs would be open to both welfare claimants and non-claimants alike, the idea being that a YEC becomes the single employment reference point for all young people in the local area in which it operates. This would require employment advisers providing support in different ways for the different circumstances of young people walking through the door. As much as YECs should offer something for those who would find it relatively straightforward to get a job, they should also offer something for those with barriers to work, such as mental health problems, homelessness, or substance abuse.

131 Greater Manchester Devolution Agreement: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/369858/Greater_Manchester_Agreement_i.pdf

132 The Manchester Working Well programme, for example, has a Steering Group that include DWP and Treasury representatives, and a Board with Greater Manchester stakeholders alongside central government stakeholders. The programme is overseen by Trafford Council’s Chief Executive.

133 West Midlands Combined Authority Devolution Agreement, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/477421/West_Midlands_devolution_deal_unsigned_final_web.pdf

134 NAO, Local Welfare Provision, January 2016, <https://www.nao.org.uk/wp-content/uploads/2016/01/Local-welfare-provision.pdf>

The following list gives some examples of how a YEC may trial different ways of working:

- Use different approaches to manage staff resource. This could mean recruiting fewer advisers on a higher wage to attract a better quality of candidate. It could mean focussing more resource on employer engagement if that was deemed a priority. It could mean training advisers to have different specialisms, such as those to help young people who have a disability or health condition.
- Re-design conditionality and sanction regimes. This could mean that every young person's Claimant Commitment would include a requirement to spend half a day on a local volunteer project that has been set-up by the YEC. It could mean changing the sanctioning rules so that low-level rule breaches do not incur a financial penalty, instead trialling new punishments like daily sign-on.
- Trial new ways of employer engagement. This could mean organising job fairs for local employers and young people. It could mean facilitating employers having greater interaction with local schools, or making sure that local provision of training matches employer needs.

The YECs model would need funding. Part of this could be taken out of the budget for jobcentres in a specific area, which would see reduced footfall and demand for resource because younger claimants would no longer be using its services. But there would need to be additional funds assigned to the project, given that economies of scale will be lost, and separate premises would need to operate. These additional resources could be contributed by reallocating some of DWP's other spending, such as from the Innovation Fund or Flexible Support Fund, or by utilising underspend from Discretionary Housing Payments.¹³⁵ Another option would be an "invest to save" model that uses the principle of allocating future spending to current employment support programmes. The argument is that bringing the expenditure forward will get more people into work, creating savings and offsetting the expenditure that would have occurred. This model of financing has yet to be tried, but doing it on a small scale through YECs could be a good way of experimenting with the concept.

A potentially efficient way of implementing YECs could be through private welfare to work providers, which could be invited to tender proposals to create a YEC in a specific locality. This does not have to be a typical tendering process and variations, such as encouraging partnerships with the local voluntary sector, could be tried. Alternatively, YECs could be spun out of JCP into a public service mutual; an organisation that has left the public sector but that continues to deliver public services with a large degree of autonomy by its staff.

Given that the Government is overhauling its youth offer in the coming couple of years through the Youth Obligation (described in full in the next section), launching prototype YECs alongside its introduction in 2017 would be a logical timing for their introduction.

Examples of models similar to YECs

Some elements of the above outline for YECs have precedent, both in the UK and overseas.

A large chunk of the inspiration for YECs came from MyGo, currently being trialled in Ipswich. It is a single point of access for support for 16-24 year olds,

¹³⁵ Parliamentary Question, Written answer, March 2016, <http://www.theyworkforyou.com/wrans/?id=2016-03-22.32198.h&s=%22Discretionary+Housing+payment%22#g32198.r0>

has a distinct brand, and brings a number of services provided in the Greater Ipswich area under one outlet. It opened its doors in December 2014 with the aims of providing a universal service to young people, better identifying those at risk of long-term unemployment and providing better tailored support from the first day of benefit claim. The ambition is to halve Youth Unemployment within two years, getting people into work sooner and into work that is sustained over a longer period. MyGo has dedicated coaches, its own premises with WiFi, hosted arrival upon entering the building and a communal kitchen area. Ultimately, YECs would be the second generation of the MyGo idea, going further by devolving more decision making and giving greater freedoms to test and learn with policy.

Pre-dating MyGo is the Youth Employability Service in Brighton, which was introduced in 2011. It is aimed at engaging 16-18 years olds who are classed as NEET and some 19-24 year olds with special educational needs. It provides information on available work and assistance in writing CVs and job searching, and has drop in centres across the city. It has also helped with the tracking of young people's destinations after they have left education.¹³⁶

An international example comes from a dedicated centre in Calgary, Canada. It is co-funded by the City Government, the Government of Alberta and another organisation called Family and Community Support Services. Youths aged 15-24 can use it, and every young person from school drop-outs to graduates can find help and support there. Help with career planning, access to health resources, scholarships and bursaries are all on offer. There are specialist programs for young mothers, aboriginal youth and immigrant youth, amongst others. It has staff dedicated to employer relations and puts mentors into schools to discuss what options young people have. They also run their own pilot programmes, such as targeting interventions on those who have been through the justice system.¹³⁷

Fulfil the potential of the Youth Obligation

Recommendation: The Youth Obligation should be built around the idea of utilising out of work young people to address skills shortages and enhance productivity. To this end, effective employer engagement should be at its heart and the following three ideas will help to achieve this. Firstly, Sector-Based Work Academies should be built into the Youth Obligation, which would provide a focus for employment support upon sectors that have a large number of vacancies to fill. Secondly, each jobcentre district should be required to produce and publish an Employer Engagement Plan, which would outline the measures being taken to strengthen and create links to employers, as well as a framework for implementation of the Youth Obligation. Thirdly, new ways of linking employers to JCP via other government services should be trialled, such as using HMRC payroll data to identify fast growing firms, or using Companies House registrations to inform new businesses of JCP services. In addition to boosting employer engagement, there should be attempts to properly track off-flow destinations of Youth Obligation participants so that more can be learned from the initiative.

Background to the Youth Obligation

The 2015 Summer Budget provided the outline of the Youth Obligation, a new way of supporting 18-21 year olds Universal Credit recipients into work. It told us that a young person would receive intensive support on day one of their claim

136 Centre For Cities, "Delivering Change: Cities and the Youth Unemployment Challenge", August 2014, <http://www.centreforcities.org/wp-content/uploads/2014/08/14-08-14-Delivering-change-Cities-and-the-youth-unemployment-challenge.pdf>

137 The City of Calgary, Youth Employment Centre, <https://www.kk.dk/sites/default/files/edoc/61e0dd9e-05be-48f5-8fff-8732e9f122ea/74c8b164-2597-487a-8b84-e8e89ed6f7c3/Attachments/c1f81828-849e-40fd-a7ed-68d39c5194b4.PDF> We are grateful to the City of Calgary YEC for taking the time to speak with us about their operations.

and after six months would have to, “apply for an apprenticeship, traineeship, gain work-based skills, or go on a mandatory work placement”.¹³⁸ It also had a stated aim to provide the skills to move into, “sustainable employment”.

Since this announcement, further information has come in dribs and drabs. We now know that in the first three weeks of claiming an out of work benefit, jobseekers will undertake an Intensive Activity Programme totalling 71 hours of support. This Programme will include practice job applications, job search, help with interview techniques and a dedicated work coach.¹³⁹ The DWP has also said that the requirements of the scheme, “...will be reasonable and tailored to [a participant’s] individual needs and capabilities, taking into consideration any health condition they may have”.¹⁴⁰

In summary, the outline of the Youth Obligation is there, but the detail needs to be filled in. The key parts of the scheme that we still do not yet know are: what a mandatory work placement will involve, what kind of conditionality will be applied to the participants, how “sustainable employment” will be defined, or what else will be on the curriculum of support. It is also unclear what happens to a claimant after the initial phase of support if it does not lead to employment. In theory, a claimant could spend a year doing work preparation and placement, and then remain under the watchful eye of JCP for another year until they become eligible for the new Work and Health Programme.

What can we learn from previous policy initiatives?

Some parts of the outlined Youth Obligation are very familiar and parallels can be drawn between it and the New Deal for Young People (NDYP), a New Labour initiative which was replaced by the Coalition Government’s Work Programme. The aim of the NDYP was to help young people into jobs, help them stay in jobs and increase their long-term employability.¹⁴¹ Its structure was different from that of the proposed Youth Obligation in that it applied after someone had been unemployed and claiming JSA for more than six months, rather than immediately. But similar to the Youth Obligation there was an initial period whereby the claimant was given advice and support, followed by a period where the claimant had to undertake another activity, such as enrolling on a course, starting a work experience placement, or taking an employer subsidised job.¹⁴² On balance, evaluations of NDYP have been positive, although with all interventions of this type there were some up-sides (reduced time on benefits when compared to non-NDYP participants over a four year period)¹⁴³ and some down-sides (money was spent on young people who would have got into work anyway).¹⁴⁴

More recently, a pilot – the “Day One Support for Young People Trailblazer” – provided some insights into the results of an intensive regime, which the Youth Obligation proposes to be. Under the pilot young people who had not previously completed six months of paid employment since leaving full-time education undertook a work experience placement, entailing 30 hours of work experience each week for a 13 week period. The results after a claimant enrolled on the scheme were a mixed bag. Around half did not start a placement (some signed-off JSA, some got sanctioned). Just over half of those that did start a placement did not complete the full 13 weeks (with those that left largely doing so at the start of the programme). 76 per cent of nonstarters were in work six months after the claim, in comparison to 72 per cent of starters. Some criticisms of the scheme were that claimants spending 30 hours a week on placement did not then have time to carry

138 Summer Budget, July 2015, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443232/50325_Summer_Budget_15_Web_Accessible.pdf

139 Cabinet Office Press Release, 17 August 2015, <https://www.gov.uk/government/news/hancock-every-young-person-should-be-earning-or-learning-from-april-2017>

140 Written Question, 17 September 2015, <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2015-09-17/10670/>

141 NAO, The New Deal For Young People, February 2002, <https://www.nao.org.uk/wp-content/uploads/2002/02/0102639.pdf>

142 Parliamentary briefing – “welfare to work programmes: an overview”.

143 DWP, “The longer-term impact of the New Deal for Young People”, <http://dera.ioe.ac.uk/7485/1/WP23.pdf>

144 Reform, “The New Deal For Young People”, 2007, http://www.reform.uk/wp-content/uploads/2014/10/new_deal_for_young_people.pdf

out any other job search and that just under 60 per cent of the work placements were in charity shops.¹⁴⁵

This last point is a particularly important one and the quality of jobs available through any welfare to work scheme is integral to both its image and success. One of the big downfalls of the Future Jobs Fund was its inability to get private sector employers involved, which reduced opportunity for jobs that could be sustained.¹⁴⁶

How can the Youth Obligation fulfil its potential?

Given the above evidence, it is almost without doubt that an intensive day one regime of employment support will result in some claimants signing off or not engaging with the programme, regardless of the other elements of its design. Whether or not this is an acceptable basis for a welfare to work scheme really depends. If a person does not adhere to the rules then they should not receive a benefit payment. But equally, there is no point in the state blindly pushing claimants off benefit, or down inflexible roads of work experience, skills training, then apprenticeships or traineeships if they are of no use to the individual themselves, or to the economy more generally. It would be a waste of everyone's time. The Youth Obligation should be built around the idea of utilising out of work young people to address skills shortages and to enhance productivity.

To do this would require knowledge of local job vacancies, which in turn requires good links with local employers. The perfect world scenario would be for employers, the jobcentre and the education system to operate in a seamless network. Employers would offer work experience placements and job opportunities, JCP offices would refer claimants with appropriate skills to apply for vacancies and universities and learning providers would design courses that were relevant to the needs of the local economy.

The reality is, however, that the networks that have been built between employers, the jobcentre and the education system vary in quality. One representative body has argued that employers do not see JCP as a route to recruiting talented staff and that the DWP is too focussed on welfare claimants rather than the human resources demand of the business community.¹⁴⁷ This is probably a bit unfair. While there is certainly some employer scepticism about the virtues of JCP, specific efforts have been made in recent years in a series of trials to try new approaches to employer engagement. DWP's evaluation of the trials referenced many existing examples of JCP good practice and bad practice when it came to relationships with local businesses. The evaluation recommended that employer-facing JCP staff needed to regularly communicate with claimant-facing staff to improve the quality of referrals for vacancies, and that JCP take a "strategic overview" of the local provision available to prepare claimants for work.¹⁴⁸

The relationship between JCP and employers is likely to come into much sharper focus in the coming years. Firstly, for Universal Credit to successfully implement conditionality on claimants who are in work requires an unprecedented partnership between the jobcentre and employers, which will include increased frequency of contact and new types of conversations between the two. Secondly, the phasing out of the Work Programme and introduction of the smaller Health and Work Programme means that outsourced employment support providers will be trying to get a different claimant group into work, which will require a new

145 DWP, Evaluation of the Day One Support for Young People Trailblazer, November 2014, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/378308/rr888-day-one-support-for-young-people-trailblazer.pdf

146 CESI, Future Jobs Fund – An independent National Evaluation, July 2011, http://www.learningandwork.org.uk/sites/niaace_en/files/publications/CESI_future_jobs_fund_evaluation.pdf?redirectedfrom=cesi

147 British Chambers of Commerce, Skills & Employment Manifesto, January 2014, http://www.britishchambers.org.uk/J4108_Skills%20Manifesto_v4.pdf

148 DWP, "Employer Engagement and Jobcentre Plus", 2011, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214516/rrep742.pdf

form of engagement with employers. In each of these two policy areas the quality of the links forged between JCP and businesses will go a long way to determining how successful they are.

To ensure that the Youth Obligation can fulfil its potential will require it to be a pipeline for young people to fulfil roles that close skills gaps and meet employer needs. This means making sure that the support that it offers is relevant to local labour markets and economies, which can only be achieved through employer engagement. The following three point plan will help to achieve this:

- i. Build Sector-Based Work Academies into the Youth Obligation.** Introduced in England in 2011, Sector-Based Work Academies are run for industries with large numbers of local vacancies and give benefit claimants skills training and work experience required to work in a specific sector. Because the programme is demand-led it means that it covers a diverse range of occupations, from retail to teaching, and from agriculture to engineering. Each Sector-Based Work Academy is run through partnerships between employers, JCP and training providers and has three stages: pre-employment training, a work experience placement and a guaranteed job interview linked to a genuine vacancy. They are focused upon claimants of JSA, ESA, Universal Credit and, more recently, lone parents on Income Support aged 18-24. DWP guidance suggests that referrals to the scheme should be close to the labour market and a recent review reported that 19-24 year old JSA claimants taking part in Sector-Based Work Academies spend reduced time on benefits and increased time in employment.¹⁴⁹ Given these initial indications of success for Sector-Based Work Academies, there should be some exploration of how they could be expanded and applied to a greater number of people. One approach could be to design the Youth Obligation Intensive Activity Programme to get some claimants who are further away from the labour market to the “pre-employment training” phase of a Sector-Based Work Academy. Another approach could be to develop an offshoot of Sector-Based Work Academies specifically for those claimants who are further away from the labour market, creating a form of segmented employment support within the programme. For example, the end point of an offshoot could be getting a claimant a work experience placement that does not come with a guaranteed job interview.
- ii. Each Jobcentre Plus district should produce and publish Employer Engagement Plans, which would include a framework for local implementation of the Youth Obligation.** Some parts of the JCP network are better at engaging with employers than others. This recommendation is aimed squarely at making the JCP network collectively think more about how relationships with employers could be strengthened and created, as well as being a tool for sharing best practice across in different parts of the country. The JCP network has almost 2,000 “Employer Engagement and Partnership Services” employees, who are a crucial resource in the welfare to work system. Each Employer Engagement Plan would describe:

- How a particular district is engaging employers, including how it is maintaining employer relationships and trying to establish new ones.
- How the district plans to upskill its employer engagement staff so that they

¹⁴⁹ DWP, Sector based work academies, A quantitative impact assessment, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508175/rr918-sector-based-work-academies.pdf

can better serve their function within JCP. This could include, for example, a short period of work experience within the HR department of a local employer.

- The district's assessment of the skills gaps that exist within the local area and how well aligned the training provision within a locality is with its skills deficiencies.
- How the district ensures suitable claimant referrals for vacancies.
- How the Youth Obligation fits in with the needs of a local economy and how it fits with the district's plan to support the school to work transition.

Employer Engagement Plans would be made public, allowing approaches to be compared across jobcentre districts and allowing the introduction of some kind of accountability to this part of the JCP operation. It would also signal to the business community that JCP takes employer engagement seriously. The concept is not dissimilar to local planning authorities publishing "Local Plans", which sets out how more homes are going to be delivered and how infrastructure will be built by Local Authorities.¹⁵⁰

iii. Use the Youth Obligation to trial new ways of linking employers to JCP via other government services. The state engages and interacts with employers every day in many different ways. The Health and Safety Executive carries out risk assessments, UK Trade and Investment supports exporters and encourages inward investment and HM Revenue and Customs collects payments related to a company's payroll. The government should look at how these services, and others, could be used to facilitate employment opportunities through JCP. These opportunities could be traineeships, apprenticeships, work experience placements, or permanent jobs. The Youth Obligation could be used to trial new ideas for how this would work, such as the following:

- **Use HMRC payroll data to identify employers who could be looking for staff.** When a new employee starts working for a business they have to be registered with HMRC and when an employee leaves or retires from a business it has to be reported to HMRC. This information could be used to identify businesses that have particular staffing needs. For example, companies that are growing, that have a higher propensity to take on young people, or that have a high degree of turnover could be identified and contacted by employer engagement staff at JCP.
- **Refer Companies House registrations to local JCP employer engagement teams.** To set up a private limited company in the UK registration with Companies House must take place. Tens of thousands of new companies are incorporated every month.¹⁵¹ Whilst this is clearly too many organisations for JCP to contact directly in person, each newly incorporated company could be sent information on how JCP can help with recruitment, along with contact details of employer engagement staff.

Just as it is important to for the Youth Obligation to provide an effective channel for young people to get off of welfare and into work, it is also important to understand where Youth Obligation participants go after they have left the

150 CPRE, <http://planninghelp.cpre.org.uk/improve-where-you-live/shape-your-local-area/local-plans/what-the-local-plan-contains>

151 Incorporated companies in the UK, <https://www.gov.uk/government/statistics/incorporated-companies-in-the-united-kingdom-march-2016>

initiative. One of the deficiencies of previous welfare to work schemes has been limited knowledge of where claimants end up, which restricts the lessons that can be learned from policy interventions. This opportunity should not be lost with the Youth Obligation, and a supplementary recommendation is:

- **Track destinations off the Youth Obligation.** As discussed earlier in this paper, Local Authorities already do some tracking of where young people go after they have left education, in an attempt to better identify and engage those who are falling off the radar. In the examples of the NDYP and Work Programme, tracking off-flows from the programme did not reveal much about where those leaving an active labour market programme went next. Having better systems in place to do this would better inform public policy and allow better targeting of support. To do this across all participants would be incredibly resource intensive, but targeting the tracking specific areas of the country would be a good start.

Being smarter with youth interventions

As repeatedly referenced in this paper there are a number of government initiatives that originate from a number of different Departments and budgets. Some of them are positive steps, or seem to be having positive results, but tweaking these policies could bring even greater benefits to young people. The following are recommendations for making those tweaks:

- **Use the devolution agenda and co-location initiatives to trial how technology can integrate and improve services for young people.** Effective flows of information within and between programmes and institutions are of benefit to the users of services. For example, this could be information shared within JCP between employer engagement teams and work coaches, as outlined earlier in this Chapter, meaning that welfare claimants are better matched to the stock of available jobs. It could be information shared between the Local Authority and JCP on those young people at risk of NEET-hood, allowing some kind of early intervention process to be put in place. There are two good case studies from the US of how technology complements greater integration of services and has delivered better outcomes. The first is from Boulder County, Colorado, which has begun a process to fully integrate health, housing and human services, and has used data tracking and analysis to follow the users of services more closely.¹⁵² This required the merging of different services into one Department and implementing new case management software, allowing case histories of service users to be tracked, referrals to additional programs and a more collaborative approach with other caseworkers. The second is from New York, which seven years ago began an initiative to collect its social service data in one place. The premise was that multiple users of social services could walk into different agencies without having to re-enter information or fill out the same paperwork. The collected data from this exercise could then be used to detect fraud and better target services.¹⁵³ Trials to utilise this type of initiative in the UK would suit the cohort of service users that are young people because they are relatively small in number, and interact with a variety of services, including the education system.

152 Boulder County, Colorado: Integrated Services Delivery, July 2014, <http://datasmart.ash.harvard.edu/news/article/boulder-county-colorado-integrated-service-delivery-496>

153 Big Data Gives a Boost to Health and Human Services, February 2014, <http://datasmart.ash.harvard.edu/news/article/big-data-gives-a-boost-to-health-and-human-services-380>

- **Focus increased funding for relationship support on teenage couples with children.** In a speech just before he left office, David Cameron announced that there would be an extra £35 million dedicated to relationship support. Given the analysis in this paper, using some portion of these increased funds to focus on young couples (which are more likely to experience break down) with children could have potentially greater benefits than for older couples. There is some evidence that teenagers may be reluctant to use relationship counselling services, despite difficulties being reported with their partners.¹⁵⁴ Therefore, using some of the funding to trial different methods of engaging young couples who may need relationship support would also be worthwhile.
- **Ensure National Citizen Service (NCS) providers are better incentivised and able to get the hardest to reach groups to participate.** The NCS – first launched under the Coalition Government – recognises that fostering social ties between young people from different backgrounds can improve the confidence of people from deprived households who might otherwise have had a narrow or localised frame of reference. Under the current design of the NCS, which was recently granted more funds, providers are required to bring together people from different social groups as part of the payment by results contract. Some measures have been put in place, including single gender programmes and measures to recognise religious holidays.¹⁵⁵ However, more still needs to be done to ensure that NCS captures and includes people at the margins who could stand to benefit most but are the least likely to take part. Measures could include amending the payment by results formula to better incentivise contact with harder to reach groups and utilising the Troubled Families Programme to refer potential participants.

154 Page 47, “Supporting Independence? Evaluation of the teenage parent supported housing pilot”, DfE, Spetmeber 2011, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182552/DFE-RR158.pdf

155 Written Parliamentary Question, 2013, <http://www.theyworkforyou.com/wrans/?id=2013-09-11a.167413.h&s=%22national+citizen+service%22+section%3Awrans#g167413.q0>

