

Economic Growth Board

Date	16 th November 2023
Report title	Tackling rising youth unemployment in the WMCA area
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Report has been considered by	Local Authority Skills Officers Group (8 Nov) Directors of Economic Development (10 Nov)

Economic Growth Board is asked to:

- i. Discuss the content of this paper following a deep dive into what works in tackling youth unemployment.
- ii. Agree actions at the next EGB to tackle youth unemployment in the WMCA area.

1 Purpose

- 1.1 At the last meeting of the Economic Growth Board (EGB), members discussed youth unemployment and its impact on young people and the region's broader economic prosperity. The Board requested a deep dive to inform its considerations of the strategies that could be deployed to tackle this issue across the region.
- 1.2 This paper outlines the key findings of our 'deep dive' evidence review into what works in tackling youth unemployment. A more detailed slide pack of the deep dive findings is provided as annex B for reference.
- 1.3 This paper further seeks the Board's views on the evidence and ambition to be developed as priorities for further collaborative action, for which recommendations will be costed and brought back to EGB in January 2024.

2 Context

- 2.1 In 2000, 13.7% of young people aged 18-24 were not in education, employment or training (NEET) in England. In 2023, that figure still stands at 13.8%. This phenomenon is not without consequences. There is strong evidence that being NEET and unemployed while young has a scarring effect on young people's outcomes – increasing their likelihood of unemployment

or low wages later on in life, of developing poor physical or mental health, and of potentially gaining a criminal record. Spending time unemployed under the age of 23 has been linked to lower wages even twenty years on, and those who are NEET between the ages of 18-19 are 20% more likely to be unemployed even ten years later. This indicates that the effects of time spent neither learning nor earning are a prospective restraint on an individual's potential across the span of their working life. Troublingly, young people from disadvantaged backgrounds are significantly more likely than their better-off peers to be NEET. This means the negative effects of time spent neither learning nor earning are disproportionately borne by this group, with clear consequences for social mobility.

- 2.2 In our region, this is particularly stark. Across the WMCA there are nearly 24,000 18-24-year-olds claiming unemployment-related benefits. Our youth claimant rate (8.4%) is much higher than the UK average (4.9%) and is rising, with particularly high rates in Wolverhampton (10.7%), Birmingham (9.3%) and Walsall (9.1%). In addition, recent increases in economic inactivity have been driven largely by young people, many of whom are inactive because of health-related reasons. Underneath these headline figures, we know that the picture is even more stark for young people in our most deprived wards, and for those with particular characteristics, including care leavers, young people with disabilities and some ethnic minorities.

	Youth Claimant count (Sep23)	Youth claimant rate (Sep23)	% change since pre-pandemic	% change on previous year	% change since Aug23
UK	272,925	4.9%	14.6%	8.9%	1.3%
WM 7 Met	23,910	8.4%	24.8%	13.3%	2.5%
Birmingham	12,055	9.3%	32.4%	15.0%	2.4%
Coventry	2,275	5.3%	48.2%	13.2%	4.6%
Dudley	1,815	7.7%	3.7%	10.0%	3.7%
Sandwell	2,625	9.2%	24.1%	11.5%	2.7%
Solihull	795	5.3%	-3.6%	1.3%	1.3%
Walsall	2,055	9.1%	7.3%	13.2%	-0.2%
Wolverhampton	2,290	10.7%	19.9%	13.9%	2.7%

- 2.3 Poor health/mental health among young people is becoming of increasing concern, both regionally and nationally. Between 2012 and 2021, the proportion of NEET young people reporting a mental health issue tripled from 7.7% to 21.3% nationally. NEET prevention teams across the region are also increasingly citing mental health as a major barrier to young people's engagement in education and work.
- 2.4 Taken together, we face a 'wicked' problem; complex, intertwined and with no 'silver bullet'. No 'scheme' or single focus will address this. It will take a co-ordinated, prolonged and intensive effort from all partners to make the systemic change needed to do better for our young people and realise the economic benefit of a youthful region.
- 2.5 Responsibility for youth unemployment is fragmented, particularly between the Department for Education and the Department for Work and Pensions. This arrangement particularly under-serves economically inactive young people, as they are not the responsibility of the Department for Work and Pensions because they do not receive social security, and not the responsibility of the Department for Education because they are aged over 18. At the same

time, while good practice is clear that a place-based approach is effective for supporting young people, there is no authority with an express remit to co-ordinate youth-focused employment interventions across geographical and organisational boundaries. There is a need for hands-off accountability and a politically-centred authority that can also drive the dissemination of guidance and good practice, while centrally co-ordinating the data generated from local interventions to build the evidence base in terms of what works to move young people into work

3. Youth unemployment deep dive – what works?

- 3.1 The table at Annex A outlines the key findings of our deep dive evidence review around what works in tackling youth unemployment – structured around 5 key themes: education and skills, personal and financial support, work readiness and careers guidance, employers and job opportunities, and wider structural and system issues. The table also identifies what we are already doing to tackle this challenge, sets out who else has levers, and suggests priorities for further collaborative action. A more detailed slide pack of the findings of the deep dive is provided as Annex B for reference.
- 3.2 There are good examples across the region of where evidence-based policies and programmes are helping us address our youth unemployment challenge that we can build upon – including centering services in localities outside of JCP for example – Walsall Works, Coventry Job Shop – which should provide the foundation for place-based services. Youth hubs established in partnership with DWP have the potential to expand further into this mould based on the blueprint developed in Birmingham. Careers and jobs fairs that connect young people and employers like the Solihull Apprenticeship Fairs again, with increased frequency and systematisation should be built upon. In terms of outreach, increasing the local culturally sensitive outreach delivered by Street Teams can support in bringing young people into the places where the services are offered, connecting them into LA and mainstream services. Too often these services and programmes are time-limited, or project-focussed and are not a permanent fixture and offer in a place.
- 3.3 Despite these efforts, too many of our young people still struggle to successfully transition into the labour market. The evidence clearly shows that addressing this issue at scale, requires long-term investment and policy coherence, with a focus on partnering and systematic place-based approaches. It also highlights the value of aligning and co-locating the range of services and support available to young people, in one easily accessible place. London's '[No Wrong Door](#)' programme is a good example of how residents can be supported into good work regardless of their starting point or what service they access first. The CA and LAs have started on this journey with the Youth Employment Platform but it remains in its infancy, with too many other digital places being supported and managed by us collectively.
- 3.4 Research also shows that young people need access to high quality education and training that provides a clear pathway into good jobs, and the personal and financial support to enable them to participate, succeed and progress. Given many of our most vulnerable young people live in poverty, support with the costs associated with looking for work and starting a job can be an effective tool in improving access to sustainable employment. Evidence suggests that a bursary or wage subsidy can not only support transition to work but may be even more effective than training in tackling labour market shortages. Whilst there is a range

of education and training on offer many of the routes have 'narrowed' for too many of our young people. Removal of many of the Level 2 apprenticeship frameworks, the removal of level 2 vocational qualifications and the requirement for continued English and math GCSE study has reduced options.

- 3.5 There is also clear and strong evidence that a lack of good careers advice and meaningful work experience opportunities is one of young people's biggest barriers to work, and yet access to work experience has fallen over recent years and is lower in the West Midlands than any other part of the UK. While many employers are keen, in principle, to support young people, they often struggle with the practicalities. Evidence suggests there could be significant value in using our leadership and convening roles as place-based organisations and anchor institutions, to engage, encourage and support employers to offer more work experience, apprenticeship and employment opportunities for young people. This is one of the key drivers underpinning Greater Manchester's proposal for an MBacc.

4. Working together to tackle youth unemployment

- 4.1 We recognise that a range of existing work is already underway to help tackle youth unemployment – that will continue to be delivered both within and across Local Authorities. To add value to this, we are proposing recommendations brought to EGB focus on a small number of priority actions that we can all lean in to, in order to effect change on a greater scale. These should be clearly defined and set out who leads and supports, to ensure work is additive not displacing or distracting. We are proposing to bring recommendations to EGB in January that focus on changes that we can systematise and offer across the region rather than projects or initiatives.

- 4.1.1 DWP currently have a Youth Hub in each of our LA areas hosted in non DWP premises, often LA owned or managed (eg Birmingham Library, The Way-Wolverhampton). Feedback from young people suggests that they like the informal nature of the Hubs and their multi-agency approach but would welcome more employer engagement in them. More work is also needed to raise awareness of the existence of, and services available, through Youth Hubs. This could be served through **Local Authorities taking local ownership of Youth Hubs in their area and committing to flowing all youth-related services through them.** Over time, Local Authorities could develop a hub-and-spoke model for Youth Hubs in their areas to provide more localised support for young people. WMCA and BCC has worked with the Private Equity Foundation, Impetus, to develop a blueprint for a model Youth Hub that could inform this work. This will give a focal place in each locality to connect with young people and provide the support and guidance they are seeking.

- 4.1.2 WMCA has recently piloted a pre-apprenticeship programme to provide an effective pathway for young people into good apprenticeships. This is particularly important given the steep decline in young apprentices across the region in recent years and the decline of SMEs offering apprenticeships in the region. The programme evaluation highlighted critical success factors as being its industry-aligned training, holistic wrap around support, and the availability of financial support for learners. **WMCA and LAs could jointly invest in a significant expansion of level 2 pre-apprenticeship provision for young people across the region.** This would involve WMCA covering the training and support costs, and Local Authorities using UKSPF funds to offer training bursaries to facilitate young people's

participation in the programme and de-risk the process for SMEs, building on the success of Kickstart.

4.1.3 Employer engagement is key to the success of both of these proposals. While it is important to ensure that young people are well trained and supported to transition into the labour market, it is equally vital that we encourage more employers to offer high quality opportunities for our young people. This could be achieved through **the WMCA and LAs working together through Business Growth West Midlands (BGWM) in taking a strategic approach to encouraging employers to offer work experience and employment opportunities to young people.** Alongside there could be a variety of locally driven communications from each leader for example, writing to employers in their Local Authority, to the development of a region-wide programme linking employers to Youth Hubs and training providers – similar to the Step Up Programme that ran in Solihull. The CA and Mayor is likely to have a particular role in engaging with larger regional/national employers.

4.1.4 Finally, to strengthen on the works underway and help young people navigate the range of opportunities **all LAs and CA could work together to develop the current Youth Employment Platform into the single ‘front door’ digital platform for young people's services across the region.**

4.2 EGB members are invited to consider the evidence review and ambition to tackle youth unemployment, for which recommendations will be costed and brought back to the Board..

5. Financial Implications

5.1 There are no direct financial asks from this report. However, there potentially could be once the final proposal is drawn up, as there are options including provision of financial support to learners and enhancing level 2 funding.

5.2 If the final proposal does include financial asks above existing budgets, this will need to be approved through WMCA governance routes.

6. Legal Implications

6.1 There are no legal implications arising from this report however there will be a need for legal input/agreements once the priority actions have been agreed.

7. Equalities Implications

7.1 Effective transition into the labour market is particularly challenging for young people in our most deprived wards, and for those with particular characteristics, including care leavers, young people with disabilities and some ethnic minorities. Any agreed actions would seek to improve employment opportunities for young people currently disadvantaged in the labour market, including those with poorer levels of educational attainment.

8. Inclusive Growth Implications

8.1 The ambition outlined in this paper align closely with, and support, our inclusive growth agenda, particularly in relation to the following metrics:

- **education and learning:** raising educational attainment of young people and reducing the number of young people not in education, employment or training.

- **Inclusive economy:** Youth claimant rates as a % proportion of 16-24-year-olds in the WMCA area.

9. Geographical Area of Report's Implications

9.1 The proposed priority actions are focused on the 7 Met area.

10. Other implications

10.1 None.

Annex A: Youth employment deep dive - summary

	Education & Skills	Personal and financial support	Work readiness & careers guidance	Employers & Job opportunities	Wider structural & system issues
Key challenges	<ul style="list-style-type: none"> • Low prior attainment, leaving school without any (or few) quals, limiting options. • There is not the necessary volume and quality of provision and opportunities for YP post-16. • Our post-16 offer for YP – particularly those who are not work ready, have low levels of experience and qualification, or face barriers – is not broad enough or of a high enough quality. • Post-16 transitions can also be complicated for YP. • No L2 English and/or maths become gatekeepers to apprenticeships/better jobs. • Narrowing of offer to T levels and A levels. Removal of L2/3 vocational quals. Removal of Level 2 apprenticeship standards. • Apprenticeship participation declining for younger age groups. • Fixed point entrance to programmes (Sept/Jan). • Negative educational experiences, often due to undiagnosed learning difficulties, create distrust in system or fuel fear of learning / low self-belief. 	<ul style="list-style-type: none"> • Disaffected and disconnected, deep desire for belonging (Youth Census). • Often difficult personal circumstances and poor support structures leading to rising poor mental health/anxiety and economic inactivity. • Chaotic life circumstances. • Usually from low-income households, limiting financial capacity to train post 18 or digital deficit. • Have caring responsibilities or are young parents requiring flexibility. • Housing benefit ‘traps’ people on benefits as risk of work is too high. 	<ul style="list-style-type: none"> • We lack targeted, national employment support for YP who are long-term NEET. • YP who are NEET for an extended period accrue scarring that can negatively impact important long-term outcomes, incl salary and chances of progression. • These YP can be affected by numerous factors, such from low confidence to CV gaps, that act to further pull them away from the labour market. They are also more likely to struggle upon entering the workforce and so are at a heightened risk of leaving a job soon after securing it • Not enough, if any, workplace experience to develop knowledge, skills and behaviours employers want. • Poor employability/transferable skills due to teaching/assessing only to qualification. Limited holistic curricular. • Lack of timely or ongoing careers guidance to adequately prepare for labour market. • Lack of social capital/time/funds to undertake volunteering, clubs etc. 	<ul style="list-style-type: none"> • CA/LAs cannot create jobs. • Private sector could be more fully engaged. There are pockets of employers that want to support the agenda but not at the necessary scale to make a difference and all too often are the same ones supporting multiple agendas. • Perception YP lack soft and technical skills employers want to address high vacancy demands. • Poor recruitment experiences or leadership and management to support YP. Mutual needs are getting lost in translation. • Limited/negligible employer investment 	<ul style="list-style-type: none"> • ‘Double disadvantage’, where you live correlates to level of opportunity. Intersections (low attainment, poverty, socio-economic, disabilities, poor health) compounding effect. • Short term funding or fragmented approach to support and employment services limits policy coherence. • Lack of quality data on 18-24 at local level limits timeliness of intervention. • No-one ‘owns’ NEETs.

	Education & Skills	Personal and financial support	Work readiness & careers guidance	Employers & Job opportunities	Wider structural & system issues
<i>What works</i>	<ul style="list-style-type: none"> • Programmes that offer vocational training, apprenticeships, and skill development opportunities to prepare young people for the job market – that provide practical skills and improve employability. • Lots of second chances to (re)engage with study. • Vocational training with work experience • Apprentice incentives to employers (offset wages) 	<ul style="list-style-type: none"> • outreach efforts aimed at informing young people about available job opportunities, training programmes, and resources can help reduce youth unemployment by connecting them to existing services. • Individualised one to one support is vital. • Personalised wraparound and financial support. • Mentoring/coaching champions to help YP feel agency over their lives. • Good quality information - know the person so they feel included. • Targeted support for at risk YP 	<ul style="list-style-type: none"> • Establishing dedicated centres or hubs that offer job placement services, career counselling, and assistance with resume building and interview skills have proven effective in connecting young job seekers with opportunities. • Public employment services that can offer tailored support to different groups of young people and effectively signpost or refer young people to other services or opportunities are key. • Early intervention raises effectiveness and reduces cost long term. • Work experience placements. • Extracurricular and volunteering opportunities for social skills. • Access to career information, advice and guidance & career coaches. • Embedded employability in curriculum. 	<ul style="list-style-type: none"> • wage-subsidy programmes where employers are incentivized to hire young people. These programs can help create job opportunities for youth who might otherwise struggle to find employment • Financial incentives/wage subsidy for an initial period (de-risk) • Employer designed and led programmes – Movement to Work • Job rotation schemes • Anchor networks – inclusive recruitment within public sector 	<ul style="list-style-type: none"> • Shared policy objectives/targets for coherent & consistent implementation & evaluation of impact. • Long term funding to enact sustainable interventions. • Holistic local approaches targeting severely impacted groups, utilising local collaborations as safety net for at risk. • regularly assessment of the effectiveness of interventions through shared data collection and analysis to make informed adjustments to programmes and services.

	Education & Skills	Personal and financial support	Work readiness & careers guidance	Employers & Job opportunities	Wider structural & system issues
<i>What are we already doing?</i>	<ul style="list-style-type: none"> • Devolved skills funding for 19+, • Extending study programmes for 19-23-year-olds • Thrive at College to support mental health • Pre-apprenticeships (19+) • SWAP/gateway programmes and skills Bootcamps (19+) • Piloting of a virtual post 16 offer, particularly for individuals who are struggling to leave the house (Smart Futures Programme Kickstart Your Career (smarttar.co.uk)) • LA Supported internships 	<ul style="list-style-type: none"> • Thrive at College • Discretionary Learner Support Funds • Move to funding programmes rather than just quals, to meet broader needs • Youth Employment Platform 	<ul style="list-style-type: none"> • Developing all age career service • Youth Hubs / jobs shops / jobs fairs • Programme funding to provide IAG, coaching, mentoring, work experience and embed employability – only when on programme. 	<ul style="list-style-type: none"> • Better alignment of skills provision to employer need – LSIPs/LSIF, sector taskforces & training plans • Pre-apprenticeships as pathway to a good apprenticeship for YP. • More apprenticeships in SMEs for young people through Apprenticeship Levy Transfer Fund. • Anchor network establishment ICAN with ICB 	<ul style="list-style-type: none"> • Development of post-16 data hub. • Move to single pot and longer-term funding through single skills settlement.
<i>Who else has levers?</i>	<p>LA support for SEND 16-18 offer (with DfE) Youth Offer (with DWP)</p>	<p>Flexible Support Funds (DWP)</p>	<p>DWP Youth Hubs DWP Work Coaches National Careers Service (DfE)</p>	<p>Tax incentives Employers (including public sector)</p>	<p>Schools know who is at risk of NEET</p>

	Education & Skills	Personal and financial support	Work readiness & careers guidance	Employers & Job opportunities	Wider structural & system issues
<i>What else should we prioritise?</i>	<ul style="list-style-type: none"> • Scale up pre-apprenticeship offer for 18+ – but need a bursary/wage subsidy. LAs to commit UKSPF and CA pay for training. • WMCA/LAs commit to deep dive on support for labour market transition for SEND learners, including through supported internships to build out best practice model for the region (Wolverhampton to lead) • Extend the virtual offer across the region (Solihull to lead) 	<ul style="list-style-type: none"> • Region wide youth mentoring/ coaching offer. Need to identify funds – £5m autumn statement ask • Youth Employment Platform to become single digital front door for all LAs/CA • Travel costs – Adopt DWP approach on frontloading support for childcare to also include travel to work. • All housing schemes supported by WMCA grant to have more explicit social housing targets. • Each LA to work with housing organisations to increase live and work schemes. • Pilot LHA scheme with St Basils. 	<ul style="list-style-type: none"> • LAs to take local ownership of Youth Hubs and commit to flowing all youth-related services through them. Develop hub and spoke model in each area. Widen participation to all non economically active young people. • CA/LAs to continue to develop NEET prevention approaches through careers hub. • CA/LAs to develop an alternative provision model for the region (LA to lead) 	<ul style="list-style-type: none"> • LA in each area to write to local employers packaging together all asks of businesses (i.e. WEX, Careers Hub related, jobs for unemployed/care leavers/Learning Disabilities, etc.) - starting a more strategic conversation with them re. how we can support the development of their workforce through a range of initiatives • BGWM to provide support for youth friendly employers, based on YEUK Good Youth Employment Charter. • BGWM to consider where conditions can be leveraged against the issue of grants. • WMCA/LAs to develop youth employment programme (based on Kickstart model), using LA UKSPF as wage subsidy/bursary. • Leverage employer led initiatives - 5% club activity, Severn Trent, Hatch, Movement to Work • LAs to seek commitments from anchor network employers. 	