Policy Performance and Evaluation: United Kingdom

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IES

WP3 - Policy Performance and Evaluation Methodologies
Version – 1.0

22 June 2015
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i) to ‘advance the knowledge base that underpins the formulation and implementation of relevant policies in Europe with the aim of enhancing the employment of young people and their transition to economic and social independence’, and

ii) to engage with ‘relevant communities, stakeholders and practitioners in the research with a view to supporting employment policies in Europe.’ Contributions to a dialogue about these results can be made through the project website www.style-research.eu, or by following us on twitter @STYLEEU.

To cite this report:


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Acknowledgements

The research leading to these results has received funding from the European Union’s Seventh Framework Programme for research, technological development and demonstration under grant agreement no. 613256. The authors wish to thank Werner Eichhorst for valuable comments on an earlier version.
Executive Summary

Youth unemployment in the UK presently stands at 16.1%, which compares favourably with the EU-28 average of 21.5%. Moreover, the UK’s youth unemployment has been consistently below the EU average. Yet, this relatively better performance masks structural and institutional characteristics which have an adverse impact on young people’s school-to-work (STW) transitions. Compared to other Member States, the UK is characterised by fast but unstable STW transitions. The vast majority (80%) of young people flow off Jobseeker’s Allowance within six months, but take longer to move to permanent employment. Indeed, STW transitions in the UK have become lengthier and more uncertain.

A key feature has been the tendency of young people to stay in education as opposed to entering employment at an earlier age. The number of people aged 16-24 in full-time education has more than doubled over the last 30 years. The UK performs well above the EU average with regard to both tertiary attainment and completion rates.

Compared to other Member States, qualifications and skills are more critical for smooth labour market entry, with the unemployment rate of low-skilled 15-24 year-olds being 37.2% (vs. a 30.3% EU average). Conversely, the employment rate of recent graduates from at least upper secondary education is well above the EU average. However, both horizontal and vertical skills mismatch is rather high even for recent graduates. As a result, there is significant underemployment among young people.

Indeed, a recurring criticism of the UK’s education and training system is that it equips young people with inappropriate or insufficient skills. Despite recent progress, a significant minority continue to leave secondary education without the necessary skills and qualifications to compete in the labour market (European Commission, 2013a and 2014a). The UK has too little vocational provision at post-secondary level and, the UK’s VET policy has been criticised as being too focused on basic skills and relatively low-level qualifications.

Employers and employer associations have repeatedly voiced concern that the UK’s education system provides inappropriate or insufficient skills to young people. Linked to this is the limited role for employer involvement and engagement, with a consistent trend of few employers (6%) recruiting young people directly from school.

This lack of employer engagement is linked with the dominant feature of the UK’s labour market: flexibility. The UK has one of the lowest employment protection legislation (EPL) scores in the OECD. High labour market flexibility means that young people move more frequently between jobs and into and out of education.

Internships constitute a key STW transition mechanism, particularly for graduates, but are often associated with questionable employer practices and poor working conditions. Growing numbers of young people are caught in endless series of internships which act more as a ‘dead end’ than a ‘stepping stone’ to stable employment.

Another key characteristic of STW transitions is the large number of young people in precarious part-time or temporary jobs. A major recent development is the growth of ‘zero hours contracts’: of those employed on such contracts, 37% are 16 to 24 year olds. The UK has a relatively low proportion of young people in temporary employment (13.5% vs. an EU average of 55.5%), due to its low EPL score. However, there is a high incidence of involuntary temporary employment,
with nearly 50% of temporary workers aged 16-24 being unable to find a permanent position.

Changing (youth) labour market structure and greater difficulty in accessing entry level jobs poses another challenge for young people. The well-documented decline of sectors such as manufacturing and the progressive polarisation and hollowing out of the labour market has resulted in fewer jobs for the low and mid-qualified, exacerbated by the reduction of intermediate level jobs, which results in fewer progression opportunities. Young people face intense competition from more experienced workers and migrants, especially in the UK’s expanding low wage service economy.

The persistently high number of early school leavers (12.4%) and NEETs (13.3%) is another key characteristic of the UK’s youth labour market, reflecting a critical structural problem. There is a correlation between NEET rates and low qualification levels, with prior education attainment being the most important predictor of NEET status. The persistent inter-generational cycle of disadvantage, low skills and unemployment has a disproportionate detrimental effect on young people from families that are workless or have lower incomes.

The UK’s approach to tackling youth unemployment can be characterised as (i) light touch labour market regulation; (ii) state investment in education and training coupled with reforms such as raising the participation age and VET, including apprenticeships, reform (supply-led policies); and (iii) strong labour market activation. The key aims are to raise educational attainment through:

1. Raising participation age (RPA) in education or training;
2. The Pupil Premium, aimed at improving the educational attainment of disadvantaged pupils;
3. Wide-ranging school structural and curriculum reforms;
4. Promoting access to independent and impartial careers advice which also highlights VET options;
5. Improving availability, quality, and image of VET, especially in view of its relatively low take-up among young people;
6. Expansion of apprenticeships and VET;
7. Expansion of higher education, aimed at helping achieve a 50% participation rate.

Employment policies targeted at young people focus on active labour market policies. Two main programmes are the Youth Contract and the Innovation Fund. The Youth Contract, introduced in April 2012, aims to support unemployed 16-24 year olds with a £1 billion government funded programme over three-years. It seeks to keep young people connected to work and/or education though apprenticeships, traineeships and work experience placements, as well as wage incentives for recruiting young people. The Innovation Fund (IF) Pilot Initiative, launched in 2011, is aimed at supporting disadvantaged 14 year olds through using Social Investment models (Social Impact Bonds/SIBs). These require young people to achieve specific outcomes including employment, improved behaviour and attendance at school, and qualifications.

The government is focusing funding on low-skilled young people (those with English and maths skills below Level 2) and the unemployed. The new Traineeship Programme, launched in 2013, is aimed at those aged 16-23 wishing to start an apprenticeship or job but lacking the basic skills or work experience to secure one.

The wider institutional framework in the UK relies on market mechanisms and a voluntaristic approach. Indeed, employment and training-related services for young people in the UK are complex and fragmented, with unclear pathways and a confusing environment for employers who
wish to engage. A major problem has been patchy and inconsistent service provision together with a tendency to divide skills and employment programmes. This means young people are largely left alone to navigate the STW transition alone, while the support they receive varies wildly across different families, communities and employers.

Moreover, there has been a plethora of overlapping or even contradictory services, policies and programmes, which can act as barriers to implementation. This is accompanied by multiple funding streams of varying degrees of complexity and administrative burden. Greater policy co-ordination, streamlining and simplification would be beneficial, not least because the current institutional and policy framework is deemed too confusing and cumbersome by employers.

Another impeding factor is the austerity-induced severe spending cuts implemented since 2010. For example, cuts to the UK’s National Careers Service (NCS) and its weak links with schools have been identified as a major barrier to providing high quality career advice to young people.

Finally, devolution creates its own opportunities and challenges. England, Wales, Northern Ireland, and Scotland have their own policies on education and training, whilst the UK government retains responsibility for England, and this contributes to an overall fragmented governance structure.

Key words:

School-to-work transitions; youth labour market; youth unemployment; Youth Contract; apprenticeships, VET.
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### Abbreviations

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<th>Full Form</th>
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<tbody>
<tr>
<td>AGQs</td>
<td>Applied General Qualifications</td>
</tr>
<tr>
<td>ALMPs</td>
<td>Active Labour Market Policies</td>
</tr>
<tr>
<td>BIS</td>
<td>Department for Business, Innovation and Skills, UK Government</td>
</tr>
<tr>
<td>DfE</td>
<td>Department for Education</td>
</tr>
<tr>
<td>DWP</td>
<td>Department for Work and Pensions</td>
</tr>
<tr>
<td>EPL</td>
<td>Employment Protection Legislation</td>
</tr>
<tr>
<td>ESA</td>
<td>Employment and Support Allowance</td>
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<tr>
<td>ESL</td>
<td>Early School Leaving</td>
</tr>
<tr>
<td>ESOL</td>
<td>English for Speakers of Other Languages</td>
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<tr>
<td>FE</td>
<td>Further Education</td>
</tr>
<tr>
<td>GCSEs</td>
<td>General Certificate of Secondary Education (examinations)</td>
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<tr>
<td>HE</td>
<td>Higher Education</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
</tr>
<tr>
<td>IF</td>
<td>Innovation Fund</td>
</tr>
<tr>
<td>LEAs</td>
<td>Local Education Authorities</td>
</tr>
<tr>
<td>LEPs</td>
<td>Local Enterprise Partnerships</td>
</tr>
<tr>
<td>LSYPE</td>
<td>Longitudinal Study of Young People in England</td>
</tr>
<tr>
<td>JCP</td>
<td>Jobcentre Plus</td>
</tr>
<tr>
<td>JSA</td>
<td>Jobseeker's Allowance</td>
</tr>
<tr>
<td>NAS</td>
<td>National Apprenticeship Service</td>
</tr>
<tr>
<td>NCS</td>
<td>National Careers Service</td>
</tr>
<tr>
<td>NEA</td>
<td>New Enterprise Allowance</td>
</tr>
<tr>
<td>NEET</td>
<td>Not in Employment, Education or Training</td>
</tr>
<tr>
<td>NMW</td>
<td>National Minimum Wage</td>
</tr>
<tr>
<td>NVQs</td>
<td>National Vocational Qualifications</td>
</tr>
<tr>
<td>OQs</td>
<td>Occupational Qualifications</td>
</tr>
<tr>
<td>PBR</td>
<td>Payment by Results</td>
</tr>
<tr>
<td>PES</td>
<td>Public Employment Services</td>
</tr>
<tr>
<td>PoS</td>
<td>Programmes of Study</td>
</tr>
<tr>
<td>PTEP</td>
<td>Prince’s Trust’s Enterprise Programme</td>
</tr>
<tr>
<td>RPA</td>
<td>Raising Participation Age</td>
</tr>
<tr>
<td>SBWAs</td>
<td>Sector-Based Work Academies</td>
</tr>
<tr>
<td>SFA</td>
<td>Skills Funding Agency</td>
</tr>
<tr>
<td>SIBS</td>
<td>Social Impact Bonds</td>
</tr>
<tr>
<td>SME</td>
<td>Small- and Medium-sized Enterprises</td>
</tr>
<tr>
<td>STW</td>
<td>School-to-Work</td>
</tr>
<tr>
<td>TAW</td>
<td>Temporary Agency Work</td>
</tr>
<tr>
<td>UTCs</td>
<td>University Technical Colleges</td>
</tr>
<tr>
<td>VCSE</td>
<td>Voluntary, Community, and Social Enterprise sector</td>
</tr>
<tr>
<td>VET</td>
<td>Vocational Education and Training</td>
</tr>
<tr>
<td>WTC</td>
<td>Working Tax Credit</td>
</tr>
</tbody>
</table>
1. Institutional arrangements

1.1 Governance structure

1.1.1 Level of responsibilities for youth-related policies

Youth policy implementation in the UK can be described as a system of ‘fragmented governance’. Within the context of devolution, responsibilities for youth-related policies are split between different levels of government: certain policies are UK-wide, others are remitted to Scotland, Wales, and Northern Ireland, and local authorities are also responsible for certain components. Broadly speaking, the UK government retains responsibility for employment policy, whilst responsibility for education and training are devolved to the nations.

This division of responsibilities is both vertical and horizontal. Within England, the Department for Education retains responsibility for compulsory education (early years provision, primary and secondary schools, and further education (FE) for under 19s), whilst the Department for Business, Innovation and Skills (BIS) oversees FE, apprenticeships, vocational education, and higher education (HE). Responsibilities for certain areas of youth policy – such as compulsory state-funded education and social care for young people – lie however with local government. Local Educational Authorities (LEAs) are responsible for the provision of state-funded compulsory education, mandated at a metropolitan or regional level, but follow guidelines set nationally. They are also formally responsible for tracking young people’s participation in education or training and securing support for youth in need. The Department for Work and Pensions (DWP) together with its JobCentre Plus (JCP) (the UK’s Public Employment Service) are responsible for administering benefits and implementing the various welfare-to-work schemes, including those targeted at young people such as the Youth Contract. Jobcentre Plus administers working-age benefits and provides a public employment service for the unemployed through its network of over 700 Jobcentres.

In England, a national youth policy strategy, Positive for Youth, was launched in 2011. This is cross-sectoral, and also includes policies which apply across the UK. Additionally, the UK government works alongside devolved administrations on areas of shared interest. Responsibility for the Positive for Youth strategy recently shifted from the Department for Education to the Cabinet Office, which some stakeholders perceived as ‘downgrading’ youth policy as a priority, reflecting a lack of political vision. Northern Ireland, Scotland, and Wales have their own youth policy and work strategies.

1.1.2 Key stakeholders involved in the design and implementation of youth-related policies

In addition to the government departments and devolved administrations mentioned in the previous section, other key stakeholders are also involved. The voluntary, community, and social enterprise sector (VCSE) plays a very important role in the local provision of youth services, especially for disadvantaged youths, and liaises with government via the Youth Action Group, a specific forum which brings together government and VCSE representatives for youth policy. Channels are also in place for the consultation of young people themselves. For example, the British Youth Council runs the ‘Youth Voice’ programme, aiming to empower the voice of young people, and various forums are in place for young people to express their views, such as the UK Youth Parliament, the National...
Scrutiny Group, the Youth Select Committee, and local youth councils. However, the substantive character of these consultation channels is a matter of debate.

1.1.3 Role and extent of involvement of social partners

In line with the UK’s liberal model of coordination, there is no formal role for social partners in youth policy governance, although employers’ organisations, trade unions, and sectoral employer bodies have their own policies and initiatives on youth related to education and employment. Employer organisations and trade unions are also treated as key policy stakeholders alongside third sector organisations, and as such are routinely consulted by government, although the extent to which the results of consultation are acted upon in the design of government policy, especially for what concerns trade unions’ policy preferences, is contested. Even in the absence of a formalised role, employers and private sector organisations are increasingly involved in vocational training, namely in the design of new apprenticeship schemes.

1.2 Education and training system in the UK

1.2.1 School System

Schooling in the UK varies across the nations, but is broadly divided into four stages (ENQA, 2013):

• Nursery Education;
• Primary education (4/5 years old to 11 years old);
• Secondary education (11/12 years old to 16 years old);
• Sixth form/further education (16 years old to 18 years old).

England and Wales introduced a National Curriculum in 1988, comprising five Key Stages and providing a framework for education for those aged 5 to 18. All maintained (state) schools are required to follow it, while independent schools are not required to do so in all its details (DfE, 2013a), but must show that they provide a good all-round education, and are inspected every few years.

In England, publicly funded schools comprise local authority funded maintained schools, and academies (legally independent schools funded directly from central government). Error! Reference source not found. shows the UK school system by year groupings.

Most secondary schools in England are comprehensive, accepting pupils without regard to academic ability, although selective schools exist in a few areas (Eurydice, 2011). Academies are publicly funded independent schools and their number was expanded following the Academies Act 2010.
**Table 1: UK School System by Year Groupings**

<table>
<thead>
<tr>
<th>Age</th>
<th>England &amp; Wales</th>
<th>Northern Ireland</th>
<th>Scotland</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Nursery (non-compulsory)</td>
<td>Primary (Key Stage 1)</td>
<td>Nursery (non-compulsory)</td>
</tr>
<tr>
<td>4-5</td>
<td>Reception</td>
<td>Year 1</td>
<td>Year 1</td>
</tr>
<tr>
<td>5-6</td>
<td>Year 1</td>
<td>Year 2</td>
<td>P1</td>
</tr>
<tr>
<td>6-7</td>
<td>Year 2</td>
<td>Year 3</td>
<td>P2</td>
</tr>
<tr>
<td>7-8</td>
<td>Year 3</td>
<td>Key Stage 2</td>
<td>Year 4</td>
</tr>
<tr>
<td>8-9</td>
<td>Year 4</td>
<td>Year 5</td>
<td>P3</td>
</tr>
<tr>
<td>9-10</td>
<td>Year 5</td>
<td>Year 6</td>
<td>P4</td>
</tr>
<tr>
<td>10-11</td>
<td>Year 6</td>
<td>Year 7</td>
<td>P5</td>
</tr>
<tr>
<td>11-12</td>
<td>Year 7</td>
<td>Secondary Key Stage 3</td>
<td>Year 8</td>
</tr>
<tr>
<td>12-13</td>
<td>Year 8</td>
<td>Year 9</td>
<td>S1</td>
</tr>
<tr>
<td>13-14</td>
<td>Year 9</td>
<td>Year 10</td>
<td>S2</td>
</tr>
<tr>
<td>14-15</td>
<td>Year 10</td>
<td>Key Stage 4</td>
<td>Year 11</td>
</tr>
<tr>
<td>15-16</td>
<td>Year 11</td>
<td>Key Stage 4</td>
<td>S3</td>
</tr>
<tr>
<td>16-17</td>
<td>Year 12 (Lower VI)</td>
<td>Year 13</td>
<td>S5</td>
</tr>
<tr>
<td>17-18</td>
<td>Year 13 (Upper VI)</td>
<td>Year 14</td>
<td>S6</td>
</tr>
</tbody>
</table>

End of Compulsory Schooling

The duration of compulsory education is 11 years (12 in Northern Ireland) between the ages of 5 and 16 (Eurydice/EACEA, 2013a), but the majority of young people continue after the age of 16. The Education and Skills Act (2008) requires young people to remain in education or training up to age 17 from 2013 and to 18 from 2015. According to this Act, post 16, young people may choose whether to stay in full-time education in a school or college, undertake work-based learning such as an apprenticeship, or pursue part-time education or training if they are employed, self-employed or volunteering for more than 20 hours a week (DfE, 2014). Indeed, after secondary schooling, many pupils go on to further education colleges (typically for vocational or technical courses) or may take a higher level of secondary school examinations (known in England for example as A-Levels, typically in 3-4 subjects), after a further two years of study. A-Levels (short for Advanced level) or their equivalent are required for university entrance in the UK (ENQA, 2013). Table 2 shows the possible education and training options for those aged 14-19.

*Source: adapted from ENQA, 2013*
Table 2: Education and Training Choices for those aged 14-19

<table>
<thead>
<tr>
<th>Options at age 14</th>
<th>Foundation/Higher Diploma</th>
<th>Options at age 16/17</th>
<th>Higher/Advanced Diploma</th>
<th>Options at age 18</th>
<th>Further Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>GCSE</td>
<td>Foundation Learning tier</td>
<td>GCSE/A Level</td>
<td>Foundation Learning Tier</td>
<td>Apprenticeship</td>
<td>Higher Education</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Employment with training</td>
<td>Apprenticeship post-18</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Employment</td>
<td>Employment with training</td>
</tr>
</tbody>
</table>


A key feature of the UK’s school-to-work transition is the tendency of young people to stay in education for longer as opposed to entering employment at an earlier age, as was instead the case in the past. Indeed, the number of people aged 16-24 in full-time education has more than doubled over the last 30 years (ONS, 2014a). Between May 1992 and September 2014, the proportion of 16-24 years olds in full time education has increased from 26.2% to 44.1% (ONS, 2014b).

16–19 secondary education in England is characterised by subject specialisation and a range of providers: secondary schools which cater for the age range 11 to 18/19, sixth-form colleges (16 to 19), or further education colleges (16+) in the further education sector. The landscape varies according to local arrangements but all areas provide young people with a wide choice of programmes leading to academic, pre-vocational or vocational qualifications. Qualifications are provided by centrally regulated awarding organisations, external to the school or college within a qualifications system with common features in England, Wales and Northern Ireland (Eurydice/Eurypedia). The Scottish education system is distinctly different from the rest of the UK (British Council, 2013), with the Scotland Act 1998 giving the Scottish Parliament control over all education matters. A distinctive feature of the Scottish education system is its broad curriculum, designed to ensure that young people make progress in a range of occupations (Eurydice/Eurypedia).

The Education Act (2011) gave schools the legal duty to secure access to independent and impartial careers advice for all pupils aged 12 to 18 (DfE, 2014). Schools decide how this is delivered, but it must provide information on a range of education and training options, including VET, be relevant to the pupil’s specific needs, and come from an external source to a teacher or other individual employed by the school (DfE, 2014). Schools should ensure that links with employers lie at the heart of their careers strategy. A recent Ofsted review showed that the new arrangements are not working well enough, with three quarters of visited schools not implementing their duty to provide impartial careers advice effectively (Ofsted, 2013). Schools were not working with employers to provide direct work experience, and career guidance was rather narrow, rarely promoting vocational training and apprenticeships (Ofsted, 2013).

The absence of direct links between the National Careers Service (NCS) and schools has been identified as a major barrier to providing high quality advice to young people (NCC, 2013). Online provision needs to be improved in content and reach, notably to young people, parents, and teachers (NCC, 2013; BIS and DfE, 2013a). The NCS’s arrangements, including the transition to
payment by results (PBR) contracts, does not seem to be effective, especially towards NEETs, where greater incentives are needed for prime contractors to target such groups (BIS, 2013b).

To improve the links between the secondary education system and the labour market, there is currently an increased focus on compulsory provision of placements to students aged 16 or above where work experience is integral to the new 16-19 study programmes, introduced in September 2013 and supported by changes to post-16 funding (DfE, 2013b; AoC and DfE, 2013).

1.2.2 Tertiary Education

Higher Education policy is devolved to the nations. First degree (bachelor’s) courses typically take three years to complete (four in Scotland). Courses with an external work placement normally take four years. At postgraduate level, a taught Master’s degree normally takes one year and a doctoral degree a minimum of three years (Baskerville, 2013). There are also vocational ‘sub-degree’ qualifications.

Universities are typically public, although all charge fees. The vast majority receive government grants, although state funding is increasingly falling. Private higher education provision is diverse and complex. The maximum yearly tuition fee a university or college can charge UK/EU students is £9,000 (UUK, 2013), up from £3,000 before 2012/13. In Scotland, Scottish students get free university tuition.

Government-supported loans and grants are available to help students with living and study costs. The level of support is linked to parental income, with students from lower income households receiving greater support.

Universities are autonomous, determining their own admissions policy (Eurydice, 2011). Each course has different entry requirements – usually a mix of qualifications, subjects or exam grades. The main qualification for progression to HE in England and Wales is the General Certificate of Education Advanced Level (GCE A level); over 80% of students with 2 or more A Levels go on to HE.

Internships constitute a distinctive feature of the UK’s Higher Education system – both during university study and post-graduation. These are widely used to facilitate STW transitions, with employers putting a premium on young people with some relevant work experience (CIPD, 2010; Hadjivassiliou et al, 2012). The Government’s social mobility strategy has officially recognised internships as a key STW mechanism (HM Government, 2011), although access to these opportunities is often problematically affected by young people’s social background and social capital.

A 2011 report found almost half of those who had taken up an undergraduate internships secured long-term employment as a result (CRAC and Oakleigh Consulting, 2011). Sandwich courses (one-year work placements within a university course) are increasingly popular with employers who tend to prefer such graduates (DfES, 2007).

Apart from graduate and student traineeships, the UK is characterised by a plethora of other types of traineeships which can be either part of educational programmes or ALMPs. Some professions (doctors, lawyers, architects, etc.) require compulsory traineeships as part of mandatory professional training (see Table 3).
There is growing concern of questionable practices by employers who may use trainees and interns as cheap or free labour in the place of regular staff (Hadjivassiliou et al., 2012; Higgins and Newton, 2012). In 2009, the UK National Council for Work Experience suggested that a growing number of graduates feel ‘obliged’ to work for free. Some internships are characterised by poor working conditions related to long hours, poor learning and compensation, and poor job security.

### 1.2.3 Training System

The UK’s vocational education and training (VET) system has been characterised as flexible, allowing for tailor-made solutions for employers (OECD, 2009a). VET is available via school-based programmes combining academic study with vocational elements, broad vocational programmes, and specialist occupational programmes that take place both in a school setting and a work place (Cedefop/ReferNet, 2012). Students may attend schooling on a block or day-release basis or attend evening or weekend learning (Cedefop/ReferNet, 2012). VET in the UK tends to focus narrowly on the skills to work in a particular occupation as opposed to supporting the transition to responsible adulthood and active citizenship.

The breakdown of time between classroom and workplace training varies by course. In apprenticeships, the school-based element varies from workplace to workplace and depends on sector. Teaching may be based upon one-day per week release, or the training provider may visit the workplace (Newton, 2012; Isusi et al, 2012).

Most publicly funded programmes lead to a formally recognised qualification; the fragmentation of vocational qualifications, however, has been identified as a structural weakness of the UK’s VET system. Although employers are generally well aware of sector specific qualifications, there is mounting evidence that frequent changes to qualifications can lead to confusion regarding their value and relevance (Cedefop/ReferNet, 2012). The existence of multiple awarding organisations for

---

### Table 3: Types of Traineeship/Internship in the UK

<table>
<thead>
<tr>
<th>Traineeship/Internship type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internships</td>
<td>‘Internship’ is the commonly used term for open market traineeships in the UK. These tend to be three-six month placements agreed between a trainee (typically a graduate) and employer.</td>
</tr>
<tr>
<td>Sandwich courses</td>
<td>A degree programme including a work placement. Placements can be either ‘thick’ (a single placement lasting a year) or ‘thin’ (typically two six-month placements), and are usually optional. Some courses include compulsory placements of around six weeks; these are not strictly speaking sandwich courses.</td>
</tr>
<tr>
<td>Work Experience programme</td>
<td>An ALMP aimed at providing the unemployed with up to eight weeks of work experience in companies while still receiving unemployment benefits.</td>
</tr>
<tr>
<td>Mandatory professional training</td>
<td>Relevant in a number of fields including law, architecture and medicine. Largely regulated by professional bodies within that field.</td>
</tr>
</tbody>
</table>

qualifications inhibits employer engagement in the development of qualifications at national and local level, and causes confusion due to overlapping qualifications (OECD, 2013a). This lack of employer engagement in qualifications’ development, coupled with overlapping qualifications, can detrimentally impact young people’s STW transitions. Indeed, it has been argued that the UK’s qualifications system remains complex and needs to be streamlined to facilitate universal recognition and a higher level of engagement by employer (European Commission, 2014a).

Employers’ choice is the main principle governing the coordination of the labour market with education and training, which underpins the large numbers of programmes and qualifications within VET. The UK’s labour market training tends to be firm-specific and less likely to lead to formal qualifications, with clear implications for a young person’s wider employability (OECD, 2013b).

The Wolf Review (2011) identified that too many vocational qualifications were considered equivalent to GCSE subjects and that some of these vocational equivalent qualifications were easier to complete and obtain good grades in. Because of this, there has been a concerted effort to standardise qualifications via the national Qualifications and Credit Framework (see Table 4).

Table 4: Qualifications and Credit Framework (QCF) (England)

<table>
<thead>
<tr>
<th>Level 8</th>
<th>University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctorate (PhD)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 7</th>
<th>University Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master’s Degree (MA, MSc, MPhil)</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 6</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Level 5</th>
<th>Foundation Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Degree</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 4</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Level 3</th>
<th>A-Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>A2</td>
<td></td>
</tr>
<tr>
<td>AS</td>
<td></td>
</tr>
<tr>
<td>L3 Extended Diploma (National Diploma)</td>
<td></td>
</tr>
<tr>
<td>L3 Diploma (National Certificate)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 2</th>
<th>GCSE (Grades A*-C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>L2 Diploma (1st Diploma)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 1</th>
<th>GCSE (Grades D-G)</th>
</tr>
</thead>
<tbody>
<tr>
<td>L1 Diploma (Foundation)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entry Level 3</th>
<th>Key Stage 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>E3 Diploma (Foundation)</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>School/6th Form</th>
<th>F.E. College</th>
</tr>
</thead>
</table>


Students can also study for National Vocational Qualifications (NVQs (SVQs in Scotland); competence-based practical qualifications assessed in the work place, often taken alongside an apprenticeship. These are available at five levels, from semi-skilled to HE (Cedefop/ReferNet, 2012).

The current government’s vision for 16-19 year-olds is that there should be two types of advanced Level 3 vocational qualification for learners in this age group (DfE & BIS, 2013):

- Occupational Qualifications (OQs) which equip a young person for a skilled trade or
- Applied General Qualifications (AGQs): more general vocational qualifications which provide progression to Further or Higher Education.

Participation of upper secondary students in VET is well below the EU average; 38.6% as against 50.4% in 2012 (European Commission, 2014c). England has comparatively little vocational provision at post-secondary level relative to other countries and potential demand (OECD, 2013a). Likewise, VET policy has been criticised as being too focused on basic skills and relatively low-level qualifications (European Commission, 2013b).

VET and academic education do not enjoy parity of esteem in the UK, with VET being seen as the poor relation of academic learning (Wolf, 2011). Although the current policy focus is on improving the VET scope and quality, such training still centres on how to prepare young people for specific jobs, and qualifications tend to be narrow and task-focused. There is also concern that the low quality of many programmes simply directs young people into low level jobs with little prospect of progression or further study, as well as damaging VET more generally (Sissons and Jones, 2012).

In response to the perennial problem of weak and ineffective VET provision and low take-up, successive governments have made a concerted effort to improve both, not least because of the close links of VET with the world of work. One of the key priorities of the government is to ensure that young people acquire skills relevant to labour market requirements by (BIS, 2013a):

- broadening VET programmes;
- enhancing the quality of VET;
- strengthening links between general and vocational education;
- improving career guidance, especially in relation to VET; and
- helping combine education with work, notably through improved apprenticeships and other types of work placement.

Despite having a chequered history in the UK, apprenticeships in recent years have become increasingly popular and effective in facilitating STW transitions. Indeed, there has been a major policy push in promoting and supporting apprenticeships for young people (and adults), since these are seen as providing an effective and smooth entry to sustained employment (as well as improving and upgrading the skills of the UK workforce in line with employer requirements) (BIS, 2010 and 2012; DfE and DWP, 2011; Newton, 2014; Wolf, 2011). Indeed, apprenticeships lie at the heart of the VET system under development which comprises flexible vocational qualifications (BIS, 2010; Campbell, 2012). Crucially, apprenticeships are seen as the high quality route to achieving improved outcomes for young people who choose to leave full-time education in order to enter work and a crucial factor in raising the participation age (RPA) in education and training (Newton, 2014). To this end, they are also increasingly recognised as key route to labour market entry in England for NEETs (Newton, 2014).

Apprenticeships are open to all aged 16+ not in full-time education. They are offered in the shape of
Apprenticeship Frameworks which include:

- an employment contract;
- a technical and occupational qualification within the Qualification and Credit Framework; and
- Functional Skills/Essential Skills/Key Skills/GCSEs.

There are currently close to 200 Apprenticeship Training Frameworks in England (Newton, 2014). Entry requirements vary by occupational area and level of apprenticeship framework (Cedefop/ReferNet, 2012). Apprenticeships are available at three levels (Intermediate, Advanced and Higher). The National Apprenticeship Service (NAS) has responsibility for the delivery of the apprenticeships in England.

Apprentices are employed by a firm throughout the period of their training, and the firm leads their on-the-job training. They are typically released from work to attend off-the-job training in college one-day per week. The college-led element focuses on theory whereas the firm-led element is concerned with competence (Newton, 2014).

As a result of the current major policy push, publicly-funded apprenticeship starts and completions have been increasing, with the last few years seeing rapid expansion, although those aged over 24 are largely responsible for the rise in participation and starts. Existing data suggests 273,000 people aged 16-24 started an Apprenticeship in 2012-13, together with 222,000 aged 25+ (Newton, 2014). As shown in Figure, the number of apprenticeships available to 16-18 year olds is falling, while there has been a step-change in growth for those age 25+ (Newton, 2014).

Figure 1: Volume of Apprenticeships started in England over the past 10 years, by Age

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1 Scottish Modern Apprenticeships correspond to Scottish Qualification and Credit Framework (SQCF) Levels 5 to 9 and 11 (Cedefop/ReferNet, 2012).
Completion rates have been increasing – from 38% in 2004/05 to 76% in 2010/11 (BIS, 2012a). 70% of apprentices worked for their employer prior to starting their apprenticeship; the remainder were new recruits, increasing from 48% in 2007. According to the OECD (2009), the strength of the apprenticeship system lies in its flexibility, allowing tailor-made training solutions for employers. Still, only 6% of school leavers take an apprenticeship of an average duration of one year (Steedman, 2011; Campbell, 2012). Moreover, compared to other European countries, proportionately fewer employers in the UK are engaged with apprenticeships (Cooke, 2013).

While there are some excellent apprenticeships in England, notably in traditional sectors such as manufacturing and engineering, the majority are Level 2 qualifications lasting just one year. This means many apprenticeships still fall far short of counterparts abroad (Sissons and Jones, 2012; Crowley et al, 2013). Although the number of higher apprenticeships (NVQ Level 4 and above - QCF Levels 4 and 5) has been increasing steadily in England, they still make up a very small proportion of apprenticeships (2%) compared to intermediate (57%) and advanced apprenticeships (41%). It has been argued that the predominant intermediate apprenticeships do not convey the advanced vocational and technical skills lacking in the UK (European Commission, 2014a).

Likewise, the role and extent of employer involvement and engagement has been a perennial issue. Specifically, employers see themselves as ‘customers’ of the state education system, rather than key players in the development of the next generation of skilled workers. As such, many expect the education system to produce ‘job-ready’ workers (Sissons and Jones, 2012). To address this, significant innovations aimed at putting employers at the heart of VET are currently being introduced to the apprenticeships framework in the UK, which are discussed in Section Error! Reference source not found.. Scotland has its own apprenticeship system.

In general, the Education and Skills Act (2008) guarantees an apprenticeship for all capable young people wishing to undertake one, and they are the only route to gain accredited VET qualifications with a significant and mandatory element of work-based learning within the English system (Newton, 2014).

Linked to apprenticeships is the Traineeships programme, aimed at 16-23 year olds. Six-month traineeships are designed for those who do not yet have the basic skills or experience to compete successfully for apprenticeships or jobs (DfE and BIS, 2013b). The traineeship programme has three core elements: a 6-20 week work placement, work preparation training, and support for basic literacy (English) and numeracy (maths) skills if required. The content is up to providers and employers to agree. The employer who takes on a trainee, working together with a training provider, can add flexible content to meet the needs of the business and/or the local labour market. Employers are not required to pay young people for traineeships, which are exempt from the National Minimum Wage (NMW).

It has been argued that the traineeships programme has helped reduce the number of NEETs by offering 3,300 traineeships in its first six months of operation (European Commission, 2014a). However, the size of the programme is yet to be determined, while the absence of specific quality requirements may inhibit its success (European Commission, 2014a).

The Education Funding Agency (EFA) administers funding for learners aged 3-19 (Cedefop/ReferNet, 2012). Barring apprenticeships, EFA funds all other types of education and
training, including vocational training for those aged up to 19 (EFA, 2013). Funding for VET reflects cost drivers such as number of students, courses offered, institutional location, social deprivation, and student achievement (OECD, 2013a). Funding for apprenticeships is provided by the NAS and the Skills Funding Agency (SFA). NAS also administers the Apprenticeship Grant for Employers of 16-24 year olds, targeting employers with up to 1,000 employees who have never employed an apprentice before. The grant is £1,500 per apprentice.

Employers can apply for funding to cover an apprentice’s training costs which are usually paid to the training provider. There are, however, proposals in place to move towards an ‘employer-routed’ funding model to increase employers’ control in the training system. The amount depends on sector and candidate age:

- 16 to 18 - 100% of cost paid, up to Advanced level (Level 3)
- 19 to 24 - 50% of cost paid
- 25+ - employers may only get a contribution.

Much school-based VET is Government funded, but employers increasingly fund workplace training (Cedefop/ReferNet, 2012). The Employer Ownership Pilot raised engagement and investment by routing public money to employers, with businesses invited to set out needs to support investment in skills (European Commission, 2013a and 2014a; DfE & BIS, 2013).

Following England’s Skills strategy (2010), there have been changes to entitlements and funding by qualification and age, and the government is seeking to simplify funding (BIS, 2010; Campbell, 2012; OECD, 2013a). Table 5 shows the funding for English VET provision in 2012/13 (OECD, 2013a).

**Table 5: Funding for VET in 2012/13**

<table>
<thead>
<tr>
<th>Learning Level</th>
<th>Priority population groups and government subsidy for learning</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Individuals aged 19 to 24</td>
</tr>
<tr>
<td>Basic Skills</td>
<td>Fully funded</td>
</tr>
<tr>
<td>Level 2 (first)</td>
<td>Fully funded</td>
</tr>
<tr>
<td>Level 2 (retraining)</td>
<td>Co-funded</td>
</tr>
<tr>
<td>Level 3 (first)</td>
<td>Fully funded</td>
</tr>
<tr>
<td>Level 3 (retraining)</td>
<td>Co-funded</td>
</tr>
<tr>
<td>Level 4 (any)</td>
<td>Co-funded</td>
</tr>
</tbody>
</table>


Currently, all apprenticeships for those aged 19+ are co-funded at 50% by government and employers. Small and medium-sized enterprises (SMEs) can receive 50% co-funding for workplace learning at Level 2 outside of apprenticeship frameworks whilst learning at Level 3 and above for
workplace learning outside of apprenticeships does not receive any government funding. Academies, free schools, university technical colleges, and studio schools receive funding from central government rather than local authorities (Cedefop/Refernet, 2012). Crucially, the government in England is rebalancing investment in skills, focusing funding on low-skilled and unemployed young people (European Commission, 2013a).

The role of social partners in the training system is very uneven, although they provide critical dialogue on policy (Hadjivassiliou et al, 2013; Newton, 2012). Successive governments’ efforts have focused on giving UK employers a much more prominent role in the UK’s training system (Wolf, 2011). Apprenticeship frameworks and vocational qualifications are currently developed and approved by Sector Skills Councils (SSCs); independent, employer-led, UK-wide organisations, with a union representative on their board, operating alongside other employer organisations (OECD, 2013a). This system, however, is undergoing substantial changes as part of the Apprenticeship Trailblazers reforms (see section 2.1.3).

Although social partners repeatedly declare their central role in supporting apprenticeships, the TUC has noted a recent decline in union influence, and the recent Apprenticeship Trailblazer reforms (see Sections Error! Reference source not found. and Error! Reference source not found.) may be further increasing employers’ involvement in the institutional framework of vocational training, whilst marginalising unions. Social partners oversee apprenticeship employment contracts either directly (in unionised workplaces) or indirectly (non-unionised workplaces) (Newton, 2012; Isusi et al, 2012). Moreover, the UK Commission for Employment and Skills (UKCES), a social partnership of employers, trade unions and representatives from devolved administrations, is involved in VET across the UK. In 2011, UKCES’ remit was modified, with greater emphasis placed on employer investment and using public funding competitively to increase investment in skills (Campbell, 2012).

1.2.4 Education and Training Policies for NEETs

The youth labour market in the UK contains a high number of young people not in education, employment or training (NEETs), reflecting a critical structural problem (European Commission, 2013b). The reduction of NEETs is a key and distinct policy priority, pursued through a number of schemes including;

1. raising the participation age (RPA);
2. Active Labour Market policies (such as the Youth Contract and the Work Programme)
3. expansion of apprenticeships
4. fully funding 18-24 year olds to gain their first Level 2 or 3 qualification;
5. the Pupil Premium;
6. pupil tracking (Individualised Pupil Reference Number);
7. Social Impact Bonds (as part of the Innovation Fund Pilot Initiative).

Most policies targeting NEETs are largely concerned with (i) prevention aimed at early intervention, creating effective transitions and intensive support to stop young people becoming NEET and (ii) remedial action for and the re-integration of NEETs (Sissons and Jones, 2012). This focus on NEETs highlights the fact that the government places high priority on this group, especially in view of budgetary constraints which necessitate better targeting of youth-related policies. NEETs are the
focus of additional support for disengaged 16-17 year-olds which forms part of the Youth Contract (the UK Government’s flagship youth programme). The government has invested £126 million in England between 2012 and 2015 to support disengaged 16-17 year olds to move into education, training or employment with training, supporting the commitment to RPA to 18 by 2015. Providers are free to design and tailor support, e.g. personal support, work experience, and volunteering.

It is expected that the RPA will help reduce Early School Leaving (ESL) and NEET rates (European Commission, 2014a). Under the legislation, local authorities must track NEETs and support them into participation. Schools and colleges must provide information about student participation to local authority support services, ensuring the young person can be contacted swiftly and offered support to help them re-engage (HM Government, 2014). However, it has been argued that the policy runs the risk of simply ‘warehousing’ young people, unless it is accompanied with suitable learning and qualifications (Maguire, 2013a and 2013b).

The Pupil Premium is money allocated to schools to help narrow the gap in achievement between disadvantaged students and other students. One of the main objectives is maintaining a minimal number of pupils categorised as NEET. However, despite increased funding for pupils from deprived backgrounds who risk becoming NEETs, evaluation suggests that the measure is not promoting innovative solutions or targeting individual disadvantaged children as planned (DfE, 2013e; European Commission, 2014a).

England and the devolved administrations have put their own strategies in place to increase the participation of NEETs. In England, the ‘Building Engagement, Building Futures’ strategy aims to maximise participation of 16-24 year-olds, including NEETs (DfE & DWP, 2011). In Wales, the ‘Youth Engagement and Progression Framework Implementation Plan’ builds on the Youth Engagement and Employment Plan 2011-2015 and includes the development of a new ‘youth guarantee’ to ensure young people have access to a suitable place in learning post-16. In Northern Ireland, the Pathways to Success strategy, introduced in May 2012, is supporting the re-engagement of young people who are NEET. In Scotland, “Opportunities for All” forms part of the Scottish Government strategy and is a commitment to offer all those NEET aged between 16 and 19 a place in learning or training (European Commission, 2013d).

1.3 Active Labour Market Policies (ALMPs)

Apart from skills supply policies, there has been concerted effort to address and speed up the STW transition itself through strong (supply side) labour market activation with growing levels of compulsion and conditionality. Indeed, the UK is, since the late 1980s, characterised by a strong emphasis on activation for benefit recipients, although the supportive efficacy of such ALMPs is often questioned. Young people may be subject to ALMPs, if they are claiming benefits (see Section 1.4). The UK’s PES is Jobcentre Plus (JCP), which plays a crucial role in implementing youth-related ALMPs. JCP’s main tasks are to administer working-age benefits and provide a public employment service for the unemployed through its network of over 700 Jobcentres (Work and Pensions Committee, 2014). JCP managers adapt services to local needs, and have flexibility in responding to these. Training offers may differ substantially from office to office, but will usually include general employability support. In addition, the National Career Service (NCS) is frequently co-located in JCP offices to facilitate careers advice or CV review services. JCP offers services for employers including free advertising of vacancies, pre-selection, and recruitment if there is a particular industry need via sector-based work academies.
ALMPs in general are not specifically targeted at young people; however, there are particular measures focused on this target group. In June 2011, the **Jobcentre Plus (JCP) Offer** was introduced to give individual JCP Offices flexibility to respond to individual and local labour market needs. Central to the JCP Offer is the increased flexibility of adviser support with regards to frequency, duration or mode of contact (Bloch et al, 2013). Support is determined through diagnostic assessment and may include referral to short-training courses or one-off support such as careers and CV advice or interview training.

In relation to the **Work Programme** (the government’s main welfare-to-work scheme), those aged 18-24 on JSA are referred after nine months of their claim (House of Lords, 2014a). However, young claimants who have been NEET for six months can be referred after claiming for only three months (Maguire, 2013a; BIS, 2013a), and providers are free to support young people into a job through a variety of means (so-called ‘black box approach’). The funding regime is payment by results (PBR), with providers being paid more for supporting young people who are harder to help into work (BIS, 2013a). By June 2013, 366,780 18-24 year olds were referred, representing about 28% of all referrals (BIS, 2013a).

A new ALMP programme focused specifically on young people, the **Youth Contract**, was introduced in April 2012 and has been the flagship initiative of the UK Government. It aims to support unemployed 16-24 year olds with £1 billion government-funded programme over a three years period. The Youth Contract is also the flagship government programme for the support and re-engagement of disadvantaged young NEETs. It is made up of several strands:

1. Wage incentives to encourage employers to recruit young people (withdrawn in August 2014);
2. Voluntary work experience – these can last 2-8 weeks, benefits are paid, and travel and childcare costs are covered;
3. Apprenticeship Grant for Employers of 16 to 24 year olds (AGE 16 to 24);
4. Promotion of apprenticeships to employers through the National Apprenticeship Service;
5. Sector-Based Work Academies (SBWAs) - they provide accredited, sector-specific pre-employment training and work experience for unemployed young people aged 18-24. JCP was funded to support up to 105,000 places over the 2012-2015 period;
6. Additional support for disengaged 16-17 year-olds;

There is also additional support for disengaged 16-17 year-olds, including personalised support and mentoring (see also Section2.2). The Youth Contract accepted participants until March 2015, with support being available for a further 12 months after that. Evaluations for the Youth Contract indicate that those who had received support found this helpful, and the majority of participants offered work experience or a place at a sector-based work academy received job offers, which they generally accepted. Rates of re-engagement for participants in the Youth Contract element for 16 and 17 years old were also positive. However, it also became apparent that still a deadweight in excess of

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50% remained with young people not receiving any of the Youth Contract offers (Coleman et al, 2013).

In addition to ALMP provision through the Work Programme and the Youth Contract, unemployed young people can also access other forms of support, e.g. travel cost and/or childcare support, although these are rarely targeted to young jobseekers as such. Parents under 20 are also entitled to extra support under the 'Care to Learn' scheme, which provides £160-175 per child per week for young parents who want to continue education and take part in publicly-funded education courses at schools and FE colleges. Help with language skills, such as English for speakers of other languages (ESOL) provision, is in some instances available through the standard JCP training offer.

In addition to the above, there has also been a recent resurgence of interest in proactive self-employment policies as a means for moving young people from unemployment or education into self-employment:

- The New Enterprise Allowance (NEA) is aimed at unemployed people aged 18+ who wish to start their own business.
- The Start-up Loans Company promotes self-employment by addressing asymmetric information – i.e. young people lacking track record and/or assets are unable to access commercial credit.
- The Prince’s Trust’s Enterprise Programme (PTEP) is a well-established third-sector scheme offering human and financial capital support for start-ups to unemployed or disadvantaged 16-30 year olds.

1.4 Entitlement to Benefit

In the UK, numerous welfare benefits are available such as Jobseeker's Allowance (JSA) (this is available in either contribution-based or income-based form and is most relevant for young people), Low Income Benefits, Housing Benefits, Carers/Disability Benefits, tax credits, including child and working tax credits (WTC), etc. Excluding pensions, welfare spending in financial year 2013-14 by local and central government was £112.2 billion, which equates to 6.85% of GDP.\(^3\) Welfare benefits come under the remit of the Department for Work and Pensions (DWP), and operate under a variety of contribution-based or universal schemes dependent on the individual benefit itself. Most benefits are universal, with the exception of contribution-based schemes for JSA and employment support allowance (ESA).

Provided certain criteria are being met, there is no time limit on most welfare benefits in the UK. Jobseekers must “sign on” every two weeks, proving how employment is being sought, to receive JSA which is also taxable.\(^4\) The current welfare system was largely brought about by the Welfare Reform Act 2012, which amended disability, housing, and child benefits.

Each individual benefit scheme has its own eligibility requirement, dependent on circumstance, which is assessed on an individual basis. Family relations do come into play; estranged youths can apply for JSA at a younger age than most in times of hardship and support is available for young

\(^3\) [http://www.ukpublicspending.co.uk/year_spending_2014UKpn_14pc1n_40#ukgs302](http://www.ukpublicspending.co.uk/year_spending_2014UKpn_14pc1n_40#ukgs302)

\(^4\) [https://www.gov.uk/jobseekers-allowance/what-youll-get](https://www.gov.uk/jobseekers-allowance/what-youll-get)
parents if they are still in education.

In general, a young person is eligible to claim unemployment benefits from age 18, if they are not in full-time education or training and actively searching for work. Some 16-17 year olds can claim benefits, e.g. if they are a lone parent or a carer they are eligible for Income Support. Those aged 18-19 are also ineligible, if their parents receive child benefit for them. Young people may also receive support through child allowance. Whilst many benefits are universal, some differ for young people. Students cannot claim benefits whilst studying, and for benefits such as JSA, working tax credit, and employment support allowance the amount one eligible for increases or is only available for those aged over-25. For example, the contribution-based JSA is £51.85 per week for those aged 16-24, and £65.45 for those aged over 25.5

Receipt of benefits for young people is conditional upon active job search and, in many cases, compulsory participation in various ALMP programmes which may focus on training or acquisition of work experience (see section 1.3 above).

1.5 Employment Protection Legislation

One of the dominant features of the UK’s labour market is flexibility and low levels of employment protection, in line with its characteristics as an Anglo-Saxon, liberal welfare regime. The UK has one of the lowest employment protection legislation (EPL) among the OECD for several types of contract (Figure 1 and Figure 2).

Figure 1: OECD EPL Index, Individual and Collective Dismissals (Regular Contracts)


5 http://www.moneyexpertise.co.uk/guide-unemployment-benefits.html
As the Figures above show, the UK scores very low in EPL in all areas: the protection against individual and collective dismissals is 1.62 (vs. an OECD average of 2.29); against individual dismissal is 1.12 (2.04); for specific requirements for collective dismissal is 2.88 (2.91); and for regulation on temporary forms of employment is 0.54 (2.08). The model is sometimes defined as 'light and even'; setting basic minimum standards to prevent exploitation but allowing workers and employers to set specific terms and conditions (BIS, 2014a). Within this already highly deregulated framework, dismissal protection was further lowered in 2012, when the qualifying period to claim unfair dismissal was increased from one to two years.

It should be noted that the UK is internationally distinctive in having no official labour inspectorate to enforce individual employment rights. With the partial exception of health and safety issues, enforcement depends rather feebly on the willingness of aggrieved individuals (or their trade unions) to bring cases to Employment Tribunals (Brown, 2014).

Apprentices generally have a six-month probationary period, usually lasting for six months, although it can be extended to 12 months (Holt, 2012). For regular employees, the probationary period is usually one or three months but this can go up to six. In terms of working time regulation applying to young people, workers aged 18+ can choose to opt out of the Working Time Directive’s 48-hour limit, but under-18s cannot do so (TUC, 2012). Those aged 16 and 17 years cannot normally work more than 8 hours a day or 40 hours a week. There are limits on when those aged 16-18 can work at night; they cannot usually work between 10pm and 6am.

1.6 Atypical/Flexible Forms of Employment

It has been argued that the UK’s very low EPL has led to the emergence of distinct employment patterns and types of contract with particular relevant to young people, e.g. zero hours contracts (see below). Fixed-term employment is less common in the UK than the rest of the EU (see Figure 3). Indeed, whilst in the second quarter of 2014 temporary employment accounted for 43% of total employment for the age group 15 to 24 in the EU-28 as a whole, the corresponding share in the UK was only 14%. This is probably due to the fact that, given low EPL, there are relatively little incentives for employers to make use of fixed-term contracts to the same extent as in other EU
Employees on fixed-term contracts are entitled to the same pay and conditions as permanent staff, an equivalent benefits package, and the same treatment and protection in case of dismissal. There are no limits about the maximum number of renewals, but any employee on fixed-term contracts for four years will automatically become a permanent employee, unless the employer can show there is a good business reason not to do so.

Temporary agency work (TAW) is regulated by the Agency Workers’ Regulation (2010), under which temporary agency workers qualify for equal treatment as workers in the same job with the same hirer, but only after a qualifying period of 12 continuous weeks in the same job with the same employer, leaving them unprotected for the first three months. Agency workers are classified as ‘workers’ rather than as employees. All workers are entitled to rights such as paid annual leave and the National Minimum Wage (NMW).

Another type of increasingly widespread non-standard employment are zero-hours contracts, a form of casual, ‘on call’ employment with variable hours set by employer demand. ONS estimates that the number of zero hours contracts doubled between 2012 and 2013 (see Figure 7), and in the first quarter of 2014, there were 1.4 million jobs offered on zero-hours contracts with more than half a million people employed on them. One of the main issues are exclusivity clauses which tie a worker to one employer even when no work is available, although these were recently revoked by the government. Crucially, 37% of those employed on such contracts are aged between 16 and 24 (Pennycook et al, 2013).
1.7 National Minimum Wage (NMW)

The National Minimum Wage Act (1998) adopted a broad definition of eligible workers and provides a strong legal framework (Brown, 2014). There have been supplementary regulations over the years which strengthened the legal framework by clarifying when interns are eligible for NMW (Brown, 2014).

The current NMW levels are shown in Table 2, (LPC, 2014). A young person who is 16 or over is entitled to earn a minimum wage.

<table>
<thead>
<tr>
<th>Category of Worker</th>
<th>Recommended Hourly Rate from 1/10/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aged 21 and above</td>
<td>£6.50</td>
</tr>
<tr>
<td>Aged 18 to 20 inclusive</td>
<td>£5.13</td>
</tr>
<tr>
<td>Aged under 18 (but above compulsory school age)</td>
<td>£3.79</td>
</tr>
<tr>
<td>Apprentices aged under 19</td>
<td>£2.73</td>
</tr>
<tr>
<td>Apprentices aged 19 and over, but in 1st year of apprenticeship</td>
<td>£2.73</td>
</tr>
</tbody>
</table>

NMW is largely determined by the Low Pay Commission (LPC), an independent body that advises government about the NMW. To this end, it submits an annual report, wherein it recommends future NMW levels.

Regulations surrounding internships and the NMW are complex. Whether interns are entitled to
remuneration depends on whether they are classified as a 'worker' under the *National Minimum Wage Act 1998*, in which case they are entitled to at least the NMW (BIS, 2013). If classified as volunteers, they are not entitled to compensation. Apprenticeships also attract a lower NMW rate.

The NMW is enforced by the taxation authority, Her Majesty’s Revenue and Customs (HMRC). In 2009, the government increased retrospective compensation for underpaid workers, linking it to the current, not historic NMW. There have, however, been relatively few prosecutions, and only few transgressing employers have been publicly ‘named and shamed’.
2. Policy Innovations

2.1 Education and Training

Education and training has been a policy area where a large number of innovations have been introduced against a background of increasing education expenditure over time (up 5.6% of GDP in 2010-11, but due to real terms cuts, 5.2% in 2012-13) (HM Parliament, 2014). To address the problem of young people with very poor basic skills, the devolved governments are currently enacting reforms aimed at improving standards, educational attainment and skills levels, including:

1. Raising compulsory participation age in England to 18 in 2015;
2. Reviewing the national curriculum and the General Certificate of Secondary Education examinations (GCSEs);
3. Providing schools with £1.25 billion of Pupil Premium in 2012–13 to boost attainment of pupils from deprived backgrounds, many of whom are at greater risk of becoming NEETs (European Commission, 2013a).

A new National Curriculum was introduced in September 2014, which contains higher requirements and attainment targets for English, mathematics and science (Eurydice/Eurypedia; DfE, 2013d).

The Government has recently introduced a series of measures aimed specifically at improving young people's literacy and numeracy (BIS, 2013a), in recognition of the long-standing problem of basic skills deficit amongst young people (cf. European Commission, 2014a and 2014b). School education reforms focus on maths and English, with those who do not achieve at least a C in English and mathematics GCSEs carrying on studying post-16 (BIS, 2013a). Moreover, the government recently overhauled Information and communications technology (ICT) and is currently strengthening computing through new Programmes of Study (PoS) (European Commission, 2014a; HM Government; 2014).

Following the Wolf (2011), Holt (2012) and Richard (2012) reviews, both VET and apprenticeships are being reformed. Apprenticeships lie at the heart of the new VET system, comprising flexible vocational qualifications (BIS, 2010; Campbell, 2012). The policy ambition is that the majority of apprenticeships will be delivered at Level 3 (ISCED Level 4) (Newton, 2014). Higher level apprenticeships should also allow progression into training that is equivalent to university-level qualifications (Newton, 2014). However, it is feared that this shift may result in apprenticeships becoming less accessible to younger or lower qualified individuals. To this end, a major development is the introduction of the Traineeships Programme, a pre-vocational/pre-apprenticeship programme for 16-23 year olds. Additionally, the Traineeships programme seeks to address the basic and soft' skills deficit among a minority of young people.

The government is currently implementing major reforms aimed at developing a simplified, learner-led system whereby employers are funded for the training they provide (‘employer-routed’ funding model). Indeed, the Government is in the process of developing a model which uses HMRC (tax) systems to do so (BIS and SFA, 2014), although these changes are still being refined due to
resistances on part of employers, especially SMEs, who fear that this will increase administrative burden of apprenticeships.

Furthermore, a new model for the design and delivery of apprenticeship standards (the **Apprenticeship Trailblazers**) is being piloted in a number of sectors, to establish new models for employers taking control of the design, assessment and funding of training. Expanding employers’ roles is believed to strengthen linkages between apprenticeships and the skills required by the labour market, while also resulting in greater value for money through sharing costs, resources and technologies (European Commission, 2013).

In March 2011, the government committed to funding a further 50,000 apprenticeships. Anyone can apply, but the main focus is on those under 25 to facilitate successful labour market transitions. A new programme, Access to Apprenticeships, aims to target 10,000 vulnerable young people to facilitate apprenticeships. The NAS has been working closely with JCP to encourage progression into apprenticeships, with particular focus on NEETs aged 19-24 (BIS, 2013a). A new employer incentive programme, the **Apprenticeship Grant for Employers (AGE) 16-24**, was also introduced in 2012 to encourage apprenticeship expansion. It originally targeted SME employers (up to 250 employees) who had never employed an apprentice in the previous three years, and offered a grant of £1,500 per apprentice to cover wage and training costs. It was then expanded to cover employers with up 1,000 employees who had not hired an apprentice in the previous year only; and then re-focused on small businesses only (up to 50 employees) from 2015 onwards.

In terms of VET provision, **University Technical Colleges (UTCs)** have been recently established, offering practical skills alongside GCSEs and A levels to more than 20,000 young people who wish to train as the engineers and scientists. UTCs are Academies for 14-19 year olds with specialisms including engineering, manufacturing, construction, and bio-medical sciences. All are sponsored by a local university and employers.

There is an on-going policy focus on increasing and widening HE participation. The current ambition is to achieve a 50% participation rate; 47% of those aged 17-30 are now engaged in HE (BIS, 2012b), although under-representation of students from ethnic minority and socially disadvantaged backgrounds is persistent. A major recent change has been the **trebling of tuition fees** which occurred in 2012/13 (UUK, 2013). Recent data show that this has not specifically discouraged disadvantaged students from applying to university, but the gap in applications between those from more affluent and those from poor backgrounds remains wide (Independent Commission on Fees, 2013).

A new institutional arrangement introduced in October 2010 are the **Local Enterprise Partnerships (LEPs)**, which team up partner businesses, local authorities, and other local stakeholders. LEPs should use EU funds to tackle the barriers that lead to youth unemployment and help NEETs move into the labour market, training or education. The priorities of LEPs’ strategies are:

1. Intensive, specialised support for marginalised and disadvantaged young people;
2. Improving literacy and numeracy;
3. Helping young people transition from education to employment;
4. Stimulating entrepreneurship amongst younger people and graduates;
2.2 Active Labour Market Policies (ALMPs)

Youth-related employment policies have a strong ALMP focus, with the main (new) programmes specifically targeted at young people being the **Youth Contract** and the **Innovation Fund**. Strengthening ALMPs for young NEETs has been a key government priority since the onset of the recession. The **Youth Contract**, introduced in 2012 in England, shares many characteristics with the Youth Guarantee, e.g. keeping young people connected with work and/or education through apprenticeships and traineeships (see Section Error! Reference source not found.). However, other nations of the UK such as Wales are introducing a **Youth Guarantee** with EU funding support.

The **Youth Contract** is characterised by a number of innovative elements either in terms of institutional arrangements and/or youth-related policy instruments. For example, under the Youth Contract, local authorities have a duty to track NEETs and support them to find a suitable opportunity to participate in education or training. Schools and colleges are required to provide information about the participation of their students to local authority support services, thus ensuring the young person can be contacted swiftly and offered support to help them re-engage with the education and training system (HM Government, 2014; LGA and ISOS Partnership, 2013). This **enhanced local authority role** in relation to young people reflects changes that ‘redeploy’ old institutions to new purposes as well as changes in the policy instruments themselves.

In relation to the latter, another innovative aspect of the Youth Contract for NEETs is the **provision of personalised and sustained support** for young people over a period of 12 months or longer, as opposed to other programmes which have usually run for shorter durations, typically about three months. This longer duration of the support package coupled with the provision of personalised and individualised support based around the young person’s individual needs increases the likelihood of a successful transition into further education, training or employment (Mascherini et al, 2014). Indeed, preliminary evaluation results have been very positive (Nafilyan and Speckesser, 2014; Newton et al, 2014).

In addition to the above, the **Innovation Fund (IF) Pilot Initiative**, launched in 2011, is aimed at supporting disadvantaged young people aged 14 years through using Social Investment models (**Social Impact Bonds/SIBs**). These require young people to achieve specific social outcomes including employment, improved behaviour and attendance at school, and qualifications.

The **Work Experience Programme**, launched in January 2011, has been another new high profile initiative. Through JCP brokerage, the programme offers unemployed young people aged 18-21 the opportunity to undertake a short (two to eight weeks and 25-30 hours per week) unpaid work placement in companies while still receiving unemployment benefits (Higgins and Newton, 2012). The company has no obligation to offer the participant anything at the end of the placement. The intention is that 250,000 placements will occur before 2015.

Although evaluation results of the new programme have been rather promising, it has also been very controversial and attracted negative publicity, not least because of the unpaid work element and sanctions involved (it was compared to ‘unpaid forced labour’ (Crowley et al, 2013). As a result, in February 2012, in reaction to negative media coverage, trade union and youth organisations-driven campaigns and, crucially, employers’ concerns (who did not want to be associated with such a controversial scheme), the government withdrew the threat of benefit sanctions (Dar and Watson, 2015).
A new ALMP pilot scheme, the 18-21 Work Skills Pilot, was also introduced in 2014 targeting specifically young jobseekers with low skills levels. The scheme makes it compulsory for young people aged 18 to 21 years of age who receive Jobseekers’ Allowance and have not achieved a qualification in Maths and/or English at Level 2 to undertake training in either or both of these subjects, for up to 16 hours a week and a maximum of 6 months. The pilot aims to test the effectiveness of innovative learning methods (such as online learning) for this demographic and to increase the functional skills and self-efficacy of young job seekers.

2.3 Welfare System

Considerable changes have been introduced to the benefits system focusing on stricter activation and increased conditionality, although these do not target young people specifically. JSA claimants are subject to mandation as a condition of receiving benefits, and may be mandated to programmes or activities in line with their specific needs. Requirements are enforced through sanctions which, since October 2012, have become much stricter.

Skills Conditionality was introduced for JSA claimants in August 2011. This policy allows JCP advisers to mandate claimants to undertake activities that address an identified skills gaps to ensure improved employability. Claimants can be referred to an Initial Provider Interview, support from the NCS, or training. Data analysis shows Skills Conditionality is no more or less likely to be applied to specific demographic groups; however the likelihood of being sanctioned is higher among some groups of claimants, such as young people. The Evaluation of the Youth Contract found that individuals with health problems or disabilities were more likely than other claimants to say their benefit had been stopped or reduced (Bloch et al, 2013; DWP, 2014b).

http://www.legislation.gov.uk/uksi/2014/3117/made
3. Assessment of effectiveness of policy and institutional arrangements

The effects of the UK’s institutional landscape and of the policy innovations introduced in the UK in recent years to tackle the issue of youth unemployment are difficult to assess firmly, given the recent character of many of the innovations introduced in the aftermath of the Great Recession and the vast – and at times contradictory - body of available evidence on the effectiveness of different policy instruments. This section discusses the key target groups and policy priorities at the centre of the UK’s employment policy focus; and some of the observed and expected effects of certain policy innovations as well as of the wider UK institutional landscape in the field of youth-related policy.

Over time, the UK’s youth unemployment rate has been consistently below the EU-28 average (see Figure 4), although it has been higher both for specific youth segments such as low-skilled youth and when compared with some major Member States such as Germany and Austria with strong dual training systems.

Figure 4: EU-28 and UK youth and adult unemployment rates, 2007 - 2014

However, the UK youth unemployment ratios and its NEET rates have been consistently higher than the EU28 average, The structural weaknesses of the UK youth labour market became apparent in the crisis context, as young people in the UK were disproportionately affected by the economic downturn when compared to the rest of the population. The unemployment rate of 16-24 year olds increased from 14.3 per cent in 2007 to 20.7 per cent in 2013 (four times the unemployment rate of over 25s). Indeed, the UK was the country, alongside Italy and Sweden, which in 2013 displayed the
highest youth to adult unemployment ratio in the EU28, a sign of the particularly strong age imbalance of unemployment in the UK. Levels of youth unemployment declined dramatically from 2014 onwards, reflecting a general improvement in the UK’s macro-economic conditions.

However, the poor performance during the crisis suggests that the UK is faced with a series of structural weaknesses in its institutional arrangements and policy set up that expose young people to particular vulnerability in the labour market.

The UK government’s priorities for action in relation to young people (16-24) all aim in various ways at maximising their participation in education, training and/or employment (DfE and DWP, 2011). Indeed, the UK had in 2012 the lowest rate of participation in post-compulsory education (79%) than any other country in the EU28, an issue which crucially affects the type and quality of transitions from school to work.

One key government priority is to raise the rates of educational attainment, in particular to address the issue of incidence of low skills amongst young people. Indeed, young people (aged 16-24) in England and Northern Ireland perform below the EU average in literacy and numeracy, and worse than the overall population (BIS, 2013a; European Commission, 2014c). The youngest adults are amongst the lowest performers across all 24 participating countries in literacy and numeracy, second from bottom in both cases (MAC, 2014), attributed to the poor performance of those who have only completed lower secondary education (European Commission, 2014a and 2014c). England was the only country with younger adults without upper secondary qualifications that have lower skill levels than older counterparts (MAC, 2014). The European Commission has recommended the UK reduce the number of people aged 18-24 with very poor basic skills (European Commission, 2014b), as this crucially affects their labour market and employment prospects.

The issue of low skills amongst young people has been attributed to the variable quality of the UK education system at the primary level and to the structural weaknesses of its post-compulsory secondary education system, which is heavily fragmented and stratified in terms of perceived quality.

Despite recent austerity measures, public funding for pre-16s school education has largely been protected, with funding cuts concentrated in the post-16 segment of school provision. This has led to challenges in provision, with significant school to school variations. For pre-16 provision, current government policy has placed the focus towards value for money by focusing on crucial skills and increasing accountability for schools receiving pupil-premium funding. The Academy creation programme is also supposed to aid quality and accountability. However, stakeholders have levelled criticisms, with some highlighting that an excessive focus on maths and English and early stage achievement and examination may leave disadvantaged learners behind. Furthermore, the Academy programme leans on the model of school autonomy and independence, but may lead to problems related to non-standardisation of provision and increase variation of quality of education.

In terms of post-compulsory education, whilst the post-16 academic, general skills route (A-levels) is well established, vocational education routes (through Further Education colleges or apprenticeships) are not as equally regarded and often lead to low-level qualifications which are not highly valued or recognised by employers. The lack of sufficient suitable and high-quality options for participation post 18 is thus highlighted by stakeholders as a crucial structural weakness of the UK institutional set-up, which negatively affects skills levels and participation.
Recent government action has focused on addressing this issue in a number of ways. Firstly, by increasing the compulsory participation age from 16 to 17 from Autumn 2013 and 18 in 2015, it placed a duty on all local authorities to ensure that all young people are either in full-time education, in an apprenticeship or in employment with training. Secondly, by raising the quality of vocational, post-16 routes, and especially increasing the quantity of apprenticeship places available.

The current push towards apprenticeships as a desirable post-16 route and towards greater involvement of employers in the skills agenda, for example through the Apprenticeships Trailblazers reforms, is rooted in the expectation that this will revamp vocational education and training, facilitate school-to-work transitions, favour specific, transferable, recognised occupational skills, and reduce skills mismatch by ensuring that skills developed by young people are in line with those required by employers. It is expected that the Apprenticeship Trailblazers will deliver new standards designed by employers which meet skill needs and provide pathways for labour market entry and attainment of higher skill levels. Greater employer ownership should increase the quality of apprenticeships, often identified as one of the key weaknesses of UK VET; this should increase apprenticeship vacancies and skills portability. Apprenticeships’ labour market returns are generally higher than other vocational qualifications, and variance in qualifications is often identified as one of the reasons that employment of young people is difficult. Specifically, employers have little confidence in the value of many qualifications and do not find the content relevant to their needs. There is however a risk as to whether employers will take ownership of vocational skills in the manner envisaged in the Trailblazers model, or whether this will lead to situations in which provision of apprenticeships will be of high quality in certain sectors only. It remains to be seen whether demand will hold up to expectations; given low aggregate macro-economic demand, employer willingness to create apprenticeship vacancies will continue to be low, unless policy interventions focus on the demand side as well.

The unwillingness of employers to offer employment opportunities to young people has also been attributed to a deficit in ‘soft’ or transferable employability skills amongst young people. The capacity of schools to provide this appears to be limited, given that they are currently incentivised to focus on exam results over broader development activities for their pupils. Therefore, some of the innovations being implemented may have detrimental effects in terms of giving a broad preparation for work. Initiatives exist to involve employers with schools and conduct employability activities with pupils; however, to move beyond the voluntarist aspect and increase the reach of such initiatives, more strategic direction would be needed. In terms of continuing participation, stakeholders highlighted how there are too few options available for 16-18 year olds, and how existing options – A Levels, FE Colleges or apprenticeships - are excessively stratified in terms of perceived quality. Current efforts to expand and upgrade the quality of apprenticeship provision may go some way in addressing this issue.

Another gap that negatively affects school to work transitions in the UK is the lack of high quality and varied careers advice. Connexions, a government-funded advice programme giving careers advice to young people, was discontinued in 2010 in the wake of government funding cuts; whilst some local authorities have continued to fund similar services, the demise of a unified and well-recognised service is often identified as detrimental. This lack of guidance for young people is linked to post-16 destinations. Stakeholders highlighted how colleges are often not promoted to 16-18 year olds as a viable option, and there little understanding of their role in the provision of vocational training. Problems include the fact that schools and colleges are evaluated according to A-Level results.
thereby having no interest in promoting other pathways.

Raising the compulsory age of participation in education or training is also linked to the government’s priority of reducing NEET rates and offering adequate support to all young people, especially those at risk of disengagement and long-term unemployment. NEETs constitute indeed another key target group of UK’s youth related policies. As mentioned earlier, the persistently high number of NEETs reflects a critical structural problem (European Commission, 2013b). In the second quarter of 2014 there were 955,000 NEETs aged 16-24 in the UK, i.e. 13.3% NEET rate (ONS, 2014c). Not surprisingly, policies aimed at reducing the number of NEETs feature prominently in the UK (BIS, 2013a).

Analysis of DfE’s Longitudinal Study of Young People in England (LSYPE) survey data shows that low education attainment is one of the strongest predictive factors for whether young people will be NEET post-16 (BIS, 2013a). Only 2.5% of young people who achieve five or more General Certificates of Secondary Education (GCSEs) at A*-C at school are NEET at age 17, compared to 16.7% who did not (MAC 2014). However, research has also emphasised that other complex factors – including family circumstances, deprivation and lack of socio-cultural resources – contribute to entry into NEET status. Programmes to prevent entry into NEET status or prevent long-term permanence in NEET status currently focus on favouring re-engagement of young people with education and training. The focus on targeted support through mentoring is important, because given that many disengaged young people are not eligible for benefits, they are at risk of falling outside of the system (House of Lords, 2014a).

Evaluations of the Youth Contract show potentially encouraging results, although outcomes are shown to be better when targeted towards the most disadvantaged participants. Evidence shows that elements of the Youth Contract designed to increase and stimulate employers’ demand failed to attract sufficient employers’ take-up, and have thus been discontinued. It appears that whilst supply side interventions may bear positive results in terms of tailored support to disadvantaged young people and favouring re-engagement, a key gap remains in demand-side interventions capable of creating new employment opportunities for young people.

Some stakeholders expressed the view that the Youth Contract was under-invested in and insufficient to address youth unemployment problems. There is uncertainty about how the programme will be sustained; it is envisaged that programmes funded through the ESF will continue, as will the Youth Engagement Fund (Cabinet Office/DWP). However, this provision may be too limited to address youth unemployment in its complexity. In general, the effects of intervention may be limited to a relatively small demographic of disadvantaged young people. This reflects the approach of targeting support and resources on the most disadvantaged, with the expectation being the majority of young people will be able to make transitions without needing to access specific, structured forms of support. There is disagreement about the effectiveness of this approach, with some stakeholders highlighting how this approach runs the risk of being too ‘reactive’ and restrictive.

Evidence suggests that programmes work best when they consider the heterogeneity of NEETs and the complexity of their needs and barriers. Stakeholders emphasise the importance of integrating approaches in tackling disadvantage arising from socio-economic situations. Access to housing, transport, family support, and mental health support is crucial, but the extent to which this is provided to NEETs is questionable. Without such holistic support, it is expected that policy effectiveness in terms of NEET re-engagement is likely to be limited.
The effectiveness and coordination of current support services for disengaged young people is also a crucial problematic of the UK institutional set-up. The UK is characterised by the active role of third sector, voluntary, or charitable organisations in the provision of services for young people. Stakeholders highlighted that the third sector’s role is being undermined due to funding cuts. Local provision of youth services has suffered, which may lead to a decline in availability. Even before the crisis, youth services were underfunded, and need greatly exceeded capacity; recent developments have exacerbated this. Some stakeholders raised concerns about fragmentation of training from third sector bodies; private education and training is identified as the result of marketization which encourages providers to compete to access funding. The lack of integration makes the system potentially hard to navigate, and may leave some gaps in provision.

Concerns with outsourcing and contracting may also have undesirable side-effects; payment-by-results mechanisms should incentivise providers to increase engagement, but also mean that contractors focus on young people closest to the labour market and thus easy to place. This, in turn, means that young people who are more disadvantaged are overlooked, creating a problem of deadweight loss.

For what concerns the institutional features of the UK labour market policy model, the UK’s low EPL delivers fast transitions in and out of work, and does not present many of the ‘rigidities’ often identified as causes of high structural unemployment elsewhere. However, this is accompanied by job insecurity, employment volatility, and high incidence of low-quality, low-pay jobs, and very insecure employment contracts, which do not necessarily represent a desirable transition outcome, especially when career progression is limited. Improving this area and achieving more stable employment for young people is not a priority, and the lack of regulatory interventions here is likely to maintain low-pay, low-quality jobs for youth (with a strong focus on the ‘work first’ approach).

Welfare reforms implemented after 2010 are generally aimed at encouraging young people to exit the benefits system quickly and achieve early labour market (re)integration by making rules governing access to benefits stricter and more punitive. Although this may lead to young people exiting the benefits system for ‘any job’ (as opposed to stable and sustainable employment), they are likely to re-enter following a period of low quality employment (‘revolving doors syndrome’). Furthermore, labour market re-entry ‘at all costs’ has also been criticised for leading to under-employment or employment in sectors which are not relevant either to young people’s field of study or competence. A further gap is that whilst support is geared towards the most disadvantaged, there is little policy intervention focused on highly skilled young people who struggle to integrate or are under-employed. Interventions are largely left to employers and HE institutions, but this may not be sufficient and may lead to skills mismatch and human capital under-utilisation.

There is continuing debate between stakeholders, especially government and social partners, about the structural issues facing the UK labour market. Despite the positive recovery of youth employment rates in 2014 following the severe post-crisis decline, there are growing concerns about issues of job quality. The high incidence of involuntary part-time work suggests that low or irregular working hours may be a structural feature of the youth labour market, a view shared by trade unions and employers.

Stakeholders expect job growth to continue to pick up in the high-end of the labour market, as well as in low-skilled, low-productivity sectors. In turn, it is likely that unemployment rates will continue to decline. The stability of ‘lower end’ employment is however expected by trade unions to remain problematic, with a growing incidence of informal employment. There are also concerns about the
fact that the growing employment rates may mask higher rates of precarious self-employment or inactivity.

The issue of low wage growth is also a cause for concern. The government hopes that over time and as a result of current reforms, wages will start increasing also in lower or intermediate-level jobs in the near future, as apprenticeships and vocational education gain quality and rigour, resulting in a more qualified, productive workforce and in greater rates of return to qualifications. However, changes in the education system may take a long time to materialise, and it is likely that skills mismatch and job polarisation, as well as low wages, will continue to persist.
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