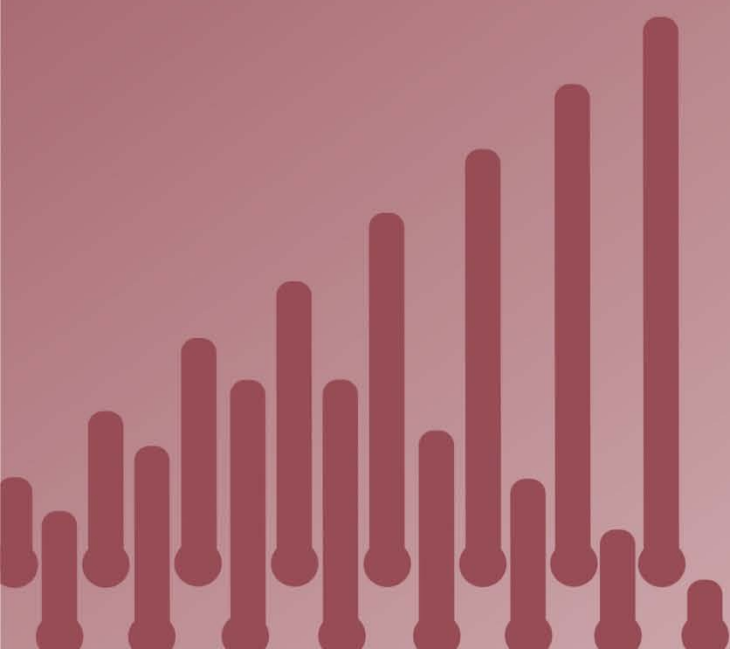


Youth unemployment in the UK

Jonathan Portes

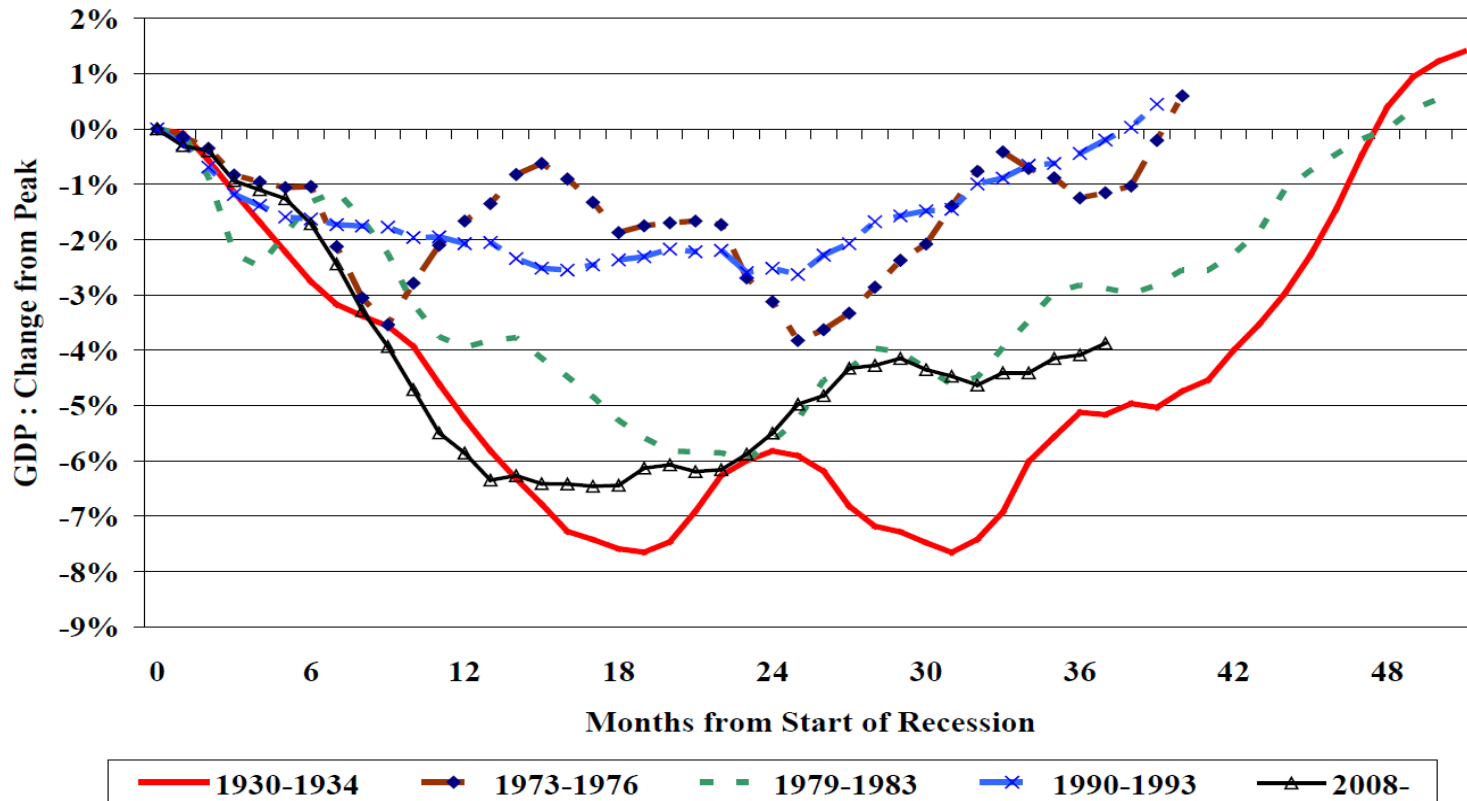
June 2011



UK: deep recession and weak recovery

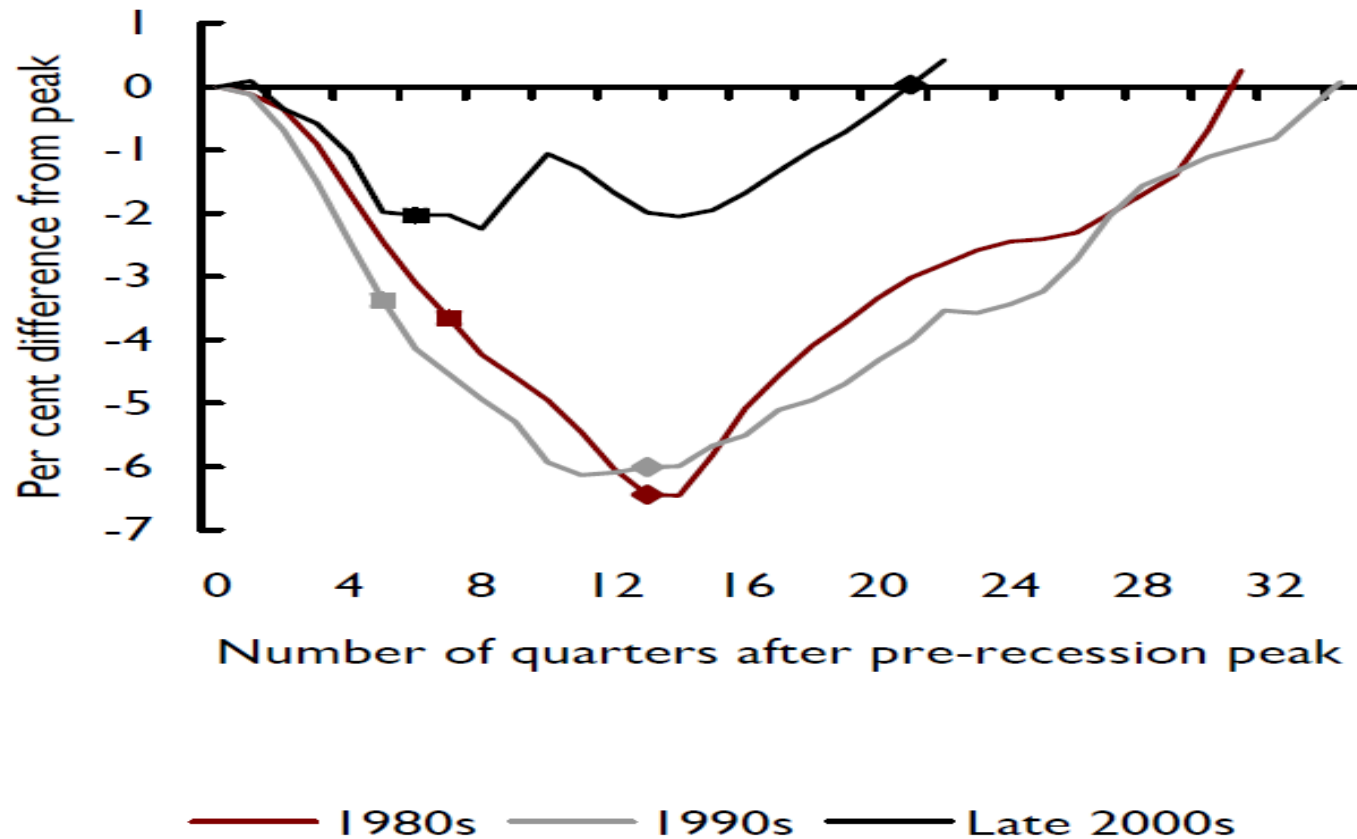
- Current path similar to 79-83 recession

Figure 1. The profile of recession and recovery



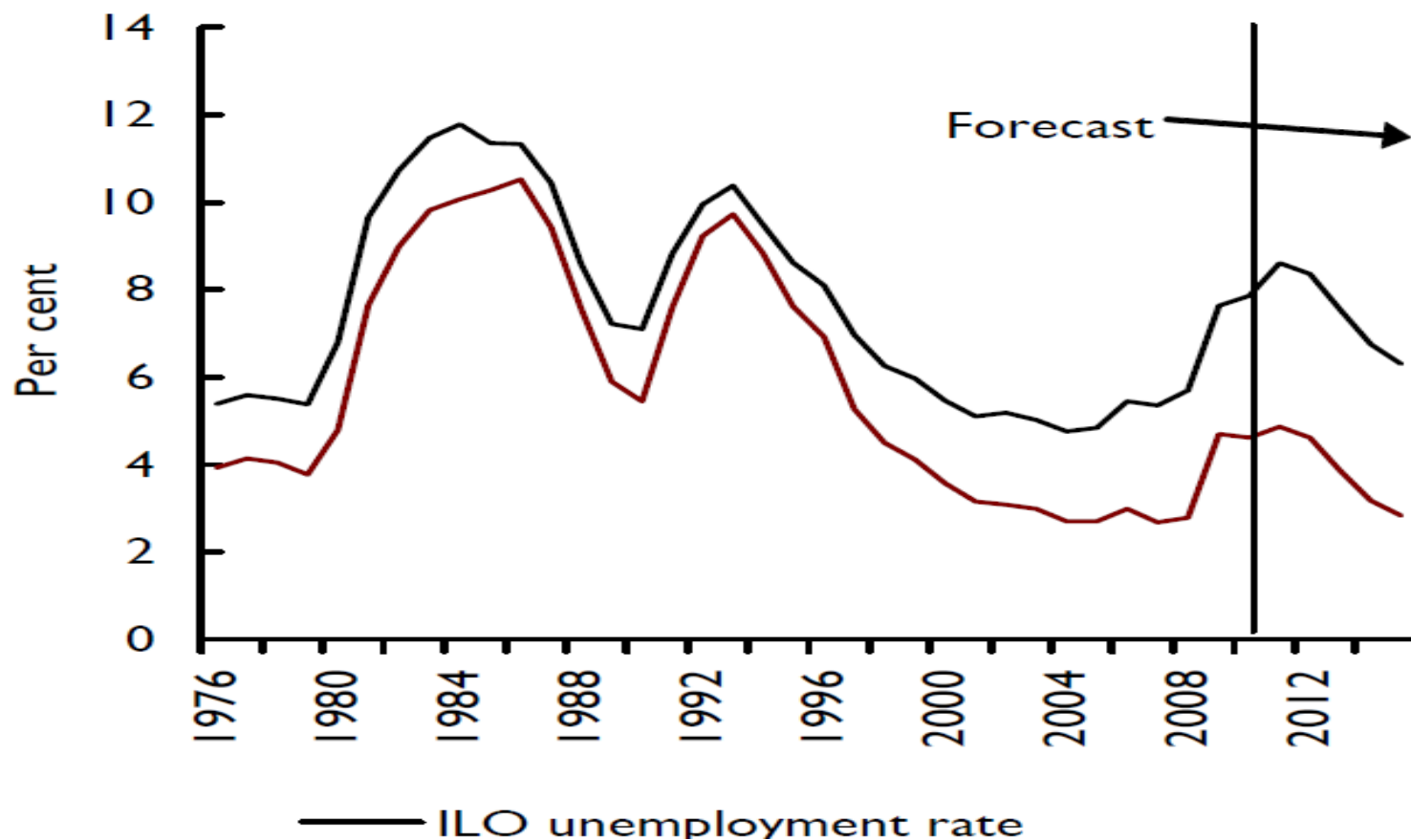
But labour market performance much better

Figure 14. The profile of employment over recent recessions and periods of recovery



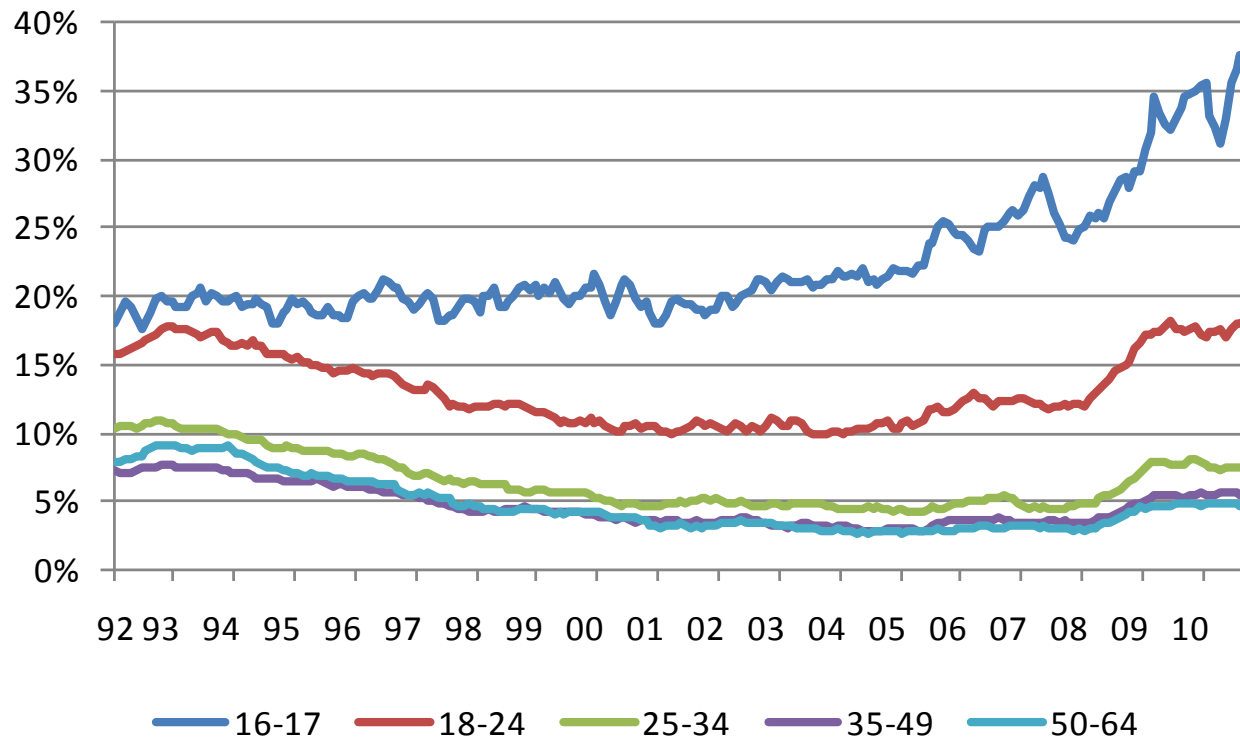
Labour market expected to recover in 2012

Figure A10. The pick-up in unemployment throughout this year is expected to be temporary



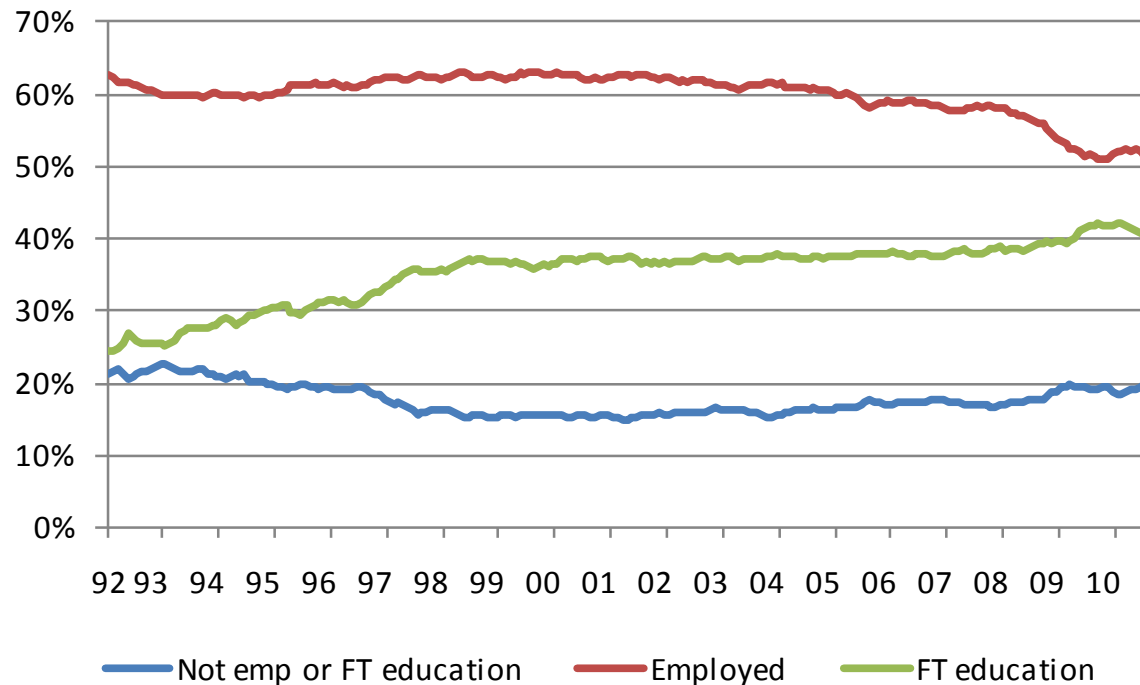
Youth unemployment characteristics

- high relative to older workers
- highest amongst the youngest
- started rising before the recession
- highly seasonal



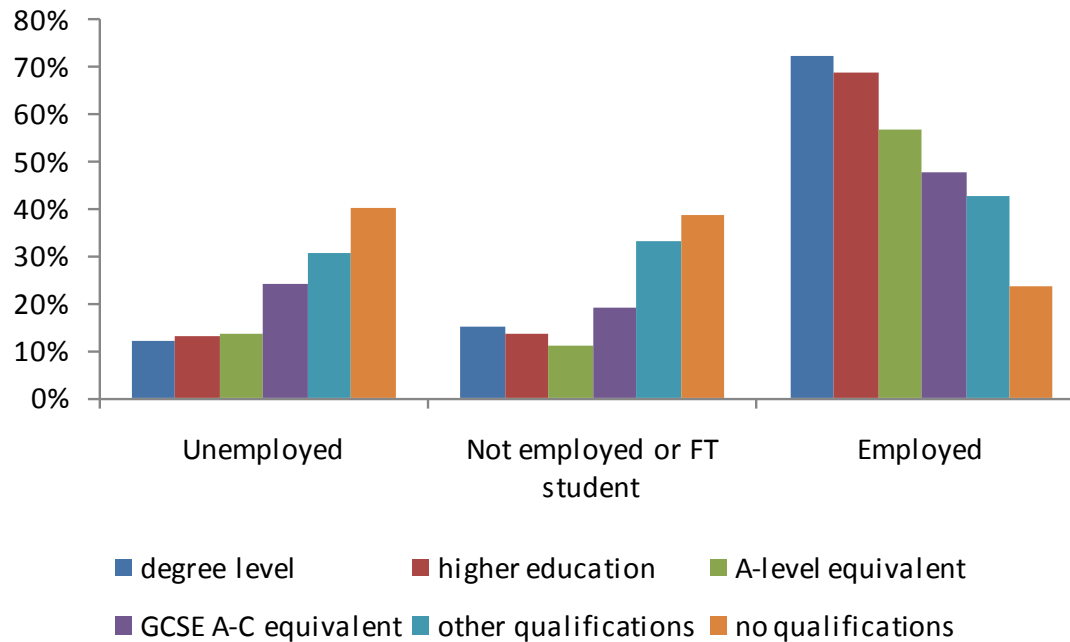
Long term trends for young people

- Up for education, down for employment
- 1 in 5 16-24 year-olds neither working nor studying full-time – more than 1.4 million people



What drives poor outcomes?

- Two-fifths of those with no qualifications neither working nor studying full-time



- Employment highest among whites
- Proportion not working or studying highest in Wales and the North East

The evidence base

- Youth unemployment ‘scars’
- Internationally, policies targeting young people often fail to have a big effect
- Most successful are those that encourage job search and those that offer wage subsidies
- Work placements and work experience often less effective

Recent major UK policies

- (Flexible) New Deal (introduced 1998)
 - Job search assistance/encouragement with more intensive ‘Options’ subsequently
 - Effective initially, but outcomes worse over time
 - Wage subsidies most effective
- Response to recession: Young Person’s Guarantee
 - Future Jobs Fund: £6,500 payment to employers taking on young people (end announced May 2010)
 - Community Task Force: work experience placements
 - Routes into Work: help (training, subsidy, work trial) with access to existing jobs in key sectors
 - Work-focused training

New focus post-election

- Work Programme
 - ‘Payment by results’ prioritises NEETS but not other 18-24s
 - Indicative 18-24 volumes each year < 100k
 - ‘black box’ approach
- Apprenticeships
 - Substantial expansion
 - Need to cater for the less employable.
- Greater emphasis on work experience/trials/placements
- Reforms to vocational education (Wolf Review)