

Submission to House of Lords inquiry on youth unemployment: Employment Related Services Association (ERSA)

May 2021

Who ERSA are

The Employment Related Services Association (ERSA) is the national membership body for the employment support sector, campaigning for high quality services for the UK's jobseekers and low earners. Established in 2005, we promote and support the delivery of ever better services for the nation's jobseekers and learners.

ERSA's members deliver, or have an interest in the delivery, of the whole spectrum of employment related services. The scope of their collective reach includes skills provision, self-employment, offender related services, youth employment services, welfare reform and disability-related issues, as well as the design and delivery of employment programmes, however they are funded or commissioned.

Our membership spans the private, voluntary and public sectors and it is this diversity that gives us the authority to speak. ERSA's membership base includes charities, local authorities, housing associations, social enterprises, funding bodies and private sector organisation, among others. Our members are a social force for good. We exist to serve the employment support sector and, through the sector, those who use their services. We strive to ensure that the sector has the knowledge, networks and voice to deliver great services to jobseekers and those looking to progress in work. We place a particular emphasis on the importance of effectively supporting those groups and individuals most at a disadvantage in the labour market today, including young people, those with a disability of some form or from an ethnic minority background, and older workers.

ERSA draws on the wealth of experience and expertise of its members working at the frontline to provide insights, proposals and responses to policymakers in the design and delivery of employment programmes across the UK, while ensuring that the perspectives of organisations of all sizes across the employment support sector are formally represented.

ERSA's objectives are simple. They are to:

- Drive understanding of employment support as a 'national good', essential for current and future jobseekers, employers and the health of the economy and communities.
- Work with commissioners and funders at all levels to invest in and design the best possible services against an ever-changing backdrop.
- Influence the wider policy environment to ensure that it supports people in their journey to enter and progress in work
- Support and challenge the sector and so increase skills, knowledge and effectiveness.

ERSA is a UK-wide organisation. We provide a wide range of services for members, including regular information bulletins, contract opportunities, liaison between policymakers and practitioners via our departmental and ministerial links, and a wide range of specialist forums and events concerning government policies and specific issues within the sector. You can find out more about ERSA membership at membership@ersa.org.uk, and about our policy work at policy@ersa.org.uk.

ERSA Online

Following the emergence of COVID-19 over the past year, we have replaced all ERSA face-to-face forums, networks, conferences and roundtables with online events, and will continue to do so until we can meet in person again. The virtual nature of these sessions has enabled members from all corners of the UK to participate in a greater number of events than they may have been physically able to attend in the past, including the establishment of a series of new ongoing forums and networks as we respond to a changing policy landscape. These include the facilitation of our Kickstart Community Forum, providing a vital means of discussing the implementation and delivery of the Kickstart programme both together and in tandem with representatives from government policymakers involved in the scheme, and our UKSPF (UK Shared Prosperity Fund) Working Group, dedicated to leading the employment support sector's response to the introduction of the UK Shared Prosperity Fund as a replacement for the European Social Fund.

ERSA also works closely and in tandem with a wide variety of other organisations within the sector to amplify our own and our member's voices on key policies and particular aspects of the sector's work, including the [Youth Employment Group](#), the [Institute for Employment Studies](#), and the [Learning for Work Institute](#).

About the employment support sector

The employment support sector delivers services to help improve the employability of the nation's jobseekers and future jobseekers, plus those who wish to progress in work.

Organisations delivering services are sometimes called providers and include large charities, small specialist organisations, local authorities, housing associations, health institutions and private sector organisations. The sector is diverse and providers may be from the private, voluntary, social enterprise or public sectors. It is estimated that over 20,000 people work in the sector.

The sector is funded from a range of sources, including central government, local authorities, European Funding, the Big Lottery Fund, trusts and foundations and organisation's own funds. Purchasers of employment services include the Department for Work and Pensions (DWP), which funds schemes such as the Work and Health Programme, and the Kickstart and Restart schemes. However, a wider range of funders are also now important to the sector, including the Scottish Government, Greater Manchester Combined Authority and the Big Lottery Fund.

Providers deliver a wide range of services targeted at helping individuals overcome their barriers to employment. These include, but are not limited to:

- Careers advice and guidance
- CV and job search support
- Sourcing job vacancies with employers
- Advice and support for job interviews
- Work experience and placements

- Training and skills support
- Housing and benefits advice
- Business start-up advice
- In-work support

Many providers of services in the sector specialise in a particular group of jobseekers, such as young people leaving school or those not in employment, education or training, jobseekers with disabilities or health conditions, homeless jobseekers or those with an offending history.

Focus of this submission

ERSA's submission for this consultation focuses on a number of key messages for members for the Youth Unemployment Committee to bear in mind in their future deliberations, and in formulating their final recommendations and response to this consultation in the coming months up to November. It emphasises the importance of not considering "young people" as a single unit when formulating policy responses to youth unemployment, which can hide the greater challenges faced by particular groups and individuals within this cohort, and of the vital need for an ongoing policy focus on tackling youth unemployment across the UK within a post-pandemic landscape (most pertinently through the extension of the Kickstart scheme to the end of 2022).

Message 1: Young people have been disproportionately impacted by this crisis

It will come as no surprise to the members of this Committee that one of the central messages of our submission, and one that will most likely be reinforced by the vast majority of others received throughout this consultation process, is that young people have been disproportionately impacted by the economic crisis of the past year brought on by COVID-19. And while this may seem an obvious statement, given the focus of this Committee, it is important to highlight that this goes beyond the topline figure of the youth unemployment rate in any given month, and also concerns the wider socioeconomic ramifications of this

crisis. Young people really have borne the brunt of the jobs crisis of this pandemic, whether that be in losing their jobs, being furloughed, losing regular hours of work, or in retraining for roles in other industries. Young people are also far more likely to be changing jobs or entering the jobs market, most likely to lose their jobs in slowdowns in general, and were more severely hit by the first lockdown hitting as summer recruitment was starting¹.

The disadvantages for young people in today's economic landscape are also reflected in the most recent labour market data from the Office for National Statistics², and what they tell us about the current challenges for youth unemployment in the UK. While the data demonstrates that the jobs market has been broadly stable in recent months, they show a new record low for the number of under 25s in work, with the number of young people claiming unemployment benefits now breaching half a million for the first time ever. Long-term youth unemployment has also risen to a five-year high, in stark contrast to employment rises for all other age groups. Young people now account for 57 per cent of the fall in employment, but just 12 per cent of overall employment, with long-term youth unemployment also up more than 50 per cent. The data also shows that in the year to March, 811,000 payroll jobs were lost in the UK, with under-35s accounting for over 80 per cent of these cuts.

Young people have also lost out in particular due to the specific sectoral and occupational effects of this crisis, especially the impact on the hospitality, care services, leisure, and construction sectors. This means that young workers in these sectors are also more likely to have been furloughed, leaving the jobs of a higher number of younger people in limbo until this September, when the Job Retention Scheme ends: essentially, then, young people tend to be underrepresented in the sectors that will recover quickest from the pandemic, and overrepresented in those that will recover more slowly.

Across the length of the pandemic more broadly, youth unemployment rose faster between spring and autumn 2020 than at any point since the financial crisis in 2008, with 16-24-year-

¹ <https://www.employment-studies.co.uk/resource/laid-low>

² See <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/april2021> for data in full

olds also accounting for a disproportionately large share of the fall in employment that has occurred over the past year, at 57 per cent.

And finally, since the pandemic began, young people have been more likely than their middle-aged counterparts to have lost working hours, experienced lower pay, been put on furlough, or have lost their job.

Beyond the latest data available to us, the real challenge still immediately ahead of us is what will happen to the labour market and employment prospects for young people once the government's Job Retention Scheme ends in September, and how many of those currently counted as employed will lose their jobs once furlough is formally withdrawn. And while tracking changes in the current employment data is important, we need to remember that they also aren't giving the full picture as furloughed workers are counted as employed: in reality, there is a very large employment gap to make up. The Resolution Foundation have emphasised that the UK labour market currently still has a "Covid employment gap" of 6.2 million people who still need to get back to work, and that unless this gap is closed before the furlough scheme ends in September, we could see a severe rise in unemployment later this year (and among younger workers in particular).³

Sectors employing a higher number of young people are also the same sectors most reliant on the furlough programme, such as retail and hospitality, making the prospects for millions of young workers in a post-furlough labour market highly uncertain at present. At current estimates unemployment remains on course to peak towards the end of 2021, once the furlough scheme expires and those who stopped job hunting during the pandemic look to return to the workforce as restrictions ease. And although the furlough scheme has most likely limited the peak in job losses, the longer-term structural unemployment caused by Covid-19, particularly among young people, may mean that the road back to pre-pandemic levels lags behind the wider economic recovery.

³ <https://www.resolutionfoundation.org/app/uploads/2021/04/Uneven-steps.pdf>

As we prepare for these circumstances to emerge, it is also important that employment support services that have been moved online on a more permanent basis following the past year do not exclude any young people from accessing help in their search for jobs.

There are concerns about the scarring effects on a longer-term basis for young workers, too: past research has shown that those who enter the labour market during a downturn carry the costs of doing so into middle age, in the form of lower wages and a higher risk of unemployment⁴, and this is something that should not be underestimated or ignored in our policy response to this crisis. The long-term scarring cost to young people entering the labour market in 2021, in terms of lost earnings and damage to employment prospects, has also been forecast to be £14.4 billion over the next seven years, if current trends continue.⁵

These stark figures highlight the severe impact that the COVID-19 crisis have had on young people and their employment prospects, and we at ERSA believe that it is of paramount importance that both practitioners and policymakers retain a focus on the scale of the challenge of youth unemployment in the UK, as we move into the next stage of recovering from the socioeconomic impact of the past year.

Message 2: Existing inequalities have been exacerbated over the past year, not replaced

We also believe that it is integral to remember that the setbacks to young people in the labour market that have been caused by COVID-19 have been layered on top of pre-existing inequalities already faced by jobseekers in this age bracket, rather than replacing them. For example, during the decade before the pandemic, while youth unemployment rates had been steadily decreasing, younger people had experienced lower rates of pay growth and higher rates of working in the country's lowest-paid sectors (such as retail, hospitality, and arts and leisure), compared to their predecessors while at the same age. Going into the pandemic, the share of 18-24-year-olds working in one of the hardest-hit sectors (retail and hospitality, to take two examples) was more than twice as large as the share of 25-65-year-

⁴ <https://www.employment-studies.co.uk/resource/laid-low>

⁵ https://cdn.ymaws.com/www.myiep.uk/resource/resmgr/docs/facing_the_future_-_employme.pdf

olds that did: and finally, over the past year conditions have deteriorated most among those young people whose pre-pandemic employment position had already been weakest.⁶

We believe that it is important that such pre-existing inequalities are also taken into consideration when reflecting on the challenge of effectively tackling youth unemployment as we emerge from this crisis, rather than seeing the pandemic as something that has replaced old inequalities with new ones. This will better ensure that the scale of the challenge before us is not underestimated, only seen in a partial light, or that policy responses do not take into account the differences between disadvantaged young people that may merit special attention when formulating new strategies.

Message 3: The term “young people” can mask structural inequalities between groups

Another point that we are keen to emphasise at ERSA is that continuously referring to the challenges faced by “young people” in the UK today can mask the fact that this cohort are not just one subset of the population facing the same challenges, but rather made up of a series of distinctly separate groups and individuals, all with their own different needs and pre-existing inequalities present within the UK labour market. These include many groups who may already have been facing other structural disadvantages in securing work before the pandemic, including single parents and carers seeking to balance employment needs with their caring responsibilities, black and ethnic minority jobseekers, and workers with a disability of some form. The UK jobless rate for young black people, for example, has risen by more than a third to 40 per cent during the course of this pandemic⁷: and in today’s labour market, disabled jobseekers are more than twice as likely to be unemployed as non-disabled people⁸.

It is therefore important to maintain a focus on the disparities in outcomes between young people in more detail when formulating policy responses to youth unemployment in the UK

⁶ See <https://www.resolutionfoundation.org/app/uploads/2021/04/Uneven-steps.pdf> for more insight into these figures

⁷ <https://www.theguardian.com/society/2021/apr/11/black-youth-unemployment-rate-brixton-riots-covid>

⁸ <https://www.scope.org.uk/media/disability-facts-figures/>

today, rather than considering them as a singular group who merit the same approach and strategies.

Message 4: Maintaining a policy focus on youth unemployment is critical

Given the scale of the challenges in tackling high levels of youth unemployment, it is gratifying that the government have recognised this through their introduction of the Kickstart programme, providing funding to create new jobs for 16- to 24-year-olds on Universal Credit who are at risk of long-term unemployment. The scheme's existence will make a big impact in both tackling youth unemployment as it continues to ramp up and roll out, and on keeping a clear focus on helping to support young people in the labour market as we continue to emerge from the shadow of COVID-19.

However, we at ERSA were also disappointed to not see the Chancellor announce an extension to the programme in the most recent Budget, with Kickstart still scheduled to end in December 2021. There have been real challenges rolling out Kickstart in the expected timeframe since the programme's announcement, alongside restrictions on businesses that have delayed opportunities getting to young people, and we believe that the slow rollout of the scheme to date means that an extension of the scheme to the end of 2022 would help to maximise the programme's ambition of supporting young people seeking employment. This is something that many of us in the employment support sector have been publicly campaigning on for many months⁹, and have argued that an extension to December 2022 would ensure that the challenges in the rolling out of this scheme do not create a situation in which it really starts to make a difference to young people just as it ends.

More time is required to create strategic alignment with Government objectives. Thousands more new jobs are needed in key sectors which so far have not been able to respond to Kickstart at scale. More time for partnerships to develop could create, for instance, 1,000s of new jobs in the green economy, social care, and education. Kickstart can play a key role not only in the economic recovery, but also in other strategic objectives like Building Back Better, Levelling Up and the Green Industrial Revolution.

⁹ <https://www.fenews.co.uk/fevoices/63927-ersa-open-letter-employability-leaders-amplify-call-for-kickstart-extension>

This is a message that we also emphasise in our submission to this consultation, and one that we will continue to campaign for in the months to come, alongside others within the employment support sector,¹⁰ as well as organisations across the country more widely such as the CBI¹¹.

Message 5: From finding work to Decent Work

We at ERSA are also keen to emphasise that while finding young people employment is of central importance, the working conditions of these jobs are almost as important as the roles themselves, and cannot be separated from the support provided to individual jobseekers as they seek to build their careers and advance through their work. This can include, for example, ensuring that jobs are paid at a rate that enables workers to avoid a decent standard of living, for example by being paid at Real Living Wage rates of pay¹², or that they include an adequate number of regular working hours in any given week or month for workers to avoid the effects of in-work poverty¹³.

Such efforts are even more important after a year in which those at the bottom of the income scale have been the hardest-hit by the economic fallout of the pandemic, with low-paid workers experiencing double the rate of work disruption for staff who are not low-paid¹⁴. Young people (and workers more widely) currently operate within a rapidly changing employment landscape which pose a significant challenge to their economic wellbeing, including for example:

¹⁰ <https://youthfuturesfoundation.org/wp-content/uploads/2021/02/YEG-new.pdf>

¹¹ <https://www.cbi.org.uk/media-centre/articles/extend-kickstart-scheme-deadline-by-six-months-cbi-president/>

¹² <https://www.livingwage.org.uk/what-real-living-wage>

¹³ <https://www.livingwage.org.uk/living-hours>

¹⁴ <https://www.employment-studies.co.uk/system/files/resources/files/The%20impacts%20of%20Covid-19%20on%20the%20low%20paid.pdf>

- The continued rise of new nonstandard forms of employment that are increasingly characterised by their insecure and precarious nature, facilitated by the development of new technologies that make such jobs easier to establish;¹⁵
- Increasingly lax approaches to the regulation of working standards by national governments, including the UK;
- The lack of coordinated international cooperation on effectively regulating decent work across different labour markets;
- The increasing complexity of supply chains and subcontracted employment structures as part of the employment landscape, and the challenge of promoting decent working standards across them;
- The challenge of developing decent working standards during a time in which inequalities within the workplace are finding new routes to proliferate and evolve through the development of new technologies, for example the electronic surveillance of employees;¹⁶
- Currently high growth areas of new jobs that do not typically lead to high quality roles (e.g., delivery work, warehouse jobs, social care);

We must also be mindful of what the long-term impact of COVID-19 will be on the world of work, and the new challenges and potential new inequalities that may emerge from it.¹⁷ As precarious and insecure forms of employment are becoming ever more widespread across the labour market, then, as seen for example in the recent Supreme Court cases against Uber and the ongoing strike actions against Deliveroo, there is a real need right now to highlight the value of decent work for all in the UK Government's policy response to youth unemployment more widely.

¹⁵ <https://www.ilo.org/global/topics/non-standard-employment/lang--en/index.htm>

¹⁶ <https://www.computerworld.com/article/3586616/the-new-normal-when-work-from-home-means-the-boss-is-watching.html>

¹⁷ <https://www.ilo.org/global/topics/coronavirus/lang--en/index.htm>

Here at ERSA, we will continue to follow these developments closely as they emerge, and to play our part in bringing the employment support sector together to make sure that we react to and tackle the challenge of youth unemployment head-on as best we can. We will also play our part in ensuring that a key focus remains on the impact of this crisis on young people as we emerge into a post-pandemic landscape, and on particular groups already disadvantaged within the labour market that now face ever-greater structural challenges in securing employment in the UK today.

To discuss this submission in further detail or for more information please contact:

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