

# Central YMCA – Two Futures Report

## THE LOST OR FOUND GENERATION?

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## OUR TWO FUTURES

As economic recovery begins we face a new challenge in how best to help our 'lost generation' – those young people left without employment as a result of the recent economic crisis.

Our challenge is to ensure that they do not remain lost. When the rewards of recovery and growth are felt, we need to make sure the opportunities are directed to those who suffered most.

This is not only for their own good, but also to help meet the needs of business and benefit society as a whole.



The implications of the actions we take now will remain with us for a lifetime – with the costs or gains (both financial and to society) becoming compounded through the years ahead.

We face two potential futures, depending on whether we succeed or fail.

Success in creating a ‘Found Generation’ will save billions of pounds in public finance, as well as generating even more within the wider economy. Evidence suggests it will also significantly reduce crime, support businesses suffering from severe skills shortages and boost our nation’s productivity.

We suggest eight steps that we see as essential to achieving this goal. A manifesto for our next government to put in place to ensure they create the right conditions for success.

In this report, we also show the financial gain or loss of our two possible futures, but should not lose sight of the fact that each number in official reports is also a person; someone’s child, someone’s sibling, someone’s parent.

Helping them is not simply an economic exercise, but a responsibility we owe to our fellow citizens.



## YMCA AND SUPPORTING YOUNG PEOPLE

Founded in London, in 1844, by a young apprentice named George Williams, YMCA is the world's oldest and largest charity for young people. We help make lives happier, healthier and more fulfilled, through a unique blend of education, training, advocacy and support, reaching 60 million people in 120 countries every year.

YMCA Training was born out of the recession of the 1970s specifically to help young people find new opportunities for employment – vital work that continues today.



## THE LOST OR FOUND GENERATION?

As the economic climate continues to improve from the recession of 2008, it's possible to form the view that our lost generation has already been found, as levels of youth unemployment begin to fall.

However, this would be a mistake, ignoring the deeper issues and pretending that the problems faced by young people today are simply the short-term effects of a wider economic crisis.

It is undeniable that economic recovery has brought positive news with regard to youth unemployment. The latest figures show that the percentage of young people classified as NEETs (people aged between 16 and 24 who are not in education, employment or training) has continued to reduce.

In the figures published in February 2015 (covering the final quarter of last year) the proportion of young NEETs was the lowest it has been since 2004. This continues a pattern of clear and continued falls from the record highs seen in 2011 and 2012.

However, here are six reasons to believe that the answer to our lost generation isn't to simply wait and let economic recovery take its course.

- 1. The issue of high youth unemployment predates the impact of the recession**
- 2. These national figures mask serious regional problems**
- 3. For specific towns and cities the problem can be even more acute**
- 4. It is likely that official figures undercount the size of the problem**
- 5. People at high risk of becoming long-term NEETs are in danger of being left behind as the economy recovers**
- 6. Even for regions where the picture looks healthy, certain groups are being left behind**



**1. The issue of high youth unemployment predates the impact of the recession** – the proportion of NEETs may have returned to pre-recessionary levels, however the size of the NEET population is still worryingly high. In the latest, seasonally adjusted figures published by the ONS, 954,000 people aged 16-24 were classified as NEET. This is 13.1% of the UK population within this age group.

**2. These national figures mask serious regional problems** – for example, in those regions worst affected by youth unemployment the proportions of young people who are categorised as NEET are much higher. 19.4% for the North East of England, 18.3% for Yorkshire and Humberside and 17.2% for the West Midlands.

**3. For specific towns and cities the problem can be even more acute** – research by The Work Foundation analysed rates of youth unemployment (excluding full time students) and found that for places like Middlesbrough, Stockton, Glasgow, Grimsby and Coventry, youth unemployment in excess of 25% was typical, twice that of cities such as York, Southampton and Reading.

**4. It is likely that official figures undercount the size of the problem** – in its report “A Scarred Generation” published in April 2014, the House of Lords European Union Committee said that it was “particularly concerned about 16 to 18 year old NEET young people in the UK, who risk becoming invisible to the authorities through their lack of access to the benefits system and absence of other means of engagement.”

## 5. People at high risk of becoming long-term NEETs are in danger of being left behind as the economy recovers –

amongst high risk groups are the record numbers of young people with breaks in their education and employment history who are at significantly increased

risk of further prolonged periods of unemployment. The Audit Commission analysed those groups within society most at risk of being NEET for six months or more and identified the following risk factors:

### Increased chances of being NEET

Factor	Increase in chance of being NEET for six months or more
Being NEET at least once before	7.9 times more likely
Pregnancy or parenthood	2.8 times more likely
Supervision by youth offending team	2.6 times more likely
Fewer than three months post-16 education	2.3 times more likely
Disclosed substance abuse	2.1 times more likely
Responsibilities as a carer	2.0 times more likely

**Source:** Audit Commission, analysis of Connexions data from fieldwork areas (approximately 24,000 young people), 2010





**6. Even for regions where the picture looks healthy, certain groups are being left behind** – for example, London has the lowest proportion of NEETs according to the latest official figures (12.5%). However, when The Work Foundation analysed differences in youth unemployment between boroughs and ethnic groups, a clear divide began to emerge. London has a gap of 18 percentage points between employment rates for young white British people (86%) compared to those from Black African and Caribbean ethnic groups (68%). It also found youth unemployment hotspots,

with some outer London boroughs such as Barking and Dagenham having youth unemployment levels of 24%, higher than the worst performing inner London Boroughs such as Newham (22%).

Taking into account all of these factors, steps need to be taken now to ensure that the opportunities created by economic recovery are felt by all, especially those groups and regions that need an extra helping hand.



## MATCHING TALENT TO BUSINESS

In finding our lost generation, there is also a clear opportunity to support business - better matching talent to their needs.

The message from across all growing business sectors is of a hunger for talent. Within construction for example, the CIOB highlights the need for 182,000 construction jobs to be filled by 2018 and yet, just 7,280 young people completed construction apprenticeships in 2013.

In the foreword of their report, 'No More Lost Generations', Nick Raynsford MP and Lord Best state, "We cannot tolerate continuing mass unemployment among young people in Britain, when there is such scope for increasing training, apprenticeships and employment..."

This is a sentiment also echoed by business owners.

Research by UKCES, shows that business owners are keen to expand opportunities for young people. Over a third of UK businesses (34%) say that they plan to offer young people formal apprenticeships in the future, more than double the number currently offering such training (15%).

Businesses also clearly recognise the benefits of engaging with young people. 44% of UK businesses offered young people access to work placements or 'work inspiration activities' (e.g. mock interviews). In many cases the reasons were altruistic, helping young people to be better placed to obtain employment, but increasingly businesses are seeking

to engage with young people to aid their own recruitment and succession plans (28% of businesses cited this as a reason for engaging with young people).

Such opportunities are not just limited to people in education, but increasingly businesses are looking to increase their engagement with young people who are currently unemployed.

One of the reasons why businesses are more willing to engage with young people is their increasing experience of skills shortages.

UKCES' skills survey found that businesses are reporting that skills shortages are an increasing barrier to recruitment – one in five vacancies now prove difficult to fill for this reason.

What's more, this growth in skills shortage vacancies has significantly outpaced vacancy growth as a whole, encouraging businesses to look at new ways to solve the problem.

Such gaps are holding businesses back. In 95% of cases where businesses were experiencing a skills shortage vacancy, they reported that it was negatively impacting their business.

Certain sectors are more in need of an injection of skills than others, in particular:

- Skilled Trades: 39% of vacancies caused by lack of skills amongst potential recruits
- Professionals: 30% of vacancies
- Manufacturing: 30% of vacancies

There are also emerging areas of skills deficiencies including business services and health and social work.

With such a growing need, it is clear that the ability to match talent to business is going to be crucial to help find our lost generation. We need to do all we can to ensure young people are ready to match the job opportunities that clearly exist, both now and in the future.



## A CLEAR PATH – YMCA'S MANIFESTO FOR CHANGE

For the reasons already outlined, we believe it is vital that the right action is taken now to tackle the issues faced by many young people in our society, whilst at the same time meeting the growing needs of business.

Central YMCA's manifesto outlines what we believe the next government should do **to help create, provide and improve pathways into employment for young people.**

We offer our ideas, through YMCA Training, for how society can best support and nurture our young talent in their defining post-school years.

We've made eight recommendations that we wish to see implemented:

1. A review into how Ofsted grades training providers who run programmes for hard-to-reach groups with lower attainment levels.
2. Greater workplace engagement between schools and local businesses to help young people prepare for work and training.
3. Expansion of full recovery of training costs to those aged 19 and older in certain sectors where it's not possible to employ younger apprentices.
4. A review of careers guidance policy in schools to better help young people make crucial decisions about their futures.
5. Removal of the 16-hour rule for young people in full-time skills study programmes that improve their employability.
6. An end to the negative impact on housing benefit of non-dependent apprentices' earnings, which is causing young people to abandon their training.
7. Prompt conclusion of and reporting on Trailblazer pilot phases, to ensure related funding models provide greater flexibility.
8. An inquiry into the effectiveness of Jobcentre Plus in getting young people into work, to improve service and increase partnerships with training providers and local businesses.

**For more detail, please [click here](#) to read our full manifesto.**



## TWO FUTURES: WHAT WE WIN OR LOSE

Reducing the numbers of young people not currently in education, employment or training by an extra 10% (on top of any natural gains caused by economic recovery) would have a dramatic impact on our nation.



Reducing the number of NEETs by 95,400 (10% of the current total) would mean:

Area of Saving	Value of Saving Caused by 10% Reducing in NEETs
Public Finance: the cost to the public purse in the form of benefits, lost tax revenues, National Insurance etc...	£5.371 billion by finding employment for 95,400 NEETs over their lifetime
Resource Cost / Saving: the wider financial impact on the economy, communities and family members	£9.950 billion by finding employment for 95,400 NEETs over their lifetime
Crime: the cost caused by the impact of crime and resulting cost to the public purse e.g. courts, prison etc.	£20 million the annual saving to the public purse on crime related expenditure by reducing youth unemployment by 10%
Productivity: the amount gained in increased productivity	£280 million the annual gain to economic productivity from having an extra 95,400 young people usefully employed



The scale of the financial opportunity is obvious:

- **£15.32 billion over their lifetime**

By preventing 95,400 young people from becoming NEETs, over £15.32 billion is gained by the public purse, the wider economy and their families over those people's lifetimes – 2% of the total annual public expenditure. Plus £160,600 for every single person subsequently helped to avoid becoming NEET in the future.

- **£300 million each year**

An annual gain of £300,814,575 from the resulting reduction in crime and increase in the UK's productivity from the 10% reduction in NEETs.

**Sources:**

Public Finance and Resource Cost calculations based on data from "Estimating the life-time cost of NEET: 16-18 year olds not in Education, Employment or Training" July 2010, Research Undertaken for the Audit Commission by University of York; Crime and Productivity calculations based on data created for Prince's Trust "Cost of Exclusion Report" – April 2007



## YMCA TRAINING – HELPING YOUNG PEOPLE

YMCA Training is a national charity working from dedicated locations and employer premises throughout England, which aims to transform the lives of young people and adults through work related training and employment support.

At YMCA Training we believe in setting inspiring goals and working closely with individuals all over the UK to develop personal, vocational and work-related skills.

We work with individuals, no matter what age or stage of life they're at, offering them a supportive environment within which to develop.

Our staff are dedicated to providing high levels of support, guidance and commitment to learners, making sure that each participant achieves their full potential.

We take a strong partnership approach to our programmes, working with the Skills Funding Agency, Young People's Learning Agency, Connexions, Jobcentre Plus, local and national employers, local authorities and schools to deliver courses that respond to the needs of individuals and their local community.

We also work closely with the employees at partnership companies, offering flexible and tailored training courses in-house. In the last five years, companies such as Tesco and B&Q and organisations such as the British Heart Foundation, have benefited from offering YMCA training courses in key skills and NVQs to their employees.



## Our range of programmes include:

- Inspired to work and vocational qualifications, supporting young people fresh out of school and preparing them through different pathways and experiences to the world of work.
- Traineeships, for those from 16 to 24 years old preparing young people for their future careers by helping them to become “work ready” providing essential work preparation training, maths and English and work experience needed to progress to an apprenticeship or other job.
- Apprenticeships, advanced apprenticeships and higher level qualifications – equipping people with skills and qualifications while they earn.
- Specialised training to suit local community needs, working with specialist groups to mentor, support and progress young mums and the unemployed.
- Bespoke training arm to SMEs and large employers, delivering a training provision to suit their needs and development of their existing staff.
- Specialist functional skills support in english and maths to individuals, SMEs and large employers.
- Strategic recruitment arm to employers, supplying a recruitment package to secure their new generation of workforce.

**Find out more at our website  
[www.ymcatraining.org.uk](http://www.ymcatraining.org.uk)**



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