



POLICY BRIEFING NOTE: 8

This is the eighth of a series of short Policy Briefing Notes published by Careers England
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“NO MORE NEETS: A PLAN FOR ALL YOUNG PEOPLE TO BE LEARNING OR EARNING”

Institute for Public Policy Research
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“IPPR Paper Suggests Youth Allowance And Guarantee”:

Policy Briefing Note from Careers England lifting key points from the IPPR report.

1. This paper “*No More NEETS*” from the IPPR think tank sets out a strategy for radically increasing the proportion of young people who are learning or earning, by fixing what the IPPR calls “*the broken school-to-work transition system and establishing a distinct work, training and benefits track for those aged 18–24.*”
2. ***This approach is underpinned by two new initiatives: a youth allowance, to keep young people out of the adult welfare system, and a youth guarantee, to ensure they stay in touch with the labour market.***
3. There are over a million young people who are not in education, employment or training (NEET) in the UK, equivalent to almost a fifth (18 per cent) of all 18–24-year-olds. This is a huge waste of individual potential and imposes large, long-term costs on society.
4. The IPPR proposals draw on lessons from previous reforms in this area, as well as international insights. Just 4 per cent of 15–24-year-olds in the Netherlands and 7 per cent in Denmark are NEET, compared to 14 per cent in the UK. In these countries, young people are kept out of the adult welfare system and are directed to complete their initial education before entering the workplace. This is underpinned by conditional financial support, with routes to inactive benefits closed off. Both countries also boast high-quality vocational training and apprenticeship systems.



5. Weaknesses in the school-to-work system come at a significant cost to the taxpayer. In 2011/12, £2.5 billion was spent on out-of-work benefits for the under-25s; a further £6 billion was spent on other benefits and tax credits for this group. Over half (52 per cent) of young people claiming ESA (and incapacity benefit) have been doing so for over a year, as have 61 per cent of under-25s on income support. Young people who fail to attain a good education or make early connections to the labour market face a far greater risk of future periods of unemployment and low earnings.
6. The IPPR says that it is impossible to reduce the number of 18–24-year-olds who are NEET to zero – there will always be short periods when a young person is in a state of transition – and a return to sustained economic growth is a precondition for the headline rate of youth unemployment to fall. However, unlike previous reforms, the IPPR’s new proposals directly address the well-known weaknesses in this country by ensuring that young people can complete their initial education and gain practical work experience, while not drifting into inactivity.
7. **There are three key planks to the IPPR’s proposed strategy:**
 - ***A youth allowance should replace existing out-of-work benefits for 18–24-year-olds and provide financial support for young people who need it, conditional on participation in purposeful training or intensive job-search. Access to inactive benefits should be closed off for all but a very small minority. To pay for this substantial expansion of financial support for young people who are currently NEET or in further education, the youth allowance should be paid at a standard rate and be means tested on the basis of parental income until the young person is over the age of 21. This would mirror the rules for access to the higher education maintenance grant. There should also be a presumption that young people are housed by their parents until they are over 21, with exceptions for those with a child, a disability or in employment.***
 - ***A youth guarantee should be established that offers young people access to further education or vocational training plus intensive support to find work or an apprenticeship. For those not learning or earning after six months, paid work experience and traineeships should be provided, with no option to refuse and continue receiving the youth allowance. The youth guarantee would ensure that young people can complete their initial education and gain practical employability skills, while not drifting into inactivity. To pay for this substantial expansion of provision for young people, expenditure on 18–24-year-olds in the Work Programme should be re-directed, along with adult skills and apprenticeship funding for over-24s. In addition, parents’ entitlement to child benefit and child tax credit should cease at the end of the school year after their child has turned 18, when their entitlement to youth allowance begins.***
 - ***The government should set national objectives and priorities for the youth guarantee, but the leadership of local areas should be mobilised to organise and deliver it. Decentralisation should start with London and the eight ‘core cities’ in England taking on resources and responsibility for their young people. These cities***



should establish strong governance arrangements, including a central role for employers, along with plans for commissioning a diverse network of local providers. In other parts of England the youth guarantee should be commissioned nationally and delivered through existing agencies and providers (with local input wherever possible). In every area, the personal adviser model should be paramount and data on performance against headline national objectives should be regularly published. To increase opportunity and drive employer engagement, large firms that do not offer apprenticeships for young people should pay a 'youth levy' to train and prepare the future workforce.

8. This IPPR report also sets out cost estimates for the new proposals and funding measures, including options to further limit or offset costs in the long term.
9. The IPPR believes that there is evidence to suggest this reform could attract widespread public support.
10. In polling conducted earlier this year by YouGov for IPPR, 60 per cent of people said they would support 'Keeping young people out of the adult welfare system, restricting their access to things like disability benefits and social housing, but providing financial support for and greater access to education, apprenticeships and opportunities for work-with-training'. The proposal was strongly supported by Conservative, Labour and Liberal Democrat supporters alike.

IPPR REPORT

NO MORE NEEDS- A PLAN FOR ALL YOUNG PEOPLE TO BE LEARNING OR EARNING- GRAEME COOK

http://www.ippr.org/images/media/files/publication/2013/11/no-more-needs_Nov2013_11516.pdf

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