



The **Found**
Generation

Tackling Youth Unemployment and Preventing a 'Lost Generation'.

MANIFESTO FOR YOUTH EMPLOYMENT

*A detailed, cross-party, blueprint for the next
Government – written by young people*

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April 2015

INTRODUCTION

As we approach the 2015 General Election, it is worth remembering that youth unemployment is still far too high. Despite recent falls in youth unemployment, the latest statistics suggest that 743,000 16-24 year olds are unemployed (with 202,000 unemployed for over 12 months) and that the youth unemployment rate (16.2%) is still several times higher than the adult unemployment rate (5.7%). This is despite the fact that there have been countless reports, studies and research papers in the last few years which make recommendations as to how to reduce youth unemployment.

This is unfortunate, as the damaging effects of ongoing youth unemployment are well-established. Reports from the Prince's Trust, the ACEVO Commission on Youth Unemployment and others suggest that youth unemployment costs billions of pounds of taxpayer's money every year and deprives the economy of billions of pounds every year in lost economic output. It also leads to serious 'scarring' effects on young people, including an increased likelihood of unemployment in later life, an increased likelihood of suffering health problems such as depression and an increased likelihood of committing criminal offences. It is also significant that several key reports in the aftermath of the 2011 riots in England all identified youth unemployment as a cause of the riots.

After the election, it is clear that the next UK Government – regardless of which political party or parties it is formed from or whether it is a majority, minority or coalition Government – will need to take further steps to tackle youth unemployment. This document – which is a cross-party Manifesto for Youth Employment prepared by young people – sets out what these steps could be. Since The Found Generation was set up in 2012, we have conducted extensive research, attended numerous events, spoken to many politicians, employers, young people and other stakeholders and have been actively involved in the public and political debate on youth unemployment. This document is the end result of months and years of work, drawing together as many as possible of the key ideas which have arisen from our research into the area and our personal experiences of youth unemployment.

In this Manifesto, we put forward a total of 32 policy proposals for the next Government to act on. This includes a comprehensive set of 30 substantive policy proposals on three key areas – (1) creating more jobs, apprenticeships, work experience and self-employment opportunities for young people; (2) reforming the education system to prepare young people for the world of work; and (3) reforming the welfare system to ensure it provides more support to help young people out of unemployment. We also make two proposals on youth unemployment policy development and co-ordination – creating a Minister for Youth Employment and setting up local youth employment partnerships across the country – which could help to implement our substantive proposals.

Some politicians have recently begun to suggest that they wish to “*abolish youth unemployment*”. That is an ambitious and worthy goal which should be a top priority for the next Government. We have set out a detailed, comprehensive blueprint in this Manifesto which, if followed, would bring us much closer to this goal by significantly reducing youth unemployment both now and in the long-term. Our proposals are evidence-based, have been proven to work, have extensive support – often including cross-party political support – and could in many cases be implemented with little or no difficulty as many of them do not even need an Act of Parliament. We therefore hope that the next Government – regardless of their political affiliations – will implement as many of these proposals as possible and give a fair deal to young people.

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PART 1:
CREATING MORE EMPLOYMENT, SELF-
EMPLOYMENT, APPRENTICESHIP AND
WORK EXPERIENCE OPPORTUNITIES FOR
YOUNG PEOPLE

1) Providing additional financial support for young people to set up a business or social enterprise

We believe that there needs to be a culture change in our society to encourage more young people to set up their own businesses. Self-employment needs to be seen by young people – and their parents, teachers, careers advisers etc – as an ‘acceptable’ career choice. This should also include social enterprises – businesses which are driven by a social and/or environmental purpose, generate the majority of their income through trade and reinvest the majority of their profits in achieving their social and/or environmental purposes.

The benefits for young people – and the country as a whole – are clear. According to a report from 2012 by Lord Young, the Prime Minister’s Enterprise Adviser, if the UK had the same level of entrepreneurship as the USA, the UK would have an estimated 900,000 additional businesses. That is at least 900,000 additional jobs. In practice the number of jobs created would actually be even higher, as those businesses would create additional employment opportunities as they grow and expand. These businesses or social enterprises would also lead to wider benefits for local communities and for society generally. In addition, even if their attempt to set up a business or social enterprise does not work out, young people will still pick up valuable skills and experience which could generally improve their chances of finding suitable employment opportunities.

One of the biggest barriers that young entrepreneurs face is a lack of finance to start their business. Often young entrepreneurs are looking to set up microbusinesses and require only small loans (normally in the region of £5,000 to £10,000). Yet for banks, commercial loans for young people are high risk and promise low returns which means they are unwilling to offer them.

One key alternative source of finance for young people with a feasible business idea is StartUp Loans, a government-funded scheme which provides loans (as well as mentors and advice) to anybody living in the UK of at least 18 years of age, in order to help start a business. This is done through various delivery partners. This scheme was inspired by the Prince’s Trust Enterprise Programme, which is a highly successful programme for 18-30 year olds but only caters for a small proportion of the demand for business finance.

We welcome the StartUp Loans initiative and we believe it has been a broadly successful scheme. However, the eligibility for the scheme has since expanded to the extent that only 57% of the loans which are granted at present go to 18-30 year olds – suggesting an even lower figure for 18-24 year olds – despite the fact that the scheme initially started up in 2012 just for 18-24 year olds. We believe that StartUp Loans should be refocused to ensure it provides support to more 18-24 year olds.

We propose that the next Government should refocus the StartUp Loans scheme on its original purpose and do more to tackle youth unemployment by significantly expanding the number of loans available to 18-24 year olds and potentially reserving a number of loans for 18-24 year olds.

The next Government should also expand this scheme to social enterprises (or set up a similar scheme to cater for them), consider expanding the number of grants on offer (as opposed to loans) for starting up businesses, and should work with banks to address the lack of business finance on offer to young people attempting to finance a business.

2) Providing additional mentoring, training, advice and other non-financial support for young people to set up a business or social enterprise

A key component of both the Prince's Trust Enterprise Programme and the StartUp Loans scheme referred to above is that, in addition to funding, they provide prospective entrepreneurs with business mentors, training courses and other sources of advice and guidance on how to set up and run a business. These cover important areas such as writing business plans, marketing, sales, raising capital, budgeting, taxes and the basics of business & employment law.

This 'soft' support is just as important as finance to the success of a business, if not more so. However, mentors, training and advice are not always readily available to young people who would like to set up a business, but who are not part of programmes such as StartUp Loans.

We believe that in the long term this matter should be largely addressed through good quality enterprise education and mentoring programmes, as described elsewhere in this Manifesto. However, in the meantime it is important that young people receive accurate and helpful advice on how to establish and sustain their business, particularly young people who have already left the education system. This should be provided regardless of whether they are going through a Government-backed programme such as StartUp Loans or New Enterprise Allowance.

This can to some extent be provided through appropriate online guidance but we also believe that the Government could consider providing a clear, free, advice service for young entrepreneurs staffed by business and enterprise experts – perhaps through an existing institution like the National Careers Service. This service could also pair up young entrepreneurs with business mentors, particularly where those entrepreneurs are not part of an existing government scheme like StartUp Loans.

There are also more intensive steps which can be taken to help provide more of a clear route into entrepreneurship. For example, 'Enterprise apprenticeships', as proposed by the Social Economy Alliance, could be an important route out of youth unemployment. These would ensure that young people can start their own business or social enterprise while being mentored and gaining experience in a host enterprise, operating in the same sector or a similar sector. The young person could also study with a college or other education provider during this period. Similar schemes are already in place for university graduates, such as Entrepreneur First and Year Here. These are, in our view, high-quality, successful schemes, but they are very selective and receive many more applications than places. We believe that there should also be additional graduate entrepreneurship schemes available to cater for the substantial demand among young people.

We propose that the next Government should invest in developing clear guidance that is relevant, easy to understand and accessible for young people starting up a business or social enterprise. This could build on the guidance available for users of the StartUp Loans scheme. It should be primarily available online and should also be supplemented by a free advice service, provided via a free telephone and e-mail or instant messenger support service and free face to face advice meetings. This could potentially be managed by an existing organisation, such as an expanded and reformed National Careers Service. This service could also offer to pair young entrepreneurs with experienced business mentors.

We propose that the next Government should take steps to create, or encourage the creation of, high-quality national apprenticeship and graduate schemes for young entrepreneurs. These could be based on successful schemes like Entrepreneur First or Year Here.

3) Offering more generous financial grants and other support to SMEs for hiring young apprentices

Apprenticeships can provide significant benefits for businesses and the wider economy e.g. reducing staff turnover, increasing productivity, addressing skills gaps. According to the Centre for Economics and Business Research, apprenticeships made a contribution of around £34 billion to the UK economy in 2014. They can also provide significant benefits to young people including work experience, on the job training, developing employability skills, earning a wage and studying towards a qualification.

Creating more apprenticeships for young people is therefore a critically important step in reducing youth unemployment. However, many of the apprenticeship starts in recent years have been by apprentices aged 25 and over, some of whom are on 're-badged' schemes and/or would have probably received similar training anyway without doing an apprenticeship – the key difference being that apprenticeships are backed by taxpayers' money. We believe that much more needs to be done to incentivise employers to take on 16-24 year olds as apprentices.

For small and medium sized enterprises (SMEs), the cost of upfront recruitment and training costs can be a barrier to offering apprenticeships, and to overcome this barrier it can be useful to offer grant payments. We support the Apprenticeship Grant for Employers (AGE) scheme and believe that it has been successful in encouraging smaller employers to take on young apprentices. From 1 January 2015, employers with fewer than 50 employees who have not taken on an apprentice in the previous year, may claim grants under AGE of up to £1,500 for each apprentice they employ between the ages of 16 and 24. This can be done for a maximum of 5 young apprentices.

However, this represents a significant contraction of the scheme. When it was first introduced in 2012, AGE covered employers with fewer than 250 employees and could provide grants for up to three young apprentices. The eligibility requirements were subsequently relaxed to cover employers with fewer than 1,000 employees, providing grants for up to 10 apprentices, before the latest changes took effect.

Furthermore, although AGE has been successful in encouraging some employers to offer apprenticeships to young people, the vast majority of employers are still not doing so. The current grant available does not appear to reflect how much harder it is for SMEs (and particularly micro-businesses) to take on an apprentice than a larger business. They have to take on a greater proportion of risk, are often more cash constrained and they are less likely to have Human Resources (HR) support to set up and manage an apprenticeship programme. To account for these extra barriers, a more generous grant could be offered to the smallest employers – as suggested in the Richards Review and elsewhere.

We are also concerned by the varying level of youth unemployment and the varying availability of apprenticeships for young people in local areas. This could be addressed by providing more generous grants under AGE in areas of particular concern to provide an extra incentive to SMEs. For example, in London, SMEs are already able to apply for a grant of up to £3,000 per young apprentice, compared to the £1,500 available elsewhere, thanks to funding from the Mayor of London. According to the Greater London Authority, a 3-month trial period of the increased grant which ran in 2013 led to the number of AGE-supported apprentices hired in London increasing by 25%.

It is, however, not enough to provide financial support on its own. For smaller businesses, taking on an apprentice is more risky than for larger businesses not just because of financial concerns but also because it requires significant investment in terms of time and resources. In addition, hiring an

apprentice and managing an apprenticeship programme can be bureaucratic and confusing. As a consequence, many SMEs find the apprenticeship system inaccessible and require a more supportive structure.

We believe that to further decrease the risks of hiring an apprentice, the National Apprenticeship Service should provide a more tailored service to SMEs and should encourage the expansion of more intermediary and support organisations, such as Group Training Associations or Apprenticeship Training Agencies. These can potentially offer support to SMEs which may not have the resources or experience to effectively run their own apprenticeship programme or may have difficulty navigating the web of providers. The NAS could also offer additional support such as having account managers who specialise in supporting small businesses and could provide small businesses with tailored information and guidance on areas like training requirements, or it could offer SMEs support with recruitment of young apprentices – for example by providing template interview questions and employability skills tests.

We are also attracted by the recent proposal from Lord Adonis in his Growth Review that Local Enterprise Partnerships (LEPs) should do more to encourage and support employers in local areas, particularly SMEs, to recruit, mentor and train apprentices, including through the development of ‘one stop shop’ regional Business Hubs. These would promote national business support schemes and signpost these to businesses but would also play a significant role in promoting and supporting apprenticeships in local areas. We are not sure if LEPs are the best vehicle for these changes (due to their failure to appropriately represent young people – as covered elsewhere in this Manifesto), but we do believe that the NAS should work with local organisations – whether they are LEPs, local youth employment partnerships or other stakeholders – to promote and support apprenticeships in local areas. For example, the NAS could work with local stakeholders to encourage the creation of more smaller-scale local intermediary organisations to help SMEs build, develop and manage apprenticeship programmes.

We propose that the next Government should amend the AGE scheme from January 2016 to provide for more generous payments to employers of a certain size. This could be done by offering a larger grant for the first young apprentice, with smaller grants being offered for subsequent apprentices.

We propose that the next Government should also, from January 2016, amend AGE to provide for more generous grants for SMEs to hire young apprentices in areas of high youth unemployment, similar to the more generous scheme being offered to SMEs in London.

We also propose that the next Government should review the general AGE scheme on taking office and consider relaxing the eligibility requirements from January 2016.

We propose that the next Government should reform the National Apprenticeship Service (NAS) to improve the support it gives to SMEs such as providing specialised advisers, tailored information and guidance, and support with recruitment and training.

We also propose that the next Government and the NAS should work actively with LEPs or other local stakeholders across the country to promote apprenticeships and to offer support to local employers, particularly SMEs, to hire young apprentices.

4) Improving the reputation and brand of apprenticeships

We believe that apprenticeships should be considered the 'gold standard' of work-based training and synonymous with high quality. However, apprenticeships have a poor reputation among many employers, young people, parents, teachers and careers advisers. This is disappointing, particularly given the benefits of apprenticeships which we have already outlined. We are pleased that some positive steps have already been taken to address this – such as requiring apprenticeships to last for at least a year – but more needs to be done.

One way in which the apprenticeship brand should be improved is by encouraging an increased take-up of more advanced, or 'higher', apprenticeships, particularly by young people. In other European countries such as Germany, we understand that the vast majority of apprenticeships are 'Level 3'. The UK compares poorly to Germany in this regard as our apprenticeships are largely at 'Level 2' (roughly equivalent in skills levels to GCSEs). Level 3 apprentices are more economically valuable, play a greater role in tackling our skills crisis and rightly have more prestige in the labour market, yet young people are not always encouraged to go for the higher level. We believe that steps should be taken to significantly increase the number of young people doing Level 3 apprenticeships.

There is not only the issue of the low quality brand of apprenticeships, but also a lack of awareness of them and the potential business benefits they bring, and this is especially true amongst SMEs. Much more needs to be done to raise awareness of apprenticeships and their benefits to employers.

Additional steps also need to be considered to raise awareness of apprenticeships and to make them more attractive to young people (as well as teachers, careers advisers, parents etc). This is partly addressed by the Education section of this Manifesto, but there are other steps which could make apprenticeships more attractive. For example, the National Minimum Wage (NMW) for apprentices is currently £2.73 an hour, compared to an hourly rate for 16-17 year olds of £3.79. As a report by the National Union of Students has recently highlighted, these low wages are not enough to cover basic expenses such as travel, rent and food – and far too many apprentices are not even paid this legal minimum. Although the Government has recently announced the apprentice NMW rate will increase to £3.30, which is very welcome, this increase would still be some way below the NMW rate for 16-17 year olds. We believe there is a case for harmonisation of the two rates.

We propose that to improve the brand of apprenticeships and to ensure they are of maximum value for young people entering the labour market, the next Government should ensure that all Level 2 apprenticeships include an automatic right for the apprentice to progress to a full Level 3 apprenticeship. For example, an apprenticeship could run initially for one year (for Level 2) but could be expanded to run for an additional year (for Level 3), if an apprentice decides to exercise this right.

We also propose that the next Government, through the National Apprenticeship Service, should do much more to raise awareness about the benefits of apprenticeships and should work closely with local business groups such as LEP's, Chambers of Commerce and Sector Skills Councils to do more to promote apprenticeships through their business networks and to be ambassadors for apprenticeships in their local areas.

We also propose that the next Government should increase the National Minimum Wage (NMW) hourly rate for apprentices to match the NMW hourly rate for 16-17 year olds. The next Government should also take steps to strictly enforce compliance with the NMW apprentice rate and work closely with the NAS and employers to ensure that apprentices are paid more than the NMW wherever possible.

5) Increasing the number of apprenticeships for young people in the public sector

The public sector is a huge employer which could collectively play a significant role in reducing youth unemployment, including by taking on more young people as apprentices. Lord Adonis, in a 'Growth Review' report published by Policy Network in July 2014, noted that although the public sector employs one in five of the country's workforce, it only hires around one in ten apprentices.

We believe that national and local Government – and the public sector generally – should do much more to take on young apprentices. If the public sector increased the number of apprenticeships on offer for young people to correspond with its size, it would significantly reduce youth unemployment and would set a very welcome example to the private and voluntary sectors, encouraging them to go further on offering apprenticeships to young people.

We do welcome the Government's recent progress on this issue, particularly in the last couple of years. Its Civil Service Apprenticeship Scheme has grown quickly and is now offering apprenticeships to 750 young people from September 2015, comprised of 450 Civil Service Fast Track Apprenticeships (at Level 4), including 50 dedicated Cyber Security apprenticeships, and 300 new Operational Delivery Apprenticeships (at Level 3). This is a very significant and welcome increase from the 200 apprenticeships available through the scheme in 2014.

However, we believe the Government can go further and could continue to increase the size of the scheme. Although the Apprenticeship Scheme will take 750 apprentices in 2015, the Civil Service is over 400,000 strong.

Similar schemes could also be adopted by local government and the rest of the public sector. We are already aware of a successful national graduate scheme for local government, the National Graduate Development Programme, which is run by the Local Government Association. However, we are not aware of any similar scheme for apprentices in local government – we believe that the next Government should work with the Local Government Association to develop one.

These steps will help to address the under-representation of young apprentices in the public sector, will ensure that the public sector takes on an appropriate number of young apprentices for its size and will lead to a significant reduction in youth unemployment. They will also ensure that all parts of the public sector have access to the various benefits which apprentices offer.

We propose that the next Government should continue to significantly increase the number of apprenticeships available on offer every year through the Civil Service Apprenticeship Scheme. For example, we suggest that the number of apprenticeships on offer through this scheme should number at least 1,000 per year by 2016.

We also propose that the next Government should require every part of the public sector to run a dedicated apprenticeship scheme for young people, drawing inspiration from the Civil Service Apprenticeship Scheme. In particular, the next Government should work with the National Apprenticeship Service and the Local Government Association to develop a national apprenticeship scheme for local government, taking inspiration from the LGA's National Graduate Development Programme.

6) Reducing the financial costs to employers of hiring young people

One important way to incentivise employers to hire more young people is to try and reduce the financial costs of hiring young people. To be clear, we are not referring to cutting wages for young people – but to reducing other financial costs associated with employing young people such as training costs or National Insurance contributions (NICs). This is particularly important for SMEs – unlike larger businesses they have much less money to spare.

One way to do this is to reduce NICs which employers are normally required to pay for each employee. This is described by some as a ‘jobs tax’ and it is something which the current Government has already made significant progress on. For example, it has already implemented an ‘Employment Allowance’ which allows many employers to reduce the amount of NICs they pay for their employees generally by up to £2,000. The Government has also introduced steps to abolish NICs for employers who take on young apprentices or who employ young people aged under 21.

We wholeheartedly welcome and support these initiatives. However, we believe that the Government could have gone further. In particular, we do not understand why the Government has limited the general exemption from NICs for employers taking on young people to those under the age of 21. Youth unemployment – as strictly defined – affects 16-24 year olds, not just 16-20 year olds and we are not aware of any justification for excluding 21-24 year olds from this policy and disadvantaging this group. When proposals to reduce or refund NICs for young people have been made in the past few years – for example, the CBI’s ‘Young Britain Credit’ proposal from 2011 – it is notable that such proposals have always been intended to apply to 16-24 year olds generally.

Although there has been recent progress to reduce costs for employers to hire young people generally, we believe that more could also be done to encourage employers to take on young people who are talented but have one or more significant barriers to work e.g. poor qualifications, health problems, or long-term unemployment. This is, of course, challenging as employers can tend to view these young people as a ‘risk’ and they are unwilling to incur significant financial costs on employing them. In such cases, taking steps such as cutting National Insurance contributions will not be enough on their own to provide an appropriate incentive to employers.

We suggest that this could be tackled by piloting a scheme which provides personalised financial and other support to employers and to the young people they employ. This will be expensive – and it will require proactive, sustained involvement from institutions such as Jobcentre Plus. However, it will be a lot less expensive for the taxpayer in the long run to get these young people into work than continuing to pay the costs that they incur on the benefits system, the health system and society generally.

We propose that the next Government should exempt employers from paying National Insurance contributions for any young people they employ under the age of 25. We also recommend that this and other National Insurance exemptions are advertised to employers, particularly SMEs, through a widespread publicity and awareness-raising campaigns both nationally and locally.

We propose that the next Government should pilot the introduction of a scheme in areas of high youth unemployment to incentivise employers to hire disengaged or vulnerable young people. This should include a significant financial incentive – such as a rebate from corporation tax or business rates – which should be higher than the incentives offered by National Insurance cuts or unsuccessful schemes like the Youth Contract. This should be combined with free, personalised support from an appropriate organisation or agency such as Jobcentre Plus or the local authority, who can support the employer and employee and intervene if necessary.

7) Increasing the number and variety of employers who offer graduate programmes to young people

The benefits to employers of taking on university graduates and running formal graduate schemes are reasonably well-established. However, the job market for university graduates is dominated to a significant extent by large employers such as law firms, management consultancies and investment banks. These employers run very popular graduate schemes. Being accepted onto one of these schemes is considered by many graduates to be a 'normal' or 'expected' route into employment after university – to the extent that opportunities with other employers are often side-lined and ignored.

Given the level of activity on university campuses by larger employers and their dominance of events such as university careers fairs, this is perhaps unsurprising. However, the larger schemes are not enough on their own to fulfil the demand for graduate-level jobs. In addition, undertaking a graduate scheme with other employers – such as an SME, local authority, Government department, social enterprise or charity – can often be more suitable for many university graduates. This is because these organisations are in many cases more likely to provide significant responsibility, more hands-on experience and a better work-life balance. Graduates in smaller organisations are also less likely to feel like a small cog in a big machine, which can sometimes happen with larger employers.

There is a significant lack of awareness among graduates about SMEs as employers and the opportunities that SMEs can and do offer. This is despite the fact that the vast majority of jobs in the UK are created by SMEs. We believe that much more could be done by the Government to raise awareness of and to encourage the creation of more graduate opportunities in SMEs. Much the same applies to voluntary sector employers including social enterprises, charities and other voluntary organisations. There are some highly successful schemes in place already, including Year Here, Charityworks and the new 'Worthwhile' graduate scheme (developed by the Student Hubs charity, based on their previous graduate scheme) as well as programmes such as City Year.

The next Government could also take steps to expand the use of graduate schemes across the public sector, particularly in government departments and agencies and local authorities). One example could be working with the Local Government Association (LGA) and local authorities to expand the LGA's National Graduate Development Programme and/or to encourage the creation of in-house graduate schemes by more local authorities. In terms of national government, the Civil Service Fast Stream programme could be reviewed to consider if it could be expanded to recruit more graduates and/or to place graduates in a wider range of government departments or non-departmental public bodies. Alternatively, the Government could use the example of the Department for International Development (DfID) Graduate Development Scheme to create more graduate schemes for specific government departments and agencies.

We recommend that the next Government should, on taking office, take appropriate steps to encourage more SMEs and voluntary sector organisations to set up and run graduate schemes and take on more graduates. This could include drawing inspiration from successful graduate programmes run by organisations such as Year Here, Worthwhile, Charityworks and City Year.

We also recommend that the next Government should work to develop and implement more graduate schemes across the public sector. This could include working with the Local Government Association to encourage more local authorities to join the LGA's National Graduate Development Programme or to use it as a template for their own in-house graduate schemes. This could also include expansion of the Civil Service Fast Stream programme, or the creation of more specific departmental graduate schemes like the DfID Graduate Development Scheme.

8) Expanding the use of public sector procurement to create more jobs and other opportunities for young people

As we highlighted in our July 2014 report, 'Practical Solutions to UK Youth Unemployment', every year the public sector spends hundreds of billions of pounds of taxpayers' money on purchasing goods and services from external sources through procurement. We believe that at both a national and a local level, public sector procurement contracts should support and improve communities' long term economic, social and environmental wellbeing and benefit the economy generally.

However, it is widely acknowledged that public sector procurement has not been fulfilling its full potential and that it has not been anywhere near as effective as it could be in contributing towards these broader goals. This is despite the fact that the Public Services (Social Value) Act 2012 now requires public authorities to award certain procurement contracts above certain thresholds on the basis of wider value – including social and economic requirements – rather than focusing just on the lowest price on offer.

We believe that this can easily be changed, in particular by actively using public sector procurement contracts to help young people into employment. This not a new idea – as we identified in our previous report, there is significant support across the political spectrum for public sector procurement to be used more effectively to reduce unemployment, and particularly youth unemployment. This will not just benefit young people, the society and the economy but it will also save taxpayers' money in the long run by reducing the scarring effects of unemployment and improving the productivity of young people. There are clear precedents available and systems in place which government departments, local authorities and other public sector bodies can adopt to evaluate procurement bids according to the opportunities they create for young people. For example, in our previous report, we highlighted how procurement changes adopted by the Department for Work and Pensions (DWP) had led to around 2,000 apprentices being employed by DWP contractors. These are just the figures we are aware of – the true numbers may be even higher.

Although responsibility for choosing the contractor ultimately lies with the body awarding the contract, this should be strongly encouraged by central government and rolled out across as many public sector bodies, Government departments and local authorities as possible. This could be done by ensuring a single Government Minister is given responsibility for this policy, so that they can be held directly accountable for its success or failure.

Although we appreciate that the specific terms and requirements of such an initiative will vary according to the needs of local communities and the nature and sector of the contract, we suggest that, where appropriate, procurement contracts should stipulate specific measures to help young people into work. Although this is often spoken about specifically with regard to apprenticeships (for example, it is often suggested that at least one apprentice should be hired for every £1 million worth of a contract – so a contract worth £5 million would lead to the hiring of at least five apprentices), we believe that this should be expanded into other opportunities for young people including traineeships and prioritising local young people when offering job opportunities.

Where strict requirements of this nature are felt to be inappropriate, contracts could still include requirements for contractors and sub-contractors to "*take all reasonable steps*" (as required by the Department for Work and Pensions) or to use their "*best endeavours*" (as required by the London Borough of Lewisham) to help young people. This would encourage contractors to think about their responsibility to society and require them to account for their efforts to employ young people to the public body with which they are contracting.

In March 2015 the Government announced that, from 1 April 2015, bidders for major government infrastructure projects will have to provide evidence of their commitment to developing the skills of the current and future workforce in order to be considered for contracts on those projects. These requirements will be placed in procurement contracts, monitored and may be used to inform future procurement decisions. The Government will also encourage similar requirements, where appropriate, to be implemented in lower value projects. This is fantastic news which will provide a vital boost to apprenticeship and training opportunities. This also means that Government policy has progressed considerably since our procurement proposals in July 2014.

However, while a welcome start, this announcement only a start. In particular, this announcement will, for the moment, apply only to government projects with a capital value over £50 million, which is a stricter limit than the threshold which we and others have suggested – namely that these requirements could apply to contracts which exceed a total value of £1 million. Although projects with a lower value may still be encouraged to include these requirements under the Government's new policy, we believe that the next Government could go further and we restate our previous proposals here.

We propose that the next Government should ensure that more public sector procurement contracts include clauses which encourage and incentivise contractors to employ young people. This could include graduate schemes and apprenticeship or traineeship opportunities as well as permanent jobs. This policy could be applied generally or to contracts above a certain threshold (for example contracts which exceed a total value of £1 million). The contractor should be accountable for this to the public authority they are contracting with.

We also propose that responsibility for ensuring this is rolled out across as many public sector bodies, Government departments and local authorities as possible should be assigned to a single Government Minister in the next Government, so that it is absolutely clear who has ultimate responsibility for the policy.

We do not propose a particular set of words to be used in procurement contracts – that would be at the discretion of the relevant public sector body. However, where possible the contracts should stipulate specific measures to help young people into work (e.g. one apprentice for every £1 million spent). If not, they should require contractors to take “reasonable steps” or use their “best endeavours”, mirroring clauses which have been used by the Department for Work and Pensions and the London Borough of Lewisham.

9) Creating or backing a nationally recognisable 'kitemark' for "youth friendly" employers

Since we were first set up in 2012, we have come across countless examples of good practice by employers who are actively helping young people into work or preparing them for the workplace. However, many employers are not providing these opportunities. For example, according to a recent survey of 18,000 businesses by the UK Commission for Employment and Skills (UKCES), published in February 2015, one in five employers nationally say that nothing could persuade them to offer any work experience opportunities. This is despite the fact that 66% of employers in the survey said experience is critical when recruiting new staff, which hints at a concerning 'pass the parcel' attitude among some employers. The report also raised concerns that young people are facing a 'postcode lottery' of opportunities, with employers in some parts of the UK being almost twice as likely to offer work experience to young people compared to employers in other parts of the country.

We believe that the next Government will need a game-changing policy to tackle this problem. Our suggestion is that the next Government should actively accredit and celebrate employers who are 'youth friendly'. This would not only give those employers who are already youth friendly a competitive advantage in their marketplace and among potential recruits (in a similar way to, for example, the Fair Trade logo), it would also spread awareness of youth unemployment and thus encourage and incentivise other organisations to act in a similar way. We believe that this would be an incredibly low cost, simple scheme but with the potential to open up a large number of opportunities for young people.

In our report last year on Practical Solutions to UK Youth Unemployment, we examined in detail the concept of the Youth Friendly Badge, which was created by the not-for-profit campaign group Youth Employment UK (a community interest company) in consultation with various employers. The Badge was created as a 'kitemark' which would publicly celebrate and recognise the commitment of employers who are being 'youth friendly' by offering jobs, apprenticeships or traineeships to young people; or offering other opportunities to support them into employment such as work experience, careers talks in schools or mentoring. To receive the Badge, employers were required to commit to a small number of 'youth friendly' activities and to sign up to a set of youth friendly 'behaviours'.

The Youth Friendly Badge had a number of key advantages. For example, it was free for all organisations, it was suitable for SMEs and was free to apply for. It is therefore no wonder that it has proved so popular. Many hundreds of employers, big and small, are currently holders of the Youth Friendly Badge. In addition to being held by many small employers, badge-holders include more well-known names such as Tesco and Santander, local authorities like Kent County Council and Corby Borough Council and numerous politicians, including the current Education Secretary, Nicky Morgan.

It would take very little effort or expense for the Government to adopt and promote this scheme – or something like it – across the public sector and to the private and voluntary sectors. This is particularly so since the Youth Friendly Badge has been replaced by a more streamlined Youth Friendly Charter from February 2015, making it even easier to use. The Charter removes the Badge's more formal process, replacing it with a set of key principles which employers can adopt.

We propose that the next Government should sign up to and actively support the Youth Friendly Charter 'kitemark', created by the not-for-profit Youth Employment UK campaign. We also propose that the next Government should do everything possible to ensure that the Youth Friendly Charter builds on the success already achieved by the previous Youth Friendly Badge scheme. For example, the Government could encourage all parts of the public sector awarded this kitemark to promote it to their suppliers and contractors, particularly SMEs.

10) Conducting a full review of internships, including their role in reducing youth unemployment

Internships are a type of work experience placement which are not strictly defined, although the Institute for Public Policy Research (IPPR) has noted that they tend to be distinguished from other work experience placements due to their length (typically months rather than weeks), the hours involved (closer to those of full-time staff), and the work involved (including work which would otherwise require a paid member of staff). Internships are a critically important way in which young people are provided with work experience, skills training, contacts and various other benefits which will help them to obtain a job.

However, unpaid internships are highly controversial, unpopular among many young people and potentially damaging to social mobility. For example, recent research from the Sutton Trust suggests that 31% of university graduates working as interns are working for no pay. The research also suggests that a 6 month unpaid internship will cost a minimum of £926 a month for a single person living in London, excluding transport costs (the figure is £788 in Manchester). This places many internships, and the opportunities opened up by them, beyond the reach of many young people who simply cannot afford to work for free. In addition, as the NUS Commission on the Future of Work has recently highlighted, young people who are unemployed and claiming Jobseeker's Allowance are generally not able to continue claiming the allowance whilst they undertake an internship – this is because the requirements of many internships mean interns will often be unable to accept offers of employment and unavailable to attend Jobcentre Plus appointments.

We believe the next Government should undertake a full review after the General Election on potential regulation of unpaid internships. This review should focus on and consider possible ways to make internships fairer for young people, for example considering if it is appropriate to place a statutory limit on the length of unpaid internships – after this limit, the employer would be required to pay the intern. According to the Intern Aware campaign, 65% of businesses back a proposed four week limit on the length of unpaid internships. The review should also consider other measures such as guaranteed training, references and interviews and guaranteed time off to attend Jobcentre appointments or job interviews elsewhere.

However, the review should also carefully assess the impact of unpaid internships – and the likely impact of any proposed reforms - on efforts to reduce youth unemployment. The benefits of internships (including unpaid internships) should not be ignored, particularly in the context of stubbornly high youth unemployment. It is well-established that work experience for young people makes it much more likely for a young person to find a job. For example, research by the Education and Employers Taskforce from 2012 suggests that young people who have experienced four or more employer engagement activities (such as work experience) are five times less likely to be NEET (not in education, employment or training) than peers who did not experience such activities. In addition, according to a CIPD report from 2014, the vast majority of employers (85%) who take on young people on work experience and other schemes use these as a recruitment channel and offer employment opportunities to young people afterwards.

We recommend that the next Government should, on taking office, immediately institute a full, wide-ranging, evidence-based review of internships and how they can be made fairer. This review should consider possible ways to make unpaid internships fairer for young people such as statutory limits on the length of unpaid internships; guaranteed training, references and interviews; and time off to attend Jobcentre appointments or job interviews. However, the review should also carefully assess whether these or other reforms would reduce the number of internships available to young people and/or undermine efforts to reduce youth unemployment.

PART 2:
REFORMING THE EDUCATION SYSTEM TO
PREPARE ALL YOUNG PEOPLE FOR
EMPLOYMENT OR SELF-EMPLOYMENT

11) Requiring every state secondary school to embed enterprise education into their curriculum

As we previously suggested in the first part of our Manifesto, we believe that much more should be done to encourage more young people to set up their own businesses and to develop a culture of enterprise among young people generally. We believe that one of the most important ways of doing this is to ensure that all young people are taught about business and enterprise as part of their education.

This will have significant benefits. In particular, it will encourage more young people to become entrepreneurs and set up their own businesses. It will create many more jobs, both for those individual young people and for the people who their business will employ if it expands. It will also help young people who become entrepreneurs to run more successful and sustainable businesses than they might have done otherwise.

It will also help young people who choose not to become self-employed. Many jobs require some level of commercial awareness and an understanding of how businesses work. In addition, enterprise education can help young people develop useful skills and abilities which will be highly relevant to their employment such as being able to network, think creatively, take the initiative and act on opportunities. This is particularly important in today's fast-changing global economy and in a society where it is now increasingly rare to have one 'job for life'. As Ofsted have noted, only a small proportion of the working population will become entrepreneurs, but all adults will need to be 'enterprising' in both their work and their personal lives.

In our view, enterprise education should start in schools, particularly secondary schools. Benedict Delloit of the RSA wrote in 2013 that *"What happens in schools determines to a large extent what happens in people's lives. Schools are where our world views are constructed, where we learn what is possible and what is not, where we develop the competencies needed to fulfil our life ambitions. The task of creating a more entrepreneurial society therefore naturally starts here."*

We wholeheartedly agree. However – disregarding optional subjects like Business Studies – there is no formal requirement on state secondary schools to teach their pupils about business or entrepreneurship, apart from a brief mention in the Government's statutory guidance on careers guidance in schools. The teaching of enterprise education is, unfortunately, fragmented and inconsistent as a result. It can be taught as part of personal, social, health and economic (PSHE) education, and is sometimes done so, but since PSHE is non-statutory and not compulsory, pressures on the timetable mean that statutory curriculum topics are often prioritised over enterprise education. According to a poll by the Prince's Trust in 2012, a shocking 71% of all those polled (16-30 year olds) claimed they were not given any information about setting up a business at school. Some recent reports have quoted even more shocking figures from the Royal Bank of Scotland, suggesting that only 11% of young people received any form of enterprise education at school (leaving 89% who did not).

We therefore believe that enterprise education should be included in the National Curriculum for secondary schools and embedded into schools across their curriculum, or at the very least should be a required part of PSHE teaching in schools. We believe that this should cover key concepts such as:

- Basics of different types of business and social enterprise
- Basics of business and employment law
- Budgeting, cash flow, finances, tax
- Marketing, sales, advertising

- Business planning
- Economic principles and understanding the UK economy

As to how this should be implemented in schools, we believe that a good example to follow would be that of Darwen Aldridge Community Academy in Blackburn, which provides one lesson on entrepreneurship per week for every single student at the Academy, developing their entrepreneurial and financial capabilities as well as their economic and business understanding. Students at the Academy also experience entrepreneurship themes across the curriculum and build and maintain an entrepreneurship portfolio of their experiences, activities and projects throughout their time in the Academy. Ensuring all schools follow a similar approach would help to ensure that enterprise education in schools will be as effective as possible and will also have additional benefits such as making subjects like Maths more relevant to young people.

The evidence suggests that enterprise education in schools is effective at achieving positive outcomes for young people. For example, in 2010, a key report for the Department for Education on enterprise education in England found that, where successfully embedded within the curriculum, schools see enterprise education as having a positive impact on pupils' employability and enterprise skills, self-awareness and their own enterprise capabilities and their business and economic understanding. The report also found that teachers believe effective enterprise education can improve the retention of pupils at risk of disengagement, increase the number of student-led activities and improve behaviour.

Quite apart from the significant benefits to young people and schools, we believe this would be a popular policy and there have been growing calls for enterprise education to be embedded in schools and/or the National Curriculum, including from the Labour Party's Youth Jobs Taskforce, Conservative peer Lord Young, the RSA, Young Enterprise, the Aldridge Foundation, and the CIPD.

The policy is also popular with young people and businesses. For example, a poll of 1,000 14-19 year olds in 2011 suggested that 51% of those surveyed wanted to be their own boss and 56% thought business education should be mandatory at school. A poll of 3,000 young people for City and Guilds in 2012 established that 42% of the 14-16 year olds and 49% of the 16-18 year olds polled agreed they would 'one day like to run their own businesses'. A 2013 poll by RBS Inspiring Enterprise also found that young people were much more likely than the general population to want to start their own business or enterprise. If that was not enough, according to a poll by Young Enterprise, an overwhelming 92% of British employers believe it is important to offer enterprise education as part of the National Curriculum. Some business leaders such as Peter Jones (of Dragon's Den fame) have been pushing for enterprise to be included as part of the school curriculum for many years.

Furthermore, although the focus of enterprise education should primarily be on secondary schools, we believe the Government could also do more to embed enterprise education into the primary school curriculum. There is evidence highlighting the importance of early years (ages 3-5) education in determining future prospects and that academic and career pathways can be determined for children during their primary education years.

We propose that the next Government should embed enterprise education into the National Curriculum at the earliest possible opportunity and require all state secondary schools to teach it to an appropriate standard. This could follow the approach taken at Darwen Aldridge Community Academy of providing separate lessons on entrepreneurship and also embedding enterprise generally throughout the school curriculum. This requirement should, as far as possible, also apply to schools which are not required to follow the National Curriculum in full, such as Academies.

12) Creating more enterprise societies, business start-up schemes and optional enterprise courses across the education system

We believe that more can be done to expand enterprise education outside of the school curriculum – for example into sixth form colleges, further education (FE) colleges and universities. Where possible, we believe these institutions should embed enterprise education into their curriculum or offer optional enterprise modules or courses. We have already seen examples of how this can be done. For example, the Gazelle Colleges Group has had considerable success in transforming the curriculum of their FE college members to encourage an entrepreneurial approach in their students. Unfortunately, while most FE colleges strongly agree that students need to be equipped with enterprise skills, many do not actually take steps to achieve this. We see no reason why other FE colleges cannot take similar steps to the colleges in the Gazelle Group.

Expanding enterprise education at universities will be more difficult in some ways, due to the inevitable focus that university degrees place on studying one subject, or a small number of subjects, in detail. However, one particular suggestion which has caught our attention is the idea of universities offering optional elective modules on enterprise to all of their students regardless of their degree courses – this is an idea endorsed by Lord Young, the Prime Minister's Enterprise Adviser, as well as by various other experts.

Embedding enterprise education into the formal curriculum of schools and other educational institutions will not however be enough on its own. We also believe that more needs to be done to provide young people with more hands-on opportunities to set up and manage their own businesses and social enterprises, particularly through extra-curricular enterprise societies and business start-up programmes.

There are a number of organisations which do fantastic extra-curricular work with young people to give them real, practical experience of enterprise. One of the best examples is Young Enterprise, a charity which runs a number of highly successful programmes. For example, the Young Enterprise Company Programme allows young people aged 15-19 in schools and sixth form colleges to run a real business for a year with the support of a Business Adviser. This programme – which is rated very highly by teachers and students – has been running since 1963 and in that time over a million 15-19 year olds have taken part. Other initiatives such as Enabling Enterprise and MyBnk also play a role.

However, many schools do not run Young Enterprise or other enterprise schemes. It is noteworthy that when the Federation of Small Businesses (FSB) announced a partnership with Young Enterprise in 2013, the 2013 announcement also revealed that the FSB would aim to help Young Enterprise reach a target of being in 50% of all secondary schools by 2015. Although this is a laudable target, we see no reason why the Government cannot take steps to ensure that Young Enterprise or other enterprise societies are running in most, if not all, secondary schools.

We also believe that the same principle should apply to other educational institutions including colleges and universities. Lord Young, for example, has recommended that every university in the country should have an active and supported enterprise society. The National Association of College and University Entrepreneurs (NACUE) would be the ideal organisation to facilitate this, as they have a network of 240 enterprise societies in universities and colleges across the country. Many of their members have also been involved in setting up social enterprises.

The benefits of expanding these schemes would be very significant. For example, a study by Kingston University found that 42% of the alumni of Young Enterprise programmes have gone on to start their own business, compared to 26% of non-alumni. In addition, the businesses that these alumni

created tend to employ more people, have a larger turnover and be more innovative than other businesses. Other academic research has also established that membership of peer-led student enterprise societies enhances student learning, improves student confidence and changes students' intentions to become entrepreneurs.

There are also further steps which could be taken – such as encouraging business start-up schemes throughout the education system. For example, the University of Bristol has an exemplary enterprise scheme called Basecamp which helps students with business start-ups and offers grants alongside practical business advice and other resources such as office space. We see no reason why similar schemes cannot be operated by other universities, or even by other educational institutions.

We propose that the next Government should encourage and make efforts to embed enterprise education into the curriculum of all sixth form and further education colleges - along similar lines to our proposals for schools - and should encourage all universities to offer an optional elective enterprise module to all of their students.

We propose that the next Government should work with organisations like Young Enterprise and NACUE to ensure that all schools, colleges and universities have at least one active extra-curricular enterprise society. This should be backed up by Government funding if appropriate. In addition, existing Government funding to NACUE should be awarded on the basis of targeted objectives about supporting and measuring start-ups and entrepreneurship, as recommended by Lord Young.

We also propose that the next Government should encourage schools, colleges and universities to consider offering business start-up schemes to their students along the lines of the University of Bristol's Basecamp scheme.

13) Improving the way literacy and numeracy are taught in primary and secondary schools

There is considerable evidence to suggest that employers have very significant concerns about the levels of literacy and numeracy among young people. This is particularly evident from a major piece of research involving 1,400 employers, learners and training organisations by the Education and Training Foundation. This research was commissioned by Skills Minister Nick Boles in November 2014 to consider how maths and English provision and qualifications available to people aged over 16 years, other than GCSEs, are understood by and meet the expectations of employers. The Foundation's report, published in March 2015, found that three quarters of the employers consulted believe that action is needed at national level to improve maths and English skills for people who have not achieved grades A*-C at GCSE (77% of larger companies say this is necessary).

Although the exact proportions vary, some evidence suggests that a significant minority of employers are having to go as far as providing extra training for their employees on literacy and numeracy. According to the Government, around 42% of employers need to organise additional training for young people joining them from school or college to tackle weaknesses in basic numeracy and literacy skills. A survey of businesses by the Confederation of British Industry (CBI) in 2014 also reported that many employers have concerns about weaknesses in the core competencies of at least some of their employees in literacy and numeracy, and some have had to organise training in literacy or numeracy for young employees (28%). The Education and Training Foundation report also found that when they encounter deficiencies in maths and English among their employees, around a third of employers use in-house mentoring, external courses, in-house training and make use of e-learning materials to tackle these deficiencies.

These figures are very concerning – it is not the job of employers to teach their employees basic literacy and numeracy skills. This is something schools should do and is something which they receive large amounts of taxpayers' money to do. Literacy and numeracy are critically important life skills and not having satisfactory literacy and numeracy skills makes finding and sustaining employment significantly more difficult for young people, as well as making life generally and engagement with society far more difficult. Unfortunately, far too often, schools do not provide young people with basic literacy and numeracy skills. In 2014, only 62% of GCSE English and Maths entrants were awarded a grade C or above. With regard to primary schools, pupils are expected by the Government to achieve Level 4 at the end of Key Stage 2. In 2014, 79% of pupils achieved Level 4 or above in all of reading, writing and mathematics at Key Stage 2.

This means that more than one in three young people leave secondary school in this country without meeting what is seen by many employers as a basic minimum standard for both literacy and numeracy. It also means that around one in five pupils leave primary school in this country without meeting the expected basic minimum standard for both literacy and numeracy. We see similar percentages of 'failure' by primary and secondary schools every year. This is clearly a huge problem, even before we consider whether achieving these standards is an accurate measure of whether a young person is literate and numerate (we make no comment on this). It is also little wonder that employers are left to pick up the pieces when so many young people do not even achieve the minimum expected standards at school.

The 2014 CBI survey we referred to above suggests that 85% of businesses want to see primary schools concentrating above all on developing pupils' literacy and numeracy. We wholeheartedly agree. This is not difficult – small interventions such as using volunteer reading mentors can be very successful, as demonstrated by the London Evening Standard newspaper's Get London Reading campaign. At St Mary's Catholic Primary School in Battersea, South London, where the campaign was largely focused, 100% of pupils achieved at least a Level 4 in both English and Maths at Key Stage 2

in 2012. In 2011, before the involvement of Get London Reading, only 59% of pupils at the school met those standards. This is a good example of a scheme which could be rolled out more widely – and for numeracy as well as literacy.

Secondary schools also have a key role to play in ensuring that literacy and numeracy are properly taught and more needs to be done to ensure that improve the numbers of young people obtaining grade C or above in GCSE English and Maths. We believe that one way to do this is to reform these subjects so that young people are taught in a way which is practical and relevant to the real world.

With regard to English, the Education and Training Foundation report found that employers are looking for the ‘basics’ in English, and they feel that young people need enhanced listening and speaking skills, good writing, oral and spoken comprehension and improved spelling, grammar and vocabulary. Many employers reported problems with some of their potential recruits and young employees, particularly young people who have difficulties in constructing e-mails, use ‘text speak’ rather than properly constructed sentences, and have poor spelling and communication skills. We also believe that students could be given more of an opportunity in English lessons to develop their skills in areas like persuasive writing (such as preparing letters and reports), public speaking and debating (e.g. doing more debates, presentations, mock interviews or other similar activities in classes). These points should be taken account of in English teaching and assessments.

With regard to Maths, large numbers of young people in the City and Guilds poll we cited earlier found Maths to be boring, difficult or irrelevant. In addition, 45% of 14-16 year olds and 54% of 16-18 year olds commented, unprompted, that Maths could be improved by being geared more towards real life, relevant or practical scenarios. This is not entirely surprising – much of what is taught in Maths at school is simply irrelevant to many young people when they leave school. We believe Maths should instead be geared more towards personal finance (particularly now that financial education is now part of the National Curriculum) and towards how numeracy skills can apply to business or employment – for example, using numeracy skills in budgeting or calculating the impact of various taxes.

We therefore call for the teaching of literacy and numeracy to be done in a practical way which can prepare pupils to use these skills in the workplace.

We propose that the next Government should prioritise literacy and numeracy in primary schools. In particular, the next Government should build on the successful Get London Reading campaign by setting up a scheme to provide struggling or under-achieving primary schools across the country with volunteer mentors to tackle problems with literacy and numeracy.

We further propose that the next Government should reform the National Curriculum to require English and Maths in secondary schools to be taught in a practical way which will make both subjects more relevant to the real world and prepare pupils for working life. English should focus on developing written and spoken communication skills for the workplace as well as basic literacy, and Maths should focus on how the subject is relevant to personal finances, running a business and being employed as well as basic numeracy.

We further propose that the Government should take steps to ensure all young people who fail to obtain at least a grade C in English and Maths at GCSE – or equivalent – continue to study these subjects until these grades have been achieved.

14) Embedding employability skills and character education into secondary schools

When discussing enterprise education we specifically discussed measures to help young people become more entrepreneurial and to encourage them to set up their own businesses. However, enterprise education is only one part of a much bigger picture. The 'big picture' is that we do not just need a culture change around entrepreneurship, but also a culture change in our education system to ensure it provides young people with the skills needed to prepare them for adult life.

These are often described as 'employability skills', 'character skills' or 'life skills'. But whatever they are called, it is clear that employers have major concerns about young people who leave the education system without having these skills. For example, in a City and Guilds poll of employers from 2013, 61% of employers thought that young people are leaving education without the right skills to succeed at work, with 59% taking the view that youth unemployment is so high because young people are not prepared for or don't have the right attitude for the workplace. This is supported by the British Chambers of Commerce (BCC) Workforce Survey 2014, which found that 88% of the businesses surveyed believed school leavers were unprepared for the world of work, with 54% saying the same about university graduates. More than half of these businesses (57%) said a lack of soft skills, such as communication and team working, explained why young people were not 'work ready'. A separate survey by the CBI in 2014 found that the most important factors employers weighed up when recruiting school and college leavers were their attitudes to work, their general aptitudes and literacy and numeracy. These ranked well ahead of formal academic results. Yet many of these businesses were not satisfied with the attitudes and skills of school leavers in important areas including attitude, teamwork, communication skills, problem solving and basic numeracy.

One frequent response to such evidence is "*employers have always been saying that*". This is true – but to us, that is a reason to sit up and pay attention to employers rather than to dismiss their views. When employers are saying the same thing year after year after year, it is time that we as a country sat up and listened instead of ignoring them. They are correctly highlighting a huge problem – that the education system as it currently stands (particularly in relation to schools) does not do enough to prepare young people for the workplace, that it has not done so for a long time – and that it **may never** have done so. We accept that this analysis may or may not be correct. However, if it is correct, it would go some way towards explaining why statistics have consistently shown, year after year, hundreds of thousands of young people who are unemployed, even during years when the economy is doing well.

Let us be clear. This is not the fault of employers. It is, to a large extent, the fault of the education system for not equipping young people with these skills – or more specifically the fault of politicians for not allowing or encouraging the education system to do this. Regardless of the reason, many schools in particular are not doing enough to equip young people with the skills or behaviours which employers need. This is, in short, because the education system focuses far too much on qualifications and formal academic results rather than on providing young people with the skills and attitudes which employers need, and which they have said they need, time and time again.

There is no sole, definitive list of what these skills, attitudes or behaviours are. One report by the UK Commission for Employment and Skills suggests that the term 'employability skills' covers self-management, problem solving, working/communicating in a team, understanding the business environment, use of numbers, use of language, use of IT and a positive approach to work. A different report by the CBI instead refers to grit, resilience and tenacity, self-control, curiosity, enthusiasm and zest, gratitude, confidence and ambition, creativity, humility, respect and good manners and sensitivity to global concerns. What is clear is that although the lists look different at first sight, there are significant overlaps.

We know that the current Government is beginning to take some steps to encourage schools to ensure young people are equipped with these skills and behaviours. For example, the Government recently ran 'Character Awards' which were designed to highlight the most effective ways of ensuring pupils leave school ready for life in modern Britain. It is also investing £10 million to develop and promote character education. The Education Secretary, Nicky Morgan, has remarked that investing in 'character education' and promoting traits such as 'grit' and 'resilience' in schools is *"vital for preparing young people for life in modern Britain"*.

We agree. However, these steps are not enough on their own and £10 million is a drop in the ocean compared to the work and funding needed. In any case, this approach appears to focus more on character education and behaviours such as 'grit' or 'resilience' than it does on key employability skills such as teamwork, communication skills, leadership or initiative. These are just as important, not least because these sort of skills are what employers are more likely to ask for from applicants when they advertise jobs.

We believe that the only way to change this focus is to encourage schools to promote and encourage the development of certain traits or skills across their curriculum. This is not a controversial idea. As the Young Fabians have argued, Scotland's Curriculum for Excellence already integrates methods of learning that build transferrable skills into all subjects.

In addition, some good schools in England are already doing this. For example, at the King's Leadership Academy in Warrington, Cheshire (which won the Government's recent Character Awards), seven 'pillars' of character – aspiration, achievement, self-awareness, professionalism, integrity, respect and endeavour – are embedded into both the curriculum and extra-curricular activities as well as informing the day-to-day running of the school. Pupils also attend weekly public speaking, philosophy and ethics lessons. We have also already explored the approach of Darwen Aldridge Community Academy, which embeds enterprise attributes throughout their curriculum and provides weekly entrepreneurship lessons.

The approach taken by these schools and other schools can easily be studied and combined to cover the full spectrum of skills and behaviours which employers are looking for. This could be done through encouragement and guidance or by more formal steps such as reforming the National Curriculum and/or requiring Ofsted to inspect and assess schools on this.

We propose that the next Government should encourage all state secondary schools to promote and encourage 'employability skills' and 'character education' across their curriculum. These should be taught – and where possible assessed – across all subjects as far as possible, but specific teaching on these skills and attributes should also be provided, whether as separate lessons or as part of other lessons such as PSHE or Citizenship.

The next Government should also take steps to reward best practice by schools in these areas by expanding the Character Awards to "Employability and Character Awards" which will cover development of employability skills in young people as well as 'character', behaviours and attitudes.

15) Increasing the number of University Technical Colleges and Studio Schools and adopting best practice from these institutions in mainstream secondary schools

University Technical Colleges (UTCs) and Studio Schools are government-funded schools which currently fall under the Coalition Government's 'Free Schools' programme. They are not selective, have a comprehensive intake and charge no fees. However, they are different from 'normal' Free Schools and from mainstream schools generally in a number of ways.

UTCs, for example, cater for 14-18 year olds. Students can join a UTC at the ages of 14 or 16 and leave at the ages of 16 or 18. UTCs start at the age of 14 rather than the age of 11 because they believe it is too early for students to choose a specific career path at the age of 11, and at 16 it can be too late. UTCs also have longer opening hours than normal schools, typically from about 8:30am to 5:00pm, which provides additional learning time as well as time to complete homework. During these hours, students are expected to dress and act professionally, just as they would be expected to in the workplace – for example by wearing business dress instead of a school uniform.

UTCs are focused on technical and practical learning and integrate this with academic learning, ensuring that students can develop the skills and abilities required by employers, particularly in areas like engineering where there are skills gaps. UTCs therefore focus on one or two technical specialisms, work closely with employers and a local university to develop and deliver their curriculum (including providing students with real-life projects), provide students with the latest technology and equipment used by employers, and dedicate at least 40% of students' time to the technical side of their education (60% after age 16). They also provide essential academic education.

It is also worth noting that UTCs embed literacy and numeracy into the curriculum and continue English and Maths teaching after the age of 16, and they also embed employability skills and careers advice into the curriculum across all subjects. All students at UTCs also take part in extra-curricular and enrichment activities linked to the technical specialisms, or in other areas such as sport, music or public speaking.

Studio Schools are very similar to UTCs. They cater to 14-19 year olds, have a 9:00am to 5:00pm working day, have relationships with local employers, teach students through enterprise projects and real work, embed employability skills into their curriculum and offer both academic and vocational qualifications. There are also some slight but interesting differences – for example each student at a Studio School has a personal coach. Studio Schools are also smaller in size than UTCs and focus more heavily on enterprise and entrepreneurship, with students spending significant amounts of their time in real workplaces and students over the age of 16 earning wages. For example, the Aldridge Centre for Entrepreneurship in London, opening in 2015, will allow every student to become an entrepreneur by being part of a team running their own business or social enterprise, whilst achieving academic qualifications in line with the National Curriculum.

Given all the above, we believe that UTCs and Studio Schools are a fantastic and long overdue addition to this country's education system and they are showing other schools and colleges how to properly prepare young people for the workplace. They are supported by many hundreds of employers as well as a number of universities and there is already evidence that UTCs and Studio Schools are having a positive impact in preparing young people for work and filling skills gaps.

Unfortunately, there are not many of these institutions around. There are currently 30 UTCs and 37 Studio Schools in operation. Although more UTCs and Studio Schools are set to open in the next couple of years, these institutions will still only cater for a very small proportion of young people in our education system. Even the 50 UTCs which will be open from 2016 will only cater for around

30,000 young people, and the number will be even smaller for Studio Schools, as UTCs tend to have around 600 students while Studio Schools have around 300. We believe that more can be done to expand UTCs and Studio Schools across the country and to apply best practice from UTCs in mainstream state schools. We recommend that the next Government should continue to expand the number of UTCs and Studio Schools and should also set up a comprehensive review to consider whether any best practice from UTCs and Studio Schools can be applied to equivalent mainstream state schools.

We propose that the next Government should continue to open UTCs and Studio Schools and should set an ambitious target to open more UTCs and Studio Schools over the next 5 years – for example, that by September 2020 there will be at least 100 UTCs and 100 Studio Schools open across the UK. These should be spread out as appropriate across the country and cover all major cities, towns and regions, particularly youth unemployment hotspots and areas with critical local skills gaps.

We also propose that the next Government should immediately set up an expert-led review on UTCs and Studio Schools to consider how best practice from these schools can be adopted into the National Curriculum and into the running of mainstream secondary schools. The Government should follow up on and implement these recommendations promptly and certainly no later than 2016/2017.

16) Encouraging more young people to get involved in extra-curricular activities or voluntary work

We have already considered enterprise education, employability skills and character attributes and how they can be encouraged and developed in the education system. Getting young people involved in extra-curricular activities and voluntary work, particularly while at school, is a very important way to develop essential skills, attributes and knowledge.

However, it is also worth noting that extra-curricular activities have other advantages. They provide valuable work experience, look very good to employers and universities on CVs and application forms, and allow young people to gain crucial references when applying for jobs apart from academic referees, particularly if they have little or no previous work experience. Volunteering and getting involved in extra-curricular activities can also provide significant benefits to local communities and better integrate young people with those communities.

We believe the next Government should do more to encourage young people to get involved in extra-curricular activities and voluntary work, particularly at secondary school. This could include encouraging schools to offer more extra-curricular activities and voluntary opportunities or setting aside time for them in the formal curriculum.

The next Government could also expand and encourage increased involvement in the successful National Citizen Service (NCS) scheme for 15-17 year olds, launched in 2011. Since 2011, this Government-backed programme has provided over 130,000 young people with a programme during school holidays, lasting for several weeks, which helps the participants learn and build on skills for work and life while taking on new challenges and adventures, making new friends, and contributing to their community through 30 hours of volunteering for a community project. It has already had a very positive impact: 92% of participants believe NCS has helped them develop useful skills and 76% of participants feel more confident about getting a job. NCS is also good for the economy and for society - up to £6.10 of benefits are returned to society for every £1 invested on NCS. In addition, participants have raised hundreds of thousands of pounds for charity as well as providing over 3 million hours of voluntary work – with many participants intending to continue with this trend.

Unfortunately, NCS is still operating on a relatively small scale and we believe it is not yet reaching its full potential. We believe that much more funding and outreach needs to be done to ensure that NCS becomes a key experience for young people during, or after, their time at school or college – perhaps even to become the “*rite of passage*” that Prime Minister David Cameron has said that he wants NCS to become for young people in this country.

We propose that the next Government should encourage schools to take steps to ensure more young people are involved in extra-curricular activities or voluntary work, particularly in the education system. This could include increasing the number of extra-curricular activities or voluntary work opportunities offered to young people in schools and colleges, or setting aside specific periods in formal curriculums and timetables for extra-curricular activities.

We also propose that the next Government should significantly increase the funding available to the National Citizen Service programme and encourage every state secondary school and sixth form college to promote involvement in the scheme to their students, in order to progress National Citizen Service to becoming an accepted ‘rite of passage’ for young people.

17) Ensuring all young people receive high quality, face to face careers advice, particularly in schools

The state of careers advice and guidance in schools under the current Government has been the subject of extensive, consistent and ongoing criticism, particularly in connection with the introduction of a statutory duty on schools in England to secure access to independent, impartial careers guidance for their pupils in years 9-11 – replacing the former duty on local councils. This has been widely regarded as a mistake and evidence suggests that careers advice has declined in many schools. A damning Ofsted report from 2013, for example, found that a shocking three-quarters of schools were failing to provide adequate, effective or impartial careers advice to pupils. However, there were also significant problems with careers advice under the previous Government and before these recent changes. As the current Education Secretary, Nicky Morgan, has argued, there has never been a “*golden age*” of careers advice in this country.

Although we understand where the Education Secretary is coming from, we believe that it is about time that this “*golden age*” of careers advice was introduced, and quickly. It is shocking that so many young people in this country leave school without receiving any careers advice at all and that many more young people, even when they do receive careers advice, find it to be of no use to them. For example, the 2012 poll of 3,000 young people by City and Guilds, which we referred to earlier, found that a shocking one third of respondents had not received any careers guidance. In addition, of the 64% of 14-18 year olds who received careers advice from their teacher, only 14% rated this as ‘very useful’ compared to 31% who felt the same about advice from parents and 39% who felt the same about employer visits.

This situation is immensely damaging and leads to young people making poor choices, such as studying the wrong qualifications at school for their planned career, or finding that the university course, apprenticeship or job they are doing is unsuitable. Inevitably, this will lead many to quit and have to start potentially ‘from scratch’ when they could have been guided in the right direction in the first place years beforehand.

We fully recognise that politicians are committed to tackling this issue and that some positive steps have been put in place such as a new National Careers Service, statutory guidance for schools and a new careers and enterprise company. However, these are not enough. The National Careers Service in particular needs significant reform – if you are aged 19 or above you are able to access face to face advice, but not if you are aged between 13 and 18. This is incomprehensible, especially when it is young people who are most in need of face to face advice, and in particular disadvantaged young people. Instead young people have to rely on services such as web chats and a telephone helpline to receive careers advice from the National Careers Service, but a report by the National Careers Council in 2013 suggested that less than 1% of teenagers had used the telephone helpline.

A more recent, in-depth survey of young people aged 16-24 by Youth Employment UK found that only 58% of respondents were provided with an interview with a professional careers advisor whilst in school or college. Of those who did, only 1% received advice about all of their options, with very few, if any, receiving any advice on traineeships, apprenticeships or information on the labour market. This suggests that much more also needs to be done in schools to ensure that young people receive good quality careers advice and that they are aware of options including self-employment, apprenticeships and traineeships – indeed the Prime Minister himself has suggested recently that teachers need to do more to explain apprenticeships to young people.

It is also critically important for young people to be made aware of local and national skills gaps and for local and national labour market information to be integrated as far as possible into careers

advice – this has been called for by the Recruitment and Employment Confederation. As we identified in our ‘Practical Solutions’ report last year, research by the Centre for Economic and Social Inclusion (CESI) has shown that there are big variances in the number of jobs available in each sector of the economy, and significant mismatches between the jobs young people are training to do and the jobs which are in fact available – particularly in areas like hairdressing and construction.

We believe that, although the National Careers Service needs to provide additional support to schools, all schools should also have their own ‘in-house’ careers service and that all young people at school should receive face-to-face individual careers advice, provided by properly trained careers advisers or specially trained teachers. This should be supported by appropriate accountability structures for governors, teachers and senior staff at each school and other mechanisms such as the publication of an annual careers plan for scrutiny by parents, students and the public.

Given the success generally of the Teach First scheme, we believe it could be used as a template for a similar scheme to encourage top graduates to train as careers advisers – perhaps in the form of the ‘WorkFirst’ scheme proposed by the Young Fabians. This proposal would involve, as with Teach First, the creation of a high-quality graduate programme that recruits and trains top graduates, in order to broker and directly deliver careers support for young people in schools. These graduates would help ensure that young people understand the variety of options available to them (including academic, vocational, and entrepreneurial routes) and could assist with organising work experience, work shadowing and workplace visits for students. This programme would also include opportunities for WorkFirst professionals to undertake placements, secondments, work experience or shadowing placements with a wide range of employers.

We propose that the next Government should require every secondary school to provide a comprehensive careers service and should support this with appropriate funding, training and guidance. This could be done through continuing with a statutory duty on schools, or by reinstating the previous duty on local councils – or perhaps even through introducing a new duty which applies to both schools and councils.

This careers service should be staffed and provided by properly trained careers advisers and/or teachers and supported by a new ‘Work First’ scheme to train top graduates as careers advisers, based on the Teach First scheme. The service should provide young people with information on self-employment, updates on the labour market (including national and local skills gaps), and further and higher education including university, apprenticeships, traineeships, and vocational qualifications and should provide individual face to face careers advice to all students. The service should aim to offer a careers meeting before choosing GCSE options at 14, and another before completing GCSEs at 16 – as well as CV and job application clinics and practice interviews.

We also propose that to support the above, schools should publish an annual careers plan which can be viewed by parents, young people and the public generally. This plan will detail the support which will be offered by their careers service and the school generally. While informing pupils, this will also hold the careers service to account. This needs Government backing and involvement in order to state exactly what support schools must offer to young people. Responsibility for this should rest with named governors, teachers and senior leadership at each school.

To assist schools with all of the above, the next Government should also increase funding for the National Careers Service. This funding should be used to expand the National Careers Service to offer face to face guidance and a free telephone helpline to all young people generally, as well as playing a greater ‘brokering’ and support role in working with schools, particularly to help design their careers plans and to provide updates on the state of the labour market.

18) Improving work experience opportunities for young people in schools and colleges

Until a few years ago, secondary school students aged between 14 and 16 were required to complete two weeks' work experience. This arose from a statutory duty on schools to deliver 'work-related learning' at Key Stage 4, for 14 to 16-year-olds. The statutory duty has now been downgraded to an 'optional' requirement, after its removal was proposed by Professor Alison Wolf's review of vocational education. This decision has proved controversial and Labour have said they would reverse it if they win the next election.

We can understand to an extent why the decision was made, as there were various downsides to the previous statutory requirement – for example, many employers are reluctant to allow under-16s to work on their premises and too many placements were not of a high quality. In any case, the statutory duty is far less relevant now that the education leaving age is being raised to 18 – and Professor Wolf's report highlighted that Prof Wolf's report has highlighted the need for work experience for students aged 16 to 18 who are in full-time education.

The problem is that the requirement for two weeks work experience for 14-16 year olds was scrapped outright rather than being replaced with another system, meaning schools and sixth form colleges are not required to provide their students with any work experience opportunities. This is important as work experience can potentially provide young people with countless benefits including insight into the workplace, motivation to excel in their studies, useful information that might not be conveyed by careers services and an opportunity to have face to face contact with potential employers. Work experience also makes young people far more attractive to potential employers and helps to provide context to school-based learning, particularly for less academic students. We have already examined some evidence on this elsewhere in the Manifesto.

We believe that there are a number of steps which the next Government could take to improve this situation. This could include creating a new duty or requirement – whether statutory or not – on schools and colleges to provide work experience up to the age of 18 (for example, students at Pimlico Academy are expected to complete a work shadowing placement at the end of Year 12), encouraging schools and colleges to provide at least two work experience opportunities where possible, and encouraging an expansion of work experience placements within schools and colleges. These sort of steps would be an appropriate alternative to re-introducing the previous duty.

We propose that the next Government should consider methods of encouraging or requiring schools and colleges to offer, or help their students to arrange, at least one, high-quality work experience opportunity before leaving school or college, up to the age of 18. How this is done in practice should be largely up to each school or college, subject to some Government guidance. These could range from work placements running for several weeks to insight days and short-term shadowing placements, although at least one of these opportunities should be a proper placement lasting one or more weeks. Where possible, schools and colleges should provide or facilitate two placements with at least two different types of employer, to help students to broaden their horizons and provide a point of comparison.

As part of this scheme, the next Government should also encourage and support schools and colleges to offer work experience opportunities internally. We suggest that this could take on two forms: (1) week-long placements for those who cannot find external placements or do not have transport to them, and (2) ongoing placements (perhaps half a day per week) lasting for a term, a year, two years etc. This is particularly important for young people who are unable to obtain placements elsewhere. For example, students could do placements in the kitchen, ICT department, assisting in classes or helping run extra-curricular activities, communications, or marketing.

19) Setting up an active alumni community in every state secondary school and college

Both independent schools and universities make great efforts to keep their former students engaged after their studies by providing alumni communities and networks for their 'old boys and girls'. This can and does provide significant benefits to these institutions and the young people who study at them. Alumni contributions can range from providing funding and volunteering at events, to giving talks, mentoring current students and offering them work experience opportunities or jobs.

Unfortunately, the vast majority of state secondary schools and colleges are terrible at this. Over 90% of young people attend state schools, but most of them leave and never return. If independent schools and universities can run successful alumni communities and networks, we see no reason why state schools and colleges should not do the same. According to the charity Future First, over 10 million people across the country would be willing to support young people at their old state school or college, but most of them are never asked. If they were, the benefits to the students at these schools could be huge. It would help to inspire more young people at these institutions and provide them with crucial connections and workplace experience as well as improving social mobility.

We believe that this should be a top priority for politicians. The benefits are significant and it is easy to implement. In fact, Future First is already doing it. Future First was set up in 2009 and its vision is for every state secondary school and college to be supported by a thriving, engaged alumni community that helps each school and college to do more for its students. So far it claims to have worked with over 500 schools (more than 90% of the schools had not even kept proper records of their former students before) and has signed up nearly 100,000 alumni, thanks to a mixture of private funding and Government funding. It has numerous employers backing its work, as well as senior politicians such as Deputy Prime Minister Nick Clegg.

The effects on some schools have been transformative. For example, Robert Clack School, in Dagenham, London, began working with Future First 2012 and now has around 600 alumni members whose donations have allowed students from disadvantaged backgrounds to travel to university open days and undertake aptitude tests. The feedback from young people has been overwhelmingly positive, with more than three quarters of young people saying they wanted to work harder in their next lesson having heard from former students and four out of five (83%) agreeing that meeting former students shows that 'people like them' can be successful.

Although Future First has had considerable success, there is still a long way to go. We believe that with Government support they can go further and ensure that all state secondary schools and sixth form colleges have thriving, engaged alumni communities.

We propose that the next Government should take steps to ensure that every single state secondary school and sixth form college in the UK has a thriving alumni community or network in place – or is taking concrete steps to achieve this – by 2020. The simplest way for the Government to do this would be providing additional funding and support to the Future First charity to help expand the number of schools and colleges it works with.

20) Making schools properly accountable for preparing young people for the world of work

We believe it is critical to ensure that schools are subject to an appropriate level of scrutiny and accountability to ensure that they are preparing young people for employment or self-employment, including through implementing the policy proposals we have outlined in this Manifesto.

However, we believe that there are weaknesses in the current framework for how schools are scrutinised, assessed and held accountable for these matters. In particular, the school inspectorate, Ofsted, requires its inspectors to report on 4 key areas when assessing the quality of education provided. According to the Ofsted school inspection framework, these are the achievement of pupils at the school; the quality of teaching in the school; the behaviour and safety of pupils at the school; and the quality of leadership in and management of the school. Although inspectors must also consider the spiritual, moral, social and cultural development of pupils at the school and the extent to which the education provided meets the needs of the range of pupils at the school, there is no specific requirement for Ofsted to assess schools on how they prepare young people for adult life, particularly working life. We believe this is a critical omission which needs changing urgently.

Ofsted recognise this and have already announced that, as part of a new framework to be implemented from September 2015, there will be greater emphasis on preparing young people for life and work in Britain today. Schools will be judged on effectiveness of leadership and management; quality of teaching, learning and assessment; personal development, behaviour and welfare and outcomes for children and learners. As part of the judgment on "*personal development, behaviour and welfare*", schools will be assessed on areas such as access to work experience as well as, "*where relevant*", careers advice and employability skills. This is welcome progress but it is nowhere near enough. Careers advice and employability skills are "*relevant*" in every single school.

We believe that instead of incorporating these points into one of its four key judgments, Ofsted should assess schools on an entirely separate fifth category – how they prepare young people for adult life, particularly employment and self-employment. We also believe Ofsted could do more to promote best practice in schools – such as encouraging them to run 'Raising Aspirations' programmes similar to those run by institutions such as BSix Sixth Form College and Pimlico Academy.

There is also more that should be done by school governors. Many organisations have proposed that schools should have a "*Business Governor*" on their governing body to promote employer engagement and employability within schools as well as providing links with local employers. We agree with this, although it would also be useful if governing bodies had a specific committee of governors to scrutinise efforts to prepare young people for adult life, particularly employment or self-employment – much like a governing body's Finance and General Purposes Committee is responsible for detailed scrutiny of a school or college's budgets and finances.

We propose that the next Government should work with Ofsted to ensure that it specifically assesses schools on how they are preparing their students for adult life, particularly employment and self-employment. This would be a fifth key judgment, separate from the other four key judgments, and would contribute to the overall assessment of the school's effectiveness.

We also propose that the next Government should issue guidance to all school governing bodies recommending the appointment of a Local Business Governor and the creation of a committee of governors responsible for scrutinising how the school prepares young people for adult life, and in particular employment and self-employment.

PART 3:
REFORMING THE WELFARE SYSTEM TO
PROVIDE MORE SUPPORT TO
UNEMPLOYED YOUNG PEOPLE

21) Making it more affordable for unemployed young people to access employment or work experience opportunities

It will often be necessary for unemployed young people to travel significant distances or even move to a new area to find a job or to gain crucial work experience. However, far too often our welfare system does not account for this. For example, transport costs can be a significant barrier for young people. Many young people have to rely on public transport, especially considering the price of owning a car. But young people can struggle to afford public transport costs when they are unemployed, in a low paid job or starting out in a new job in the first few weeks before they receive their first monthly pay check.

We recognise that Jobcentre Plus does assist to some extent with this, for example by operating a flexible support fund which can be used at the discretion of Jobcentre Plus (JCP) staff to help with the cost of travelling to an interview, or training, or for of travelling to work. Jobcentre Plus also provides a Travel Discount Card for unemployed young people claiming Jobseekers' Allowance (JSA) or Universal Credit for 3-9 months (18-24 year olds). However, the Travel Discount Card is open to claimants over 25 who are unemployed for 3-12 months. In addition, the scheme does not appear to cater for people who may have persistent periods of short-term unemployment or who are long-term unemployed (i.e. claiming JSA for over 12 months).

Housing costs are also a significant barrier to finding and keeping work for many young people. Housing benefit helps to some extent with this, but it can take a long time after a claimant moves to a different area to receive housing benefit. Housing benefit also does not take into account relocation and moving costs. In any case, there have been a number of proposals in recent years by politicians who have suggested scrapping housing benefit for under-25 year olds, or at least reducing eligibility for housing benefit for younger claimants.

We can understand the arguments for such a step to an extent. However, this would be a backwards step for many unemployed young people to whom housing benefit is a valuable and necessary resource. If a young person moves out from living with their parents to rent a flat or house in another area, whether this is to look for work, to start a new job, or to undertake a work experience placement, unpaid internship or voluntary work to boost their skills and experiences, they may need to rely on housing benefit as a critical safety net, at least in the short-term. Also, from an economic point of view, economic growth can only be achieved and maintained through encouraging a mobile workforce. The constant proposals by politicians to scrap or reduce eligibility for housing benefit also create additional uncertainty and stress for young people who want to work but may need to rely on housing benefit temporarily when relocating to find work or to gain valuable work experience.

We propose that the next Government should extend eligibility for the Jobcentre Plus Travel Discount Card scheme to all 18-24 year olds claiming JSA or Universal Credit, regardless of how long they have been unemployed for.

We also propose that the next Government should consider extending the Jobcentre Plus flexible support fund to offer grants through Jobcentre Plus for moving and relocation costs in appropriate circumstances (e.g. to cover the cost of hiring a removal van).

We also propose that the next Government should firmly commit not to scrap or restrict eligibility to housing benefit for under-25 year olds for the duration of the next Parliament. Alternatively, if such a step is taken, the next Government should provide a clear exemption for young people who are looking for or undertaking a job, work experience placement, unpaid internship or voluntary work, so that these young people continue to receive housing benefit.

22) Ensuring that Jobcentre Plus advisers are properly trained, qualified and managed

We believe in the importance and potential of high quality, dedicated Jobcentre Plus advisers. However, far too often, unemployed young people have very negative personal experiences of Jobcentre Plus, including a number of our young volunteers and supporters. According to Policy Exchange, only 29% of claimants are satisfied with the outcome of their experience at Jobcentre Plus, and only 33% are satisfied with the overall experience. In addition, a 2013 poll of unemployed 16-24 year olds for the Local Government Association found that a majority of young people feel that Jobcentre Plus does not tell them anything new (65%), does not provide skills or experience relevant for a job (52%), and does not understand or support their personal circumstances (50%).

These negative experiences have arisen for various reasons and are often due to failures by advisers. Examples of failures we are aware of include where advisers have not understood a claimant's qualifications or employment history (e.g. not understanding what a Master's degree is), have discouraged claimants from obtaining work experience (e.g. scheduling 'compulsory' but unhelpful meetings to clash with work experience arranged by an unemployed graduate on her own initiative), have provided incorrect advice (e.g. as in the case of Cait Reilly, the young jobseeker who has successfully challenged the legality of Government work experience schemes before the courts), have not properly scrutinised a claimants' job-seeking activities, or have forced claimants to apply for unsuitable jobs or attend unhelpful events or interviews under threat of sanction.

We are not attacking JCP advisers – we know they work hard under very challenging conditions. We give these examples only to show that advisers need far more support and training and that their job needs to be professionalised. One of the major weaknesses of Jobcentre Plus is that it is not staffed by experts, or by people who have experience of, or a proper understanding of, careers advice, recruitment or the labour market. Jobcentre Plus would be much more effective if advisers were required to obtain recognised qualifications and proper training which would establish expert knowledge of local and national labour markets, as well as their ability to support claimants – particularly young people.

Part of the problem is that current wage and employment structures fail to keep good advisers on the front line. According to the Centre for Social Justice, maximum pay is less than the national average salary and the only way for good advisers to improve their wages is to leave frontline work (i.e. to move away from working directly with claimants). We believe that talented advisers should be encouraged to stay on the front line. One solution could be to reward JCP advisers for finding claimants sustainable jobs, such as receiving a small bonus for moving claimants into jobs which last at least six months (this could be higher for claimants with multiple barriers to work).

We propose that the next Government should allow Jobcentre Plus to recruit additional frontline advisers to boost the ratio of staff to JSA claimants and provide claimants with a better service. Frontline advisers should also receive higher pay for frontline work with claimants and further increases in pay if they obtain appropriate qualifications to help them understand the labour market and work with young people, particularly disadvantaged young people. The next Government, through Jobcentre Plus, should also provide sponsorship to frontline staff to achieve these qualifications.

We also propose that the next Government should also consider introducing performance-related bonuses for Jobcentre Plus advisers, to be awarded on specific measures such as receiving positive feedback from claimants, encouraging claimants to arrange their own work experience and internships, and helping claimants to find work and stay in work for a significant length of time (e.g. 6 months).

23) Measuring Jobcentre Plus performance on how many claimants enter and stay in work

At the moment, the performance of Jobcentre Plus is primarily measured on how many claimants come off benefits and how quickly. It is widely accepted by MPs and leading experts that this is a flawed and incomplete measure. It includes claimants who have started a new claim for different benefits. It includes claimants who have come off benefits to take up temporary or short-term employment (and counts them as a new claim when they return to unemployment and claim again). It also includes claimants who have decided to discontinue claiming altogether for whatever reason or who have been subject to benefit sanctions.

Although it is important to measure whether or not Jobcentre Plus is succeeding in moving claimants off benefits, that is only one part of the picture – it is just as important, if not more so, to measure **why** claimants are moving off benefits, particularly whether or not they are moving into employment and remaining in employment.

Without measuring outcomes in terms of sustainable employment, the performance measures for Jobcentre Plus as they currently stand distort the true picture and paint Jobcentre Plus as being more successful than it actually is. A recent Department for Work and Pensions report establishes that only around two thirds (68%) of claimants leaving JSA enter paid employment, that nearly one in five (18%) simply moved to another benefit or re-claimed JSA shortly afterwards; and that, of those who had started work, nearly one in ten (8%) were employed for fewer than 16 hours a week. A separate report by the Public Accounts Committee suggests that 40% of claimants who leave JSA will reclaim benefits within six months; and that 60% of claimants who leave JSA will reclaim benefits within two years.

By any standard, these are disappointing figures and show that the performance measures encourage Jobcentre Plus to prioritise off-flow from benefits rather than prioritising helping unemployed people secure sustainable employment. These measures also fail to penalise Jobcentre Plus for presiding over so-called ‘churn’, where the unemployed (particularly unemployed young people) cycle in and out of temporary, low-quality, low-paid work which is not sustainable.

We believe that the reason why claimants have moved off JSA should be properly recorded and the Department of Work and Pensions should collect comprehensive data as to the destinations of claimants after they end their claim. There should then be a number of performance measures available. One possible approach is the suggestion by the Centre for Social Justice of three measures - focusing on the number of claimants who have moved into employment (job start), the number of claimants who have stayed in employment for six months (job outcome) and the number of claimants who have stayed in employment for a year (sustained job outcomes).

We are not wholly against temporary work as we believe it can offer valuable experience and that is why we would include ‘job starts’ as a performance measure. However, we also believe that finding sustainable work needs to be encouraged as far as possible. Some young people on JSA have found that they have been pushed into accepting the first job they are offered, even where it does not complement their ambitions or existing skills. Jobcentre Plus should, where possible, help claimants to find jobs that are suitable for claimants and fit with their existing skills and qualifications.

We propose that the next Government should immediately develop and implement a new set of performance measures for Jobcentre Plus which measures its success based on how many claimants move off benefits and into work. These performance measures should also include provision for measuring how many of those claimants move into suitable and sustainable work, in particular by measuring how many claimants are still in work after certain periods of time.

24) Properly assessing and tailoring support to new Jobseeker's Allowance claimants

To provide the most effective support to claimants, particularly unemployed young people, it is important for Jobcentre Plus to tailor its support to the personal circumstances of individual claimants. This requires a proper assessment by JCP of a claimant's skills and experiences as well as their readiness for work and any barriers to finding or keeping work. However, the Work and Pensions Select Committee has found that current procedures for establishing claimants' needs vary between Jobcentres, are prone to missing crucial information about complex barriers to employment, and often overlook important issues regarding a claimant's readiness for work.

This is to some extent because initial interviews of claimants by JCP advisers are largely focused on the requirements the claimant must fulfil in order to claim benefits, rather than on how well the claimant is prepared for work. Although the initial interviews do consider steps which can be taken to find work and how to improve chances of obtaining a job, they are largely focused on ensuring forms have been filled out correctly, working out which specific jobs the claimant should be applying for and completing an agreement with the claimant which sets out the conditions they must comply with to receive JSA. This is unfortunate – one of the reasons why young people have difficulty finding employment, or cycle in and out of short-term low quality employment, is that they often have multiple barriers to employment which are not properly identified or dealt with by Jobcentre Plus.

We consider that the focus of these initial meetings needs to change. For example, we support the suggestions by the Work and Pensions Select Committee, Centre for Social Justice and Policy Exchange that JCP should adopt a more thorough and systematic face-to-face assessment of claimants' barriers to work during their initial interview with the claimant (we also agree with the Business, Innovation and Skills Select Committee's suggestion that this includes assessing literacy and numeracy skills where appropriate). This would work as a segmentation tool, so that claimants would be separated into different streams of support according to their distance from the labour market and their need for intensive employment support. Those deemed to be relatively close to the labour market would receive less support as they would be expected to be able to find employment on their own, whereas those identified as needing more intensive support could be referred to programmes such as the Work Programme earlier. For longer claims, the assessment of the claimant's needs should be updated regularly.

One example of such a tool cited by various reports is the Jobseeker Classification Instrument (JSCI) used in Australia, which is a comprehensive toolkit for evaluating someone's readiness for work and identifying their barriers to work. Through it, claimants are placed into one of four streams which determines their eligibility for certain types of support. Whilst this exact instrument may be inappropriate for the UK (and we are aware that the DWP have identified concerns with it), we see no reason why a similar assessment tool of this nature cannot be developed. Indeed it could be piloted with 16-24 year olds as they would be likely to gain the most from it.

A segmentation tool could also potentially be combined with a more comprehensive application form which would ask potential claimants for more detail on their skills, experiences, work-readiness and barriers to work. This would provide JCP advisers with more information to work with.

We propose that the next Government should work with Jobcentre Plus to develop a comprehensive classification and segmentation tool to gather comprehensive information on skills, experiences, work-readiness and barriers to work for every JSA claimant aged 16-24. With this information, Jobcentre Plus should be able to tailor the support required to the personal circumstances of each claimant. However, we do recommend that JCP advisers should have some flexibility to alter levels of support for particular claimants under certain conditions.

25) Encouraging and supporting unemployed young people to undertake voluntary work, work experience or internships

A key problem with both JCP and JSA is that unemployed young people are often encouraged to focus all their efforts on applying for jobs rather than on improving their skills and experiences – even though improving their skills and experiences will significantly their chances of finding a job. JCP also does a poor job of encouraging young people to find and undertake their own work experience placements, internships or voluntary work while they are claiming JSA and supporting those who do. We have already highlighted that young people doing unpaid internships find it difficult to continue claiming JSA due to its strict conditions and the lack of flexibility by JCP.

Some opportunities to obtain work experience are available through JCP. In particular, 16-24 year olds claiming JSA can obtain a work experience opportunity through Jobcentre Plus. These placements can last between 2 and 8 weeks, with claimants normally expected to work between 25 and 30 hours a week. JCP may also be able to provide help for costs related to work experience such as travel or childcare. During this time, the claimant remains on JSA and continues to search for jobs and meet with their JCP adviser. We support this scheme and the opportunity it provides for young people to gain hands-on work experience, particularly for young people who are unable to arrange their own work experience placements, as we believe that this is vital to improve their job prospects.

However, some campaigners have described these placements – as ‘workfare’ on the basis that the placements are not paid, are sometimes seen as low-quality, and there are not necessarily any job opportunities for the young person at the end of the placement. We believe that this is largely unfair, but there are improvements which can be made to these placements. For example, we support the ACEVO Commission on Youth Unemployment’s recommendation that employers running these work experience placements should guarantee an interview for a paid job at the end of the placement (subject to satisfactory performance during the work placement) or meet certain standards of work-based training. Employers who provide these placements should also be required to provide a reference (subject to satisfactory performance) and an exit interview in order to give the claimant feedback on their performance. JCP should also ensure that all of these placements are of good quality and that they provide genuine hands-on experience, training and skills development.

Where an unemployed young person is clearly able to obtain their own work experience placements, internships or voluntary work opportunities (or they have already done so), Jobcentre Plus advisers should actively encourage this and take steps to support it – for example by reducing the number of JCP meetings claimants are required to attend, reducing the number of job search activities they need to do, or reducing the amount of time they are required to spend searching or applying for jobs. This would be much more productive in the long-term than requiring claimants to, say, spend 35 hours a week looking for/applying for work, as the new JSA Claimant Commitment does.

We propose that the next Government should ensure work experience placements organised through Jobcentre Plus for 16-24 year olds are provided subject to certain additional conditions on employers – including providing a guaranteed reference and an exit interview, and providing either a guaranteed interview for a paid job or providing significant certified work-based training. These will be subject to satisfactory performance by the young person during the placement.

We also propose that the next Government should expressly mandate Jobcentre Plus to encourage and support unemployed young claimants to find and obtain their own work experience placements, internships or voluntary work. The next Government should also allow JCP advisers the flexibility to take steps to support these claimants when doing this, such as reducing the number of meetings they must attend or the amount of time spent on job search activities.

26) Improving the New Enterprise Allowance scheme to help more unemployed young people into self-employment

We believe that young people and those who support young people into work should see self-employment as a viable alternative to employment. We believe that this should begin with better enterprise education, as highlighted elsewhere in this Manifesto, but it must also be a key pillar of the back-to-work support we offer to unemployed young people.

Unfortunately, Jobcentre Plus is not doing anywhere near enough to support or encourage young people to set up their own businesses. In particular, recipients of the New Enterprise Allowance (NEA) – which is the main form of assistance Jobcentre Plus offers to unemployed people wishing to set up a business – tend to be much older. According to a report by entrepreneur Jamie Mitchell for the Labour Party's Youth Jobs Taskforce, only 6.5% of those who receive this support are under 25 years old, which suggests that JCP needs to do much more to encourage young claimants to apply for NEA and to provide appropriate support to them when they do.

As with the StartUp Loans scheme, successful NEA claimants can receive financial support as well as a business mentor who can help to write a business plan (as well as potential ongoing mentoring support in the early months of trading). To receive financial support under the NEA, the claimant cannot continue to claim JSA. Instead, the initial financial support comprises only of a weekly allowance paid for up to 26 weeks (following the approval of a business plan and the termination of JSA claims). This allowance does not need to be repaid and the claimant can, if they need help with start-up costs, also apply for a loan through the StartUp Loans Company (which must be repaid).

However, the weekly allowance only consists of £65 a week for the first 13 weeks, and £33 a week for the next 13 weeks, up to a total of £1,274 over 26 weeks. We believe that this level of financial support is unrealistic, especially as it compares poorly to JSA – which is currently £57.35 a week for under-25 year olds. Even when the £1,274 is averaged out over the 26 weeks, it is still lower than JSA (£49 a week). In addition, it is far from guaranteed that a new business will become profitable enough within 3 months to justify halving the financial support available for living expenses. We believe there is a case to justify increasing this allowance, to ensure that it is tapered out more gradually and flexibly for those moving from benefits into self-employment and to allow it to be extended for longer than 26 weeks in limited cases if the business has potential to be profitable in the near future.

There is also evidence that JCP advisers are insufficiently knowledgeable when it comes to NEA and this is recognised in an official evaluation of the scheme from 2013, which noted that JCP staff did not receive specific training on NEA – instead they must rely on the staff intranet and other resources. We believe that JCP advisers should receive explicit training regarding the scheme, in order that they are knowledgeable enough to be able to identify claimants who would benefit from it and refer them to the programme. We also agree with the proposal by Jamie Mitchell that JCP advisers should be supported by enterprise experts embedded throughout JCP to provide advice and support to claimants on NEA.

The NEA scheme has also received criticism for the quality of the mentors provided, but this appears to be partly because mentors were expected to offer business advice which they were not necessarily qualified to do. We believe that as well as being mentored, those receiving support for starting their business should be offered professional business advice. This could include, for example, two face-to-face interviews, firstly after approval of the business plan and then at the end of six months of trading, as well as e-mail and telephone support when required. This mentoring

support could also continue after the 6 month mark to give the individual's business venture a greater chance of success.

We also have serious concerns about the eligibility requirements of the scheme. The requirement that the claimant has to be on JSA for 6 months makes it inaccessible for young people who are in and out of temporary work, not to mention the hundreds of thousands of young people who are unemployed or 'Not in Employment, Education or Training' (NEET) but who do not claim benefits. We are also concerned that those on the Work Programme are not eligible for NEA and we fear that those on the Work Programme who wish to become self-employed will be discouraged from doing so. The eligibility for NEA should significantly be expanded. In addition, there should be an option as part of the Work Programme to help the long term unemployed start their own business and they should be offered intensive support to achieve this.

We believe that Jobcentre Plus could also play a more active role in supporting young NEA claimants in other ways besides mentoring and financial support – such as encouraging the creation of enterprise or work clubs.

Finally, none of our suggested changes will be relevant if the scheme is discontinued. In the 2013 Autumn Statement, it was indicated that referrals would be made to the scheme up to March 2016. Despite its flaws, the 2013 DWP evaluation found that NEA was *“offering effective support for those interested in self-employment as a route to (re-) entering the labour market and playing a useful role in supporting the development of new enterprises.”* We therefore believe that NEA should be continued for at least the next few years – subject to the changes we have suggested.

We propose that the next Government should from March 2016, extend NEA for the next 5 years (March 2021) and expand the scheme to provide additional financial and mentoring support to claimants, with a new emphasis on supporting unemployed young people into self-employment. NEA's eligibility criteria should also be expanded and the scheme should be supported by proper training for JCP advisers, mentors, and the embedding of specialist enterprise advisers into every JCP office.

27) Implementing a programme of specialist support for under-25 year olds on Jobseeker's Allowance

When the unemployment rate for 16-24 year olds is three times higher than the unemployment rate for all adults, and has been consistently higher, we believe that young people are entitled to receive additional specialist back-to-work support – particularly given the concerns we have already raised about the negative experiences which young people have when claiming JSA and dealing with Jobcentre Plus. In fact, we would suggest that young people under the age of 25 ought to be classed as a separate group by Jobcentre Plus and to have special provision tailored to their needs in every JCP office. To some extent we understand that this is already being done, but it should be a clear, formal, universal requirement across all JCP offices.

For example, all unemployed young claimants should be assigned dedicated areas in all Jobcentre Plus offices and should be assigned a dedicated JCP adviser who they can build a relationship with, as this will improve their confidence and motivation and will make them more likely to attend JCP appointments and engage properly with their adviser. Far too often we and other young people have experienced being moved from one JCP adviser to another, week after week, making it impossible for JCP to track our progress or engage with us properly. These advisers could also do more to engage with young people outside the Jobcentre – such as through regular telephone and/or e-mail contact as a supplement to face-to-face meetings. Furthermore, advisers should spend longer on these interviews and calls with young JSA claimants to provide additional time for personalised and intensive support. Consequently, JCP advisers who work with young people should have a lower caseload than they would do otherwise.

We also believe that for a young unemployed person, having a mentor can be invaluable. They can offer encouragement and support, provide valuable feedback, teach new skills, come up with new job leads, provide practical help in writing a CV and prepare young people for interviews. Having a mentor can also show employers that the young person is genuinely committed to finding a job and improving their employability. We believe that Jobcentre Plus should provide all young people on JSA with a right to a personal mentor or coach during their JSA claim and for a period after they start employment, to provide crucial support in the early days of a new job. The Government can support this by encouraging a drive across the public, private and voluntary sectors to encourage employees to engage in mentoring an unemployed young person – perhaps along the lines of the proposals made on expanding mentoring made by the ACEVO Commission on Youth Unemployment.

Mentors should in turn be appropriately supported by Jobcentre Plus. Although for many unemployed young people, mentors will require little or no training, there are some young people who have multiple barriers to work and whose behaviour can be very challenging. Mentors who engage with such young people should have received appropriate training and there needs to be additional support available for mentors who are struggling, to ensure that there is not a breakdown of their mentoring relationship.

We propose that the next Government should work with Jobcentre Plus to implement a specialist programme of support for all JSA claimants under the age of 25, including setting aside areas in all JCP offices for young people, providing them with a dedicated JCP adviser, assigning them additional adviser time and engagement, and providing them with the right to access a personal mentor or coach.

28) Piloting a job guarantee scheme for long-term unemployed young people

According to the House of Commons Library, the latest statistical release from the Office of National Statistics suggests that 202,000 people aged 16-24 were unemployed for over 12 months in November 2014 to January 2015. This amounts to around 27% of unemployed 16-24 year olds.

Long-term youth unemployment is a big, and sometimes under-appreciated, problem. Not only does it mean ongoing benefit payments, it also increases the likelihood of depression, criminal offending and other negative outcomes. In addition, the longer a young person – or anyone else – is out of employment, the harder it becomes to get them back into employment and the more likely they are to be unemployed in later life. To have hundreds of thousands of young people out of work for a year or more is tragic for the young person and costly for the state, the economy and society.

We know that being long-term unemployed does not necessarily mean that young people are being lazy or not trying hard enough to find work – indeed, most young people want to work. It could be for various reasons – lack of work experience, not applying for the right opportunities, performing poorly in job interviews, or more complex barriers to work. Although long-term youth unemployment is falling and initiatives such as the Youth Contract and Work Programme have attempted to tackle the problem, it is clear that those schemes have failed to make enough a difference in reducing long-term youth unemployment and that more must be done.

We believe that, to avoid the scarring effects of long-term youth unemployment, the next Government should pilot a ‘job guarantee’ scheme for young people who are long-term unemployed (or at risk of becoming long-term unemployed). This scheme would provide a 6-month job, doing ‘real work’ for a ‘real wage’. We believe that this would provide a crucial backstop for those struggling the most to get a foot on the jobs ‘ladder’ and should be reserved for young people who are long-term unemployed or who are approaching long-term unemployment. This is because implementing it too early – as with the EU’s Youth Guarantee scheme, which kicks in after only 4 months of unemployment - risks spending taxpayers’ money unnecessarily when many young people are able to find work within a few months of becoming unemployed.

This idea of a ‘job guarantee’ is something which has been called for by the Labour Party and various expert bodies including the Work Foundation and the ACEVO Commission on Youth Unemployment. It is, however, not a new idea. For example, the previous Government set up an initiative called the Future Jobs Fund (FJF) which provided subsidies to employers in unemployment hotspots to create 6-month jobs for unemployed people, particularly young people. We recognise that FJF was a controversial, flawed and expensive scheme. However, it created 105,000 new jobs (at a time when not enough jobs were being created) and provided significant net financial benefits to participants, employers and society. A DWP impact assessment also showed young FJF participants were – 2 years after starting the programme – 11% more likely to be in unsubsidised employment and 7% less likely to be claiming benefits than non-participants in FJF. As some experts have noted, these are actually positive results for an employment programme of this nature. We see no reason why a job guarantee scheme cannot be piloted which aims to learn from the successes and failures of the FJF.

We propose that the next Government should pilot a job guarantee scheme for young people under the age of 25 who are long-term unemployed or likely to become long-term unemployed (e.g. it could be implemented after 9 months or 12 months of unemployment). This scheme should provide a good quality, paid job, doing ‘real work’ for a ‘real wage’. Initially this could be introduced, piloted and assessed by Jobcentre Plus in key youth unemployment hotspots for a two year period. If successful, it could then be expanded across the country and potentially opened up to long-term unemployed young people who are not on Jobseekers’ Allowance.

29) Reforming the way Jobcentre Plus engages with employers and matches claimants to job vacancies

The House of Commons Work and Pensions Select Committee recently summarised the three key aims of Jobcentre Plus as follows: *“to provide effective advice and support for claimants looking for work; to ensure that claimants fulfil their responsibilities to look for work; and to support an efficient and flexible labour market by offering an effective recruitment service to employers and matching unemployed people to suitable job vacancies.”*

We have already addressed the first two aims elsewhere in this Manifesto. However, we have not yet considered whether Jobcentre Plus in fact meets its third aim – namely whether it offers an effective recruitment service to employers and matches unemployed people to suitable job vacancies.

The short answer is that, in our view, JCP largely fails to achieve this critically important aim, and has done so for a long time. Employers, businesses and voluntary sector organisations which work with unemployed people have consistently complained for years about the level of contact they receive from JCP, the poor service they receive when they do make contact, and the unsuitability of applicants when they advertise job vacancies through JCP. One poll by Policy Exchange from 2011 suggested that less than a third of employers use JCP, including only 20% of small employers. The Federation of Small Businesses in turn has found that only 17% of their members rate JCP as effective or very effective. This is perhaps unsurprising when, according to the Centre for Social Justice, only 6% of all JCP staff are tasked with engaging with businesses and other partners.

We recognise that JCP and the Government have been taking steps to improve the situation, including the introduction of the Universal Jobmatch website. However, numerous problems have been identified with Universal Jobmatch – for example, it has often listed dubious, duplicate, out-of-date and inaccurately categorised vacancies and has led to some employers being flooded with applications from poorly matched, unsuitable candidates.

We believe that this aspect of Jobcentre Plus needs to be reformed. JCP needs to act more like a recruitment agency would do – actively engaging with employers, promoting suitable candidates, advertising appropriate vacancies and monitoring these vacancies. This can be done through better training for JCP staff, taking on experienced recruiters from the private sector, funding and recruiting more JCP advisers to engage specifically with employers and other external partners, and improving the oversight and management of the Universal Jobmatch website. The Government could also do more to work with external providers, and could do more to assist local voluntary sector organisations to help them form sustainable long-term partnerships with their local JCP office.

We propose that the next Government should take steps to reform and improve the way Jobcentre Plus offers a recruitment service to employers and matches claimants to job vacancies, with the aim of running the service more like a recruitment agency would. These steps could include improving oversight and management of Universal Jobmatch, increasing the number of staff responsible for engagement with employers and other partners (including local voluntary organisations) and providing them with extra training, and hiring recruitment experts from the private sector.

30) Setting up a network of Youth Employment Centres across the country

In this section of the Manifesto we have focused heavily on Jobcentre Plus and how it needs to be changed. However, it is all too easy to forget that many unemployed young people are not claiming Jobseeker's Allowance and therefore do not go to or engage with Jobcentre Plus. According to the House of Commons Library, in February 2015 there were 178,500 18-24 year olds claiming JSA, compared to a figure of 743,000 16-24 year olds unemployed from November 2014 to January 2015. Even if the 16-24 year olds in full-time education are disregarded, this still leaves a figure of 496,000 – more than twice the number of young JSA claimants. Although these figures are not directly comparable, they illustrate how many unemployed young people are not helped by JCP.

These figures are not entirely unexpected, particularly when large numbers of unemployed young people feel that JCP does not provide any new information, does not provide skills or experience relevant for a job and does not understand or support their personal circumstances (according to the LGA poll we referred to earlier).

However, the statistics do illustrate a big problem. Jobcentre Plus, for all its flaws, at least ensures young people are supported to some extent to find work and escape unemployment. If young people are not supported by Jobcentre Plus, there is no obvious alternative for them to go to. This is a huge gap in provision which makes it difficult to support these young people, or to keep track of them. For example, a recent report by the Fabian Society suggests that we have lost track of over 150,000 young people nationally, including over 50,000 young people who are classified as NEETs (not in education, employment or training).

Even if young people are unemployed and supported by JCP, all the issues we have identified elsewhere in this part of the Manifesto make it challenging for JCP to provide the support and assistance which many young people need. Even if every single one of the reforms that we and other organisations have proposed were implemented, they would not take effect overnight and would still leave some matters which could not be addressed – JCP will always, to some extent, focus on getting young people into a job, regardless of whether it is the right job, or a suitable job, or a job which could amount to a long-term career. This might include, for example, sanctioning a young person who has arranged their own work experience placement for attending that placement instead of a JCP appointment (even if they have informed JCP about the placement). This is due in part to JCP's very nature and ethos as both a benefits agency and an employment service.

Tony Wilson of CESI recently made the following remarks in evidence to a DWP Select Committee inquiry on benefit sanctions: *"People who are not required to attend Jobcentre Plus do not volunteer for support, because they see this system as being punitive—as being harsh and trying to catch them out...they do not go to Jobcentre Plus, because they are worried it will lead to conditionality, sanction, a query about their benefit receipt and so on."* Although he was not referring specifically to young people in his remarks and was addressing the specific subject of benefit sanctions, his remarks are an important illustration of the often negative, punitive culture of Jobcentre Plus. It is clear that this culture does not lend itself to efforts to tackle unemployment, including youth unemployment.

We believe that unemployed young people on JSA therefore need a permanent alternative method of support. Consideration also needs to be given to young people who are not unemployed – for example, young people who are employed or in education or training still need support when looking into new career paths or considering changing jobs while still employed. This alternative or additional support should therefore be offered to all young people.

We therefore support the creation of a network of Youth Employment Centres, which would provide support to all 16-24 year olds. These could be based on the 'MyGo' Youth Employment Centre which opened in Ipswich in November 2014 under the Greater Ipswich City Deal. This pioneering initiative, which is the first of its kind in the UK, is run by local businesses, local councils, the New Anglia LEP and Jobcentre Plus, and aims to halve youth unemployment in the Greater Ipswich area over the next two years. The MyGo centre is staffed by specialist staff from the public, private and voluntary sectors and offers a modern and supportive environment which offers all 16-24 year olds in Ipswich and the surrounding area free training, career and employment support, including a variety of outreach services. The centre has already proven to be popular with local young people and has been endorsed by the Work and Pensions Secretary, Iain Duncan Smith.

We believe that the Government should create a national network of Youth Employment Centres for 16-24 year olds, based on the example of the MyGo Youth Employment Centre in Ipswich. These should be run by local Youth Employment Partnerships (as proposed in the final part of this Manifesto) or by other informal groupings of local stakeholders and should make efforts to keep track of local young people.

PART 4:
IMPROVING CO-ORDINATION AND
DEVELOPMENT OF LOCAL AND NATIONAL
GOVERNMENT POLICY ON YOUTH
UNEMPLOYMENT

31) Creating a cross-government Minister for Youth Employment in the UK Government

In this Manifesto we have set out 30 substantive sets of policy proposals on a range of areas, which we believe the next Government should implement in order to reduce and prevent youth unemployment and to take steps towards 'full employment'. However, these policies will not end youth unemployment on their own – it is well-established that youth unemployment is to some extent a structural problem which exists regardless of which Government is in power or which policies are implemented.

This is partly because a number of different Government departments share responsibility for tackling youth unemployment – particularly the Department for Education (DfE), the Department for Work & Pensions (DWP), and the Department for Business, Innovation & Skills (BIS). As Impetus PEF and others have noted, other departments also play a role in dealing with the effects of youth unemployment – such as the Home Office and the Department of Health. Responsibility for tackling youth unemployment is therefore disjointed and poorly co-ordinated, leading to significant overlap, complexity and confusion about where ultimate responsibility lies, as well as a lack of clarity as to where young people, employers or other stakeholders should be looking for support or information. This situation leads to unnecessary public spending on unsuccessful or duplicated initiatives and makes it challenging to effectively implement substantive policy proposals such as the ones put forward in this Manifesto – for example, the positive policy initiative of traineeships was initially undermined by a lack of co-ordination by BIS and DWP over the relationship between traineeships and Jobseeker's Allowance.

In July 2014, in our report on Practical Solutions to Youth Unemployment, we proposed the creation of a cross-departmental unit or agency on youth unemployment in the UK Government, headed by a 'Minister for Youth Employment', with responsibility for co-ordinating government policies on youth unemployment across Government departments. As the Work Foundation and others have noted, this could be done in two ways – either: (a) a new ministerial post divided between some or all of BIS, DfE and DWP (similar to the Minister for Youth Employment position which existed until recently in the Scottish Government); or (b) a new cross-governmental ministerial portfolio which is added to an existing Minister's job (along the lines of the Minister for Cities role in the UK Government). If the second option was implemented, we believe the best way of implementing this second option would be adding the ministerial portfolio to the responsibilities of the current Minister of State for Employment at the DWP.

Either way, the Minister and their unit/agency should both have ultimate cross-departmental responsibility for co-ordinating the Government's policies on youth unemployment (particularly with regard to DWP, DfE, and BIS) and should both be granted sufficient staff, resources, responsibilities and powers by the UK Government to ensure that they are able to discharge their responsibilities effectively. For example, we would suggest that the Minister for Youth Employment should be entitled to attend Cabinet meetings (if they are not already). There should also be a standing item on the Cabinet agenda on youth unemployment; along the lines of the system which we understand is (or was) operated by the Scottish Government.

We also suggest that this Minister should create mechanisms to ensure young people are fully consulted and taken account of in relation to youth employment policy across all Government departments, and should ensure that all policies relating to youth unemployment are assessed to determine their effect on young people – as proposed by the Youthforia (North West Youth Forum) Youth Employment Commission. This is critically important as current policy-making on youth unemployment has been undermined by a consistent lack of consultation of young people and a

failure to properly assess the effect of policies on them, despite the fact that we are the ones who suffer directly from youth unemployment.

We fully recognise that this policy will not fix youth unemployment on its own. What it will do is that it will improve co-ordination of Government policy on youth unemployment and will mean Government time can be more effectively spent on tackling youth unemployment (for example, this Minister could be responsible for keeping track of the latest best practice, reports and evidence on the subject – a huge task in its own right given the huge number of reports, studies, research papers and new initiatives which have appeared even since the last General Election). This policy will also provide greater accountability than the current system of split responsibility, and that young people will be properly consulted on key policies which affect them and the impact of these policies on young people will be fully assessed and taken into account.

We propose that the next Government should, when appointing its first set of ministers after the General Election, create the post of “Minister for Youth Employment”. This could be done either as a new stand-alone cross-departmental post, similar to the approach taken in Scotland, or as an addition to the Minister for Employment role at the DWP – similar to the ‘add-on’ Minister for Cities post.

This Minister should be responsible for co-ordinating government policies on youth unemployment across Government departments and should be supported by a cross-departmental unit or agency which has input from a range of departments, in particular DfE, BIS and DWP. This Minister should also be responsible for ensuring young people are properly consulted on youth unemployment policy and that the effects of policy changes on young people in this area are properly assessed and considered by the Government.

32) Encouraging the creation of local partnerships – with youth representation – to tackle youth unemployment in local areas

Although we have discussed above how the UK Government can improve how it co-ordinates and develops policies to tackle youth unemployment nationally, youth unemployment is also a local problem which varies significantly across the country and even within local areas, and there are similar problems in terms of policy co-ordination and development at local level. Responsibility for tackling youth unemployment and getting young people into work in local areas is shared between many different organisations, agencies and individuals. These include local council(s); Jobcentre Plus; schools, colleges and universities; training providers; Local Enterprise Partnerships (LEPs); employers; and voluntary sector organisations. This lack of local co-ordination causes unnecessary complexity, confusion, inefficiency and duplication of work, and means that unemployed young people end up effectively being, as the ACEVO Commission on Youth Unemployment put it, “*the concern of all and the responsibility of none*”. This not only lets down unemployed young people, it also leads to huge amounts of taxpayers’ money being wasted.

In our ‘Practical Solutions’ report, we proposed that the UK Government should work with local stakeholders to create local youth employment partnerships across the country with the purpose of co-ordinating policy and initiatives to reduce youth unemployment at a local level. These partnerships could potentially be based on the ‘Youth Employment Partnerships’ proposed by the ACEVO Commission on Youth Unemployment, or the ‘Youth Transition Partnerships’ proposed by the Social Mobility and Child Poverty Commission, although there should be some flexibility in how they work and they should be locally designed as far as possible.

These partnerships should include representation from appropriate organisations in local communities including local councils, MPs, Local Enterprise Partnerships, Jobcentre Plus, employers, educational institutions and voluntary sector organisations. These partnerships should also include representation from young people, unlike current initiatives like Local Enterprise Partnerships, which do not appear to provide for much, if any, representation or consultation of young people. If possible these partnerships should involve local media outlets such as local newspapers, radio stations or community websites. The Government should also consider offering formally constituted local partnerships the opportunity to apply for extra powers or funding in particular circumstances. These could include setting up and managing our proposed network of Youth Employment Centres, tracking local unemployed young people and taking steps to identify and fill local skills gaps.

As with the idea of creating a Minister for Youth Employment, we do not believe these partnerships will fix youth unemployment on their own. However, we have already seen the success that local partnerships and initiatives like Norwich for Jobs, the Birmingham Baccalaureate and Ladder for London have had in reducing youth unemployment and preparing young people for work. These initiatives – and others – have clearly proven successful at co-ordinating and leading localised efforts to tackle youth unemployment. The Norwich for Jobs scheme, for example, appears to have already succeeded in its aim of halving youth unemployment in Norwich despite running for only two years.

We propose that the next Government should encourage and incentivise the creation of local partnerships to co-ordinate action to tackle youth unemployment at a local level. These could be set up along on the basis of the more formal Partnerships proposed by the ACEVO Commission and the Social Mobility and Child Poverty Commission, or on the basis of existing schemes like Norwich for Jobs. These partnerships should include representation for young people and relevant stakeholders in local communities, but should be locally designed and managed to encourage involvement from local stakeholders. Where possible, these local partnerships should be offered additional powers or funding by the next Government to help them undertake certain initiatives.

ABOUT US

The Found Generation is a youth-led, cross-party, not for profit campaign group set up in 2012 which aims to tackle Britain's youth unemployment crisis and prevent the creation of a so-called "*lost generation*" of unemployed young people. We are a group of young people from a range of backgrounds – many of us have personal experience of youth unemployment – and we run The Found Generation on a voluntary basis in our spare time. Our volunteers have a wide range of opinions and include young Conservative, Labour and Liberal Democrat supporters, as well as other young people who are not affiliated to any political party.

Our purpose is to campaign on behalf of young people for local and national politicians to implement policies to reduce and prevent youth unemployment – including, but not limited to, the policies set out in this Manifesto. We have received two awards from the British Youth Council in 2014 for our campaigning efforts. Examples of our campaigning work include:

- We have attended and contributed to various debates, seminars, conferences and other events on youth unemployment, providing a 'youth voice' at these events which would often be missing otherwise. We have also spoken at a number of events including Opening Doors (2012), the Oxford Education Conference (2014) and the Youth Employment Convention (2014).
- We have met and discussed youth unemployment with a number of politicians from the Conservative, Labour and Liberal Democrat parties (including Government Ministers) as well as other stakeholders including local councils, employers, think-tanks, charities, voluntary sector organisations and other young people.
- We provided written and spoken evidence to the British Youth Council's Youth Select Committee on 'A Curriculum for Life' (2013), provided written evidence to the National Union of Students' Commission on the Future of Work (2014) and published a report on 'Practical Solutions to UK Youth Unemployment' (2014), which was cited in a House of Commons debate in July 2014.
- We also actively promote greater cross-party consensus on youth unemployment across the major national political parties. For example, we were one of the only organisations to campaign for the establishment of an All-Party Parliamentary Group (APPG) on Youth Unemployment in the UK Parliament. An APPG on this subject has since been established.

You can find out more on our website – <http://www.thefoundgeneration.co.uk> – or follow us on Twitter at [@TheFoundGenUK](https://twitter.com/TheFoundGenUK)

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