



executive summary

hidden talents: a statistical overview of the participation patterns of young people aged 16–24

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Young people described as not in employment, education or training (NEET) are not a homogeneous group. Often-used terms such as ‘a lost generation’ are unhelpful given the diversity of experiences described by this acronym and given that a varying but significant proportion of 16–24 year olds experienced this state over at least the last two decades. It is an intergenerational challenge that impacts on some young people for a lifetime.

Worklessness, economic inactivity and the inability of some young people to engage in labour markets or educational or training opportunities are complex and often personal. The term NEET spans a core of young people with deep-rooted problems; an element who are short term and who are generally able to find a future; and those at risk either because of personal lack of direction, or because they are adversely impacted by shifting economic circumstances.



Various terminologies are used to help to differentiate between these circumstances, but it is helpful in summary to see them in terms of:

- Core or sustained: young people experiencing longer-term disengagement in education, training and the labour market, and who are strongly linked to a wider pattern amongst a section of society in terms of poor attainment, experience and expectation that challenges public policy.
- Floating or 'at risk': (what NFER describe in education and training terms as 'undecided') who may be dissatisfied with available opportunities or are most vulnerable to economic downturn and shifting labour market requirements. The risk is that this becomes entrenched with poor individual futures, dis-benefits to society in failing to maximise their future contribution, and in terms of costs to the public purse.
- Cyclical or in transition: (what NFER describe as 'open to learning' in education and training terms) young people who are likely to re-engage in education, training and the workforce in the short term, tending to have higher attainment and a more positive attitude to exploiting opportunity.

Government statistics measure various facets of this, but have incompatibilities and lack 'fine grain'. For example, government statistics for NEET and unemployment rates are different and not directly comparable or helpful in informing the targeted and locally tailored action needed to successfully respond to the problem.

Trends

During 1992–1997 (a period of economic recovery) there was a significant decline in the percentage of young people aged 16–24 classified as NEET; rates remained broadly stable between 1997–2007/8; but from 2007/08 there was a sharp rise, and also in unemployment in this group, that started earlier than the overall increase in unemployment in the workforce. However, even at the lowest point in this time span, some 12 per cent of 16–24 year olds experienced this for some period.

Overall, unemployment and NEET rates have risen significantly in the last year. Between quarter 3 of 2010 and quarter 3 of 2011, there has been an increase of 13 per cent in those who are classified as NEET in England. Narrower measures of unemployment suggest rising long-term UK 16–24 year old unemployment (over 12 months) with around 5.3 per cent of those who are economically active unemployed on this basis by November 2011. Overall UK unemployment in 16–24 year olds is higher and rising faster than in the economically active population as a whole.

Whilst not definitive, sample data suggests that long term NEETs aged 16–18 (over 12 months) are broadly around 8 per cent of all young people in England; and that around 23 per cent of young people aged 16–18 have experienced this for between 1–12 months.

NEET rates are highest amongst 19–24 year olds, significantly lower in 16–18 year olds, and lowest amongst 16 year olds, reflecting the impact of policies to extend 16–18 education and training. Rates have been consistently higher amongst females than males, but the two are converging with the male proportion increasing.

Geography

Although English regional NEET rates crudely reflect the strength of the economy in the greater South East in relation to other regions, with higher rates in the North and West Midlands, there are substantial sub-regional and local variations within all regions such that overall regional performance figures mask these variations in local performance and conditions.

Comprehensive and consistent local data on economic inactivity in young people or on the challenges that they face in entering — or preparing to enter — labour markets is sparse. However, available data confirms linkage between higher, and persistent rates and poorer social and economic conditions, although this is not a simple relationship.

The challenged core

This group is much more likely to have experienced poor social conditions, poor educational attainment and a history of low expectations and family achievement than those who are NEET by choice or who are impacted in the short term by economic downturn.

This early experience typically results in adverse consequences for the individual — and for society — in later life. Non-participation in the labour market, education or training should not therefore be seen in isolation. It is one manifestation of a wider pattern of poor outcomes for those families and individuals who are most challenged in society. Whilst not straightforward, reducing the number of young people in this category will help to arrest the well-documented intergenerational cycle of poor individual outcomes that costs those individuals, society and the public purse.

Evidence also suggests that whilst successful solutions have national benefits, these solutions need to be locally sensitive and led. This requires successful integration of education and training opportunities with both the needs and capabilities of individuals, and with the needs of the labour markets in which they will need to compete.

The distribution of this group is complicated and localised: the Government Indices of Deprivation are a good start, identifying local concentrations of disadvantage, but are less helpful in identifying dispersed disadvantage that can characterise rural areas.

Young people and the labour market

Looking beyond the core group with their special needs, young people more widely are particularly vulnerable to economic downturn, typically because they tend to have less experience or skills. Not all are adversely impacted long term if alternative opportunities are available, and available relatively quickly.

However, positive early experience in accessing and participating in the labour market (or effective preparation for this) has longer-term benefits, just as a 'poor start' makes it harder to succeed later. In favourable economic conditions, young people tend to move in and out of jobs more often than the overall labour force before settling down. Sustained economic downturn risks increasing both the persistence of core NEETs, but also creating a wider failure in employment opportunities for young people who in less challenged economic circumstances would find their way into work.

This has implications for a significant proportion of young people in addition to the core group. Historically, the UK is relatively successful at equipping young people with advanced skills, but lags in ensuring basic education and skills needed for much participation in the labour market: labour market potential expands as a result of successful participation in quality education or training.

Self-diagnosed reasons for non-participation in training, education or the labour market amongst NEETs aged 18 support this, although lack of experience is also cited as a key factor in failing to engage in the labour market. Health, disability or caring responsibilities are also factors for a significant minority (under ten per cent).

It is less clear how extensively lack of motivation plays a part, but it is also a factor, for example, given expression in an 'anti-learning culture, evident in some young people. However, a majority of 16–18 year old currently not in work or education or training either express an intention to engage in full-time education or training, or willingness to if given appropriate opportunity. Disability, pregnancy, childcare, education or learning disadvantages, or difficult personal circumstances are the most frequent explanations for non-adoption of educational or training opportunities by those who are NEET.

Looking forward: a changing labour market and economy

It is helpful to look at the challenge of successfully preparing and then engaging young people in the labour market in terms of integrating public policy interventions to bring together supply side factors that improve the ability of young people to participate and the demand side in understanding what is needed, or likely to be needed, to successfully engage with labour markets.

However, labour markets are not static. In the UK, they are becoming more competitive and selective. Despite rising unemployment, 17 per cent of vacancies in England are attributable to skills shortages with problems around both technical skills and wider employability skills.

Whilst predictions for future UK economic performance vary, pockets of high unemployment and economic inactivity will not be resolved by a return to growth. More widely, there is a pattern of changing technological and organisational requirements in the workplace that require basic literacy and numeracy, but also more emphasis on 'softer' interpersonal skills as well as technical requirements.

Changes in patterns of employment are longer term and less driven by the cyclical position of the economy. The expectation is a continued shift in demand towards higher skills and personal (e.g. caring) and customer-oriented services, and a continued reduction in demand for jobs that require few or no qualifications with potentially more competition for the latter where they exist. Also, labour markets will continue to be geographically differentiated. For example, with particularly strong demand for high-level skills in the greater South East and a complex sub-regional picture emerging with some English cities being more adept at exploiting opportunities from the industrialization of new technologies than others.

Also, whilst too early to understand the longer-term trend, emerging evidence suggests both that more people aged 50+ are active or seeking to be active in the labour market, and that this will also impact on job opportunities for young people. In the short term, this will not be influenced by the rise in the English birth rate because it is sufficiently recent not to impact immediately. However, there are forward planning implications as this rising and locally differentiated increase in young people generates employment and related training and education requirements.

In short, over the next five to ten years labour markets will become both more competitive, and with more people seeking to be economically active.



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