

Work and Pensions Committee Inquiry: Youth employment, education and training

Call for Evidence

About the Skills Federation

[Skills Federation](#) brings together the shared perspective of different industries on how the UK can build a workforce able to meet our skills needs. Our members are 19 employer led sector skills bodies who work across more than 20 sectors of the economy and represent over 150,000 employers, both large and small, across the UK. They are funded by their industries to provide sectoral voices and vital support on skills issues. This includes workforce planning and intelligence, professional standards, tailor made skills solutions, qualifications, kitemarking, accreditation and quality assurance.

Our vision is for a skills system that supports industrial investment and growth by providing a pipeline of talent into each sector of the economy, giving the opportunity for everyone to get in and get on at work through pathways that turn jobs into great careers.

Skills Federation response

We welcome the dual focus of the inquiry on understanding and addressing the drivers behind the rising numbers of young people who are not in education, employment or training, and on how the barriers for employers to recruiting young people can be reduced. Both are essential to reducing the NEET numbers, alongside work to increase the opportunities within the labour market that young people can access.

As the collective voice of employer-led sector skills bodies, our response offers a strategic industry perspective. We have provided a summary for each set of questions, answering some questions directly and not responding to those where other organisations are better placed. In putting our response together we have drawn on the evidence we submitted to the Milburn Review.

We would welcome the opportunity to discuss our response with the committee in more detail and would be happy to attend an evidence session if this is helpful.

1 Young people who are NEET

We believe that it would be useful for government to set a target for reduction in NEETs because this signals the importance of the policy direction and prioritises activity. However, the precise nature of the target needs to be considered carefully to avoid introducing perverse incentives to the system (for example, reducing the NEET figure by moving young people onto short training courses that don't support them to progress to further study or employment). Any target should also take into account the number of young people who are not claiming benefits and are therefore harder to reach.

The focus on such a target should not come at expense of all else. 70% of the 2035 workforce already in employment and therefore a focus on upskilling and reskilling workers

throughout their careers, not just at the start, is critical to the government achieving its wider employment and growth ambitions. Whilst employers need to contribute to this, there is also a role for government to continue to invest in adult skills.

2 Preventing young people from becoming NEET

There are a multitude of reasons why young people become NEET and understanding what these are should be the starting point for development of prevention strategies.

One reason raised by our members is that the secondary curriculum doesn't always sufficiently support young people who don't thrive in mainstream provision. Alternative provision for 14-19 year olds can provide a different route for young people at risk of becoming disengaged. An example is the funding provided by [Enginuity](#) for organisations to set up accessible, practical training spaces that give young people a strong first step towards a career in welding and fabrication.

3 Support for young people who are NEET

Better information and clearer progression routes

One of the biggest challenges for young people seeking to enter the labour market is around information. There are at least two aspects to this. The first is that young people don't always understand the range of jobs available and/or have an accurate understanding of what's involved in the jobs they do know about. Skills Federation members [Enginuity](#) (engineering and manufacturing), [CITB](#), [National Skills Academy Food and Drink](#), [Lantra](#) (land based sector) and [Energy and Utility Skills](#) report that attraction is a particular challenge, but this is the case across other sectors as well. In the health sector young people are often aware of jobs including doctor, nurse, paramedic and midwife but not about the range of jobs available at entry level and which can lead onto other opportunities. Attracting young people to jobs in the NHS is also made more difficult by the negative picture painted by the media.

The second is that progression routes into employment aren't always clear and so young people don't always know what skills and qualifications they need. There is an ongoing challenge to create clear progression routes to work and further study and to ensure that young people have the information, advice and guidance they need to make good decisions.

To overcome these challenges, we propose improving career guidance, creating sector entry routes, and rolling out sector focussed attraction campaigns.

- **Improve career guidance.** Develop a new careers strategy to set the direction and purpose of career development for young people and adults and provide adequate funding at both national and regional levels. Ensure accountability frameworks for schools and other providers create the conditions for sufficiently broad advice and guidance.
- **Sector entry programmes.** Develop and fund sector-specific programmes which provide coherent and accessible progression routes for young people into priority sectors. There are already programmes in place, for example, work that Energy and Utility Skills are doing with DWP to pilot sector entry programmes, alternative provision set up by Enginuity and Babcock into engineering apprenticeships, and

entry programmes in land-based sectors for SMEs, which could be learnt from and applied to other sectors. There are also international examples which could be considered, for example, in the [land-based sector](#). To support this the national jobs plans should include a focus on creating clear and accessible routes for young people (and others) into growth sectors.

- **Sector attraction campaigns.** Extend the approach in the [Clean Energy Jobs plan](#) and roll out awareness and attraction campaigns to other priority sectors. This is being led for clean energy jobs by [Energy and Utility Skills](#) and involves [ECITB](#), both Skills Federation members.

Apprenticeships

Apprenticeships, as jobs with training, offer a great opportunity for young people to experience the world of work whilst developing the skills, knowledge and behaviours required for occupational competence.

Over the past decade, the quality of apprenticeships has steadily improved, and employer confidence has grown in parallel. Employers value apprenticeships because they lead to occupational competence and reassure them that individuals have the knowledge, skills, and behaviours needed to do the job. To retain employer confidence in apprenticeships, quality needs to remain high with an unwavering focus on apprenticeships as a vehicle to achieve occupational competence.

However, employers have raised concerns about the current reforms to apprenticeship assessment, the pace and complexity of change, and government appearing to move away from employer involvement in the development of apprenticeship standards and assessment plans.

To retain employer confidence, we would recommend that government develops an approach which captures genuine employer input and allows flexibility in assessment plans, especially about the adoption of a sampling approach and the balance of on programme and end point assessment.

Also, entry criteria for some apprenticeships can act as a barrier to entry for those without the right GCSE grades but who show the right attitude and behaviours to an employer. This combined with a general unwillingness from the FE sector to support young people to resit maths and English because of the low level of funding available prevents, particularly SME employers, from giving those who are at risk of becoming NEET or who are NEET an opportunity.

More broadly, the front-loaded cost and administrative pressures cause challenges for SMEs offering work placements and apprenticeships and government could helpfully consider whether the balance of incentives is right for smaller employers.

Better coordination across UK nations

Devolution of skills policy across the UK nations creates practical challenges for employers, especially those operating across borders. For example, differences in apprenticeship systems, including funding rates, mean that employers must navigate and manage multiple, often inconsistent, processes.

It also means that opportunities are missed to learn lessons about what works, including supporting young people, and causes challenges where occupational standards (and therefore requirements for work) differ. The transfer of skills policy to DWP offers an opportunity for parity and greater coordination across the UK within a devolved skills landscape.

4 Employment and the labour market

Supporting employers to recruit young people

The barriers for employers to recruiting young people include:

- The growing cost of employment has increased the risks of recruiting people who have yet to develop skills and so employers are logically more likely to go for the easier option of recruiting people with experience.
- Relatedly, employers may have concerns about recruiting young people including about their preparedness for a work environment, practical skills and employability skills. Fewer young people have part time or 'Saturday jobs' which means they don't have real experiences of work whilst at school or college.
- The inability to get insurance holds back some employers from offering work experience or job roles to young people particularly in safety-critical industries. For example, in the land-based sector, insurance constraints can prevent employers from offering work experience or entry-level roles, even where risks are manageable with appropriate supervision. Whilst safety should always be of paramount concern, any unintended consequences need to be considered.
- Employers, particularly smaller businesses without a dedicated HR function, may struggle to identify effective ways to recruit young people and/or may feel ill-equipped to deal with mental health and wellbeing within their workplace.
- SMEs often rely on their local college or provider for support with recruiting and training young people. However, availability and quality are inconsistent across the country.

To overcome barriers to employers recruiting young people we would recommend:

- **Review regulation and insurance requirements, including around intellectual property.** Whilst necessary protections for both young people and employers need to be in place, government should review and implement changes where these are creating barriers and holding back opportunities.
- **Greater support for HR for SMEs.** Capacity can be a challenge, and smaller employers may not have the resource to develop workforce plans and to recruit and support young people effectively. More practical tools and resources provided by Strategic Authorities as part of their Youth Guarantee plans could support this, as can toolkits provided by other organisations including the [NHS](#).
- **Review options to price young people back into the labour market.** Government should review options to make employing young people make more economic sense. This could include looking at the youth minimum wage or additional exemptions from national insurance contributions. Another option would be to provide wage subsidies alongside support to train young people. There are lessons from programmes such as 'Kick Start' which could be learnt.

- **Work with sector skills bodies as key strategic partners.** Sector skills bodies provide a collective voice for employers in their sectors on skills and are keen to work with Skills England, Mayoral Strategic Authorities and government more widely. They have extensive employer contacts across their sectors, including with SMEs, and can be used as a trusted voice to advise on sector specific challenges and messages, and to encourage engagement across their areas. This could add value by capturing economies of scale, identifying where places need sector specific support, and avoiding duplication of effort by sharing what works.
- **Streamline processes.** Any processes associated with delivery of government initiatives including apprenticeships, sector based work academies, and the Youth Guarantee more broadly should be simple and easy to engage with.
- **Join up related initiatives.** There are many related services which could be helpfully coordinated including the extensive information offered by sector skills bodies including:
 - [Skills Miner](#) a game created by [Enginuity](#) to help young people discover engineering and manufacturing through problem-solving challenges in Minecraft.
 - [Tasty Careers](#) created by [NSA Food and Drink](#) which provides a wealth of information about careers in the industry
 - DCMS funded [Discover Creative Careers](#) led by [Screenskills](#) and contributed to across the creative industries which includes a career finder tool to help people to match their skills to roles in the industry and an opportunity finder for schools to find industry inspiration events.
 - [Routes into Rail](#), a single source of advice and information on the breadth and depth of careers offered in the rail industry provided by [National Skills Academy Rail](#).

Encouraging employers to invest more in skills development

Employer investment in skills is less than the EU average and this may point to a cultural issue where employers see upskilling as a cost rather than an investment, and moreover, a cost which may lead to their newly trained staff leaving for jobs elsewhere. Overall, we think this indicates that incentives should focus on building capacity to change behaviour and embed new ways of working. Some of the proposals suggested above, particularly more support for HR for SMEs, could help stimulate employer investment.

We would also support exploration of government introducing financial incentives such as a skills tax credit, as proposed by the [House of Lords Industry and Regulators Committee](#) and the [Learning and Work Institute](#).

An approach which responds better to employer demand may also encourage employers to invest. This approach is about aggregating employer demand and getting the right parties, including sector skills bodies, employers and government round the table to develop jointly owned solutions.

An example of where this approach is working well is the [National Nuclear Strategic Plan for Skills](#). The work started with analysis of labour market intelligence which identified the significant challenges. The next stage was to identify what government would pay for and where employers would contribute. [The Nuclear Skills Delivery Board](#) which includes a range of partners from industry and government will oversee the delivery of the plan. This approach is working because it started with articulating the demand and solutions were

developed in partnership, recognising that employers working individually wouldn't have sufficient impact. The involvement of [Cogent Skills](#) has been integral because they are able to provide the view of the whole sector, and to convene employers.