Amicus Response to the call for Evidence from the House of Lords Select Committee on Economic affairs - Employment and Training Opportunities for Low-Skilled Young People

Executive Summary

- Amicus believes that current Government policy regarding the unskilled young is not working.

- The youth labour market has changed significantly over the past 20 years, moving from skilled or semi skilled full time manufacturing, craft and agricultural jobs to part time unskilled service sector jobs.

- Youth unemployment is a feature of the economies of the countries throughout Europe, even though there is a decline in the numbers of young people available for work.

- Young unskilled people face incredibly tough competition for jobs. This competition comes from women, older workers, migrant labour and students.

- There are 716,000 young people in the UK labour market who are economically active and in full time education. Research has shown that students are crowding out non-students from the labour market in some industrial sectors.

- The decline in manufacturing jobs in the UK has exacerbated the youth unemployment situation. Previously many young people would have entered the workplace via an apprenticeship or 'junior worker' scheme.

- All young people should be provided with a career map or strategy to enable them to see how they can achieve their true potential.

- There needs to be a cultural change in the way families view their aspirations for their children. This can only be achieved through education, information and support.

- Trade unions have a strategic role to play in raising awareness of learning, skills and educational achievement. This could help facilitate the aspirational cultural change that is needed.

- Government policy regarding the unskilled young requires a holistic approach that includes the person, the family, the community and the school.

- Amicus is clear that further extensive research needs to be undertaken on this subject.

1. Introduction

1.1. The relationship between young people and their transition from school to work has historically been one of a series of choices dependent on their education, academic ability or propensity for work. The changes that have happened to the economy, industry and labour force of the UK has meant that this process and strictly delineated path has changed significantly for many young people and for some the path and process no longer exists at all.

1.2. Amicus believes that for many young people it is either very difficult for them to secure long term employment when they leave school because they do not have the necessary skills or they are so adrift from what is happening in the workplace and industry that they have no idea how to access training or go about finding employment. We believe that a root and branch review of secondary education is required to see exactly why these young people are not engaging with education, training or work.

2. Government Policy

2.1. When the present Labour Government came to power in 1997, they implemented a massive programme aimed at seeking out and addressing the causes and processes of 'social exclusion'. Young people in particular were targeted for a raft of policy initiatives and the policy document 'Opportunities for All'[1] outlined the Governments concerns around the 'cycle of disadvantage' whereby social and economic disadvantage seemed to be passed on in families from one generation to the next, regardless of educational opportunity and any increase in economic affluence.

2.2. The extension of educational opportunities and welfare to work programme were designed to prevent the educational, economic and social disadvantage of one generation being carried relentlessly into the next generation. This focus on educational opportunity and schemes to get people into work came at a time of unprecedented economic growth in the UK, where unemployment levels and inflation dropped to an all time low. It was clear that while some people were enjoying the benefits of this economic growth and expansion in education and training, others were struggling to become a part of the knowledge economy and reap the benefits and opportunities on offer.

2.3. Amicus, like many other trade unions has a vested interest in seeing all sectors of society enjoying the economic opportunities and meritocratic system that the present Government is working to

[1] http://www.archive.official-documents.co.uk/document/cm44/4479/chap4.htm

project. These young people are potential trade union members of tomorrow and Amicus has a sophisticated and extensive Learning, Skills and Education Department, which is working wholeheartedly to support its members with their learning and skills requirements and encouraging them to participate in the Life Long Learning agenda. Amicus also has extensive experience of working with employers to provide training, skills and personal development for workers.

3. UK Unemployment and Skills

3.1. In any discussion about the UK labour force, the link to the wider economy and globalisation cannot be ignored. GDP growth in the UK is expected to continue its rise going from 2.5% to 2.75% in 2007, supported in the main by increased domestic demand. However exceptionally strong labour force growth, which has been driven upwards by high immigration and rising participation is currently outstripping employment growth pushing the unemployment rate up but keeping inflation down. The unemployment rate was 5.6% in the three months to September 2006, up marginally on the previous 3 months and up 0.8% on the year.[2] Although the overall economic scene is good news for the Treasury it is not so good for those on the margins of work who are trying to become more economically active.

4. Economic Activity and Inactivity

4.1. The Office for National Statistics provides evidentiary statistics to show the numbers of young people who are either in full time education (FTE) or not, under the headings of economically active, unemployed and economically inactive. For example, of all 18-24 year olds who are economically inactive, half a million are also not in full time education. The statistics also give us some information on the numbers of full time students who are also working. There are 716,000 young people who are economically active and are also in full time education[3]. This is a significant statistic in relation to the numbers of low skilled jobs currently available to young people with little or no skills and shows that employers in the service industry do not have to resort to employing young, unskilled, inexperienced people when they have a ready pool of alternative labour.

4.2. Youth unemployment is a feature of the economies of countries throughout Europe, even though there is a decline in the numbers of young people available for work. Young people face extensive competition for the jobs that they are able to undertake. This is mainly due to a very mobile labour force made up of migrant labour from the former eastern bloc countries, older workers and females returning to work, as well as students.

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[2] http://www.statistics.gov.uk
[3] Office for National Statistics, Labour Market Trends, December 2006.

4.3. This shows that as the better qualified young people stay on in education and training, the youth labour market becomes increasingly polarised and marginalised for the less qualified and less experienced candidates. As each year passes this polarisation becomes more and more pronounced and it is clear that government policy initiatives such as New Deal have not done enough to alleviate the problems of some young people finding and keeping worthwhile, fulfilling work.

4.4. In June 2006, the unemployment rate for under - 25's was 16.5% in the euro area and 17.4% in the EU25[4]. The lowest rates for under - 25's was recorded in the Netherlands (5.8%), Denmark (7.4%), Ireland (8.1%) and Estonia (9.2%), the highest levels were in Poland (32.3%), Slovakia (29.7%) and Greece (26.4%)[5] The problem of young unemployed males is not as pronounced in the rest of Europe as it is in the UK. Amicus believes this could be due to the way some families in the UK restrict their aspirations for their children in relation to education and training[6]. There needs to be a cultural shift to a learning agenda and there are also significant differences in European labour laws and economic policy in relation to young people[7].

5. Changes in the Labour Market

5.1. The most fundamental long-term shift in the UK labour market has been the growth of the service sector and the decline in manufacturing and agricultural employment. The decline in manufacturing has resulted in the loss of thousands of traditional craft jobs (including apprenticeships) which in the past were important routes into the labour market for young people, particularly men[8]. Apprenticeships meant that young workers were sheltered from competition from adults, a situation that is completely different in the labour market today.

5.2. While jobs in the traditional industries were full time, the shift into the service and sales sector means employment has had to change to accommodate this, and part-time and shift working is now the norm. The growth in these sectors has also created a rise in the higher level white collar occupations and a decline in those manual occupations traditionally carried out by men. In terms of economic activity, women and students have been the significant benefactors of this rise in the service sector, as have people from minority ethnic backgrounds[9]. Research has shown that young people who left

[4] Euroindicators Newsletter, August 2006.
[5] ibid
[6] Joseph Rowntree Foundation, Diverging Paths to Adulthood, page 3
[7] Industrial Relations and Labour Legislation in Finland, p. 33
[8] Institute for Employment Research Bulletin, Number 64 – University of Warwick Publication
[9] ibid, page 3

school in 1995 experienced less unemployment than those ten years earlier and this has now reversed with a hard core of young people aged between 16 and 19 years experiencing higher levels of cyclical unemployment now than 15 years ago[10].

5.3. Young males, particularly those with low or no qualifications are excluded from these occupations and also from those new apprenticeships that are now on offer. In the past someone entering an apprenticeship would almost certainly have no higher level qualifications, maybe two basic CSE's. Now, employers will only offer apprenticeships to very able candidates who show by their level of qualifications (4 – 5 GCSE's, grades A – C) that they are capable of undertaking the training required and also have the level of commitment employers now seek as a matter of course.

5.4. Some young people leave school without the basic NVQ Level 2 qualifications that means they do not have basic literacy and numeracy skills. Amicus is concerned that this absence of basic skills is denying young people the opportunities that should be open to them and is also affecting industry and productivity. In 2002/03 there were 258,000 apprentices, by 2004/05 that figure has dropped to 190,000[11]. This reduction is contrary to what Lord Leitch has recommended in his 2006 report. He has asked for 500,000 apprentices as a way of ensuring that the skills gap is filled in the future[12].

6. Summary

6.1. Amicus believes that it is young unemployed people who have been most affected by the current changes in the labour market, the jobs they traditionally entered into no longer exist to the same extent. The opportunity of starting at the bottom and working up a career ladder is now a less viable option. They also face increased competition for lower level service work from adult women, older workers, migrant labour and more importantly students in full and part-time education.

6.2. The UK has one of the highest proportions of student participation in the labour market in Europe and Amicus believes that there are specific reasons for this growth in student employment. The first is the broad changes that have been brought about in the service sector with Sunday and in some cases 24 hour trading, requiring a large and flexible labour force. The second is the impact of the introduction of student loans and top-up fees in England. Not only has this created an increase in the need for students to work on a fiscal basis but has also meant that for the first time the OECD has recorded a decrease in the applications for entry into higher

[10] Ibid, page 1
[11] Engineering UK 2006.
[12] Prosperity for all in the Global Economy – World Class Skills 2006.

education in the UK[13]. Amicus believes that it is these two points in particular and not just the influx of migrant labour that has reinforced the marginalisation of young unskilled people in the labour market[14]

6.3. The significant changes in the youth labour market have polarised young people in their attempts to find and keep work. Their experiences are not replicated by other low skilled workers. Older workers often have previous work experience to draw on and at the lower service level the transference of skills is feasible.

6.4. Employers have greater expectations because of the flexible labour force and are keen to employ workers that can 'hit the floor running'. Young workers are not in a position to do this. Amicus believes that part of the problem could be because some young people no longer undertake any part-time work when they are at school, for instance a Saturday or holiday job and as a consequence they are not 'socialised' into the world of work, communicating with adults and working under direction.

6.5. For many young people their lives and relationships with others consist of a series of linear relationships that do not include adults or work based scenarios. Amicus is clear that a structured programme of socialisation for work is required before young people leave school. This could include voluntary work; learn to work programmes in school or other types of initiatives that will enable young people to acquire the confidence and 'soft' skills needed to access work. There also needs to be a concerted approach to explaining to young people the economic and social rewards of entering further education or vocational training.

6.6. Even where employers are engaged in training young people, the drop out rate among UK Apprentices is of concern to Amicus. Research in 2006 by the ESRC has found that "on average only 39% of apprentices in the UK complete their training compared to between 60% and 75% in Germany, Denmark and the Netherlands". Where in the past an employer might have recruited an Apprentice, today they want a young worker to become as productive as possible, in as little time as possible. This not only undermines the Apprenticeship scheme, as the 'training' tends to be unaccredited, but will lead to an environment where, as young people replace older qualified workers who undertook an Apprenticeship after school, the skill set of an organisation will be inadequate to deal with the competitive pressures from cheap labour overseas.

6.7. This, short-sighted approach, towards the development of workers is evident elsewhere across the UK economy in relation to skills and unless employers pay more attention to the longer term objectives of

[13] OECD, Education at a Glance 2006, p.1.
[14] Dr Angela Canny, Institute for Economic Research Bulletin, page 3. University of Warwick Publication

their organisation and its workforce, the situation will continue to deteriorate. Trade Unions can help employers achieve this but are unable within the current legislative framework.

6.8. It is widely recognised that Trade Unions have a positive impact upon the uptake of training and, by Union Learning Representatives supporting individuals, the ongoing commitment from individuals to continue with their learning. However, under the Government's current policy, Trade Unions must rely on an employer's willingness to engage with them over training.

6.9. If the Government's ambitions, in relation to young people, are to be achieved then Trade Unions must have access to a greater number of non-traditional workplaces and sectors so that the benefits, derived from Trade Union involvement, are open to all workers, especially the young. Furthermore Amicus believes that the 'voluntarist' system of training has proved incapable of improving the skills of the working population and that the Government must move towards an environment where it is not solely at the discretion of employers whether they train young people. Young people have a right to expect training and development at work and, if we are to achieve the learning culture in the UK that the Government seeks, employers must be compelled to act and they must involve Trade Unions in this process.

7. Amicus Recommendations

7.1. Education is seen as the principle means to overcome poverty and disadvantage. For this to become a reality young people and their families need to engage in education and training rather than a young person entering the impoverished youth labour market. To facilitate this Amicus believes there needs to be a concerted careers strategy or map for every young person in the country. In this way a young person can see what they need to do to achieve their true potential.

7.2. There needs to be a cultural change in the way some families view the path their children will follow. Many families mistakenly believe that there will be a job for a young person to do when they leave school at sixteen, believing that those low skilled manual jobs of the past still exist. It is because of these outdated beliefs that families need support to enable them to revise their aspirations for their children and encourage young people to recognise the importance of education and training.

7.3. Trade unions could have an integral role to play in the implementing of the cultural change needed for the acceptance of a learning and skills agenda. Amicus alone has 1.3 million members. With the full scale implementation of the Union Learning Representative scheme,

unions have been instrumental in providing or igniting the possibilities of further education and skills to employed workers.

7.4. Trade unions could easily do the same for young people currently on the fringes of society with no hope of ever becoming fully functioning citizens. This could be achieved by a Government supported scheme whereby workers are encouraged to revise their aspirations for their children via their own ability and capacity to embrace further learning. This is not a 'quick fix' and can only be achieved over time.

7.5. Amicus believes that there is no excuse for young people of sixteen to come out of school and not have achieved level 2 qualifications. This basic standard would equip them with the tools they need to go on to other training and skills acquisition, and enable them to access the world of work. Employers have consistently stated that this is the basic level of education they require from a new starter. It is clear that there are very few work alternatives where education and training do not play a pivotal role.

7.6. Amicus also believes that young people need to be supported when entering the workplace and that employers should be prepared to take on the vocational training for all young people entering their first jobs.

7.7. If Government is committed to policy changes to help young unskilled people then they need to look hard at the whole policy approach to this age group. Amicus believes that many current policies are based on outdated assumptions about young people and do not include the family and community context of young people's lives.

7.8. Amicus is clear that further stringent research is required in this area. Although many of the existing economic structures and labour force issues have remained, there has also been significant pressure from other sources within the economy and labour market that have meant that Government initiatives have not been as successful as originally anticipated.

7.9. With the erosion of state support for students, the personal investment in higher education is at an all time high. This makes it difficult for young people to take very serious economic decisions about their future, the benefits of which are not always immediately apparent to 14-19 year olds. Amicus believes another way has to be found to financially support the UK higher education system. This could include bursaries, scholarships and an increase in National Insurance top end rates.

7.10. Amicus understands the importance of implementing a process of strategic change as soon as possible. The Leitch Review of Skills

and Training 2006[15] was a long time coming (commissioned in 2004) and did not tell us anything we did not already know. The report has made some significant recommendations regarding adult skills and training, but like all Government policy the important part will be in the implementation of the report recommendations.

7.11. However without compulsion on employers to train, or to work in partnership with Trade Unions in this area, the Government's objectives are unrealistic. Amicus would like to see the introduction of legislation to compel employers to train and for them to do this in conjunction with trade unions via collective bargaining. This approach will ensure that the UK is able to compete with its overseas competitors in the decades to come. This will also allow workers and employers in the non-traditional sectors of the economy access to the expertise and support from Trade Unions. All young workers will then have the opportunity to experience the advantages of social dialogue between their Trade Union and their employer, and so benefit from the support and vast experience of the Union Learning Representative network.

7.12. It is important that the UK Government heeds the advice of Lord Leitch and UK industry in addressing the issues inherent within the education and skills sector. Until this is done there is very little that will aid those young workers who have been let down by the education system in this country and are consistently marginalised.

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[15] www.hm-treasury.gov.uk/leitch