

The impact of COVID on young peoples' learning and employment

Evidence report

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The impact of COVID on young peoples' learning and employment

Overview

Ensuring young people are equipped with the opportunities and skills needed to enter the labour market contributes not only to their own well-being but also to the financial and social wellbeing of any nation. Youth labour markets are volatile places even in prosperous times. In periods of economic disruption, research shows that young people are first to lose their jobs and last to find employment as the economy rebounds.¹ This data summary shows that disruption caused by COVID is having a disproportionately negative effect on younger people in the UK. Once lockdowns are fully lifted and steadier economic conditions prevail, there are likely to be ongoing, profound consequences for young workers. OECD analysis shows that when youth do find work following an economic downturn, they are more likely than prime-age workers to have jobs that are low paid and offer limited labour market stability, social protection and opportunities for training and career progression.² Layer onto this the implications for young people from disadvantaged backgrounds who possess reduced means of support beyond the post-compulsory education phase and into early careers, and this complex picture becomes somewhat fragmented for the UK.

This paper summarises recent evidence of the impact COVID is having on young people in terms of their access to learning, the labour market, how this differs amongst different demographic groups and to what extent we see regional variations.

UK youth labour market data: Headlines

Since the start of the pandemic, youth employment has been hit hard and young people have been disproportionately affected. The data and analysis in this section come from the [House of Commons research brief](#) and [Institute for Employment Studies \(IES\)](#)

- Comparing Q1 2021 with Q1 2020, unemployment for young people increased by 52,000, a 10% increase (9% for men, 11% for women). The unemployment rate for this age group is up 2.2% on the period and currently stands at 14.3%.
- For the same period, the number of young people in employment has fallen by 336,000, a 9% fall. The fall for men has been larger, with employment levels falling by 11% for men and by 7% for women. 249,000 more young people have become economically inactive, an increase of 10%.
- As of 28 February 2021 (prior to the reopening of retail and hospitality), 830,500 jobs held by those aged 24 or under were on furlough, 22% of all eligible jobs. Almost two

¹ ILO, 2010

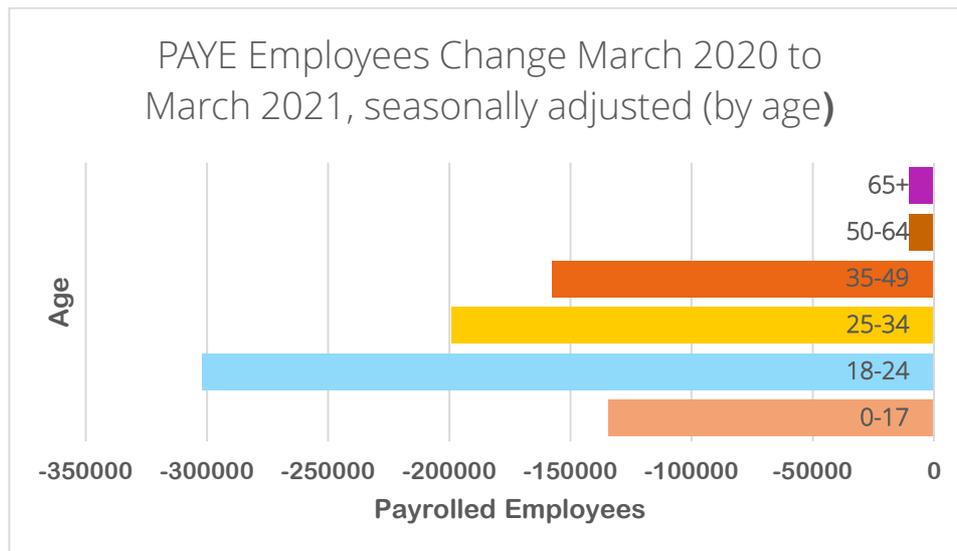
² OECD, 2014

million jobs held by young people, and almost half of all eligible jobs, were furloughed at some point between March and the end of July.

Youth employment relative to other age groups

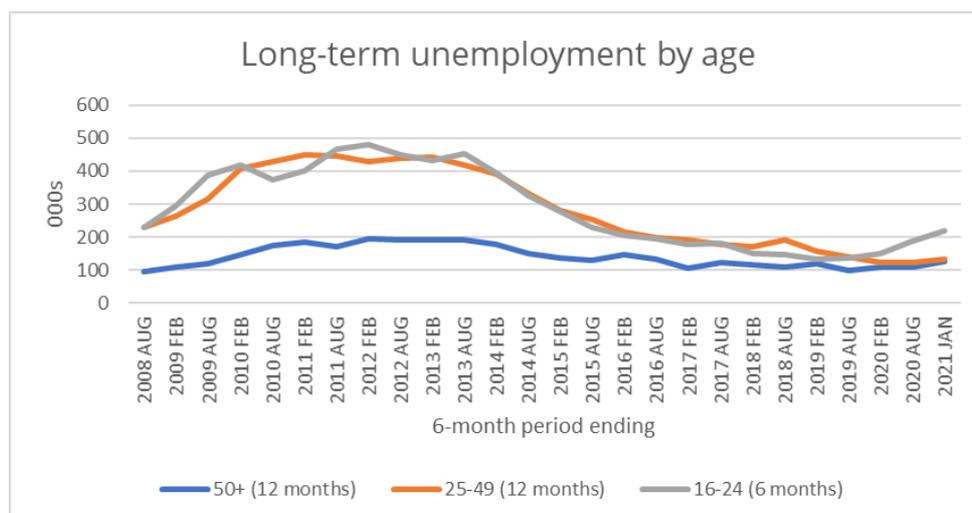
There was an 813,000 fall in the number of payroll UK employees from March 2020 to March 2021, of these 436,000 (53.7%) were under 25 years old.

Graph 1 shows that PAYE employment is down 12% for those aged under 25 since from Feb 2020 to March 2021. This is compared to a 1.4% drop for other age groups. Since November 2020, payroll employment has continued to fall for young people whilst other age groups have started to see a rise.



Graph 1. Source Real Time Information (HMRC/ONS)

Graph 2 shows that youth long-term unemployment (over 6 months) has reached a 5-year high. It is anticipated that employment rates for young people should improve once hospitality and leisure fully reopen although IES analysts suggest that a number of struggling firms, will depress recruitment overall for some time to come.



Graph 2. Source: Labour Force Survey

Analysis

The economic and fiscal costs of youth unemployment

Analysis by [Youth Employment UK](#) estimates the costs of youth unemployment in 2022 as follows:

- The economic cost of youth unemployment, in terms of lost national output, is forecast to rise to £6.9 billion.
- The fiscal cost of youth unemployment, in the form of lower tax revenue and higher benefit spending, is forecast to be £2.9 billion.

Young people are more likely to lose their jobs and less likely to be hired in the pandemic

Young people account for nearly half of the total fall in employment despite only representing one in nine of those in work. This report delves into some of the details around the changes in youth employment. The headline findings are:

- The sectors most hit by the pandemic tend to be big employers of young people, for example, hospitality, retail, construction, and leisure. There are some gains in growth sectors, for example, in the public sector, but these do not outweigh the fall in others. As well as job losses, youth are disproportionately affected by a slowdown in hiring.
- Groups disproportionately affected with falling employment are men, Black and Asian individuals and those in Southern England, Scotland, and Wales. The fall in employment is four times greater for Black people compared to white. Parts of the North of England see youth employment rising.
- Rises in education participation could be masking even more rises in unemployment i.e., many jobs lost are part-time jobs done by students. There are sharp falls in young people combining study with work, which can cause issues for young people without access to income and a loss of early work experience.

Key source: [An Unequal Crisis: The Impact of the Pandemic on The Youth Labour Market, Institute for Economic Studies, February 2021](#)

Young People from disadvantaged backgrounds and lower attainers are more likely to be NEET and less likely to re-enter education or employment

In 2019 there were 792,000 16- 24-year-olds NEET in the UK (11.5% of the population of that age group).

[CVER research](#) from 2019 looks at the variance in NEET rates between disadvantaged and non-disadvantaged groups across England. Unsurprisingly young people are more likely to be NEET if they are from a disadvantaged background and if they have a lower attainment profile from school.

Table 1: Comparison of NEET rates for disadvantaged and non-disadvantaged youth Government office regions in England

Region	Disadvantaged NEET rate	Non-disadvantaged NEET rate	Gap
East Midlands	27%	12%	15%
East of England	25%	12%	13%
London	21%	14%	7%
North East	32%	14%	18%
North West	28%	13%	15%
South East	26%	13%	13%
South West	26%	12%	14%
West Midlands	27%	13%	14%
Yorkshire and The Humber	30%	14%	16%
England	26%	13%	13%

Source: NPD, ILR, HESA and LEO for the 2007/08- 2011/12 school leavers (by age 20-24)

The report also looks at the REET (Re-entry in Education, Employment and Training) rates for learners based on their prior attainment. Young people are considerably less likely to access education or employment if they have low attainment. This data is included in this summary to support notions of the need to target particular groups i.e., low attainers as education funding strategies target recovery for particular groups.

Table 2: REET rates by highest level of education, year to June 2017

Govt Office Region	Level 1 REET rate	Level 2 REET rate	Level 3 REET rate
East Midlands	17%	21%	28%
East of England	16%	19%	29%
London	19%	23%	31%
North East	15%	21%	30%
North West	17%	22%	29%
South East	16%	20%	29%
South West	17%	20%	28%
West Midlands	17%	20%	29%
Yorkshire and The Humber	17%	22%	29%
England	17%	21%	29%

Source: NPD, ILR, HESA and LEO for the 2006/07- 2011/12 school leavers (age 19-24 when observed NEET)

Further evidence from reports such as this one from the [Skills Builder Partnership](#) suggest a clear link between the likelihood of young people to possessing the essential skills needed to progress into work and socio-economic characteristics such as eligibility for FSM and other indicators such as school type.

Graduate employment prospects: analysis suggests a mixed picture

[Analysis from the Office for Students \(OfS\)](#) suggests it is too early to predict the impact of the pandemic on the graduate labour market, although it is predicted post-graduate study rates will rise. Two pieces of analysis reflect important factors likely to affect graduates in the coming period. Firstly, the likelihood of graduate employers slowing down recruitment and impact of slowdowns in sectors that tend to employ lots of young graduates.

- [Sutton Trust research](#) shows 39% of graduate employers said they plan to recruit fewer or no graduates this year, whilst 27% said they would hire more.
- Some industries have been more affected than others because of lockdowns; these include hospitality, travel and retail, according to the [Resolution Foundation](#) one in five graduates worked in these sectors one year after graduating.

Remote working brings challenges to early-career workers and those with sub-optimal home environments

Although being permanently home-based may bring specific advantages to some, emerging data and analysis suggests young people are suffering proportionately greater negative impacts when switching to home-based work.

- A [small independent survey](#) commissioned by Studio Graphene shows that early in the pandemic, millennials were more likely to suffer negative impacts from working at home, including physical discomfort from workstations, poor broadband connectivity and a feeling of lack of support from their employer.
- A [Business Insider](#) article looks at the lack of networking opportunities offered to those working remotely, disadvantaging young people when making connections is most beneficial to those early in their careers.
- [Ipsos Mori](#) research demonstrates that younger people are more likely than any other age group to suffer issues with their wellbeing from being at home permanently and would support a return to blended working.

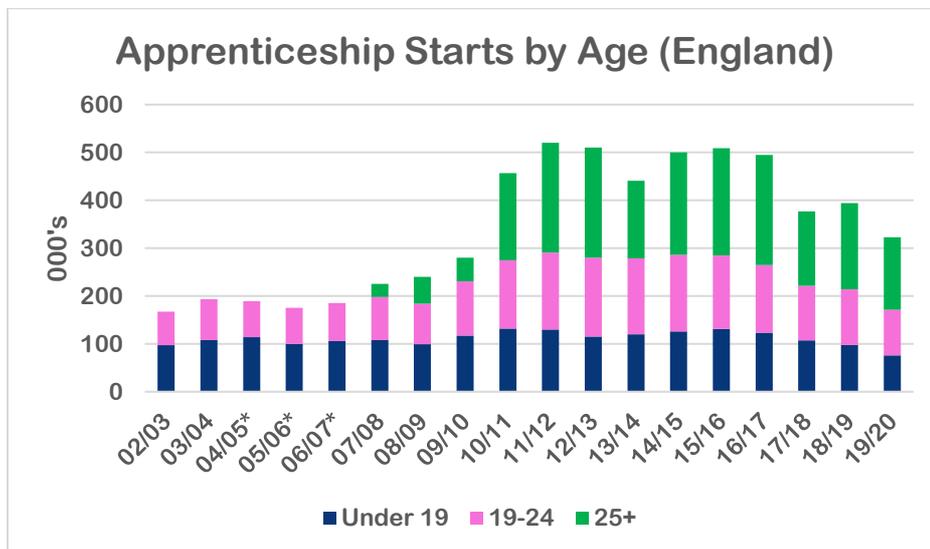
The lockdowns have had a significant impact on young people's health and wellbeing

Although young people have had relatively few health impacts from COVID itself, the lockdowns have affected young people's health in a number of ways.

- [Research by Imperial College](#) suggests a third of 16-24-year-olds are experiencing poor mental health following the first lockdown in March 2020.
- Whilst many education providers may provide access to mental health support for those who are students, [Youth Employment UK](#) indicate mental health factors can be a barrier to work for young people, there is little evidence of comprehensive support for mental health for young people at work.

Apprenticeship starts have fallen and young people are accessing fewer than ever

Apprenticeship starts have fallen since 2016. The first two quarters of the 20/21 academic year (August 20-January 21) saw an 18% drop from the same period in 2019/20 for all ages. Lockdowns will have contributed to this fall, but Graph 3 shows this is part of a trend in declining apprenticeship starts across all ages.



Graph 3. DfE Data (*2004-2007 <1000 starts per year)

Key source: [House of Commons Briefing Paper – Apprenticeship Statistics \(March 2021\)](#)

A slow start for Government initiatives supporting of youth employment in the pandemic

Announced by the Chancellor in July 2020, A [Plan for Jobs](#) sets out a number of initiatives aimed to protect jobs, with three key initiatives aimed at young people:

- Additional funding for employers supporting traineeships in England.
- Extra payments for employers taking on apprentices in England. (Up to the end of March 2021.)
- The Kickstart Scheme offering 6-month placements at minimum wage for young people at risk of long-term unemployment and financial rewards for employers who take them on. (Currently planned until December 2021.)

In April 2021 [CIPD analysis](#) suggests there is little evidence of significant increases of traineeships or apprenticeships over the period compared to the previous year.

The CIPD analysis shows the Kickstart scheme is seen more favourably by employers but take up has been slow. DWP data (January 2021) showed that just 1,868 young people had started a placement under the scheme. Eligibility requirements have recently been relaxed to increase participation from small businesses.

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