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COVID-19 AND THE YOUTH LABOUR MARKET

Report

December 2020

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COVID-19 and the youth labour market

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Acknowledgements

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Publication information

When citing this report, please use the following citation:

CIPD. (2020) *COVID-19 and the youth labour market*. London: Chartered Institute of Personnel and Development.

Introduction

The economic impact of the COVID-19 pandemic will be significant. [The OECD recently predicted](#) that the UK could be among the worst affected economies in the developed world, forecasting a fall of 10.1% in national income (gross domestic product) over the course of 2020. This is significantly worse than both the EU (-7.9%) and G20 average (-4.1%), and outstrips the declines predicted for France (-9.5%), Germany (-5.4%) and the USA (-3.8%) and Canada (-5.8%).¹ As a result of economic contraction, unemployment is predicted to rise sharply and the OECD has forecasted that the unemployment rate could – after an initial peak – reach around 7.1% by 2021, almost double the pre-pandemic figure (3.8% October–December 2019).

Young people, especially those who have recently left education, are likely to be particularly hard hit by the economic downturn. Indeed, early figures suggest that younger people bore the brunt of the initial economic fallout from the pandemic. According to [research by the Institute for Fiscal Studies](#), the first national lockdown hit youngest people hardest, with employees under the age of 25 around two and a half times more likely to work in sectors that were shut down compared with other employees.²

As well as bearing the brunt in the short term, young people are also likely to be disproportionately affected in the longer term, as the full economic impact of the crisis hits the labour market. [Recent research by the Resolution Foundation](#)³ has estimated the potential employment and wage-scarring young people might face as a result of the economic crisis. Modelling the effect of high unemployment on education leavers' employment outcomes, they found that the employment rate of today's graduates is projected to be 13% lower, three years down the line, than it would have been in the absence of the crisis. Employment rates for mid- and low-skilled workers were projected to fall even further. The study also estimated the likelihood of wage-scarring for those who do manage to find work, estimating a 7% reduction in hourly pay two years out from leaving education; pay was forecast to be more depressed for those with mid- and lower-level qualifications

A period of unemployment when young can have a profound impact on future employment and earnings potential, but it has also been shown to have wider reaching and persistent negative impacts. For example, evidence from the 1981 recession showed that the impact of youth unemployment was still seen two decades on – with those who have experienced a period of unemployment recording poorer physical and mental health and decreased life and job satisfaction two decades later compared with those who had not.⁴

In recognition of likely increases in youth unemployment, and the damaging long-term consequences, the Government announced a series of measures in July 2020 aimed at supporting young people to access apprenticeships, traineeship or work placements. This report provides a timely assessment of the likely effectiveness of these measures drawn from survey data. All figures, unless otherwise stated, are from a YouGov survey of 1,006 senior HR professionals and decision-makers in the UK that took place in September 2020.

The youth labour market – current context

[Recently released figures from the ONS](#)⁵ show rapidly deteriorating labour market conditions for young people. Young people have been disproportionately impacted by the pandemic, they are more likely to have been furloughed, youth unemployment is increasing significantly while employment has fallen, and the numbers on work-related benefits have soared.

Figures for July–September 2020, compared with the pre-pandemic quarter (December 2019 to February 2020), show for 16–24-year olds:

- rising unemployment rates – 602,000 young people are now unemployed, representing 14.6% of the economically active population, up from a pre-pandemic figure of 11.8% (Figure 1)
- falling employment – the number of young people in work has fallen by 306,000, a decline of 8%.

Figure 1: Youth unemployment rate (16–24 years old), 1992 to 2020



Source: House of Commons Library (2020).⁶

The number of young people on unemployment-related benefits has also rapidly grown. As of October 2020, there are now 516,000 young people on work-related benefits, an increase of 281,000 (+120%) since March 2020. Young people have also been disproportionately affected by the lockdown, as they are more likely to work in sectors that have been shut down. Between April and August, almost 1.9 million young people were furloughed at some point, representing 47% of eligible jobs compared with 29% of jobs held by those aged 25 or over.

In recognition of the likely rises in youth unemployment, and its damaging long-term consequences, on 8 July 2020, the chancellor announced a series of measures to support access to education, employment and training opportunities for young people. The measures, which are part of a broader package of support set out in [A Plan for Jobs 2020](#), included:

- [The Kickstart scheme](#) – a six-month job placement at 100% of the National Minimum Wage for a minimum of 25 hours a week for young people on Universal Credit at risk of long-term unemployment. Employers also receive a £1,500 payment per participant to support set-up costs, support and training.
- £111 million to triple the number of traineeships – employers will be given a £1,000 bonus for each traineeship learner they take on, up to a maximum of ten trainees per company.
- Incentives for employers to invest in new apprenticeships – until the end of January 2021 (this has now been extended to March 2021), organisations that hire a young apprentice will receive a payment of £2,000, or a £1,500 bonus for hiring an

apprentice aged over 25. This is on top of existing incentives, which include a £1,000 payment to take on a 16–18-year-old apprentice rising to 25 for those on a health or care plan.

As with the other elements of the COVID response, the level and type of skills development support varies across the nations of the United Kingdom. Only one of these three *A Plan for Job* measures – the Kickstart scheme – applies across the United Kingdom. Other interventions exist in Scotland, Wales and Northern Ireland, including different types and levels of apprenticeship incentives. Furthermore, the recently launched [Young Person’s Guarantee](#) in Scotland serves as an umbrella initiative bringing together several forms of skills and employability support, including the Kickstart scheme. Additional employer grant and wage subsidy incentives are also currently being designed.

Of these measures, Kickstart is by far the most generous, amounting to £2 billion of funding to create hundreds of thousands of new, fully subsidised jobs for young people (aged 16–24) on Universal Credit who are at risk of long-term unemployment. Employers who are prepared to offer six-month placements are required to set out how they will help the participants to develop their skills and experience, including how they will support them to look for long-term work, for example career advice and setting goals, support with CV and interview preparations, and supporting the participant with basic skills, such as attendance, timekeeping and teamwork.

While only time will tell if these interventions will be enough to stem the rising tide of youth unemployment, this report provides some initial insight into the impact of the current crisis on: youth recruitment; the provision of work experience, apprenticeships and traineeships; and the likely impact of measures to boost provision of apprenticeships, traineeships and work placements.

Youth recruitment: past, current, and planned activity

Just under two-thirds of organisations had recruited a young person aged under 24 years in the past 12 months (Table 1). Youth recruitment was considerably more common among larger employers (250+ employees) compared with small and medium-sized employers, and among employers in the public sector (73%) compared with those in the private (60%) and third/voluntary sectors (55%).

Table 1: Recruitment of 16–24-year-olds, past 12 months, by organisation size and sector (%)

Sector	Yes	No	Don’t Know
Private sector	60	30	10
Public sector	73	16	10
Third/voluntary sector	55	36	10
Size			
2–49 employees	31	67	2
50–249 employees	31	67	2
250+ employees	71	28	2
Total	62	28	10

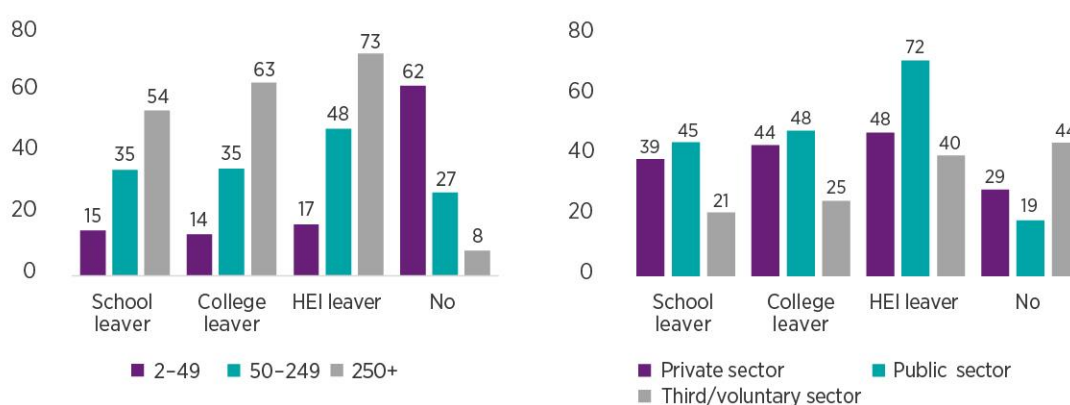
Sample size: private sector: 765; public sector: 171; third/voluntary sector: 70; 2–49 employees: 292; 50–249 employees: 286; 250+ employees: 625.

Examining the types of young people that employers most commonly recruit, figures for all organisations show that recruitment of university graduates to a first job was most commonly

reported (51%), followed by college leaver (43%) and school leaver (39%), with 28% of organisations reporting that they had not recruited an education leaver to a first job in the past two to three years. Figure 2 sets out this data by organisation size and sector, and shows that:

- Public sector organisations and larger employers were most likely to report recruiting education leavers across all categories.
- Voluntary/third sector organisations were less likely to have recruited an education leaver compared with employers in the private or public sectors.
- Almost two-thirds of small employers (fewer than 50 employees) report that they had not recruited an education leaver to a first job, compared with just 8% of large organisations and 27% of medium-sized employers.

Figure 2: Have recruited an education leaver to their first job in the past 2–3 years, by sector and size (%)



* 'Don't know' category has been removed

Sample size: 2–49 employees: 279; 50–249 employees: 125; 250+ employees: 464; private sector: 671; public sector: 139; third/voluntary sector: 58.

Turning to future recruitment intentions, public sector organisations (59%) were considerably more likely to be planning to recruit 16–24-years-olds in the next 12 months compared with private sector or third/voluntary sector organisations (both at 43%) (Table 2). Future recruitment intentions also vary considerably by size of organisation, with larger employers (250+ employees) much more likely to report that they are planning to recruit 16–24-year-olds in the next 12 months (62%) than medium-sized organisations (50–249 employees). Just 16% of small employers (fewer than 50 employees) reported that they plan to recruit 16–24-year-olds.

Table 2: Planning to recruit 16–24-year-olds, next 12 months (%)

Sector	Yes	No	Don't Know
Private sector	43	27	30
Public sector	59	12	29
Third/voluntary sector	43	31	26
Size			
2–49 employees	16	55	29
50–249 employees	43	23	35
250+ employees	62	10	28
Total	46	25	29

Sample size: private sector: 765; public sector: 171; third/voluntary sector: 70; 2–49 employees: 292; 50–249 employees: 140; 250+ employees: 574.

Future recruitment plans are shaped by past recruitment activity. Employers who had recruited a 16–24-year-old in the last 12 months were much more likely to be planning to recruit a young person in the next 12 months: over two-thirds (67%) of employers who had previously recruited a young person were planning to recruit one in the next 12 months, compared with just 9% of organisations that had not.

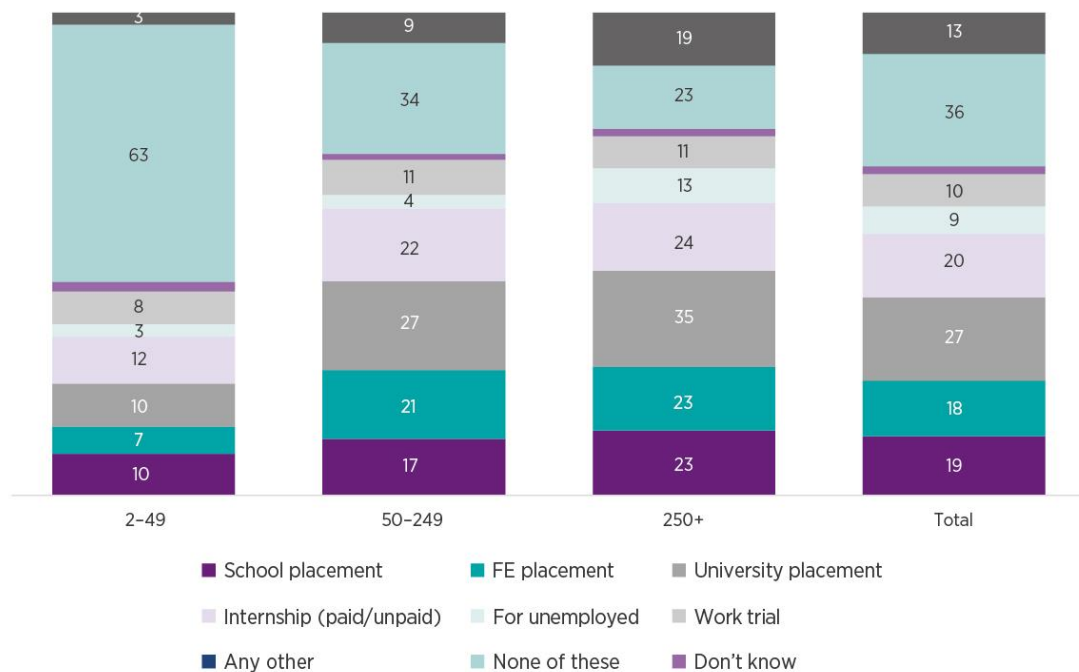
Unsurprisingly, given the current context, there is a high degree of uncertainty around future youth recruitment patterns, with 29% of employers reporting that they don't know whether they would be recruiting a young person in the next 12 months.

Work experience: past, current, and planned activity

Work experience is vital in helping young people understand the world of work, gain practical experience to develop their skills, and to test out different career options and paths. It also benefits employers, who see work experience as vital in providing a talent pipeline for their business, and the wider economy and society by supporting better future labour market outcomes.

Figure 3 sets out the types of work placements offered by employers by organisational size. Overall, the most offered work placement is a placement for university students (27%), followed by internships (20%), placements for school students (19%), and placements for college or sixth form students (18%). Just over a third of organisations (36%) do not offer any work experience opportunities. There is considerable variation in engagement by organisation size, with large employers more likely to offer all types of placements; most small employers, on the other hand, do not offer any type of work experience opportunities.

Figure 3: Types of work experience opportunities delivered in the last 12 months, by size of organisation (%)



Note: 'Select all that apply' means that columns do not sum to 100%.

Sample size: 2–49 employees: 292; 50–249 employees: 140; 250+ employees: 574; total: 1,006.

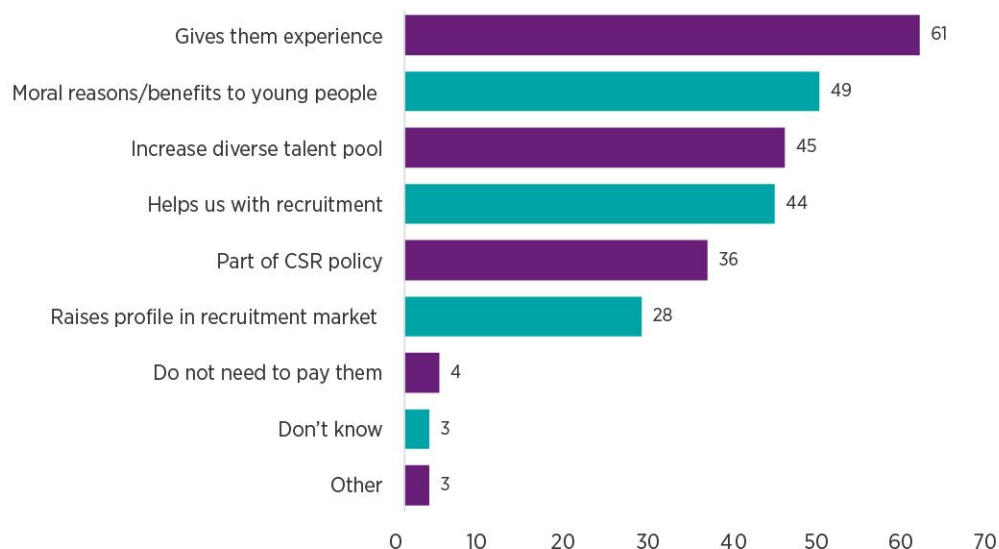
Looking at differences by sector shows that public sector organisations are much more likely to offer placements for school (31%), college (28%) and university (44%) students compared with employers in the private sector (figures of 16%, 16% and 23%, respectively) and the third/voluntary sector (figures of 20%, 20% and 28%, respectively).

For those employers that do offer work experience opportunities, most do so for altruistic reasons, either because it gives young people experience (61%) or for moral reasons and for the benefits it brings to young people (49%). A substantial proportion also report that they offer these opportunities for ‘business benefits’, such as supporting the development of a more diverse talent pipeline (45%), helping with recruitment (44%) or raising their profile in the recruitment market (28%). Just 4% of employers reported that they offer work experience opportunities because they don’t have to pay the young person.

Employers in the third/voluntary sector were more likely to report offering opportunities for altruistic reasons, compared with employers in the private and voluntary sectors.⁷ On the other hand, employers in the private sector are more likely to offer work experience opportunities for business reasons.⁸

By size of employers, the notable differences were that large employers are more likely to report that they offer work experience opportunities as part of a formal social responsibility/CSR policy (43% compared with just 24% and 23% of medium and small organisations respectively). They were also more likely to report that they offered placements to increase their ability to identify and recruit from a more diverse talent pool (51%), than medium (39%) and small (29%) organisations. While it is still a small minority, small employers were more likely to report that they offered work placements because they don’t need to pay the young person (81%) compared with medium (5%) or large organisations (3%).

Figure 4: Main reason organisations offers work experience placements or internships (all employers offering placements) (%)



Sample size: all employers offering work experience placements: 512.

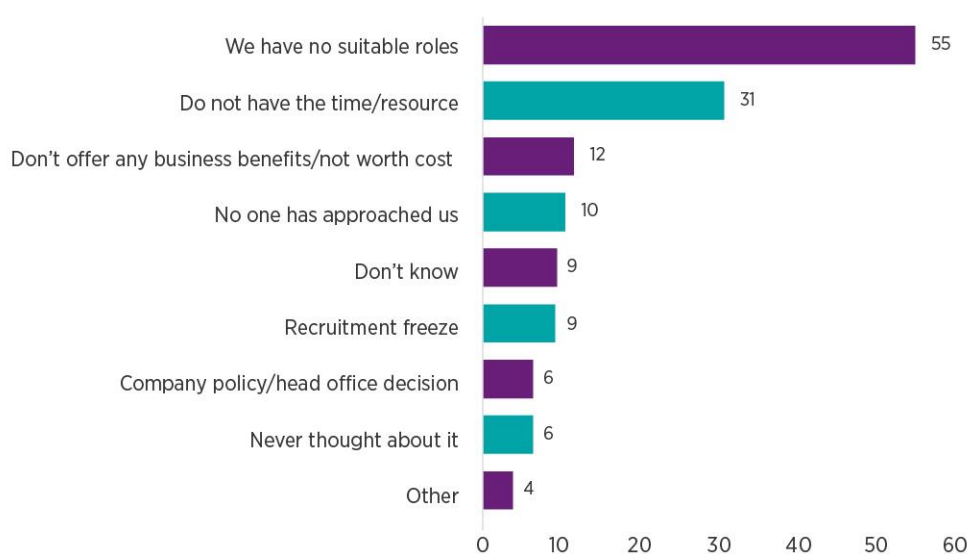
Turning to employers that haven’t offered any work experience placements in the last 12 months (Figure 5), the main reason provided was that they had no suitable roles in their organisation (55%), followed by not having the time or resources (31%). One in ten reported

that they did not offer any as no one had approached them, suggesting that further work to engage employers may yield additional placement opportunities.

Examining differences by sector shows that private and third/voluntary sector organisations that did not offer placements were more likely to report both a lack of suitable roles (55% and 65%, respectively) and resource/time constraints (32% and 31%) than public sector organisations (48% and 19%).

Differences by employer size followed a similar pattern, with medium and small employers more likely to report a lack of suitable roles (58% and 67% respectively) as well as a lack of time/resource (both at 33%) than larger organisations (37% and 26%). Larger employers, on the other hand, were more likely to report that it was company policy/head office decision not to offer placements (15%) compared with medium and small employers (both at 2%).

Figure 5: Main reasons for not offering any work placements or internships (%)

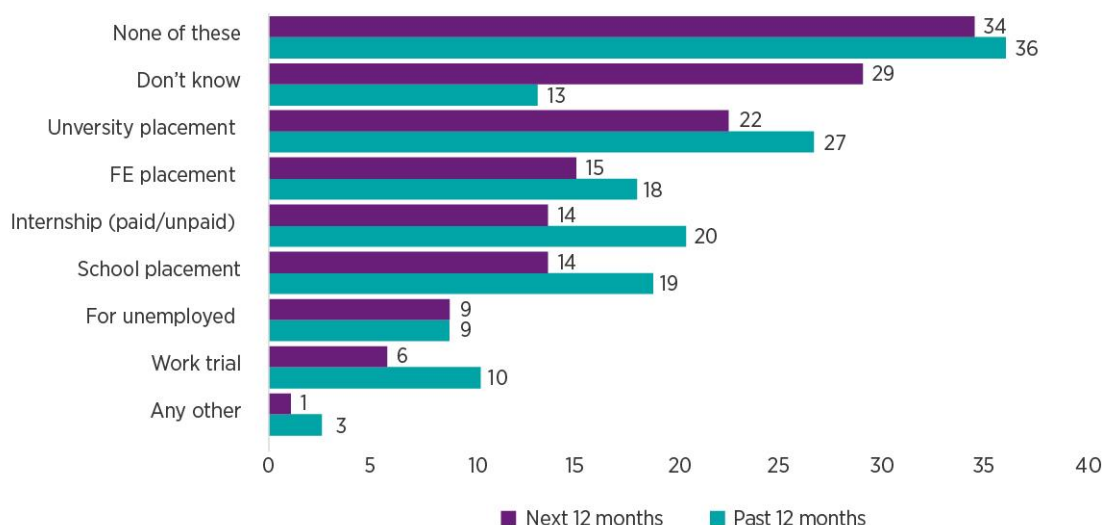


Sample size: all employers not offering work experience placements: 362.

Figure 6 sets out whether employers plan to offer work experience opportunities over the next 12 months; figures are also provided for the previous 12 months as a point of comparison:

- One third of employers do not plan to offer any work experience opportunities, in line with the proportion who did not offer any in the last 12 months.
- Compared with previous patterns of work placement delivery, a smaller proportion of employers are planning to offer work placements in the next 12 months, with internships appearing to be the most affected (20% offered previously vs 14% planning to offer).
- As with recruitment intentions, there is a high degree of uncertainty about the future – 29% of employers reporting that they don't know if they will be offering work experience opportunities in the next 12 months.

Figure 6: Plans to provide any of the following work experience opportunities of the next 12 months (and past 12 months) (%)



Sample size: all employers: 1,006.

Apprenticeships and traineeships

Apprenticeships have long been heralded as a key mechanism to ease the school-to-work transition, by providing structured training pathways into skilled jobs for young people. Alongside this they can support better labour market outcomes: evidence gathered during the last recession suggests that in countries with well-developed apprenticeship systems, such as Germany, Austria and Switzerland, young people were shielded from the worst of the economic downturn.⁹

Table 3: Apprenticeships offered to the following age groups in the last 2 years (%)

Sector	16-18-year-olds	19-24-year-olds	25 years or older	No apprentices	Don't know
Private sector	20	30	12	46	16
Public sector	31	46	22	24	21
Third/voluntary sector	16	29	15	57	11
Size					
2-49 employees	9	11	2	79	3
50-249 employees	15	29	13	50	10
250+ employees	30	44	19	23	24
Total	22	33	14	43	16

Note: 'Select all that apply' means that figures do not sum to 100%.

Sample size: private sector: 765; public sector: 171; third/voluntary sector: 70; 2-49 employees: 292; 50-249 employees: 140; 250+ employees: 574.

Table 3 sets out the provision of apprenticeships offered by employers in the last two years by age category, sector and size of organisation. The following patterns can be observed:

- Forty-three per cent of all employers have not offered any apprenticeships in the last two years. This proportion is higher among third/voluntary sector organisations (57%) and much higher among small employers (79%).
- A higher proportion of organisations report offering apprenticeships to 19–24-year-olds (33%) compared with those under 19 (22%) or to those aged 25 years or older (14%).
- Larger employers are more likely to offer apprenticeships across all age groups compared with small and medium-sized organisations.

Table 4 shows that in the majority of cases (81%), apprentices were recruited specifically to start an apprenticeship, with either training starting immediately (68%) or with the intention that they would start an apprenticeship, but the training didn't start immediately (12%). In just 15% of cases did most apprenticeships offered go to existing employees. This data runs counter to other surveys that suggest that most apprenticeship places go to existing employees rather than new recruits.¹⁰ The proportion of employers reporting that most apprenticeships go to existing employees was highest among medium-sized organisations (22%) and employers in the private sector (17%).

Table 4: Whether most apprentices were recruited specifically for an apprenticeship, or whether they were an existing employee (%)

Sector	Recruited to start an apprenticeship	Recruited to start an apprenticeship (training delayed)	Existing employees	Don't know
Private sector	66	13	17	4
Public sector	71	12	10	6
Third/voluntary sector	69	14	13	4
Size				
2–49 employees	58	13	22	7
50–249 employees	70	12	14	4
250+ employees	68	12	15	4
Total	22	33	14	43

Sample size (all employers offering apprenticeships): private sector: 293; public sector: 94; third/voluntary sector (n/a due to small sample size); 2–49 employees: 50; 50–249 employees: 56; 250+ employees: 302.

Traineeships, a government skills development programme introduced in August 2013, give a young person the opportunity to undertake substantial work experience placements to help them progress onto an apprenticeship or employment. They can last anywhere from six weeks up to one year. Trainees are not paid for the work they do but many employers cover travel and other expenses; however, they are guaranteed an interview if a job or apprenticeship is available or an exit interview with written feedback if not. Previously they were just available for 16–24-year-olds who are qualified below level 3. However, the Government has now expanded eligibility to those with A-level-equivalent qualifications.

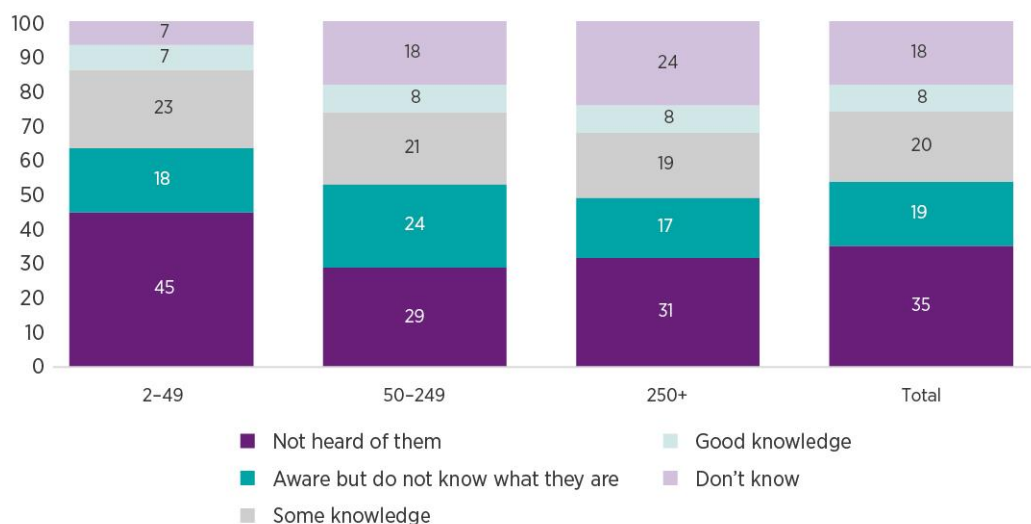
On the whole the evidence suggests that they are quite effective in supporting young people's progress into work, apprenticeships or further learning – with three-quarters achieving a positive destination within 12 months of starting the traineeship.¹¹

Employer awareness of traineeships is relatively poor (Figure 7). Just 8% of organisations reported that they had a good knowledge of traineeships and what they involve, a further 20% have some knowledge of them, and over a third (35%) of employers had not heard of

them. There is little variation by sector; however, awareness varies by size of organisation, with smaller employers much more likely to report that they have not heard of them (45%) compared with medium (29%) and large employers (31%).

Of those employers that had heard of traineeships, just 9% had someone undertake one in their organisation in the last 12 months. This figure was highest among large employers (12%) and public sector organisations (14%), and lowest in small employers (3%) and employers in the third/voluntary sectors (7%).

Figure 7: Which of the following best describes your awareness of traineeships? (%)



Sample size: 2-49 employees: 292; 50-249 employees: 140; 250+ employees: 574; total: 1,006.

Potential impact of apprenticeship and traineeship incentives and Kickstart scheme on youth labour market

In recognition of both rising youth unemployment and the impact of the pandemic on apprenticeship starts, in July the chancellor announced a package of measures designed to counteract rising youth unemployment. These include financial incentives to encourage employers to hire apprentices, provide traineeships, and offer six-month work placements via the Kickstart scheme.

Potential impact of apprenticeship incentives

Unsurprisingly, the pandemic has had a big impact on the number of people starting an apprenticeship. Apprenticeship starts are down 46% compared with last year's figures for the period of March to the end of July 2020: 58,200 apprenticeship starts were reported in this period, compared with 107,800 reported for the same period last year.¹²

The apprenticeship incentives apply from August 2020 until the end of March 2021, with employers able to spend the funding on anything to support their organisation's costs:

- Organisations that hire a young apprentice (under 25 years old) will receive a payment of £2,000, or a £1,500 bonus for hiring an apprentice aged over 25.
- This is on top of existing incentives, which include a £1,000 payment to take on a 16-18-year-old apprentice rising up to 25 for those on a health or care plan.

Table 5 sets out employers' views of the impact that the incentives might have on their recruitment of apprentices. The incentives will only increase the overall volume of apprentice hires if employers who weren't planning to recruit an apprentice decide to do so, or if employers who were planning to hire apprentices recruit additional in response. Overall, it suggests that the incentives will have a limited impact on the volume of apprenticeship hires:

- Just 5% of employers that were not planning to recruit apprentices responded that they were considering it now.
- Just 7% of those that were already planning to recruit apprentices would now be encouraged to recruit additional apprentices.

Table 5: Potential impact of apprenticeship payments on employer recruitment (%)

Prior Intentions:	Planning to recruit apprentices			Not planning to recruit		
	No impact	Encourage us to recruit additional	Allow us to strengthen our programme	But considering it now	No impact, we will not be recruiting any	Don't know
Sector						
Private sector	15	7	5	5	43	25
Public sector	30	7	6	3	22	31
Third/voluntary sector	19	8	2	4	49	20
Size						
2-49 employees	6	2	2	7	73	10
50-249 employees	13	8	8	7	45	21
250+ employees	26	9	6	3	21	34
Total	18	7	5	5	39	25

Sample size: 2-49 employees: 292; 50-249 employees: 140; 250+ employees: 574; private sector: 765; public sector: 171; third/voluntary sector: 70; total: 1,006.

The figures suggest a significant amount of potential deadweight (that is, providing financial incentives for apprenticeships that would have happened anyway), particularly among large organisations and those in the public sector: for instance, 26% of larger employers and 30% of public sector organisations reported that they are already planning to recruit apprentices and that the incentives would not have an impact on their existing plans.

[Our recent research](#)¹³ that looked at the short- and long-term measures needed to strengthen the apprenticeship pathway for young people shows that while the new incentive measures to boost the number of apprenticeship opportunities are welcome, the lack of targeting – for example, on small employers, which are less likely to take on apprentices – means the programme risks considerable deadweight: that is, providing funding for apprenticeships that would have happened in the absence of the scheme. Evidence from a similar scheme launched during the last recession suggests that it perhaps would have been a better use of public funding to provide more generous incentives to SMEs to take on young apprentices.¹⁴

Potential impact of traineeship payments

As discussed earlier, there is relatively little awareness of traineeships among most employers despite the programme being around since 2013. The Government has recently committed to boosting the numbers of traineeships, providing £111 million of funding to triple the number of traineeships. To incentivise uptake, employers will be given a £1,000 bonus for each traineeship learner they take on, up to a maximum of ten trainees per company.

Eligibility has also been extended to include young people with A-level-equivalent qualifications.

Employers were asked what impact the traineeship bonus will have on their organisation's plans to offer placements; the data is set out in Table 6. Overall, it appears that the placement incentives are likely to only have a very limited impact on employer behaviour. Just 8% of organisations that were not planning to offer traineeships before are considering doing so now, while just 6% of organisations previously planning traineeships will be looking to scale up their programme as a result. Results by organisation size and sector reveal:

- Payments are likely to have the biggest impact on third/voluntary sector organisations' provision of placements, with 17% reporting that they weren't planning to offer any traineeships but are considering it now.
- Payments are likely to have the least impact on small employers, with 77% reporting that they weren't planning to offer any traineeships and will still not be offering any.

Table 6: Potential impact of traineeships payment on organisations (%)

Prior Intentions:	Planning to offer traineeships		Not planning to offer traineeships		
	No impact	Allow us to strengthen/scale up our programme	But considering it now	No impact, we will not be offering any	Don't know
Sector					
Private sector	7	6	8	48	31
Public sector	11	6	4	35	43
Third/voluntary sector	4	4	17	48	27
Size					
2-49 employees	2	2	7	77	12
50-249 employees	7	9	8	48	28
250+ employees	10	7	9	29	45
Total	7	6	8	46	33

Sample size: 2-49 employees: 292; 50-249 employees: 140; 250+ employees: 574; private sector: 765; public sector: 171; third/voluntary sector: 70; total: 1,006.

Potential impact of Kickstart scheme

The Kickstart scheme is the most generous measure included in the chancellor's package, with £2 billion of funding to create hundreds of thousands of new, fully subsidised jobs for young people (aged 16-24) on Universal Credit who are at risk of long-term unemployment. The funding covers a six-month job placement at 100% of the National Minimum Wage for a minimum of 25 hours a week, with employers able to top up wages. Participating employers will also receive a £1,500 payment per participant to support set-up costs, support and training.

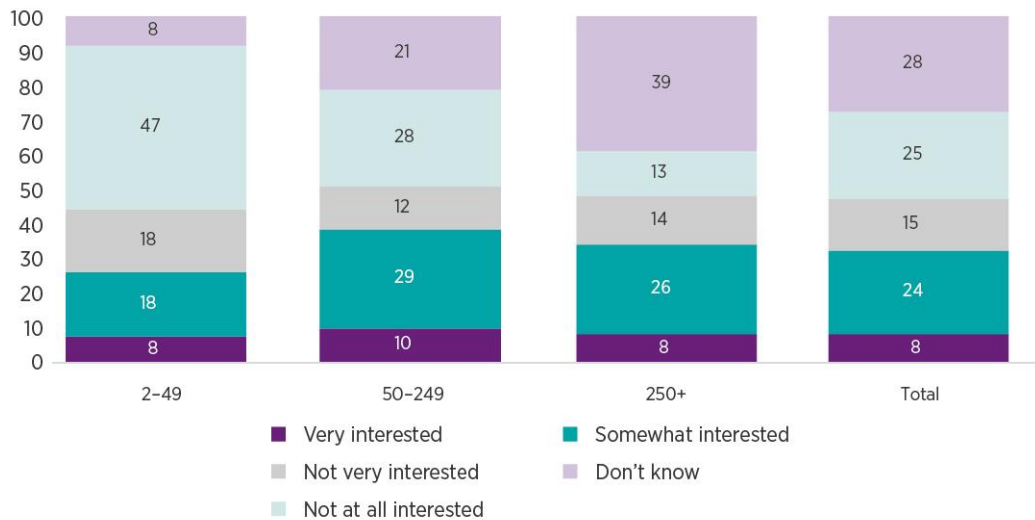
Figures 8 and 9 set out the level of interest among employers by organisation size and sector:

- Overall, just under a third (32%) of employers are either very interested (8%) or somewhat interested (24%) in providing a Kickstart placement.
- Interest varied by size of organisation. Large and medium organisations were slightly more likely to report that they are either very or somewhat interested (34% and 39% respectively) than small organisations (26%).

- Level of interest also varies by sector, with employers in the third/voluntary sector more likely to report being very/somewhat interested (41%), compared with employers in the private (33%) and public sector (28%).

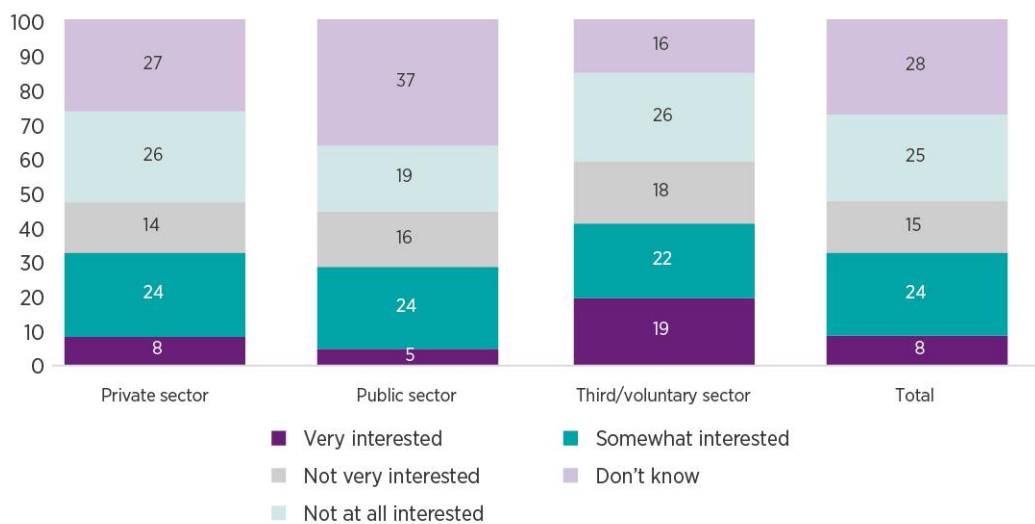
Given the challenging context, and the fact that the scheme has only recently launched, a relatively high degree of uncertainty exists among employers, with 28% reporting that they 'don't know' their level of interest, rising to 39% of employers in large organisations and 37% of public sector respondents.

Figure 8: Interest in providing Kickstart placements, by size of organisation (%)



Sample size: 2-49 employees: 292; 50-249 employees: 140; 250+ employees: 574; total: 1,006.

Figure 9: Interest in providing Kickstart placement, by sector (%)



Sample size: private sector: 765; public sector: 171; third/voluntary sector: 70; total: 1,006.

Conclusions and recommendations

Youth unemployment has already increased significantly and is likely to rise even further over the course of 2021. Previous recessions have highlighted the damaging long-term consequences of a period of unemployment when young to future earnings and employment outcomes, as well as on mental and physical health. Supporting, and encouraging, employers to provide opportunities for young people to access work experience, employment and training opportunities during this difficult period will be vital. Yet, the employer survey results reveal a challenging youth labour market context:

- **Depressed recruitment intentions** – while 62% had recruited a young person in the last 12 months, just 46% were planning to do so in the next 12 months.
- **Substantial predicted drop in the provision of work experience and internships** – employers report a fall in the provision of all types of work experience placements in next 12 months compared with the previous year, with largest falls for internships and placements for school students.
- **High levels of employer uncertainty** – there is also a high degree of uncertainty, given the current context, on plans for recruitment and provision of work experience in next 12 months.

In recognition of the damaging short- and long-term consequences of youth unemployment, the Government announced a series of measures in July designed to boost the number of opportunities for young people to access employment, apprenticeship and traineeship opportunities.

However, alongside a very challenging youth labour market context, the survey results reveal several barriers to employer engagement:

- **Very low levels of employer awareness, and take-up, of traineeships** – just 8% of organisations reported that they had a good knowledge of traineeships and just 9% of employers had someone undertake one in their organisation.
- **Low levels of apprenticeship provision among some employers** – 57% of medium-sized employers had not provided any apprenticeships in the last 12 months, rising to almost 80% of small employers.
- **Incentives to boost the provision of apprenticeships and traineeships do not appear to be large enough to shift employer behaviour** – when asked about the impact of apprenticeship incentives, just 5% of employers that were not planning to recruit apprentices responded that they were considering it now. Just 8% of organisations that were not planning to offer traineeships before were considering doing so now.
- **Employers responded much more positively to the Kickstart scheme** – however, the results reveal high levels of uncertainty, particularly in the public and private sectors and among larger organisations, which are likely to be the main source of placements.

Employers responded much more positively to Kickstart than other measures. This is likely due to the relative generosity of the scheme compared with apprenticeship and traineeship incentives. However, there is the potential for a high degree of deadweight and displacement, so it will be important to ensure that these jobs are additional and don't displace other employment opportunities/vulnerable groups. It will also be critical to ensure that young people are given real opportunities to build their employability¹⁵ and technical

skills, are provided with access to training, and are supported to secure a positive destination post-placement.

In light of the report findings, we recommend:

- The Government should seek to build better awareness of traineeships and their benefits among businesses and individuals to boost engagement and uptake.
- Given the high level of employer uncertainty, if we are to rapidly scale from the 20,000 Kickstart placements created so far, there needs to be a more comprehensive communications campaign that highlights the support available to employers.
- Apprenticeship incentives in England should be made more generous, and the deadline extended at least until the end of 2021. They should be targeted at SMEs to reduce deadweight and be focused on young people only.
- To simplify the system and make it easier for employers and individuals to navigate and understand, England should consider adopting a similar approach to Scotland, joining up all of the various interventions under a single umbrella in the form of a Youth Guarantee.
- Ensure that Kickstart placements build employability skills in a systematic and structured way through the adoption of [Skills Builders Universal Framework for Essential Skills](#).

The HR community will be critical to the success of Kickstart and other government initiatives, and to ensuring that the placements work not just for the young people involved but also, importantly, for the business. This means understanding how the various interventions (apprenticeships, traineeships, work placements) fit into workforce planning strategies and address recruitment and skills challenges. It also involves making sure that supportive workforce practices, such as mentoring and effective line management, are in place so that young people and the business get the most out of the work placement.

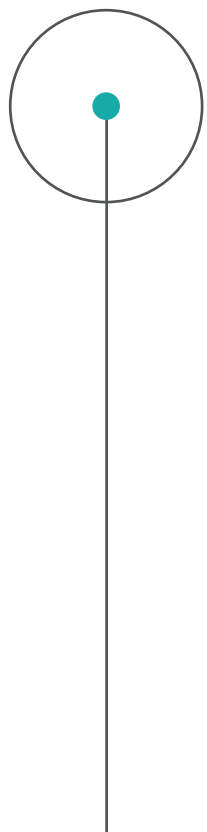
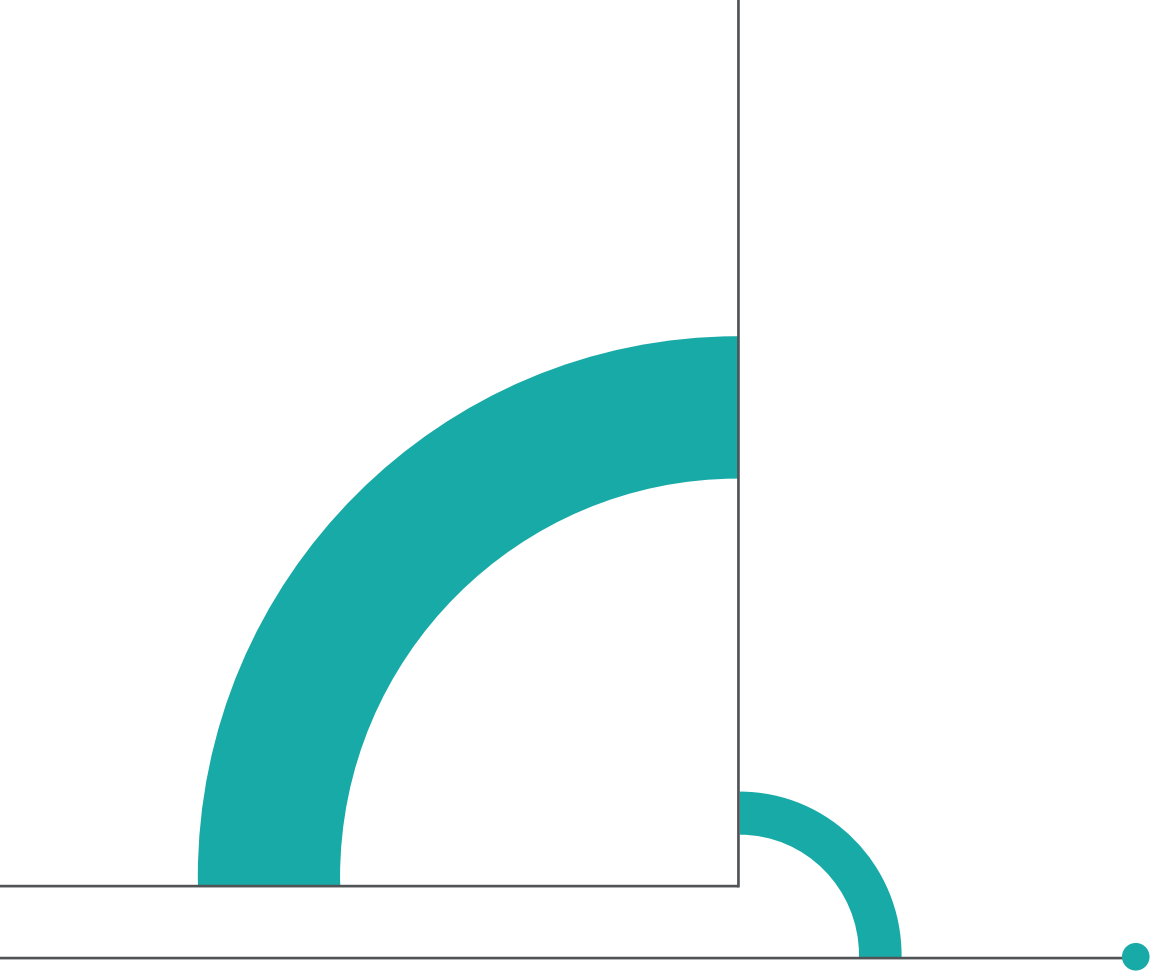
Yet, even if organisations can't engage, there are other ways the profession can support young people during this challenging time and help them to navigate the increasingly complex world of work to find jobs and fulfilling careers. In response to worsening youth labour market conditions, the CIPD relaunched [Steps Ahead Mentoring](#) in October 2020. The programme aims to help young people find work by matching them with a CIPD member, who will act as a mentor. Mentors provide practical advice on CVs, applications, interviews and job searching, as well as helping young people improve their confidence, build professional networks, and identify and establish career goals.

Launched initially because of high youth unemployment in the last recession, thousands of CIPD members have given up their time to provide mentoring support to young jobseekers, as well as parent returners, via our Steps Ahead Mentoring scheme, helping hundreds of young people fulfil their potential and find work. CIPD members are also supporting the school to work transition through volunteering to be an [Enterprise Adviser](#). The CIPD has partnered with the Careers & Enterprise Company to inspire and prepare young people for the fast-changing world of work. Enterprise Advisors are matched with a school or college and support the Senior Leadership team to develop their career strategy.

With high and rising youth unemployment on the horizon, it's never been more important to come together, to bridge the gap between education and the workplace, and to ensure that everyone is equipped with the skills they need to enter and progress in work.

Notes

- ¹ OECD. (2020) [*OECD economic outlook, interim report September 2020*](#). Paris: OECD Economic Outlook: Statistics and Projections (database).
- ² Dias, M.C., Joyce, R. and Keiller, A.N. (2020) [*COVID-19 and the career prospects of young people*](#). London: Institute for Fiscal Studies.
- ³ Henehan, K. (2020) [*Class of 2020 education leavers in the current crisis*](#). London: Resolution Foundation.
- ⁴ Bell, D. and Blanchflower, D. (2011) [*Young people and the great recession*](#). Germany: IZA Institute of Labor Economics.
- ⁵ House of Commons Library. (2020) [*Youth unemployment statistics*](#) (number 5871). London: UK Parliament.
- ⁶ House of Commons Library. (2020) [*Youth unemployment statistics*](#) (number 5871). London: UK Parliament.
- ⁷ Sixty-seven per cent of voluntary sector employers reported that they offered placements for moral, benefits to young people, 'doing our bit' reasons, compared with 51% of employers in the public sector and 47% in the private sector. Eighty-three per cent in the voluntary sector reported that they offered them to give young people experience, compared with 66% in the public sector and 47% in the private sector.
- ⁸ Private sector employers reported that they offered placements to help with recruitment (47%) and raise their profile in the recruitment market (30%), compared with figures of 38% and 24%, respectively, for public sector and 36% and 24% for third/voluntary sector organisations.
- ⁹ UKCES. (2014) [*Youth employment in an international context*](#). London: UK Commission for Employment and Skills.
- ¹⁰ CIPD. (2020) [*Making apprenticeships future fit*](#). London: Chartered Institute of Personnel and Development.
- ¹¹ Dorsett, R., Gray, H., Speckesser, S. and Stokes, L. (2019) [*Estimating the impact of traineeships*](#). London: Department for Education, National Institute of Economic and Social Research, Institute for Employment Studies, and University of Westminster.
- ¹² Rolfe, M. (2020) [*Apprenticeships and traineeships, England*](#). Sheffield: Department for Education.
- ¹³ CIPD. (2020) [*Making apprenticeships future fit*](#). London: Chartered Institute of Personnel and Development.
- ¹⁴ BMG Research and IES. (2013) [*Evaluation of apprenticeship grant for employers \(age 16–24\) programme*](#). London: Department for Business, Innovation and Skills.
- ¹⁵ To support young people to build these essential skills in a structured way during their Kickstart placement, the CIPD has produced some [*joint guidance with the Skills Builder Partnership*](#) and BITC.



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Issued: December 2020 Reference: 8091 © CIPD 2020