

Work and Pensions Committee

Oral evidence: Young people who are NEET and the transfer of skills to DWP, HC 1520

Wednesday 26 November 2025

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Members present: Johanna Baxter (Chair); Rushanara Ali; David Baines; Lee Barron; Mr Peter Bedford; Steve Darling; Damien Egan; Amanda Hack; John Milne.

In the absence of the Chair, Johanna Baxter was called to the Chair.

Questions 1 - 39

Witnesses

I: Louise Murphy, Senior Economist, Resolution Foundation; Barry Fletcher, CEO, Youth Futures Foundation; Professor David Taylor-Robinson, Professor of Public Health and Policy and W.H. Duncan Chair in Health Inequalities, University of Liverpool; Professor Neil Harrison, Professor of Education and Social Justice, School of Education at the University of Exeter.

II: Sam Avanzo Windett, Deputy Director, Learning and Work Institute; Emily Rock, CEO, Association of Apprentices and Engagement Director, the St Martin's Group; Dr Fiona Aldridge, Chief Executive Officer, Skills Federation; Ben Rowland, CEO, Association of Employment and Learning Providers (AELP).

Examination of witnesses

Witnesses: Louise Murphy, Barry Fletcher, Professor David Taylor-Robinson and Professor Neil Harrison.

Q1 Chair: Welcome to this morning's session of the Work and Pensions Committee. My name is Johanna Baxter; I am the temporary Chair for today. I am very pleased to have a number of colleagues with us today for our discussion about young people who are not in education, employment or training and the transfer of the skills brief to the Department for Work and Pensions. For our first panel this morning, we have Louise Murphy, senior economist at the Resolution Foundation; Barry Fletcher, CEO of Youth Futures Foundation; Professor David Taylor-



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Robinson, who is joining us online, and is professor of public health and policy and chair in health inequalities at the University of Liverpool; and Professor Neil Harrison, professor of education and social justice in the School of Education at the University of Exeter. Welcome to you all.

I am going to kick off with some questions, and then colleagues will follow up with their own. We have nearly 1 million young people aged 16 to 24 who are currently not in education, employment or training, and that number appears to be increasing. The Prime Minister has described the situation facing young adults as a “moral issue” and said more needs to be done for what risks becoming a “wasted generation.” Can you, by way of introduction, talk to us about the NEET rates and trends that have changed in those over time?

Barry Fletcher: Good morning, everyone. If you look over the long term at NEET rates, every year over the last 25 years NEET rates have averaged above 10%. That is if you look over the long term. Now of course, we have seen significant drops and rises, normally when we have difficult economic conditions, but the recent rise we have seen—especially post the pandemic—has been significant. We have seen around 200,000 more young people outside work or education since the pre-pandemic rates, and crucially, we are now seeing those rates be at about an 11-year high. They have risen rapidly and then have reached an 11-year high.

Now, over the last 18 months or so they have been relatively stable, but we have seen unemployment within that group rise during that period. We have seen rates in education not change quite as much, but unemployment rates have gone up in that period. Yes, over the long term they have been a long and complex problem, but the rates that we are seeing at the moment are high, and they have risen significantly over that period of time.

Louise Murphy: Yes, I agree with all that. I would just like to add a few more things on the context and why we think the situation now is one that we should take seriously. As Barry said, it has been over a decade since we had 1 million young people who were NEET. Back then we were in the aftermath of the financial crisis, when overall the labour market and the economy were in a worse place: unemployment was around 8% for all adults, whereas at the moment it is around 5%. It looks like at the moment things for young people are doing worse relative to the economy overall.

Again, just building on what Barry said, the other reason why this is concerning is that the risk is we undo lots of the good progress that we made in the mid and late 2010s. From that period—around 2012—what we saw were quite big and sustained falls in NEET numbers. They were around 800,000 on the eve of the covid pandemic. To undo that and get back to a place we were over a decade ago is worrying.



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Professor Harrison: I have been asked to talk today specifically about those young people who have experience of the children's social care system, the reason being that this is a group that is around three to 10 times more likely to be NEET than other young people. They are a particular risk group, depending on the exact definitions used. Just to be clear, we are talking about those young people who are removed from their birth families, usually due to maltreatment or neglect. There are currently around 81,000 children in care across England, so the numbers are not small. Around 1% of all children will spend some of their childhood in the children's social care system.

That may take a variety of different forms; foster care is the most commonly understood, perhaps, but there is also kinship care with extended family, or there are residential settings: what we used to call children's homes. The evidence that I am going to be bringing today is very much about that group as a specific group within the wider group of young people. I will provide more detail about that as we go through.

Professor Taylor-Robinson: The striking thing is how high NEET rates have been in the UK over time. As we have heard, rates are similar to those at the start of the millennium. I come at this from a health inequalities perspective. Economically productive young people do not spring from the ether; it is a function of a whole childhood of investment and exposure to all sorts of things. What is particularly concerning about the trends we are seeing at the moment is the change in make-up. A growing share of people who are NEET are economically inactive, and a major driver of that is that people have disabilities and, particularly, mental health problems. These trends mirror other health trends that we are seeing at the moment.

Q2 **Chair:** I was going to ask about whether there are any surprising aspects to the trends. David, you said that one of those aspects is about being economically inactive. Do you want to say a little more about that?

Professor Taylor-Robinson: When you are NEET, you can either be unemployed or economically inactive: not actively looking for work. There is a shift in the make-up of young people from being predominantly unemployed to being economically inactive. We see that shift around 2013 to 2014. The main reasons that people are reporting for being economically inactive are around disabilities, and the major make-up of those disabilities is mental health problems. We are seeing, obviously, an epidemic of mental health problems in young people in the general population, who are over-represented in young people who are NEET. We are also seeing rising morbidity in childhood, which I can talk about in more detail. That is obviously what is affecting these trends at the moment.

Q3 **Chair:** Are there any particular reasons behind those reasons for individuals becoming economically inactive? For example, is the increase in the number of disabilities due to increased reporting, or is it an increase generally in ill health? Is it that more people are waiting for



health treatment, for example?

Professor Taylor-Robinson: Well, a lot of our work has been about social inequalities in children's health. At the moment, we are seeing rising inequalities in infant mortality, life expectancy at birth, healthy life expectancy, childhood obesity, child mental health problems, children being taken into care, educational attainment at various stages, and things like vaccination uptake. The general picture that we see is one of rising inequalities in the population affecting children, which we see in the rates of young people and the inequalities in rates of young people with mental health. We have done a lot of work on the drivers of those inequalities, which I can talk about in more detail.

Q4 **Chair:** We will come on to risk factors in a second. Just before I do, I wonder whether any other members of the panel want to talk about the impact of being NEET on a young person.

Barry Fletcher: Yes, I am happy to pick that up, Chair. There are two critical points I would highlight. One is that it has a really significant impact on their wealth over the long term. The Mayfield review was really interesting on this recently. It showed that if a young person finds themselves out of work at, say, the age of 20 due to health issues, it will have an impact of £1 million over their lifetime earnings. We know that any period actually—especially any period above three months NEET—has an impact on long-term earnings and leads to a much higher likelihood of their being unemployed later on in life.

David has already talked about some of this; it also has an impact on people's health, both mental and physical. Mental health can be both a cause and a consequence of being NEET. We need to understand that when we are thinking about this problem because if we do not address some issues when people are young, we see that follow on through. If young people are NEET when they are in that age group, you see those rates of unemployment last throughout their lifetimes. They are much higher throughout their lifetimes, especially for those who are long-term NEET; I classify that normally as six months plus.

Q5 **Chair:** If mental health is both a cause and a consequence, is there the potential therefore to be in a doom loop, if you like?

Barry Fletcher: Absolutely. A mental health condition may mean that a young person feels they are unable to move into work, but once they then stay out of work, they are outside that social connection, and obviously outside some benefits that come with the sense of purpose that work brings. We see that often mental health gets worse during that period, especially when—as David highlighted—there are delays, for example, in accessing some support that young people need.

Q6 **Steve Darling:** Thank you very much for giving up your time today to share your wisdom with us. I want to unpick how risk factors tend to layer around and compound those who are NEET. We have already started to unpick this. One area that I am quite concerned about, which



has been strengthening since the pandemic, is home education and whether that impacts on NEETs. If you are able to address that but, equally, unpick others and talk about how they interact, that would be really helpful, whoever wants to kick off.

Barry Fletcher: I am happy to pick up a couple of those points. I would say risk factors generally fit into two areas. First, there are personal risk factors. Secondly, you have wider contextual factors that impact a young person. One of the most critical risk factors for NEET is education attainment. If a young person does not achieve level 2 qualifications—GCSE-level qualifications—they are three to four times more likely to be NEET over their lifetime. We have done some work recently that shows that it really continues into someone's mid-30s. You can see a massive disparity between their employment rates at mid-30s if they have under level 2 qualifications, compared with those above. That is a critical factor and one we should always be very cognisant of when we think of this issue: those who ultimately do not necessarily do well in our schooling system often really struggle throughout their lives.

Health conditions we have already talked about. Mental health and disability, but also neurodiversity, is an important one that we have not necessarily talked about that much yet. We are seeing a big rise in the number of young people who have a neurodiverse condition, which is then having an impact on them being NEET. Where you live matters as well in this. NEET rates are significantly higher for example in the north-east than they are in the south-east by around a third, in the latest data. Where you live matters, and it compounds the other factors that we talked about.

To come to home education, a previous organisation I worked with did some work on this, and there has been quite a lot of interesting work. We see that NEET rates are quite a lot higher among that group. It is a hard group, to be honest—

Q7 Steve Darling: When you say quite a lot, what does that usually mean?

Barry Fletcher: Double the rate that you would see on average, in some research that has been done. Now, what I would say is that researching that group is very difficult, and often the data that exists on that group is very hard to access. Obviously, the Government are planning some changes to that around how that is being tracked and so on, which will be helpful because it has actually been really difficult to understand. A lot of that has relied on survey data that is not very effective.

But the work that has been done in smaller studies has shown that it can be double and sometimes triple. Partly because if you look at that home education group today, compared with, say, a decade or two decades ago, that group makes up many more young people who have SEND issues and many more young people who had challenges around, say, bullying at school. That is often a reason why parents state that they have taken young people outside to be home educated.



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It is important that the wider risk factors exist in that home educated group, and this is a final point I would make: they often then do not get the support that they need. A lot of our support structures rely on institutions. If you are at school, you get career support through school. There are arguments about how effective that is, but it exists. If you are home educated, many of those support structures do not exist.

Q8 Steve Darling: The other bit I wanted to talk about, which you have touched on, was about neurodiversity, but equally I am concerned that that is beginning to overshadow learning disability. Quite often the educational system is gearing up for the neurodiverse and expecting the moderately learning disabled to be taught in mainstream. Are there any reflections around high-end and moderate learning disability levels? I suspect it is a significant factor there as well.

Barry Fletcher: Yes, very much so. We see much higher NEET rates among those who have a learning disability than those who do not. Actually, the number of young people who have, say, an EHCP and find themselves outside work and education is significant. I would say one of the challenges you have is actually if you look at more recent rises—I am talking the last three or four years—and you look at autism, for example, that has been a key factor that young people are stating as to the reason they are NEET. In some latest stats, it has actually been the highest reason that young people are highlighting, and it is actually overtaking mental health in some cases, which is really interesting.

Q9 Steve Darling: Does anybody know the number of those with learning disability within this cohort, and whether it has increased or whether it is a continuing segment?

Barry Fletcher: I do not have the specific number in my head.

Steve Darling: It is worth exploring.

Barry Fletcher: Yes, of course.

Steve Darling: Any reflections from colleagues?

Chair: Sorry, Steve—for your benefit, David Taylor-Robinson has his virtual hand up.

Steve Darling: David, do come in, sorry. That is me being visually impaired.

Professor Taylor-Robinson: We have done a number of studies using the UK Millennium Cohort Study, looking at risk factors for becoming NEET. Millennium is an important source of data here because it is the young people now who were born in 2000. The kids in Millennium are now 24, 25. We can look over children's lives. We have been looking at longitudinal drivers of all sorts of health outcomes, and we were able to characterise the key adversities that drive poor outcomes in kids. We have published a number of papers using this approach.



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We show that about 20% of kids growing up in Millennium were always in child poverty. We see them every couple of years in the Millennium Cohort Study dataset. Just over 10% are always exposed to parental mental health problems, and then another 10% of kids are exposed to both poverty and parental mental health problems. Over 40% of children are either always in poverty or always exposed to parental mental health problems in Millennium.

We show that kids in those clusters have much greater odds of becoming NEET: there is a fivefold risk of becoming NEET if you are in the poverty and parental mental health problems group. Then we calculate what is called population attributable fractions, which asks the question, what would the world look like if we could reduce those exposures to the low adversity group? The analysis suggests you could get rid of around 50% of cases of NEETs that are attributable to persistent child poverty and family adversities.

That study that we have done was inspired by Danish analyses. I work at the University of Copenhagen, where there is incredibly robust data looking at the whole Danish population and looking at drivers of NEET in the Danish population. It uses a similar study design, with over 2 million children, and again, it looks at exposure to different childhood adversities. Similar to our UK analysis, the high adversity group in the Danish population had fivefold odds of becoming NEET. Those studies could also look into the mechanisms. They show that the relationship between childhood adversity and becoming NEET is mediated by child mental health problems and by early disengagement from school and poor attainment in school.

Furthermore, my colleagues Leonie Elsenburg and Naja Rod go on to show that those young people exposed to adversity end up with a ninefold increased risk of becoming intensive users of welfare systems, threefold higher odds of becoming heavy users of health services, and fourfold higher odds of criminal justice involvement. You see in that life course data the causal pathway, from adversity affecting children early in life to mental health problems, to educational failure, to becoming NEET, and to subsequent risks across the life course. If we are going to get to grips with this problem, we need to invest more in children.

- Q10 **Steve Darling:** My last question is to Neil, and it actually builds on a conversation I recently had with a chief executive of a local authority. She was talking about how they were trying to create opportunities for some care-experienced youngsters to do some apprenticeships and things like that, or work experience. They were having difficulty getting some care-experienced youngsters to actually engage with it, and they were having to offer them rewards for coming. Is that normal? I get how challenged care-experienced youngsters are. I am adopted myself, and I have been really driven in this area as a local authority councillor, but what are those barriers? Can you unpick them for the Committee, please?



Professor Harrison: A range of different barriers are active there. There are particular barriers around apprenticeships because we have an apprenticeship system that is still fundamentally predicated on the idea of a young person being within the family home. Therefore, the supports that go into that, whether those are financial supports about having low-cost or no-cost housing, or the encouragement and emotional support that is about engaging with those types of initiatives, are absent usually. In some cases, they are worse than absent, in the sense that actually the birth family may disrupt the involvement of the young person in those schemes.

The other thing to talk about here is the positive side of that, which is that we see very positive results from mentoring programmes that, if you like, replace that parental engagement, parental support and so on. We have examples from around the country where that actually is helping young people into the labour market, into training and so on. But it is not an easy pathway, and what you have picked up there a little are some challenges. There need to be incentives to help young people to achieve that.

Also, we have seen something of a robbing of the support that is available through local authorities because of financial pressures. It means that, for example, whereas most local authorities would have had a post-16 specialist adviser at one point in time, helping those young people to identify opportunities and supporting them, those roles are now disappearing because they are not statutory. We have a perfect storm situation there, where just at the point where we need more support for care-experienced young people, actually that support is declining somewhat.

There are two other things I would like to just touch on, if I may? One is around the role of the Care Leaver Covenant, which has been quite successful in motivating organisations to be more proactive in this space, for example by promising job interviews or providing different forms of support in the workplace. We also need to touch upon some challenges that have been mentioned previously. I do not want to repeat what previous speakers have said, but there are also risk factors that are heightened for young people who are care experienced. They form a group where they have a higher likelihood of being in the risk factors that we have already heard about, which I will not repeat.

They are also more likely to be in roles of caring, whether that is caring for their own children—care-experienced young people are more likely to have children young—or for their younger siblings. Often the older sibling in a family will become the carer at 18 for their younger siblings, or indeed for adult dependents as well. That also forms an important barrier to the labour market for care-experienced young people. A number of things are happening there that make that engagement more challenging.



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Q11 David Baines: Thanks very much, everyone. It has been a really interesting discussion so far, and it is refreshing to hear from people who actually know what they are talking about, which is good. I like experts, despite what some other people say and think. The proportion of young people who are NEET with mental health problems has more than doubled in the last 20 years. There is a lot of commentary from some people who are not experts, and some people who claim to be, about the reasons behind this and whether it is to do with overdiagnosis, or increased awareness, or what have you. In your opinions—I will let you decide who comes in first—is the increase genuine? Is it a genuine sign of increased mental health problems among young people? If so, what are the reasons behind that?

Louise Murphy: The first thing to say is when you look at the make-up of NEETs, a rising share relates to poor health, particularly poor mental health. That also reflects some falls in other reasons for being NEET. One thing that we have not spoken about too much is that there is this very long-term trend in fewer young people, particularly young women, being NEET to care for family: largely young women caring for their children. That accounted for 50% of NEET young women in 2005; now that is less than one in five. That is just important context, that alongside this rise in inactivity for poor health, we should reflect that there has been a very big societal shift in fewer young people inactive for other reasons.

But as you say, we should take seriously this fact that the number of NEETs who have poor health has more than doubled in the past decade. There is a big debate to be had about what is happening across society around trends in mental health. It is unarguable that how we speak about and think about mental health has changed. Very plausibly, a given person who now describes themselves as being out of work due to poor mental health, 20 or 30 years ago might not have used that language. But to me, that is slightly different from saying this is not a genuine shift.

That is true for two broad reasons. First, across multiple markers across society, be those prescriptions of antidepressants, self-diagnosis in surveys, or engagements with hospitals for self-harm, multiple markers show that something is happening across society. More children and young people are experiencing poor mental health. Regardless of the underlying driver, that is true.

Secondly, it almost does not really matter to these young people themselves what has gone on. The fact that these young people are living their lives describing themselves as being in poor health, describing themselves as being sick or disabled, that is really what matters because that will impact their likelihood of looking for a job, or their likelihood of engaging with various support systems. What we really should do is meet young people where they are and think about how we best engage those young people who are sick or disabled.

Q12 David Baines: Barry, can I come to you? I know you did some research on this.



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Barry Fletcher: We did, yes. I am sure David will have lots of really expert views as well. We published a study in the summer that was done by the University of Manchester and UCL, trying to understand this rise. It tried to do two things. First, it tried to understand whether that rise was genuine. Secondly, it looked at some key factors. That study assessed that the rise was genuine. That was through looking at, for example, how young people are responding to surveys. That actually has not really changed. It tried to look at resilience factors because one of the arguments is that the level of resilience that young people have has shifted, which has meant that there is a different way of looking at that. It did not show that particularly. Then, as Louise highlighted, a lot of the markers that are outside that—for example, self-harm—have gone up significantly. That would be aligned with a genuine rise in mental health issues. But as Louise said, in some ways, whether that is a diagnosis issue or not, it is affecting people's capacity to go into work.

What it highlighted—this is important—was four key factors in that research that it tried to argue were causing some of that rise. There is obviously other work done on this, but this was a relatively holistic piece of work. First, there was sleep quality. That came out strongly in that research, not as much quantity but certainly quality of sleep for young people, and obviously the knock-on effect that that was having on their mental health. Sleep quality has declined significantly over the last decade, and that was having a big effect.

Secondly, there was financial precarity: both employment and housing are within that. Young people are experiencing greater financial precarity, and that is impacting negatively on their mental health. Thirdly, we also saw some impact from social media and smartphones. Now, you could argue on sleep quality that social media and smartphones are a factor in that, and that would probably be true. We did not try to answer that question, to be really clear, but actually the studies that have been done on that at the moment do not show a high impact from there. Partly that is because designing studies that do that is very difficult, but also because obviously some of that is still an emerging technology, and therefore it can be difficult sometimes to look at the longitudinal impact.

Lastly, the final area was reductions in children's and youth services. To point to the issue that David highlighted earlier, we have seen a drop in investment in some areas. The evidence shows that they are strong predictive factors, which impact on both parents and then obviously their children and young people coming through into those services. The evidence suggested that those four factors were the strongest that were causing some of that rise, and that the rise was a genuine rise overall.

Professor Harrison: I would like to make the very brief point that among the care-experienced group of young people, one of the defining near-universal factors is they will have experienced childhood trauma, whether before, during or after care. That has a very clear relationship then through to adult mental health issues. Depending on the particular



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piece of research, it is estimated that around 50% to 75% of young people who are care-experienced will have a diagnosable mental health problem. For the group that I am particularly interested in, that is very clear, and there is a very clear causal framework that sits behind that. The role of those traumatic experiences of experiencing neglect or maltreatment in the family home is absolutely fundamental to their transitions into adulthood.

Chair: I am conscious that David has his hand up, but I need to move us on, I am afraid. Can we all be conscious of short questions and short answers?

Q13 **Mr Bedford:** The number of NEETs has increased by about 60,000 since last year, but there are huge regional disparities. In the north-east there is a 15% rate, in the south-west it is 9.4%. I wondered whether you could touch on the causes of those regional disparities and what Government could do to help them? Barry, maybe you could start.

Barry Fletcher: Yes, there are a couple of areas. First, some risk factors that we talked about earlier on are higher in those areas. We have done some work looking at NEET risk factors by local authority. If you look at, for example, Middlesbrough, that has some of the highest NEET risk factors in the country. We have ranked those local authorities on that basis. Of the factors that we talked about earlier, whether it be SEND, educational attainment, mental health or poverty, a lot are concentrated in places, and we see some of that come through.

There is a separate factor, which is also really important to think about when we think about region: availability of opportunity. We see that actually an area might have, say, high risk factors, but very plentiful and available job opportunities. That therefore mitigates some of that challenge. What we see in, say, the north-east, is that we have a definite challenge around availability of job opportunities and high risk factors for young people. It is the combination of those that often leads to those rates being higher in those regions.

Professor Taylor-Robinson: Those areas map on to the general map of children's health and child poverty. In response to the previous question, there is good evidence that rising child poverty, exposure to adversity and the effects of austerity have had a devastating impact on population health. They have driven inequalities across a range of hard outcomes, like life expectancy, infant mortality and children's mental health, because all this is wrapped up with the general health picture affecting children in the UK.

We led the Child of the North report, which shows that poor child health leads to poor adult health and affects productivity in adulthood. In those areas with high NEET rates, such as the north-east and the north-west—there is a clear north-south divide, though there are also high rates in the east of England—it maps on to things like child poverty. I would argue



that child poverty is the single most modifiable thing that we can address in order to tackle the problem of high NEET rates.

- Q14 **Mr Bedford:** We had some research by the Local Government Association, which found that councils' resources and financial support are often linked to barriers to supporting NEETs. I used to be a councillor in Leicestershire, and I was always frustrated about the funding disparities across the country. London boroughs are better funded than those in the shire counties, which research has shown. I just wondered what your views were on that, in terms of specifically funding for local authorities and supporting those objectives, maybe.

Professor Harrison: That is a really important point. Some work that I am working on the moment is exactly around that, looking at disparities at the local authority level, aside from the regional level. What we have seen with respect to care-experienced young people is that we do not have a single national offer. What we actually have is local authorities making their own offer, in terms of the support that goes on after the age of 18. That leads to those sorts of disparities.

Now, in a sense, those are political choices at the local level, about what you prioritise and what you deprioritise. But what we are seeing is that there is a retrenchment back into the basic statutory requirements around children's social care, so that—as I touched on earlier—some important work that goes on around adult transitions is actually being lost because of those pressures. But as Barry was saying, we see that there is very strong patterning. The phrase "postcode lottery" is often overused, but we see that very clearly here for children in the care system, both during childhood but then in their pathways into adulthood as well.

- Q15 **Rushanara Ali:** I had some questions about international comparison. The OECD average is lower than the UK average, and you have certain countries like the Netherlands doing extremely well in terms of reducing the number of NEETs to just under 6%. Ours last year was 15.83%. What can we do to bring that number down? What are other countries doing better that we can learn from? Maybe Louise, we can start with you.

Louise Murphy: I am happy to start on this. Yes, that is right. Both when we look at the OECD average or the EU average, the UK is now slightly above that when it comes to our NEET rate. If we are looking at reasons for optimism, the fact that many countries that we think of as being similar to us do better is certainly one of those. There are two things broadly that are important when you look at countries like the Netherlands. Actually, one that is even more interesting is Ireland, a country that had a NEET rate that was higher than the UK's in the aftermath of the financial crisis, but that has fallen consistently and is now lower than the UK's. That is quite a good example of somewhere that has struggled and is now doing better, whereas the Netherlands has always been the top-performing country, so it might be a bit more of an ambitious target.



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Broadly, there are two things. First, there is having a buoyant economy overall, just making sure that in general we have a good quality, good spread of labour market opportunities, making sure that overall, the unemployment rate is low and so on. That is true of Ireland and the Netherlands. Secondly, there is thinking, do we have targeted support for young people? We need to intervene early when young people become NEET, to have good quality options for young people to enter education—be that vocational or academic—and to help people, for example, with training courses or work placements.

Many of the countries that do well just have much more of a long-lasting offer. In the UK, what we often have is piecemeal approaches. For example, if a pandemic hits we design a youth jobs programme, rather than somewhere like Denmark or the Netherlands, where it is baked into the system that you have an ongoing system. It can be ramped up in times of crisis, but the baseline is there consistently.

Professor Taylor-Robinson: Similar to the regional differences, again, it is striking how the ranking of NEET rates in OECD countries to some extent maps on to the ranking of children's health. The Netherlands and the Scandinavian countries always come top of the charts when it comes to good health in kids. That is reflected in the NEET rates. As I have said, NEET is a function of investment in children over the first 20 years of their lives. The countries that do well in that have good child health and to some extent have lower NEET rates. There is a lot we can learn from the whole-system approaches that those countries take, where there are low levels of child poverty, lots of investment in early years, investment proportionate to need in education, and a focus on supporting young people through those difficult transitions, coupled with those labour market factors.

Professor Harrison: This is an interesting area, in so far as actually international comparisons around care-experienced young people are quite difficult because we are in a very lucky position in England; we have much better data than most other countries. We are able to actually specify the problem much better. We do not know a great deal about what is happening elsewhere, even within the United Kingdom. The data for England is that much stronger.

Q16 Rushanara Ali: Barry, before I bring you in, you made a particular point about the UK achieving the lowest rate of NEETs in the OECD by 2050. What do we need to do to get there?

Barry Fletcher: The first thing is to be ambitious about this. Over the last 30 years, we have not really had an ambition for what our NEET rate should be. What do we think good looks like? Until you set that, it is really hard to work back and say what action you should take to deliver that. Although I agree the Netherlands has generally been good for a long period of time, there was a period when it was not as good, and it set an ambitious goal for this and focused on it as a policy priority. You need to set a goal. Aiming for the lowest rate in the OECD is a good goal to set. It



is a systemic goal. It is something you have to think about for the long term.

Also, if we think about those who are doing really well in those areas, they often have a very localised system for that. They have a national framework. We did a big report on this recently, and we looked at Denmark, Australia and different places. They often give responsibility to local areas around this because there is an important link-up between school and employment that is really crucial. They devolve more control but also funding to localised areas. They also have permanent schemes in place, like wage subsidy schemes. The Netherlands had a permanent scheme in place for the last decade, and it scales that up or down on the basis of economic situations, as Louise said.

Most of the countries that are very good at this also have a stronger vocational focus to some of their education, and especially an apprenticeship system that has many more young people. I know the Committee is talking about apprenticeships and skills later on, but the evidence base is that apprenticeships are a very successful way of helping young people who are NEET into work. We have too few young people doing apprenticeships in England at the moment. That is a policy choice that we can change, and that we should change.

Q17 Rushanara Ali: Does anyone else want to come in quickly on that last point, about what we can do to reach that level of ambition?

Professor Harrison: I want to come back to Barry's point and just reinforce the point I made earlier, which is about the very low take-up of apprenticeships among care-experienced young people. That would be something that would be relatively easy to solve. We know that the UK as a whole has a low apprenticeship take-up among young people, but the group that I am particularly concerned about is even lower. That is something that is very solvable.

Louise Murphy: I would like to make a very quick point. When we think about the risk factors we chatted about earlier, save from young people having children, which is on the decline, many of the other risk factors are increasing. There are rising numbers of young people with poor health, with SEND support, and who are absent or excluded from school. All these things are rising. That is true among children as well as young people. If we want to think about our NEET rates in 2030 or 2050, we should also be thinking about how we improve support for children in primary school, for example, and not just thinking about DWP labour market policy.

Chair: Just to set expectations, we have another five questions and 15 minutes left, so could everyone please keep an eye on the time?

Q18 Damien Egan: Louise, I am going to keep you and the panel focused on that 2030, 2050 vision. We know that young people generally—not least those who are not in employment, education or training—are particularly



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vulnerable to labour market changes. With that crystal ball, we know there is massive change in the world of work and what that looks like, which all young people are grappling with: technology, AI and robotics. How do we help children who are NEET as best we can to get those jobs for the future?

Louise Murphy: The first thing is we need to be keeping track of trends in the labour market and designing policy that is responsive to that. So far what we are seeing in the recent data are falls for young people in sectors like retail and hospitality. When we think about labour market trends in the past year or so, the falls are really concentrated in those two sectors, and we know that young people are very over-represented there. Part of that is plausibly related to Government policy around employer national insurance and fast rises to the minimum wage. We should really take seriously how we can design joined-up policy that makes sure there are the entryways into jobs that young people often see as being stepping stones into the labour market.

Then in the longer run, there is definitely a risk that technology—be it AI or other things—will cause wider disruption to the labour market. We do not yet see that having a huge impact, but going forward, we need to think that if it is the case that some pathways are becoming more difficult for young people, let us design policy in response to that, be it wage subsidies or targeted job placements, and so on.

Barry Fletcher: I would add only a couple of points. First, we are seeing some good evidence in the US around some impact that AI—especially GenAI—is having on younger workers. There is a very good study done by Stanford, which showed that there had been a 13% drop in job opportunities in AI-exposed industries. To be honest, a lot of the wider research on this has not always been particularly high quality, but this was a high-quality study looking at payroll data.

I would say the impact in the UK on that is likely to be more limited because our AI exposure is less than it is in the US, but it is likely that that will start coming. What is interesting about that is it showed almost no impact for older age groups. All the impact was on younger workers. Therefore, the power of experience is so crucial to that, and skill development is really important. That is just one point I would add.

Secondly, it is really important to think about some long-term trends. In the last decade, we have seen a 70% drop in retail vacancies, if you look at the RTI data. What we are seeing is a real reshaping. In many of the careers that young people have typically gone into as their first jobs—40% of young people work in retail and hospitality—we are seeing a big reduction, especially in retail. It is really important when we are thinking about policy to think about that structure, where those opportunities are for young people, and how we can help them move into that.

Professor Harrison: A point I would very quickly make is that, among the group I am concerned about—care-experienced young people—their



transitions into the labour market are particularly punctuated. They are not smooth transitions. Very often what we see is not an entry into a high-quality long-term job; we are seeing entry into the gig economy—zero-hours, precarious work. They are much more likely to be entering into that. There is actually a very delayed process of finding long-term work, which provides security, self-esteem and all the other things that are really important. In a sense, those macro trends are really important, but we also have to remember the types of work that different groups of young people will be able to access.

Professor Taylor-Robinson: There is a risk that the shift to AI just raises the bar to entry for young people. It is likely to amplify existing inequalities and particularly impact young people affected by mental health problems, low qualifications, disrupted education and so on. Just to make the prevention point a bit, the concerning trends that we are seeing in children's wellbeing, health and transition into adulthood are what we need to address if we are going to tackle this problem.

Q19 **Amanda Hack:** Thank you to the panel for your insightful views so far. Because we are short on time, it may be useful for you to focus on just one element of my question. Looking at Government interventions that support young people, what do you think has been most effective? Also, we clearly have an issue with our current NEET population. What work do we need to do to prevent NEETs of the future?

Barry Fletcher: I am happy to come in on what is effective. We look at this broadly. If you look at the global evidence as well as the UK evidence, the things that really work are apprenticeships and vocational training—especially pre and post—and access to better work experience is really important. If you can combine skill development with access to work experience, it is really effective. Wage subsidies are effective. The Kickstart Scheme and Future Jobs Fund scheme were both effective.

A really key point I would make is that they are most effective for the most marginalised. The lower the qualification rate that someone has, or the higher issues or barriers that they have, the more effective those subsidy-type schemes are for those groups. They actually show very limited effect for those with high skills or high qualifications; they show much more impact for those without them. As the majority of the make-up of the NEET population for us today are those with low or no skills, in terms of qualification levels, then it is really important that we focus on those. Therefore, some of the Government focus is the right one, on some of those interventions. I will let others speak to the prevention side.

Louise Murphy: To reiterate Barry's point, which is a really important one, if we think about what good looks like, it is probably not having very intensive support for all NEETs. Some young people might find it takes just a few months to make that transition from school, college or university into employment. We might think that that is okay, but actually what we should be doing is focusing on those young people who



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really need that support—those with the lowest qualifications. Making sure that the offer is tailored appropriately is important.

Another thing that is important is recognising that support cannot be delivered just through the benefit system. Around half of young NEETs are not claiming an out-of-work benefit like universal credit. If we limit support just to those who are claiming universal credit or engaging with a jobcentre, by nature we are missing around half of those NEETs who might actually be furthest from support if they do not have any state support.

There are some quite promising evaluations of alternative provision, either voluntary engagement with DWP-provided youth hubs or employment support that is provided through NHS services—for example, the frontline mental health systems. We need to think more creatively about the way in which we engage young people who might not have any real reason to engage with the state.

Professor Harrison: I will give a very quick focus on prevention. I touched earlier upon what we often refer to as being the care cliff: that idea of the forced independence that a young person hits at the age of 18. One of the issues there is that the benefit system that we have at the moment does not actually encourage work for the young people we are talking about. We need to really think about how we raise personal allowances, and we need to reduce the taper rate, to provide the financial stability that enables someone to not only benefit from work but also to, again, improve their mental health from that financial stability.

The other reflection on that—coming back to what we were saying earlier around mental health—is that for some care-experienced young people their preference is to work or study part-time because that is a more comfortable and more manageable form of engagement. That also does not very often work well with the benefit system. That again becomes a barrier and a disincentive.

To take an example, if we are looking at engagement in higher education, the university in the country with by far the highest number of care-experienced learners is the Open University. We have to try to think about how we balance off the forms of flexibility that young people need, whether that is with engagement in training, or apprenticeships, or further education, which is a vital part of the prevention part of the system for care-experienced young people.

Professor Taylor-Robinson: Sir Michael Marmot's reviews of inequalities and other inequalities reports make the point that NEET is not simply an employment issue or an issue of individual motivation; it is a symptom of deep early-life inequality. We have some of the best evidence in the world, in terms of what we can do to reduce inequalities. We need a joined-up strategy. The 10-year English health inequalities strategy—which was multi-level and cross-Government and involved targets, resource allocation, area-based regeneration, Sure Start and



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reduction in child poverty—reduced inequalities. It improved population health and reduced inequalities in life expectancy and infant mortality. If we are going to address the deteriorating child health that is driving NEET rates at the moment, we need something like that.

Chair: We have five minutes left for three questions. If just one member of the panel could address each, that would be very helpful.

Q20 John Milne: The Government are looking to delay access to the health element in universal credit for under 22s. What kind of impact do you think that is going to have on NEET rates? In the light of the evidence you have already given about what is driving high rates, is it a fair way to go about things? Who wants to volunteer for that?

Louise Murphy: I am happy to give that a go. It is something we have done quite a lot of work on. To put it simply, we do not think this will have a very big impact on NEET rates. In fact, it is the wrong policy approach to a valid problem, which is rising numbers of young people out of work due to poor health. First, there are very few young people under 22 who are in receipt of the health element of universal credit: fewer than 100,000. That represents around one in 10 NEETs and just a tiny proportion of the overall spending on incapacity benefits.

Regardless of whether the Government's starting point is reducing spending on benefits or making a big dent into the NEETs number, this is not very likely to achieve that aim. When you think about the types of young people who are receiving universal credit with a health element at that young age, they are likely to have lots of difficulties in their life and to already be relying on a low income. The risk is that you make a group of poor young people even poorer.

Instead, there are some valid changes you could make to the benefit system; I am certainly not suggesting that everything is perfect. Two things are important: first, focusing on disability benefits like PIP. There are actually more young people who are claiming PIP in that under-22 age group than receiving UC health, so it would seem more appropriate to think about the trends there and whether any policy changes are required.

Secondly, what we should be aiming for is really a positive ambition to improve the functioning of the universal credit system for young people who are NEET. That should be true for young people who are unemployed, not just those who are receiving the health element. For example, there should be greater support for people who are job seeking. At the moment, the rates that young people flow off universal credit into work are woefully low. The risk is that this is a bit of a red herring. We focus our efforts on cutting the health element, and forget that for all those other young people who might not have a health problem, UC is not doing enough for them.

Q21 Lee Barron: I will be brief. Do you think the transfer of skills to the DWP



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is useful for young people? You talked earlier about apprenticeships, vocational qualifications and engaging more young people. I would like to hear briefly about what Louise said regarding how the DWP can support young people who are not in contact with the benefit system. I do not know how brief people can be on that.

Barry Fletcher: I would say yes, there are definitely some positives for that move. As I said, apprenticeships are a critical solution to this and giving them to one Department gives it more control over them. We also know skills development is important, especially in a changing economy and labour market. That is not just for young people, but that is obviously throughout young people's lives. Whichever Department that sits in, there is clearly a really important link still between the DFE and DWP, especially on NEET prevention, because we know that there are things that you can do, and obviously the impact of qualifications is crucial. Our view is that there are some benefits to that, but obviously there are some short-term challenges in that machinery of government change, which I am sure individuals later on will talk about.

Q22 **Mr Bedford:** Alan Milburn is going to be leading an independent review into youth inactivity. From what we know of that, is there anything missing that should be considered as part of that review? Barry, may I turn to you?

Barry Fletcher: I would say it is a really good thing that we are doing that review. Within the current NEET strategy and the work that is going on, certainly mental health and the rise of mental health, but also neurodiverse conditions, are a critical part that we need to look at, and something that that review will definitely look at. There are interactions obviously with the benefit system in that, which are really important, and those need to be considered.

The key for me is that we think about that cross-governmentally, because what we do on things like minimum wages, changes to labour market rules, things that we do around support, and things that we do on benefits all impact NEET. It is not just about what the DWP does in terms of helping young people into work; it is the much broader impact of things that impact on NEET. Within that review—I believe this to be the case—they will look at the slightly broader question of how you make sure that you address all those elements that Government are in control of, to a certain extent, while also crucially working with business and with civil society. Obviously we need business to be creating those roles for young people. It is a crucial part of this, and not always in that conversation as much as it should be.

Chair: Thank you all very much for joining us this morning. I am sorry I had to speed us up at the end, but it was a very productive discussion.

Examination of witnesses

Witnesses: Sam Avanzo Windett, Emily Rock, Dr Fiona Aldridge and Ben Rowland.

Q23 Chair: Welcome to the second panel of this morning's session of the Work and Pensions Committee. My name is Johanna Baxter and I am the temporary Chair for the morning. Thank you all for joining us.

On our second panel we have Sam Avanzo Windett, deputy director of the Learning and Work Institute, who is joining us online; Emily Rock, CEO at the Association of Apprenticeships and engagement director at the St Martin's Group; Fiona Aldridge, chief executive of the Skills Federation; and Ben Rowland, CEO of the Association of Employment and Learning Providers. A very big welcome to you all and thank you for joining us.

I am going to kick us off. Can you give us your view on the decision to move the skills brief to the Department for Work and Pensions? Who wants to start with that?

Ben Rowland: I can kick off on that. There are real opportunities from the move but they are not opportunities that will take advantage of themselves, if you see what I mean. There needs to be quite an intentional approach from the Department to take advantage of those opportunities. The main opportunity is that the Department for Work and Pensions is about getting people into work and is very focused on making real job opportunities rather than the focus in the Department for Education, which was on getting people on to programmes that they then completed.

The bit that needs to be paid attention to is that the Department for Work and Pensions has traditionally had a mindset of getting people over the line into employment, which is a very noble intention, but not then pushing people upwards from that first employment. That means that they are then more likely to slip back into unemployment, but secondarily they are continuing to occupy that entry-level job. By bringing skills into that, the opportunity is that you can get people into their first job but also equip them—whether that is through apprenticeships or other in-work skills programmes—to then move onward and up in their career. That is obviously better for them and makes them less likely to fall back into unemployment but crucially leaves behind an entry-level job that the next person can then move up into. For us, that is the opportunity, but making sure the DWP staff in Jobcentre Plus and elsewhere are equipped to be able to pull that person out of unemployment and then hand them on and up into the skills system is the bit that requires attention.

Q24 Chair: That links very much to what the Secretary of State for Work and Pensions said, which was that amid the move of the skills brief it is: "Important that we do not lose sight of the full breadth of the labour market." What is at greatest risk of being left behind? Is it individual sectors, regions or parts of the skills brief?

Dr Aldridge: As Ben stated, this is a really good opportunity but has some risks, and you are right that it is the risks of what gets left behind.



The potential is that you align skills with the labour market, which is really helpful because it can move from this universal education that we often see in DFE and be much more focused on employer demand.

Given the ambition around growth—we know that lots of our growth will come from higher-level skills—there is a risk that we focus on lower-level skills rather than higher-level. I know you have an important agenda around young people and NEETs, and that is critical with 1 million young people out of work, but actually most of the workforce of 2035 are already at work and we need to make sure that we do not leave adults behind as we focus on young people.

There is a lot of potential around the focus on local, and DWP often does that well because it is locally place-based in parts of Jobcentre Plus. We also need to make sure that we have a national approach to thinking about sectors so we do not create a disjoint where employers that span regional and national boundaries have to negotiate with very many different partners in order to be able to have an offer for the whole of their workforce.

Emily Rock: I would agree with everything that Ben and Fiona have said and we welcome Pat McFadden's comments in that letter around lifelong learning; in fact that is an expectation that employers have. At the St Martin's Group we did some research with Ipsos earlier this year, and overwhelmingly employers want a national skills policy that targets all ages and levels and there is an expectation that lifelong learning will be in that. As Fiona said, adults potentially at risk of being left behind need the opportunity to upskill and reskill, not least because it helps to create entry-level roles. Also, if you are a young person considering your options and do not see that follow-through and progression, then actually that might be off-putting to picking a particular route.

Sam Avanzo Windett: I would agree with those points. Skills for jobs matter but so do skills for health and wellbeing, so it is about making sure that that drive does not get lost. It is trying to change this now, but the Department tends to focus on its own structures such as jobcentres and things within the system that it can touch and reach. In the case of this inquiry, we are mainly talking about NEET young people who are not in touch with any part of the system, so we have to be really focused on ensuring that they do not fall through the gaps.

Q25 **John Milne:** Sam, perhaps if I go to you first because this partly follows on from what you were just saying. What are some practical challenges and implications of moving the skills brief to DWP? Given that it has moved quite a few times over the years—let us face it—can we learn anything from experience?

Sam Avanzo Windett: It would be good to. We have a section of a report from our Ambition Skills work called "Learning the lessons". It is really important to reflect on what has worked before and what has not. As you say, this has sat in in the Department for Work and Pensions



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before. Obviously the challenge is that you can spend a lot of time moving stuff around—pens and papers and people—instead of getting on with stuff. In the case of NEET young people, the biggest challenge is the urgency and what is needed is action as soon as possible.

The Department is focused on bringing things together and co-ordinating, which is great. I am cautiously optimistic about that to be honest, because we have called for skills and employment to sit much closer together for a while now, but not to get too entrenched in the move and the machinery of government operations—actually let us get on with the things that young people need. A lot of young people outside some areas like trailblazers are actually not seeing a lot happening. I would say let us bring things closer together and then get moving on them.

Dr Aldridge: As Sam says, it is really important to maintain the pace because there is a danger as things move that we slow down and reflect. I would say within that, and as a caveat to that, the remit letter for Skills England and the priorities from your Secretary of State set out some different agendas. It is an opportunity not just to move and run at it but also to think about whether we are doing the right thing for the priorities that we have, so at the same time some reflection would be important.

Learning lessons is really valuable. You can learn from where skills has been previously, and changes, but there is also quite a lot to learn from some of the regions. I was previously at West Midlands Combined Authority where it was much easier to put employment and skills together. Where we have been able to do that in some regions, there are lessons to be learned for what you might do nationally as well.

Ben Rowland: There is one risk from the move from Education to DWP, which is around the perceived brand of the Department by particular employers. While it has a very good track record of engaging with certain employers, actually, for some employers in the industrial strategy sectors, life sciences and defence, it felt quite natural to go into the Department for Education and talk about apprenticeships alongside PhDs, research funding and so on. But to go to the DWP, maybe the perception is that this is about working with people they would not naturally want to employ. It is in the letter, but there is a need to really energise that work, work with employers to co-create solutions, and give them a sense that actually we get a chance to shape and influence this, while of course understanding that tough decisions need to be made in a difficult fiscal position.

Dr Aldridge: There is a similar point about individuals. We would want to see skills as something that we all need to invest in to support our careers, entry into the labour market and progression through, yet jobcentres are seen as being for certain types of people. Actually, what we want to do is be able to bring the power of skills into that sense of thinking about careers and progression routes, and not make it just about



getting that first job, but really thinking about progression throughout your life and career.

Emily Rock: I would agree with the not work first but skills first. Just to add to the point that Ben was making, it is not just employers; you have some brilliant training providers and awarding organisations that work in skills provision at the moment and can to help create some of what is needed really quickly. There is some brilliant provision out there that could be adapted, not to recreate lots of things but to work with the best tools and resources that we have available in skills.

Q26 **Rushanara Ali:** You have raised a number of points about employers. In terms of the programmes that have been introduced, of which there is a range, how confident are you that we are moving in the right direction with the mix of programmes that is now being proposed? Who wants to kick off?

Ben Rowland: I am happy to kick off on that. The overall architecture is about right. There are two types of programmes. One is the national growth and skills levy group of programmes that are governed and paid for through the levy. I know there are issues about whose money that really is, but that is a system through which Skills England oversees which programmes are fundable. Within that, there are three types of programmes: the current apprenticeship programme, the new foundation apprenticeships and the new apprenticeship units. There is a lot of work to be done to get those right but broadly speaking that feels about right. There is then a whole series of programmes to get people ready for those programmes—whether that is people or employers—which is best done outside the levy, probably by regional authorities. That broad architecture probably works quite well.

What I do not think we have done is explain to employers the thinking behind why those programmes are the right programmes so that they understand how that overall architecture works. I was with a delegation from Japan yesterday and they and many others from around the world look at our skill system and see that we have a national system for creating standards, a national inspectorate and a levy that pays for this and they go, "Wow, this is amazing. You have all the right ingredients that we would love to have." So actually it is about getting the detail right rather than the overall architecture.

Dr Aldridge: It is a really important question because, actually, if we are trying to improve skills for work, productivity and growth, then we need to make sure that they meet the needs of employers. That is not necessarily a radical change; it is making sure that we are properly engaging employers and thinking about what works for them, partly so that we can make best use of public funds but also so that we can reverse the decline that we have seen in employer investment in skills. While we can make it easier for them, actually the best thing you can do around employer investment is to have products that meet their needs and therefore they are able to invest in, so that is really important.



I will just touch on apprenticeships specifically. Lots of employers really value apprenticeships because they deliver occupational competence. When we are looking at the changes to apprenticeships, we must make sure that it still guarantees occupational competence. It is a really good benchmark to say, "Is this reform positive or does it have risks within it?" Anything that we do to undermine occupational competence will actually mean that employers walk away. We should always remember that actually apprenticeships are not training courses; they are primarily jobs, so it is a really important benchmark. With the coming reforms, I know there are other competing agendas about widening opportunity and getting more young people into the labour market, but we must retain that confidence of employers in the product to make sure that they work.

Emily Rock: Employers want to provide input and for the system to be focused on their needs. At the St Martin's Group and through the Association of Apprentices, we get a lot of employers who feel that their voice is not heard in that at the moment, so that is really important if you want them to embrace it and effectively use those policies. We have had a lot of programmes come up quite quickly and lots of changes to existing programmes, which has felt quite rapid. Some things are right, should be focused on and employees have voiced concerns around them, but the pace and nature of some changes have felt quite uncomfortable, and actually employees are asking for longer lead-in times to help embed it into their businesses.

The opportunity to co-design is also important, not just to consult on policy. When it comes to implementation, we live and breathe the system all day long every single day and are able to say how policy might land, so having that engagement with employers, training providers and awarding organisations—folks like us—will really help too.

Sam Avanzo Windett: I agree with all the points raised. In the joining together and co-ordination of skills and employment, not making things more complicated than they already are is going to be crucial for employers. There are already lots of different options and things they can engage in in terms of employment support, boot camps and so on, and they are not quite sure why or what is right for them. In terms of skills, they hear about apprenticeships and that is better known, but there are other routes there as well.

As Fiona and Emily mentioned, we want to increase the employer investment and skills and for them to be more engaged and not think, "Gosh, this system's too complicated for me; it's not going to deliver what I want." We have to keep that focus in mind when we are thinking about employers.

Q27 **Rushanara Ali:** With these programmes and the attempt to co-ordinate, do you feel that there is anything more that can be done to concentrate minds at the local as well as regional and national levels around outcomes and getting the numbers of people into work? What can be



done to specifically drive that outcome focus through from national to local?

Dr Aldridge: One of the most significant things that could be done is around access and visibility of data. Within Government, we have a set of data about what programmes we spend money on. Actually, through DWP you have good data from HMRC about what some employment and earnings outcomes are, but it is not connected up. At a regional level, I would have spent money on programmes in a place without having the data about employment outcomes and earnings, and yet it was possible within the system. Instead, training budgets were spent on employing people to phone up learners to see whether they had got a job and how much they were earning. Better use of data is not very exciting, but it really helps us to identify where best we can spend money.

There is also lots of potential in both the sector and the place lens to think about testing and learning. We do not want to make a system more complex but the world and the labour market are complex. You need to make it simple to access but make sure that it properly meets needs in a place or a sector—so thinking about not just changing those big national policies but looking at what happens in a place or sector and having some flex there.

Q28 **Mr Bedford:** I want to get your views on the growth and skills levy, how it would hopefully address some pitfalls of the apprenticeship levy, and whether you believe that a wider range of employers will now engage with investing in this. I will come to Emily first.

Emily Rock: The move to broaden the levy to the growth and skills levy is welcomed by employers. In our research with Ipsos, 65% welcomed that because they would like to see levy funds put towards vocational and technical qualifications outside apprenticeships that are relevant for their business or sector and pan-sector trainings such as data, digital, AI and leadership and management, which they see as essential. Anything that gives them the flexibility to be able to use the levy funds and train their workforce is really welcome; it aligns with their behaviour and their expectations.

So far, though, the only flexibilities we have seen have been products related to apprenticeships. While some businesses and sectors will find that very useful, actually for some that still feels quite rigid and perhaps not the flexibility that they had thought about. In the perception of employers it had been that a percentage of levy could be used to be designed on things that would be suitable for or tailored to their workforce, so that is just something to be mindful of.

There is another slight risk in this, and I am not sure how that will pan out. We might actually see a reduction in full apprenticeships as employers spend growth and levy on other things. That is a territory we want to be careful of because there are already too many young people



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who are looking for apprenticeship opportunities but there are not enough to go around.

My final point is that I do not see where SMEs are in this. They are already squeezed somewhat in levy and there is nothing I can see about how that is going to work for them, and how they are going to be engaged with the growth and skills levy.

Q29 Mr Bedford: I share your concerns about the SME point. I meet SMEs all the time and have had these conversations and roundtables, and it is certainly a theme that is coming out in my conversations. Ben, I would just like to get your comments on engagement with employers and encouraging them to invest, and SMEs.

Ben Rowland: I spent eight years setting up and running an apprenticeship training provider and had the opportunity and pleasure—not always but often—of working with employers large and small and trying to engage them in the system. Something that we really need to understand is that no employer who has not done an apprenticeship before goes to the Government website, taps in, rings up a training provider and says, “Right, we start.” They all need handholding through that process.

A big benefit of the changes to the growth and skills levy and just broadening the offer a little is that if you are that person working for a training provider whose job is to find new employers and get them interested, you can go out and have a rounder conversation. Because up until now you would go and say, “Well, I’ve got this 12-month plus apprenticeship,” and then an employer might say, “Well, okay, that’s great, but what else? What about for this?” “No, sorry—12-month apprenticeship. That’s it.” That in and of itself would turn employers off because they would say, “Well, this is a very clunky system. If this is my first contact with the system, is this what I really want to invest my time and effort and internal credibility with my colleagues in?”

If you are able to go out and say, “Well, we’ve got foundation apprenticeships for certain occupations, we’ve got the full apprenticeship programme, which is a bit more flexible now, and we’ve got apprenticeship units for people who are already in work and you want to upskill,” suddenly the conversation becomes richer. So the opportunities for providers to have richer, more engaged conversations is definitely enhanced through all this.

To the point that was raised earlier, if employers are under the impression that they get to spend this money on whatever they want, we really need to educate them, which does not take much actually, because I do it quite a lot. We need to bring them into that understanding of why an apprenticeship programme is valuable, which is that actually it is quite hard to deliver an apprenticeship programme because it is such a holistic programme. That is why it is good and makes a difference, but we need



to make sure that we properly give ourselves time to bring employers with us on that.

Q30 Lee Barron: I really agree with the last point that you raised, in terms of that flexibility around apprenticeships and ensuring the upskilling element of this as well. Some 70% of the workforce who are going to be at work in 2030 are already there. This is not about people just leaving school; this is about making sure that we can take the workforce with us in relation to the jobs of the future.

An area that concerns me is that the apprenticeship achievement rate in the academic year '23-'24 was 60.5%. That is a huge dropout rate. Do you have any ideas or thoughts as to why it is that so many apprentices are not completing their course? Something I am really keen to do is to lift the stature of apprenticeships and vocational qualifications so that they are looked upon in the same way and held in the same kind of esteem as other qualifications, because they are a way in which people can gain those on the job and get the tools to do the job. I just think it is so important, and that rate is significant.

Ben Rowland: Emily can say a lot about why some dropout is there, but just to preface that, we need to put some context around that 60.5% because actually quite a lot of people who leave apprenticeships do not complete them. The DFE cares about programme completion; actually the workforce cares about getting people job ready. Quite a lot of those people who do not finish an apprenticeship do not for reasons that you might think are quite good: they get a promotion. Their boss says, "Do you know what? We trust you, you're brilliant—we don't need you to complete the apprenticeship." Other people might move at work or be made redundant. It is not necessarily a failure of the programme that causes that number to be less than we would like. If we think that only half of graduates get graduate jobs, we need to compare like with like on this, so it is probably better than it might seem.

Emily Rock: That is how I would have started actually—that not all destinations are negative on this. For the 40% that do not complete, there is some really good stuff in there. We should actually be more outcome-focused rather than just measuring who starts and who completes. Having said that, the measure we use at the moment is 60% and that is an improvement from before, but there is a vast number of people in there that I would term preventable leavers, if you like. They leave for a variety of reasons; some are quite simply that the job does not suit or is mismatched, some are around training, some are around employer support and some are around mental health.

As the Association of Apprentices, we survey our 50,000 members every year. We have a survey live at the moment. I am very happy to share the report once it is analysed, but I can share some early insight based on the first 3,000 who have answered the survey. What I can give you is insight into their stressors and challenges because they obviously directly correlate with retention. One of the biggest things is simply around the



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impact to their life-work balance, time management and administration. Apprenticeships are hard and are not meant to not cause stress; anything worthwhile has an element of stress. But we need to have a look at some administration around apprenticeships and where we can relieve that, and equip apprentices with tools to help them manage stress.

The No. 1 issue for apprentices that is affecting their lives at the moment is finance. I know that we will hear some news very shortly—today we think—around the minimum wage. There are other things that cause stress for apprentices linked to universal credit, council tax and things that I know are being looked at at the moment. But there is a disadvantage for a young apprentice from a low-income household if they take up an apprenticeship, and before their first pay date actually affording to pay for food, transport and equipment can cause real stress for them and cause them to drop out.

The last thing that apprentices will tell you is about the consistency of support from the employer or the provider. We are getting some really great feedback about outstanding experiences with both providers and employers. What they mean by further support from those two parties is actually to integrate what is available to them from other systems into their programmes—so housing, transport, mental health, neurodiversity support and so on. They want to know all that up front to help them along that journey and that can prevent retention, so it is almost looking at what other parts of the system can support them.

Q31 Lee Barron: It might just be worth saying that if that figure is not measured accurately and is not a failure, if you like, then it might be worth having a discussion about how we can measure that better.

Ben Rowland: We have a project in flight at the moment with officials around how we might have a different way of measuring destinations, so it could be good.

Q32 David Baines: Turning to supporting young people who are NEET, what in your view have been successful interventions by Government previously? What has worked and why? What do you think about announcements that the current Government have made around things like the Youth Guarantee, Young Futures hubs and so on?

Sam Avanzon Windett: Shall I come in here first with both my Learning and Work and my co-chair of the Youth Employment Group hat on? You had quite a full answer from Barry from the Youth Futures Foundation in the previous session about what makes interventions work and some evaluations that they have carried out. We have as well.

There are some really clear and very obvious—if we did not say them—elements that we have learned from interventions for NEET young people previously. It would be crazy if I did not mention tailored, personalised support. Other elements include understanding an individual's barriers and assets; taking account of those when planning support for young



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people is crucial. Another element is wraparound support for what can sometimes be chaotic or complex lives; that is really important.

When we think about things like the Government's announcement around the wage subsidy scheme, which you might reference, it is not just about getting a young person work experience or a paid job in a placement; it is about what support you can provide around that placement to ensure that they then move into a positive outcome—a sustainable job—at the end of it. Wraparound support is often intensive and expensive. I just wanted to make that point.

One of the most common reasons NEET young people say that they find it difficult to get a job is around mental health problems, which has been mentioned a couple of times. It is not just about when we are thinking about moving skills and employment closer together—I am not saying that we should move the Department of Health to the Department for Work and Pensions—but it is about health, skills, work, transport and housing, and how we combine those. These do not all have to sit in one Department; we just have to make sure they are co-ordinated.

Confidence building is another very common reason NEET young people find it difficult to gain employment—so building that confidence and motivation. We have mentioned work experience and getting young people paid work. Over 50% of NEET young people have never had a paid job, so getting that experience of work is vital.

On the employer side—we have talked a bit about employers today—employers need to think about flexibility, hours, location, pay, creating opportunities for young people and in-work support. If we are supporting young people through an intervention—they are out of work and we are trying to move them into work—we are providing lots of support and then the moment they hit the employer's door all that support falls away, it is unlikely that they will be able to sustain in that workplace, so getting that in-work support is also crucial.

I will just add that relevant to today's conversation is the NEET rate for young people with lower qualifications. Over a quarter of NEET young people currently looking for work say that having a lack of training or qualifications is their main reason for not finding work. Therefore, that qualifications training needs to be built into employment support.

Something that needs to be noted is that your Committee has previously had a couple of inquiries about the European Social Fund Plus and UK Shared Prosperity Fund, which used to fund a lot of these interventions that did not go through the system and the jobcentre, and supported young people who sit outside those systems. European Social Fund Plus no longer exists; it became a strand of the UK Shared Prosperity Fund. The future for that kind of work is really uncertain, so it might be something to revisit at some point as to where the funding for this is going to be coming from and whether it is falling off the cliff.



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Ben Rowland: I have one thing to add just from what my members see and my own experience from when I first started working with young people from Tower Hamlets 25 or 30 years ago. We have created a world in which we encourage young people to be conditioned and really nervous and afraid of the labour market. At the same time, the public discourse around a lot of young people and NEETs encourages employers to be very afraid of young people and we need to work to bridge that.

Often the young people I used to work with would be amazed how little you actually had to do to be useful in the workplace. They had had it presented to them as though unless you have these GCSEs and have somehow been inducted into the mysteries of the adult workplace, you were not going to be useful or valuable. Of course that then really puts you off engaging and the same is true the other way around. If we can do much more work to reduce that mutual fear then we will open up opportunities for young people.

Dr Aldridge: Sam made really valuable points around the support for young people. I would also say we need to think about how we support employers to do this, particularly if we are asking them to engage with some hardest-to-reach young people who we definitely want to move into the labour market, and how we make sure that this is a really good experience for both parties. We know that when young people are put into employment and both they and the employer have a good experience, those employers are more likely to be positively predisposed to young people and offer more opportunities. From an employer point of view, we know those first line managers are really important, as well as thinking about where else they might go in the business.

Something that has really struck me as I work with my members, sector bodies, is that they are all thinking about their talent pipeline and young people play a really important part in that. For all our industrial strategy sector priorities—as well as the others, but this is where we are going to focus—we need to make sure that we have really good sector entry programmes. Some priorities in the industrial strategy are really exciting with lots of growth, but if you are in them it is quite hard to know what the jobs are and what that involves. Thinking more about good career pathways in and good entry programmes so that young people get to benefit from the growth that will emerge will be really important.

Emily Rock: I would only add one further point, which is something that Sam and Fiona mentioned. It is expensive to do this kind of in-work support, and actually incentivising employers—given rising costs of employment—would be one way that DWP could help employers to create more opportunities.

The other point is that, looking back at our research at the St Martin's Group, employers told us that they do not believe a young person with no experience would deliver an immediate return—in fact, it would be a medium to long-term one—so actually they would really value pre-



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employment programmes that focus on core life skills, if you like, that they find more difficult to develop than technical skills, but also skills that will help them to make a more immediate productivity contribution. That would be one way of getting employers to do more for NEETS.

Q33 John Milne: The Government have decided to defund level 7 apprenticeships for over 22s. I was in a conversation with the CEO of my local district council last week who was not impressed, shall we say, and thought it was going to severely impact their ability to offer places. What is your opinion? Emily, perhaps you would like to kick off.

Emily Rock: Most people understand there have to be certain trade-offs; the budget only stretches so far. Level 7 has had a big impact on adult apprenticeships. As I mentioned earlier, I work with a lot of apprentices who have taken a leap of faith at school to perhaps go to a level 3 knowing that they could then progress to a level 6 or level 7, charter or master status. If you were that young person now, would you take that leap of faith thinking actually you might not be able to get there because you would have to go in a very linear fashion to reach it before the age barrier cap came in as well?

I would say that the decision is made. If we could do anything it would be to maybe extend that age bracket to 24, but we acknowledge fiscal constraints. My ask would be to not do any further changes to higher apprenticeships, because it risks destabilising the system a bit more.

Dr Aldridge: Certainly my members, which are employee-led sector bodies, and their employers really valued the fact that the apprenticeship programme was all ages and all levels; it enabled people to enter and progress. Particularly as well there will be a negative impact on some sectors in our industrial strategy where actually we have said there are higher-level skills that will generate growth. We have to see where the short courses will step in to address some of that.

We have done a great job over the last few years of really raising the profile and quality of apprenticeships. People really want to do degree apprenticeships, level 7 apprenticeships, and while there are fiscal challenges, it is really regretful that we are actually taking that level up. I guess there is quite a lot of nervousness about what then happens at level 6 and anything the Government can do to say, "Actually this isn't about salami slicing all the way through and being really nervous," would be really valuable to confirm that commitment and particularly helpful to degree apprenticeships.

Q34 John Milne: Would you see that as perhaps a contradiction with the Government's intentions to upskill the workforce?

Ben Rowland: What Emily and Fiona said is spot on, but for sure in the debate we talk about NEETs and industrial strategy as though they are somehow different agendas. Actually, the labour market is one ecosystem. I sometimes say that it is like trying to heat only the corner



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of the room that you are in. You cannot; you have to heat the whole room. That is like the labour market. We need to make sure that level 2 and level 3 apprenticeships are also not lost in this because they are the big transition point. If you can go on to level 6 and level 7, that provides the upward flow through the system and the role models for people who are one or two stages behind to carry on going up. If you start to chop bits off the edge, you are affecting the whole ecosystem. It is not quite as neat and surgical as people would think.

Q35 John Milne: Not as NEET. Turning to you, Sam, the Secretary of State for Work and Pensions has said his priority is to focus on NEETS and I guess that is the context of this change of lopping off the top years. How would you respond to it?

Sam Avanzo Windett: A slightly different view is that the levy itself is not meant to be the sum total of employer training spend, which is actually down 36% since 2005, so we really need to focus on that. If employers value certain routes, they can still pay for them; it is just where do Government put their money? The level 7s cannot now be paid from the levy for 22-plus but they have not stopped existing. An apprenticeship is not always the answer, which goes to the flexibility of the levy changing. It is thinking about who we are trying to focus on supporting.

The Sutton Trust has shown that some higher-level apprenticeships still have some access issues similar to other forms of higher education. I guess you could think about it from a social mobility lens. Who are the Government trying to focus on? I get Ben's point that you need to heat the whole room; that feels particularly pertinent for me today in my cabin. It is a question of priorities and targeting. Some of the biggest shortfalls are on intermediate and essential skills and that would boost the economy by £22 billion if we focused on those.

John Milne: The bad news is the farmers are arriving outside.

Chair: Indeed. If you can hear any background noise it is tractors.

Q36 Damien Egan: I just wanted to follow up on the point about the Government's skills and training offers that are available to people over 19. Are there particular examples that have proven to be beneficial?

Dr Aldridge: It has been really positive to see devolution of the adult skills budget to places so that they can develop innovative programmes that connect skills to local labour markets and people. It is also thinking about the wider initiatives and investment we need to put alongside it so that people have the right support, health provision and transport to get to jobs, and the skills investment really translates into being able to access and progress in work. There are some really good examples in those regions.

A challenge to that, though, if you are a large employer that works across those boundaries or are in a sector, is that it is a real focus of growth and



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it can actually then be really difficult to negotiate with lots of different regional authorities or indeed national Governments across the UK. That is something that could really act as a brake on growth unless we have those overall competency standards that devolution actually operates within.

An example is when I was in the west midlands, we raised the level at which you could access free learning, at level 3, to the median salary. Instead of being about £19,000, which it is nationally, we raised it to about £32,000. What that did was really focus free provision on those people who were in work but actually did not have a lot of disposable income. What we saw in terms of the changing profile of who participated was that people on very low salaries were then able to move jobs and upskill on the back of that, so that was a really valuable investment. There are lots of different examples of that. A potential of Skills England is to be able to take all those different examples that you see in sectors and places and be able to think about what that means for the wider economy so you have that test and learn culture.

What I would say though as a counter is that the investment in adult skills has massively declined. Given that it is the majority of our population and workforce and where we are going to get our growth and productivity, it is really short-sighted not to invest in adult skills. I would really like to see the Government remake a commitment to that as well as creating mechanisms for employers and individuals to invest at that point too.

Ben Rowland: A set of programmes that works really well is the level 2 and level 3 apprenticeships. We angst about what we do for people who are before that and talk about level 6 and level 7, but actually those level 2 and level 3 apprenticeships are well understood, well liked and work really well. Obviously, you can be 16 or 76, but the real sweet spot for lots of people is between about 17 to 23. These people might have tried out some other things and then they get to it and go, "Actually, this is my way in."

Something that we risk is that we neglect the funding bands, some of which have not gone up since 2017, during which time we have had a lot of inflation. My members, the training providers—often independent training providers but also colleges and universities—are just about breaking even, if at all, on providing some of these engine room programmes because they do not have the money to cope with the inflation and get the trainers in, in particular the tutors. When we look at trying to get an electrician, who could earn £80,000 a year, to come in and earn what the system will allow, which is more like £40,000 to £45,000, that differential is beginning to stretch too broad.

Q37 **Amanda Hack:** Thanks to the panel for their contributions so far. I want to move the conversation on to the perception of vocational and technical qualifications. Ben's point around what success looks like is really



interesting, and a useful example in terms of graduates, graduate jobs and that correlation. If technical and vocational qualifications are aligned more closely to DWP and the jobcentres, do you think there is a risk that that parity of esteem goes even further away from where it is now? If you do, how do we mitigate that? Obviously, we want to avoid that if at all possible.

Emily Rock: I am happy to pick up on apprenticeships specifically. You should be reassured that apprenticeships have a really strong brand and are seen as the gold standard for how to train to occupational competence, both by employers and apprentices alike. We have to take some comfort from that; that would take years and years to erode—I hope, anyway. I guess the potential comes from DWP being associated with benefits and jobcentres, and apprenticeships currently positioned as a career-building, high-quality pathway to university.

There are safeguards that you can put in place to mitigate that. One is avoiding prioritising work-first metrics over skills-first metrics to emphasise long-term progression and quality. You are also going to need to take employers with you on that; they need to know that apprenticeships remain a strategic workforce development tool, not necessarily a welfare-to-work tool. If they start to worry about it, they will disengage and we do not want that to happen. From an apprentice perspective, as long as they know that employers still value that as a good route to progression then apprentices will follow. As soon as anything undermines that then you may find young people stepping away and not realising the currency of it.

Sam Avanzo Windett: I agree and this goes hand-in-hand with the Department's general reforms around jobcentres, moving them from the ABC—any job, better job, career—which tended to be AAA, any job, and moving towards that progression of career and sustainable work. It makes total sense to me that apprenticeships should be offered. In fact I do not think jobseekers should not have been offered them before; it is just that getting people into a job was the primary objective, and apprenticeships, although they are a job, did not satisfy the work coaches' targets in quite the same way. Bringing these together and putting apprenticeships in front of jobseekers where they are appropriate is exactly right, and is a change that we should be supporting.

Dr Aldridge: To pick up on Sam's point, we therefore really need to make sure that our work coaches and people in our jobcentres are really aware of those options, who is best for them and how they can work.

The point I was going to make relates to the point that we talked about earlier around higher levels. Too often in our system we put the bright children down the academic track and the other children down the vocational track. Yet if we think about the jobs we have in our economy and what would drive growth, that is just not where we need to be. Part of taking off the higher levels on the vocation says, "No—actually, this is low level and something without prospect." Having a vocational system



all the way up through the levels, saying, "This is a route to really good, well-paid, stable careers," being able to extend at the top end and even though we have great level 2 and level 3 provision, not making it only great level 2 and level 3 provision but being able to have those pathways all the way through is very important.

Ben Rowland: In the interests of time, I would just be repeating what they said.

Q38 **Lee Barron:** We are in the last couple of minutes. This is in relation to devolution and devolved areas, which is obviously the Adults Skills Fund, formerly known as the Adult Education Budget. The Government plan to do more of that, and I suppose I have two questions. First, what will be necessary in order for them to do it successfully? Secondly, and perhaps most importantly for me, not every area is covered by devolution. What happens to those areas that are not? Do you potentially foresee a skills gap beginning to appear in those areas that over the longer term are ultimately not going to get the same benefit from devolution as those areas that have devolution?

Dr Alridge: What we have seen already is that there are real benefits for local places and people. There is no guarantee that a decision made in Birmingham or the west midlands, say, is any better than one made in Westminster, but when you are small enough to get people around the table but big enough to have economies of scale, talking to the right people and thinking about your local businesses and people, then you can do something different. In order for that to be more widespread we need to think about extending devolution across the country and deeper.

Those strategic authorities are given challenges to solve but not all the right levers to do so. Skills funding comes in at age 19 and by then there are so many inequalities. Some challenges that those 19-year-olds face should and could have been dealt with earlier and could be if local and regional areas are able to work on that basis. But you are really right that actually there can be some disconnect if we just let lots of different areas all go off and do lots of different things. There is a lot of potential to test and learn things but we also need that to operate under a national framework.

In skills, there is a really key role for Skills England to be able to say, "This works great here as a proof of concept. What can we learn across the piece?" even if it is just sharing information so people can pick it up. We want to be able to learn from the best, and that is really important. We already have examples of people saying, "I've got a workforce across England or the UK and I can invest here but not here, so I won't bother." We have to get rid of that incentive and think about what we need to do once nationally, and then where the real benefits of devolution are.

Ben Rowland: In terms of coverage of devolution, we should push to 100% so that there is not that different system. I would also say that in the conversations around devolution, because they are place-based,



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which I get, often people reach out to the local college as though it is the only institution that can deliver this. Actually, as I am sure you know, two thirds of all apprenticeships are delivered by independent training providers, 15% by universities and 15% by colleges. We have to involve independent training providers in those conversations and remove the barriers that exist in subcontracting rules, which is a whole new minefield that actually prevents colleges from working collaboratively with both independent training providers and local employers.

To the point that Fiona was making about accelerating the learning between different strategic authorities, some are more mature and have been doing it for a while, such as London, Manchester, west midlands. At AELP we have launched a project called the Devolution Observatory that is designed to do just that: capture what each and every MCA is doing so that they can learn from each other as well as obviously helping our members to navigate those different systems. More of that will make a big difference in accelerating the learning across the different MCAs so they bring each other up in their approach.

Emily Rock: My main point—not wishing to repeat Fiona’s—is I work with a lot of national employers that find it really difficult to operate across multiple boundaries; they do not feel like they have a hand or say. Something under Skills England to bring some of that together and engage with those national employers so those voices are not missed is really important.

Sam Avanzo Windett: I agree entirely with all the points. The real join-up—not just skills and employment but housing, health, and some other elements that I have talked about—happens at the local level. That points to the need for really ambitious devolution backed by outcome agreements and empowering the frontline working with NEET young people, as we are talking about today, to focus on agreed outcomes. It is not devolution for devolution’s sake; it is iterating and improving. It is not saying that young people would have perfect services everywhere if everything were devolved; it is about the learning bit that Ben was pointing to as well.

Q39 **Chair:** I have a very quick follow-up. Ben, you talked about the Devolution Observatory. Does that also look at levelling up, if you like, between the devolved nations or is it only within Skills England?

Ben Rowland: At the moment it is England only, but it absolutely ought to be the kind of mechanism that can be extended to allow us to understand what is going on underneath the bonnet of wherever we want to operate.

Chair: Thank you all so much for joining us this morning. I am very grateful to you for your time.