

CIPD

*Championing better
work and working lives*

Inquiry into employment opportunities for young people

CIPD submission to the Work and Pensions Select Committee

Chartered Institute of Personnel and Development (CIPD)

September 2016



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Background

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has 140,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Our membership base is wide, with 60% of our members working in private sector services and manufacturing, 33% working in the public sector and 7% in the not-for-profit sector. In addition, 76% of the FTSE 100 companies have CIPD members at director level.

Public policy at the CIPD draws on our extensive research and thought leadership, practical advice and guidance, along with the experience and expertise of our diverse membership, to inform and shape debate, government policy and legislation for the benefit of employees and employers, to improve best practice in the workplace, to promote high standards of work and to represent the interests of our members at the highest level.

Acknowledgements

In preparing this submission, the CIPD Policy Team conducted a number of interviews with members of the CIPD Policy Forum. The Forum is an exclusive group of over one hundred senior HR directors from some of the UK's largest and most successful organisations across the private, public and voluntary sectors.

Executive summary

Services for young people

- Young people do require an approach to getting them into work and supporting them in work that is distinct from other groups
- For many young people, a lack of opportunities to gain meaningful work experience mean a first job can often be their very first experience of the workplace
- CIPD research has revealed a significant mismatch between employers' expectations of young people, and young people's expectations of work
- A number of steps can be taken to support young people find employment and progress, including: **more youth friendly recruitment practices, effective line management, engaging work and clear opportunities for development**
- When recruiting young people, employers tend to place more importance on the right attitudes, such as a desire to develop and the bringing in of new ideas, as opposed to the technical skills that can be taught once in the job

Support beyond Jobcentre Plus

- Access to local job information is important to inform careers information, advice and guidance for young people and also help to alleviate
- Local Enterprise Partnerships (LEPs) and Business Growth Hubs can provide this information and particularly assist SMEs with engaging with young people
- Initiatives at a local level, such as CIPD's Steps Ahead Mentoring, can improve labour market outcomes for young people
- Radical changes are needed to our policy surrounding apprenticeships to ensure they offer a meaningful route into the workplace and genuine alternative to university
- We need to see more young people starting apprenticeships at level 3 and above, and the Apprenticeship Levy should be reframed into a more flexible Training Levy that ensures employers can access the skills they need
- Another measure the Government should also prioritise is the quality of careers information, advice and guidance in schools
- The Government should also undertake a review of what is meant by employability in the modern workplace

Longer term labour market prospects

- CIPD research has found no tangible evidence of a change to the employment prospects of young people having been excluded from the higher rate of the National Living Wage
- It remains to be seen the effect of any forthcoming economic uncertainty on young people, however the CIPD believes the Government can take steps to best protect young people from any negative effects, such as:
 - **Improved careers information, advice and guidance for young people**
 - **Establishing meaningful links between employers and education providers**
 - **Ensuring that its apprenticeship system works for young people, providing them with a quality route into the workplace that is a genuine alternative to university. This involves reframing the Apprenticeship Levy into a more flexible Skills Levy**
 - **Establishing an employability framework to understand the core skills and competencies employers are looking for**

Our response

Services for young people

To what extent does getting young people into work and supporting them in work require an approach distinct from that of other groups?

1. Young people form the workforce of tomorrow and it is, therefore, imperative that they are equipped with the key skills required for them to make a successful transition from education into the workplace. This is even more important nowadays, where it is almost universally accepted that gone are the days of having a 'job for life', in fact workers will more than likely go on to have a number of different jobs over the course of their career. It is critical that government provides

the education system that prepares young people for entry into the workforce – particularly in terms of the provision of quality, impartial careers information, advice and guidance – and also that employers invest in the young people they do take on to ensure they can progress in their career.

2. One underlying aspect of young people entering the workforce is that, in many cases, it is their very first job and, therefore, their very first experience of being in a workplace. Recent research from the IPPR showed a fall in the number of young people that are able to find a job, either in the summer holidays, or during term-time. This is in spite of over 200,000 people in education wanting to find a job, suggesting that there simply aren't the opportunities available. As a result, too many young people have been unable to gain the 'soft skills' employers are looking for by the time they have left full-time education and are seeking a permanent job. These can be as basic as reliability on time, work ethic and communication skills, which are not usually taught in a classroom.
3. CIPD research published in 2013, *Employers are from Mars, young people are from Venus*, found a significant mismatch between employers' expectations of young people and young people's understanding of what is expected of them during a recruitment process, particularly when it comes to preparation and presentation.¹ We also found that a large number of recruitment practices weren't very 'youth friendly'. We made a number of recommendations to employers and to policy makers to assist in addressing these mismatches.
4. Conversations with members of our Senior Policy Forum identified a number of steps employers can take to help young people get into work and supporting them when in the workplace. While these could also be applicable to other groups in the workforce, the need for these steps is particularly pronounced for young people:
 - **More youth friendly and targeted recruitment practices** – our 2013 research found, for example, that young people value more open recruitment channels, such as social media, rather than corporate websites and online job boards. Adapting recruitment placing, for example, would ensure that young people can be reached more easily
 - **Effective line management** – particularly for those young people with very limited experience of work. Line managers need to be trained to ensure they

¹ CIPD (2013). *Employers are from Mars, young people are from Venus: addressing the young people/jobs mismatch*. London: Chartered Institute of Personnel and Development. Available at: <http://www.cipd.co.uk/publicpolicy/policy-reports/mars-venus-jobs-mismatch.aspx> [Accessed 1 September 2016].

know how to deal with young people, so that young people know what is expected of them at work from the outset, but also that they feel supported in their work. One good way to do this is with a well-planned induction, possibly a bespoke one for young people other than the one provided for other new starters

- **Engaging work with clarity around development opportunities** – young people, particularly in this technological age, get bored very quickly. Therefore, to maintain their interest and commitment, their work should be as engaging as possible. It should be made clear to young people the development and training opportunities available to them at the organisation and, importantly, what it is they have to do in order to make the next ‘step up’ in their career
- **Time spent on performance management** – this is particularly necessary for young people entering their very first job. They will not get everything right straight away and will make mistakes along the way. They should be made to feel that making mistakes is acceptable, particularly as this is often the best way for people to learn. However, time has to be spent by managers with the young people discussing their performance and how to make improvements

What do employers look for from their younger employees and younger potential employees?

5. Research by the CIPD, *Engaging employers in tackling youth unemployment*, undertaken in 2012, focused on the disadvantages faced by young people in trying to find work in a competitive job market.² One reason, amongst the many we identified as to why young people often found the process of finding employment hard, was that some employers have expected ‘oven-ready’ young people who have left school equipped with the self-management and employability skills that will enable them to succeed immediately in the workplace. At the same time, young people were reporting poor careers advice and guidance on career pathways and job opportunities, highlighting a significant mismatch between the expectations of employers, and the expectations of young people seeking employment. In response to this research, coupled with the high levels of youth unemployment at the time, CIPD launched its Learning to Work programme in 2012. The programme promotes greater levels of employer engagement with young people, specifically promoting

² CIPD (2012). *Engaging Employers in Tackling Youth Unemployment*. London: Chartered Institute of Personnel and Development. Available at: <http://www.cipd.co.uk/publicpolicy/policy-reports/engaging-employers-youth-unemployment.aspx> [Accessed 1 September 2016].

the business case for employer investment in their future talent pipeline and encouraging employers to volunteer in schools and mentor young jobseekers into work.

6. Our research into the business case for hiring young people highlighted the positives employers cite for hiring young people, namely their unique skills, attitudes and motivation. Our Learning to Work survey of HR professionals in 2012 highlighted the key benefits of hiring young people as a willingness to learn (47% of respondents agreed), bringing fresh new ideas and approaches (43%), and their motivation, energy and optimism (41%).³ Conversations with employers, particularly those in the CIPD Policy Forum, told us similar things: that the most important characteristics they look for in the young people they recruit are potential to develop in the job, as well as a desire to develop in the job.
7. It appears, therefore, that it is the right attitudes that employers are looking for from the young people they employ or are looking to employ, rather than simply expecting 'oven ready' candidates with all the right technical skills. Evidence from our 2015 Learning to Work survey found the top four skills they wanted to develop in their young people within their first year of employment were communication skills (64% of survey respondents agreed), team working (60%), confidence (45%) and time management/prioritisation (37%).⁴ Given the focus on technical skills in the first year of development when in work, it appears that the right attitudes, a desire to develop, as well as the energy and new ideas they bring into the workplace, are the key attributes sought after by employers in their young people.

Support beyond Jobcentre Plus

How can Jobcentre Plus services for young people be more effectively integrated with other local services, especially around education and skills?

8. The CIPD believes that support for young people at a local level is important in helping them find employment. The Government must recognise the importance of access to local labour market information, so that young people have a better understanding of the jobs available in their immediate areas, as well as alleviating

³ CIPD (2012). *Learning to work*. London: Chartered Institute of Personnel and Development. Available at: <http://www.cipd.co.uk/hr-resources/survey-reports/youth-employment-recruiting.aspx> [Accessed 1 September 2016].

⁴ CIPD (2015). *Learning to work*. London: Chartered Institute of Personnel and Development. Available at: <http://www.cipd.co.uk/hr-resources/survey-reports/learning-to-work-2015.aspx> [Accessed 1 September 2016].

local skills mismatches. Particular support needs to be provided to SMEs that are rightly seen as the ‘engine room’ of our economy and yet struggle with young engagement. CIPD believes that Local Enterprise Partnerships (LEPs) and Business Growth Hubs can help provide local ‘ecosystems’ of support for SMEs with improving youth engagement, including local labour market intelligence, and can help facilitate connections between employers, education providers, Jobcentre Plus branches and young people.

9. Local connections between employers and young people, such as those formed through our [Steps Ahead Mentoring](#) programme, demonstrate how effective face-to-face interactions can be in boosting employability. The scheme offers jobseekers one-to-one mentoring sessions with CIPD members – who are HR and Learning & Development professionals – to help them improve their employability skills, boost their confidence and help them find work. It is mainly geared towards young jobseekers (aged 18-24) and is available to young jobseekers in all Jobcentres throughout the UK, and its success has meant it has been piloted for other groups, including older workers and parent returners, across certain areas of the UK. To date, 73% of those jobseekers who have completed the programme go on to find work or work experience. The programme is run by the CIPD – at no cost to the young people or Jobcentre Plus) – with support from Nesta, the Cabinet Office and other partners. Further support for initiatives such as Steps Ahead Mentoring can certainly help integrate Jobcentre Plus with local services that help young people find employment.

What broader measures, especially those aimed at employers, should the Government prioritise to improve the employment rates of young people?

10. A lot has been spoken about by the Government of apprenticeships providing a quality route into the workplace for young people. It is encouraging that the new Minister for Apprenticeships and Skills at the Department for Education, Robert Halfon MP, has spoken of his ambition to change the view of apprenticeships so that they are regarded as a genuine alternative to university, which equip young people with the necessary skills and training to open up opportunities for them for the future. While the CIPD urges against simply chasing the arbitrary target of 3 million apprenticeship starts by 2020, we do welcome this focus on apprenticeships – particularly of high quality apprenticeships – as a viable alternative route into the workplace.

11. However, recent CIPD research into current apprenticeships policy in the UK reveals that radical reforms are needed if we are genuinely to see a shift in public attitudes towards apprenticeships.⁵ As it stands, six in every ten apprenticeships started in the UK are at Level 2, equivalent to five GCSE passes. In addition, the proportion of apprenticeships going to young people under 25 has fallen significantly, from 99.8% of all apprenticeships to 57% over the past decade, while only one fifth of apprenticeship starts at Level 3 and higher were reserved for 16-24 year olds in 2014-15. The report also shows that, while the number of under-25s beginning an apprenticeship has increased by 24% since 2010, the number of over-25s starting an apprenticeship increased by 336%. The number of over-60s starting an apprenticeship grew 753%, from just 400 in 2009-10, to 3,410 in 2014-15.
12. Analysis of these figures, therefore, indicates that the current apprenticeships system is not fit for purpose in helping young people enter the workforce.
13. An increasing proportion of apprenticeships are going to over-25s, and are not of sufficient quality to provide a genuine alternative to university; instead, they are typically being used to meet the training needs of low-paid, and typically older, workers, rather than providing a structured route into skilled work for those entering the labour market for the first time. This will do nothing to change perceptions and drive demand for apprenticeships. As a result, the CIPD is calling on the new Apprenticeships & Skills Minister to work with employers and training providers to develop a step change in the number of advanced and higher level apprenticeships for young people, as well as differentiating the content of apprenticeships for typically older, existing employees from those for young people.
14. In addition, the introduction of the Apprenticeship Levy, in its current form, will further undermine quality. Our research into the levy found it will raise numbers of apprenticeships, although it also risks a number of damaging, unintended consequences such as causing organisations to simply 're-badge' existing training in order to use funding, while also taking money away from other valuable areas of workforce training. This point was made during an interview with a member of the CIPD Policy Forum, who gave the example from their organisation of an English Language course run for its staff at a local college, which will no longer be viable once it will have to pay the levy. As it stands, therefore, the levy is a blunt instrument providing organisations with a 'one size fits all' approach to training that won't necessarily suit their skills needs, and it also offers no incentive to raise the

⁵ CIPD (2016). *Where next for apprenticeships?* London: Chartered Institute for Personnel and Development. Available at: <http://www.cipd.co.uk/publicpolicy/policy-reports/where-next-for-apprenticeships.aspx> [Accessed 1 September 2016].

quality of the training they provide. The CIPD has, therefore, called for the levy to be reframed as a wider Training Levy to increase flexibility and ensure the system is genuinely employer-owned and demand-led. We have also called for it to be delayed to allow more meaningful consultation with employers to ensure it meets its policy objectives.

15. Another broader measure the Government should prioritise is the quality of careers information, advice and guidance to young people. We are still waiting for the Government's new statutory guidance on careers advice, but we hope that it encourages employers to engage with local education providers. Our 2015 Learning to Work survey found that 57% of employers are currently working with schools and colleges in some way, which is encouraging, although there is still more that can be done. In supporting improved links between employers and education providers, the CIPD welcomed the formation of the Careers and Enterprise Company and initiatives stemming from that, such as Inspiring the Future and the Enterprise Adviser network. We were pleased to play a part in both of these schemes, with a many of our members having volunteered as part of the programmes. However, the CIPD does not believe that the Careers and Enterprise Company can compensate for the provision of high quality careers advice and guidance while in education. The recent Post 16 Skills Plan recommends that "Government should set an expectation for schools and colleges to provide high-quality careers advice and guidance".⁶ In the CIPD's view, this does not go far enough and there is a clear need for mandatory minimum standards for the provision of quality careers advice and guidance.

16. Finally, another priority the CIPD would recommend to the Government would be to undertake a review of what is meant by employability in the modern workplace. This would involve input from employers to really gauge what the core soft skills and competencies are that they look for when recruiting someone, particularly when recruiting someone into their first job. Once an understanding has been reached and an employability 'framework' been established, this intelligence can be used for developing future initiatives and educational curriculums that helps ensure that our young people are not at a disadvantage in the labour market, but instead are equipped with the fundamental skills needed to enter the workforce and succeed.

17. The need for a common 'language' and understanding of core employability skills was also called out by the Government's recent Post 16 Skills Plan, which stated:

⁶ Department for Business, Innovation and Skills/Department for Education (2016). *Post-16 Skills Plan*. London.

Available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/536068/56259_Cm_9280_print.pdf

[Accessed 5 September 2016].

“Skills such as communicating, working in a team and solving problems are essential in a 21st-century workplace. We will ask the Institute for Apprenticeships to work with employers to articulate a common set of transferrable workplace skills which could apply across all of the routes”.

18. CIPD has already started research in this area and would be pleased to work with government and other key stakeholders on this important agenda.

19. The Government’s Post 16 Skills also emphasises the need to improve the quality of work experience available to young people. It states:

“In addition to work taster or short-duration work experience opportunities in their first year, every 16–18 year old student following a two-year college-based technical education programme should be entitled to a high-quality, structured work placement. Successful completion of this work placement should be a requirement for full certification at the end of the study programme. As part of the work placement, the student, college and employer should complete a log book – ideally online – that evidences the key tasks that the student has undertaken and what they have learnt.”

20. The CIPD agrees that there needs to be a step change in the quantity and quality of work experience available to young people and believes there needs to be a review of why more employers don’t provide work experience and what incentives might encourage more employers to invest more in providing quality work experience opportunities. Again, the CIPD would be keen to work with the Government in this respect, engaging closely with our members who are at the sharp end of arranging work experience opportunities within organisations. CIPD has already produced guidance for employers setting out how to create meaningful work experience for young people.⁷

Longer term labour market prospects

***How do changes in job quality and availability since the crisis affect young people?
How is the decision to exempt young people from the National Living Wage affecting their experiences of employment?***

21. When the National Living Wage (NLW) was first announced in the July 2015 Budget, the fact that people aged under-25 were not to be eligible to receive it raised some eyebrows. However, as its introduction in April 2016, there were some

⁷ CIPD (2014). *Making work experience work: top tips for employers*. London: Chartered Institute of Personnel and Development. Available at: <http://www.cipd.co.uk/publicpolicy/policy-reports/work-experience-top-tips.aspx> [Accessed 5 September 2016].

suggestions that this could actually incentivise employers to take on young people. In February 2016, two months before its introduction, the CIPD released some research with the Resolution Foundation exploring how organisations would respond to the increased wage floor.⁸ We found little evidence that many employers would look react to the new wage by increasing the number of young people taken on, with only eight per cent of employers citing this as a way they would respond.

22. Our summer Labour Market Outlook (LMO), published in August 2016, explored how employers had responded to the introduction of the NLW.⁹ The most popular responses were that employers were absorbing the costs via lower profits (36%) or improving efficiencies (24%). It did not appear that the higher wage floor was inducing organisations to take on more young people. While just over one-in-ten employers (12%) said it had cut back on employment, it is not possible to say whether or not this affected young people. Eight per cent of respondents did say that they were taking on more apprentices, however, again, it is not possible to tell from this data whether or not this has had any overall effect upon the employment prospects of young people or their experiences of employment.

What is the likely impact of any forthcoming economic uncertainty on young people, and how should the Government best seek to protect them from this?

23. It remains to be seen what the future holds for the UK economy, particularly in light of the decision to leave the EU. Our summer LMO, however, revealed a softening in hiring intentions immediately after the vote. The unique data in the LMO is based on UK employer sentiment in the two weeks immediately before and immediately after the referendum on 23 June, and revealed that employers surveyed ahead of the referendum were somewhat more optimistic about hiring intentions than those surveyed after the Brexit decision. As a result, the net employment balance, based on the difference between the share of employers planning to expand their workforce and the share intending to reduce their workforce, dropped from +21 pre-Brexit to +17 post-Brexit.

24. The survey also investigated at forward-looking intentions, finding that employers expect Brexit to have a significant negative impact on costs and business

⁸ CIPD (2016). *Weighing up the wage floor: employer responses to the National Living Wage*. London: Chartered Institute of Personnel and Development. Available at: <https://www.cipd.co.uk/publicpolicy/policy-reports/weighing-up-wage-floor-employer-responses-national-living-wage.aspx> [Accessed 1 September 2016].

⁹ CIPD (2016). *Labour Market Outlook: Summer 2016*. London: Chartered Institute of Personnel and Development. Available at: <http://www.cipd.co.uk/hr-resources/survey-reports/labour-market-outlook-summer-2016.aspx> [Accessed 1 September 2016].

investment decisions. A third (33%) of employers expected it to increase their costs, while one-in-five (21%) expect to reduce investment in training and skills development and equipment as a result of Brexit.

25. While the data cited above does suggest certain challenges organisations will face in the future, it can't be said with any certainty just how these will affect young people. The best way that the Government can protect them is by doing its utmost to provide young people with the best knowledge and skills to help them compete in the labour market, find work and progress. This can be done through a variety of means, all touched on above in this submission. These include:

- **Improved careers information, advice and guidance for young people**
- **Establishing meaningful links between employers and education providers**
- **Ensuring that its apprenticeship system works for young people, providing them with a quality route into the workplace that is a genuine alternative to university. This involves reframing the Apprenticeship Levy into a more flexible Skills Levy**
- **Establishing an employability framework to understand the core skills and competencies employers are looking for**