

Hidden in Plain Sight:

Young Londoners unemployed yet unsupported



In partnership with



About London Youth

London Youth was founded in 1887 because the individual youth organisations of the day thought they were stronger by working together. Since the 1880s much has changed for young Londoners, but the need to work together is as strong as ever.

TALENT MATCH LONDON

Over the last four years, we have led a partnership of organisations to develop youth-led solutions to unemployment and share learning through Talent Match London – our Big Lottery funded employability programme.

Since launching the programme in 2014, we've worked with over 2,000 young people to provide support to help them into work. There are three key elements to our approach:

Outreach

Talent Match London uses creative ways to engage young people disengaged from existing provision. The programme works within communities and localised networks to reach out to those who may not proactively access support.

A youth-centred approach

Talent Match London empowers and supports young people to carve out their own career plan. Each young person has a designated worker, who provides them with tailored support to meet their needs and aspirations.

Employer engagement

Talent Match London works with employers to give young people insight into the world of work. Beyond creating specific job opportunities, this is about helping young people become job ready, and employers to be better able to support and sustain them in jobs.

Research partners

This research was conducted by Renaisi & IPPR on behalf of London Youth.



Renaisi is an award-winning social enterprise which works to support people and places to thrive.



IPPR, the Institute for Public Policy Research, is the UK's leading progressive think tank.

Foreword

Starting out in your career should be an exciting time, a time when you are looking forward to the next phase of your life and are curious about where it might lead. Jeremy, whose story we tell later in this report, loves science and did well in it at school but his interest was actively discouraged when he moved to Sixth Form college and was advised to study different subjects. This negative experience at a crucial time in Jeremy's life sent him down the wrong career path for many years and also resulted in him becoming anxious and depressed.



We've worked with hundreds of young people in this situation over the last four years through our Talent Match London programme."

Unfortunately for many young people, their transition into work after school, college or university isn't a smooth one and experiences like Jeremy's are all too common. We've become very familiar with statistics about young people who find themselves in a situation where they aren't working or studying. This has become referred to as 'NEET' – not in education, employment or training. But this blanket term hides the individuals it refers to and the diversity of

life experience that brings a young person to this point. It's also easy to assume that these young people will be receiving support through the benefits system and through Job Centre Plus. Yet, London Youth's work on Talent Match London has shown that there is a group of young people who aren't studying or working, but also aren't accessing statutory support. They are a group which is easy to ignore – they don't affect claimant counts or welfare budgets, and certainly don't fall into the 'squeezed middle' that currently holds the attention of policy-makers. They are young Londoners like Jeremy who are full of interests and talent, but who won't be appearing on government records of employment and are 'hidden' within 'NEET' statistics.

We've worked with hundreds of young people in this situation over the last four years through

our Talent Match London programme. We wanted to carry out this research to develop our own and others' understanding of who these young people are, the factors that have influenced their journeys and how we can best support them to have a positive start in a career that's right for them and in which they can thrive. Unsurprisingly, we have found that the circumstances for each young person who is hidden are highly individual. However, as a society we are consistently failing these young people: failing to even account for them, then failing to give them the right support and to give it at the right time, and in a way that genuinely helps them to make a successful transition into work.

We know that many of the issues that we highlight in this report are familiar to our members and partners and those working on the ground every day with young people, and that they are not easy to address. However, we firmly believe that every young person deserves the right to a fulfilling career and we are committed to working in partnership with others to bring about the necessary change to make this happen.

Rosemary Watt-Wyness
Chief Executive, London Youth



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Executive Summary

This research builds on what we have learned through four years of working in partnership with local youth organisations to support more than 2,000 young people who are out of work. It takes a deeper look at young people who are 'hidden' – young people who are out of work and not claiming benefits.

We started the research expecting to find common characteristics and wanting to understand what a 'typical' hidden young person looked like. We thought that there might be a number of groups of young people, each facing specific barriers to employment, and that we could propose solutions about how best to support each group. However, as we progressed we found the situations that young people were describing were difficult to characterise in a way that suitably reflected the nuances of their circumstances. There were more variations between individuals within a group than there were between the groups. Creating 'typologies' of hidden young people, as originally intended, would have missed an opportunity to highlight wider issues that were disrupting young people's journeys into work, and negatively impacting their career chances. So our focus shifted onto understanding in more detail what these issues were.

What did we learn?

Our research provided deep insight into the factors that were putting young people at risk of becoming hidden. Whilst these were highly individual and varied over time, there were some common causes that put young people at greater risk of becoming hidden and that prevented them from re-engaging in employment-related support. Our research also highlighted that there is significant cost attached to hidden young people not achieving positive employment outcomes – for them as individuals and for society as a whole.

We have outlined the key findings from the research below and present a series of recommendations for how we can prevent young people from becoming hidden and how we can more effectively support them into meaningful, stable and secure employment.

Supporting hidden young people to achieve better employment outcomes could raise substantial additional revenue for the Exchequer

There are approximately 480,000 young people annually who are hidden in the UK. Our analysis has shown that if all hidden young people were supported into full-time, sustained employment, there would be an additional £440 million per year returned to the Exchequer through income tax and National Insurance contributions (enough to fund national initiatives like Talent Match four times over). This includes young people who remain hidden after one year as well as those who are in employment a year later but aren't in sustained employment and are working less than 30 hours a week. If two-thirds of young people who remain hidden after one year were supported into sustained, full-time employment, alongside better employment outcomes for those already in employment, the additional revenue would still be in the region of £370 million per year. This latter scenario takes into account that some young people may return to education or may be unable to work.



Hidden young people are often unable to, and sometimes make a proactive choice not to, access support through Job Centre Plus

There are significant barriers to young people accessing support through a Job Centre. Young people may not have the right documentation, or may not be able to access or navigate the system successfully. Others choose not to engage with a system that they perceive to be unfairly punitive, or through a sense of pride – amongst young people themselves or within their family – that if they are accessing benefits then they have failed. The current system isn't working for any of these young people and requires significant change in order to be an effective vehicle for helping them get into work.



Young people's transitions to work are often fraught and exacerbated by poor advice and an ever-changing job market

Hidden young people's journeys through school and onwards are complex and often characterised by a number of false starts. The majority achieve good grades at school, but poor careers advice whilst there combined with a challenging job market mean that many young people struggle to successfully navigate their options, fail to recover when things haven't gone to plan, or find work that enables them to become fully independent. We live in a world increasingly dominated by new technology which is forecast to have an impact on the skills needed by employers and roles for workers. Yet, the careers provision young people access is rarely up-to-date and relevant to these dynamics.



Friends, families and the environment in which young people grow up have a huge influence over their choices

We were consistently struck by the influence of family and friends, and the home and immediate environment on young people's choices. This affects whether they chose to access statutory support through a Job Centre or other forms of employment support, or seek alternative ways of supporting themselves. Hidden young people were often finding ways to manage outside the system: relying on family for support, or earning money through cash-in-hand jobs or illegal activity. This was often a fairly rational choice that enabled them to respond to immediate financial pressures.



Hidden young people may need support that extends beyond their immediate employment needs

Whilst issues of housing, homelessness or poor mental health were not apparent for the majority of hidden young people who underwent an initial assessment as part of the Talent Match London programme, there are clearly sub-groups of young people who need additional support in these areas. Poor mental health and wellbeing were frequently reported as an issue negatively affecting young people's transition into work, and there were clear examples of 'false starts' within their career having a negative impact on young people's mental wellbeing. Family break-down and the potential impact on a young person's housing situation was also identified as a risk factor for becoming hidden. Hidden young people were found to be at risk in other ways, for example, subject to the influence of gang culture, drug use or drug dealing in their immediate environment, which then had a negative impact on their employment journey.

Recommendations

Based on our findings, we have made a series of recommendations for ensuring that hidden young people are supported to move into work.

Recommendation 1: Choose to see the hidden

 Unemployment statistics should include details of the number of young people who are unemployed and not claiming benefits, as well as provide a more accurate picture of the employment status of young people who are in work.

Young people become hidden because they fall under the radar of the tracking mechanisms currently in place. 'NEET' statistics include both those who are receiving statutory support, and those who aren't in receipt of any support. This masks the reality of the situation, and makes it hard to plan effective interventions. The alternative measure of unemployment rates – claimant counts – also fails to tell us what's really going on: claimant counts could be going down, whilst the number of hidden young people could be on the rise.

Data on the number of hidden young people needs to be published at a national and local level so that appropriate interventions can be put in place and be tracked over time. Published data also needs to accurately reflect the realities of employment and the numbers of young people in precarious work who may be vulnerable to unemployment in the future, and for whom being in work does not mean being able to support themselves or live independently.

Recommendation 2: Enable access to statutory support

 The Government should review current arrangements under the Youth Obligation to ensure that Job Centres provide meaningful and adequate support for young people.

Our research demonstrates that hidden young people are often unable to access support through Job Centres or choose not to access it due to the rigid and punitive nature of the support available. The Youth Obligation provides an ideal opportunity to address this.¹ However, there needs to be sufficient flexibility to enable Job Centre staff to be able to respond to young people's specific circumstances and needs, and put the right support in place to enable young people to progress into work. Reviewing the Youth Obligation at this early stage and ensuring that it provides meaningful support would mean that the vital resources that are already committed to addressing youth unemployment are utilised to best effect.

Recommendation 3: Bridge the gap

 Funders and commissioners should ensure there is designated funding in place for programmes that provide specialist employment support for young people and that programme eligibility criteria do not exclude hidden young people or those in precarious work.

We recognise that our suggested changes to the Youth Obligation outlined in Recommendation 2 would take time to achieve. But we also know that there are large numbers of young people who cannot wait for that change and who need help now. They are struggling to navigate a complex benefits system and overcome barriers to finding work, or are simply not engaging with statutory support. With the closure of the Work Programme and the likely loss of funding in the near future for youth employment programmes funded through the European Social Fund, it is critical that young people continue to access dedicated support to find and remain in work. This support needs to be flexible enough to reflect the complexities of the

current labour market whereby those at risk of unemployment may actually be 'in work', have good academic qualifications, and come from any number of backgrounds.

Recommendation 4: Informed choices

 The Government's Careers Strategy should recognise the needs of older young people and ensure that all young people have access to independent, personalised and impartial careers advice throughout adolescence and into adulthood.

The inadequacy of careers advice and guidance for young people was a recurrent theme throughout our research. Whilst the Government's Careers Strategy goes some way to address this, it fails to recognise that schools and colleges aren't the only - or indeed, necessarily the best - places for young people to receive advice.

There are a host of young people who will not be able to access the support that is being put in place in schools and colleges and would fall through the gap between school-based provision and the more general advice for adults. The Careers Strategy also fails to recognise the conflicting set of priorities that schools and colleges face. There is intense pressure for students to do well in core academic subjects and for schools and colleges to keep up enrolments, whilst at the same time providing personalised advice that addresses the needs of each student and takes into account the complexities of the job market and the wide range of choices that are available to young people. We are calling on the Government to ensure that every young person has access to high quality, up-to-date careers advice that is impartial, independent and equips young people to make informed choices within the context of the modern employment market, and manage false starts or wrong turns along the way.

Recommendation 5: Start at home

 Funders should invest in building the evidence base for effective models of support and advice

that involve and empower families by funding pilot programmes and approaches that draw on this critical source of support.

A reoccurring theme throughout our research was the role of families – whether parents, carers, siblings or relatives – in the decisions young people make around work. Families can provide a critical source of support for young people who want to move into work or re-engage in education, but parents are faced with the difficult task of advising their children on careers and a job market that are rapidly changing and markedly different to the one that they started out in. Developing effective models of support that involve and empower parents and families will be key to addressing the high numbers of hidden young people and supporting more young people into work. Funding needs to be made available to develop, test and pilot new models and approaches that put families and parents at the heart of youth employment support.

Recommendation 6: Beyond employability

 Funders and commissioners of employability programmes should ensure that adequate time and resource is built into programmes to support young people with their wider needs.

Young people can face significant challenges alongside being out of work, which can negatively impact on their ability to find and sustain employment. Being out of work can put stress on relationships, affect emotional wellbeing and create financial pressures – all of which can disrupt and discourage attempts to find work. Young people may be subject to other influences, such as gangs or drugs, which affect the choices that they make. Employability support should be designed and commissioned in such a way as to ensure there is adequate resource to allow providers to support young people with their wider needs, help them overcome difficult and potentially disruptive circumstances, and signpost to additional support where needed.

¹ Launched in April 2017, the Youth Obligation is a new programme of support for young people aged 18-21 when they are first making a claim to Universal Credit. It requires young people to engage in set programme of activities, and those still out of work after 6 months are expected to take up an apprenticeship, a traineeship or work placement.

Section 1: Background and Methodology

This research builds on what we have learned through four years of working in partnership to support more than 2,000 young people through the Talent Match London programme and takes a deeper look at young people who are 'hidden' – those who are out of work and not claiming benefits.

Previous analysis has shown that for every 100 young people who are known to be unemployed and receiving benefits, there are 30 who are hidden.² This means that there are a significant number of young people who are falling under the radar of support services. Yet, little is known about these young people, why they are not accessing welfare support, and how they might be supported into employment.

and National Insurance contributions, and increased spending through the welfare budget. However, if young people stay hidden for long periods of time they will not be claiming benefits and it might be said that having a number of people not claiming could be perceived as saving money for the government by not having to pay out these benefits.

We wanted to challenge this notion by exploring whether these apparent savings are offset by other costs to the state that occur elsewhere as a result of a young person being persistently hidden. This research sought to identify these 'hidden' costs.

“We wanted to build on this and further our own and others’ understanding of who this group of young people are,”

There is a small but emerging body of research being developed through the Talent Match partnership in this area.³ We wanted to build on this and further our own and others’ understanding of who this group of young people are, why hidden young people are not accessing welfare support, and how they might be supported into employment.

Alongside exploring the characteristics and reasons that young people become and remain hidden we also wanted to understand the benefits of intervening from an economic standpoint to shine a light on the importance of appropriate and early intervention. Large numbers of young people being out of employment has obvious fiscal costs for the state. These include lost revenue from income tax

Research questions

We aimed to answer the following questions through the research:

- What are the characteristics of hidden young people?
- How do young people become hidden and why do they remain hidden?
- What are the costs to the state associated with a young person being (and remaining) hidden?
- What are the potential savings from re-engaging hidden young people?

Methodology

Our approach combined a range of methods that allowed us to build up a rich understanding of the characteristics and experiences of hidden young people:

- **Analysis of programme data from Talent Match London and the Labour Force Survey** to explore the demographic characteristics of hidden young people and identify whether or not hidden young people had a defining set of characteristics.
- **Four creative workshops with 31 young people** hosted and facilitated by writer and poet Anthony Anaxagorou that allowed us to gain insight into young people’s perceptions of the reasons why some people become hidden and the different pathways they may take. Working in partnership with Anthony offered a more creative approach and made the workshops more engaging for the young people involved.
- **Ten semi-structured interviews with youth support workers** exploring the characteristics and circumstances associated with being hidden and providing an opportunity for youth support workers to provide feedback on the initial findings.
- **Biographical interviews with six young people** to develop a more detailed picture of the factors that influence the choices that young people make. Three of the young people’s stories have been included as case studies on page 26.
- **Economic analysis** of the fiscal costs associated with young people remaining hidden, at an individual and aggregate level.

² Source: London Youth (2016) Reach Out, Enable, Connect. London

³ BVSC (2015) Investigation into Hidden NEEETs. Birmingham Greater Manchester Talent Match (2017) Hidden: Who are 'hidden' young people and why are they not engaging with welfare support? Manchester.

Section 2: Characteristics of hidden young people

We wanted to understand the demographics and characteristics of hidden young people, including whether they are similar to young people who are claiming welfare support.

We did this in two ways:

1 Analysis of data from Talent Match London – this provided insight into the demographics of hidden young people and allowed a direct comparison with those who had been receiving welfare support prior to engaging in the programme.

2 Analysis of data from the Labour Force Survey – this is the Government's annual household survey that provides official measures of employment and unemployment. This allowed a comparison between hidden young people and three other groups:

- Those in employment, education or training;
- Those unemployed and claiming benefits;
- Those who were not able to work or not looking for work, and claiming benefits.

Findings from the analysis of Talent Match London data

785 out of the 2,048 young people who had engaged with the Talent Match London programme were classified as hidden at the initial assessment.⁴

2048
engaged with
Talent Match
London

785
hidden young
people

To be classified as hidden, a young person had to meet the following criteria:

Age 18-25, not receiving any welfare benefits and have not done any of the following prior to joining Talent Match London: worked less than 16 hours per week, worked 16 hours or more per week, been self-employed, in an apprenticeship, formal education or in a training programme.

We compared data between two groups of young people on the Talent Match London programme:

- Those who were hidden prior to starting on the programme;
- Those who were claiming benefits prior to starting on the programme.

The comparison between these groups revealed a number of commonalities, but also some important differences.

⁴ The data reported here is based on baseline data collected as part of the Talent Match London programme. Figures accurate as of July 2017.



Demographics

Young people who were hidden prior to starting on the programme were most likely to be:



This was also true of the group who were claiming benefits. However, the proportion of young people who had these characteristics was higher amongst the hidden group.

Qualifications

- Hidden young people were **more likely** to have at least five GCSEs A*-C including English and Maths, compared to those who were claiming benefits.

Housing

- Hidden young people were most likely to be **living with parents**. This was also true of the young people who were claiming benefits.
- In addition, hidden young people were **less likely** to be living independently (e.g. renting from a Housing Association, private landlord, or Local Authority) than the young people claiming benefits.

Barriers to employment

- Hidden young people were **less likely** to have a **disability** or have **children** compared to young people who were claiming benefits. This may be because young people with a disability or children are more likely to be in receipt of some form of statutory support.
- Only a small percentage of young people had a **criminal conviction** prior to engaging with Talent Match London, and there was **no difference** between those who were hidden and those who were claiming benefits prior to their involvement in the programme.
- Hidden young were **slightly less likely** to have had one or more adverse experiences, including mental illness, homelessness, drug/alcohol dependency, or being in local authority care compared to young people who were claiming benefits prior to engagement in the programme.⁵



⁵ This information is based on self-reported barriers to employment at the point of initial assessment. As highlighted elsewhere in the report, caring responsibilities and poor mental health can pose significant barriers to hidden young people finding and sustaining employment. It may be that in some instances, these aren't disclosed at the initial assessment.

Hidden

Young people who were hidden prior to engaging in Talent Match London

Claiming benefits

Young people who were claiming benefits prior to engaging in Talent Match London

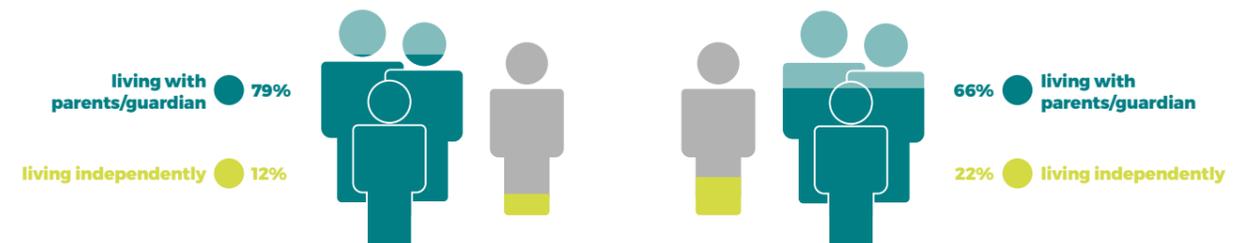
Demographics



Qualifications



Housing



Barriers to employment



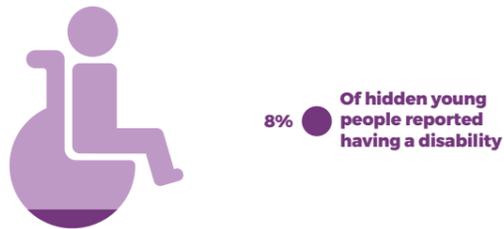
Findings from the Labour Force Survey

Our analysis of the Labour Force Survey demonstrated that the hidden population of London shares many of the same characteristics as hidden young people involved in Talent Match London.⁶ Namely, that hidden young people are more likely to be male than female, to be from a non-white background and that only a small proportion will have a disability. The majority have also achieved five or more GCSEs at A*-C (71%).

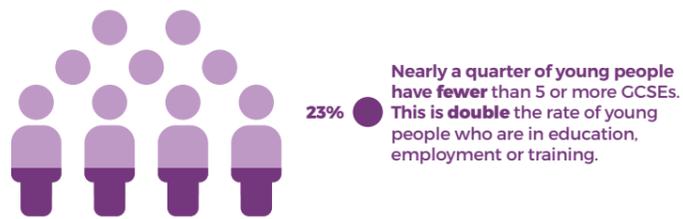
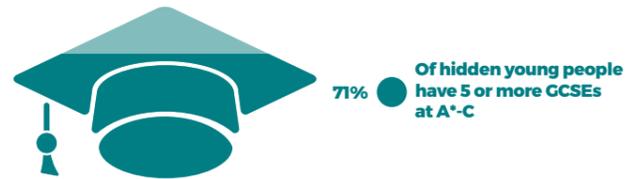
DEMOGRAPHICS:



BARRIERS TO EMPLOYMENT:



EDUCATION:



There were two main differences between the trends seen in our analysis of the Talent Match London data and the Labour Force Survey:

- The proportion of hidden young people from a non-white background was much higher amongst the Talent Match London participant data than in the Labour Force Survey (56% compared to 86%).
- The proportion of hidden young people with 5 or more GCSEs at A*-C was lower amongst the Talent Match London participants than in the Labour Force Survey (53% compared to 71%).

The boroughs in which Talent Match London operates have a higher proportion of Black British, African and Caribbean residents, which may account for some of the differences in the backgrounds of hidden young people. However, these boroughs are also typically more deprived than London as a whole and have higher rates of unemployment.^{7,8} It's possible that the hidden cohort within the Labour Force survey data includes young people from relatively affluent

backgrounds who have made a positive decision not to work, for example, to take a gap year or do voluntary work. In contrast, the Talent Match London data specifically draws on data from young people who have sought specialist support to find work, which suggests that they may be facing greater barriers to work.

Summary

Our analysis of the Talent Match London programme data and the Labour Force Survey data highlighted particular characteristics that were more common amongst hidden young people – namely being male, aged 18-20 and from a non-white background. The majority of the young people who were identified as hidden did not have low academic attainment, and only a small proportion had a disability, children or had adverse life experiences typically associated with poorer employment outcomes. Yet, this was not universally the case and for a minority of hidden young people, these circumstances may pose a barrier to employment.

⁶ Source: Office for National Statistics [ONS]. Quarterly Labour Force Survey, April – June 2015 to Jan – March 2017

⁷ Source: Indices of Deprivation (2015) London Datastore. <https://data.london.gov.uk/dataset/indices-of-deprivation-2015>
⁸ Source: London's Poverty Profile: Trust for London. <https://www.trustforlondon.org.uk/data/unemployment-rate-borough/>

Section 3: Why young people become hidden

To build on what we had learned through the preceding data analysis and to develop a more nuanced understanding of the choices, circumstances and external factors that lead young people to become hidden, we conducted in-depth qualitative research with young people and youth support workers.

Our starting point was to understand what deters young people from claiming benefits, and the factors that influenced their decision-making, and how they navigated their options. We also wanted to understand whether being hidden was an assertive choice, a passive choice, or imposed.

Why young people do not engage with welfare support

The research demonstrated that hidden young people were not engaging with the benefits system for many reasons:

- They had found ways of supporting themselves outside of the benefit system;
- They did not perceive the benefit system as a sincere source of support;
- They were unable to engage or were prevented from engaging with services.

Some hidden young people supporting themselves outside the benefits system were making an assertive choice not to engage and had found ways to support themselves informally. This could include financial support from family or friends, cash-in-hand work, or illegal activity such as drug dealing. Young people reported that they perceived signing on for benefits as being something that people with no other options do (such as people with no qualifications) and that it suggested the person had “given up”.

Other young people were unable to access the statutory support that they are entitled to. Support workers reported that some young people had trouble accessing the benefits system due to not having the right documentation, not having a bank account or not being able to access the digital service for Universal Credit. They also reported that young people with low levels of literacy found the processes in Job Centre Plus difficult to understand and, without the right support, would often find it overwhelming.

Support workers also described situations in which family or household circumstances would prevent a young person from engaging with services. For example, some parents actively discouraged young people from engaging, while for others, caring responsibilities in the home limited their capacity to take up activities outside it.

“I think family responsibility, such as caring for a parent or caring for someone in the family, has a huge impact. There’s pressure from parents to not actually work. We had one case where the family income was based around the mother not being well and the young person being a carer. (The young person) didn’t have any GCSEs, that was how much caring affected her.

Support Worker

These three reasons listed above provide a broad description of some of the causes for young people not engaging with welfare support, but they were not exhaustive or mutually exclusive. Young people’s circumstances changed rapidly and the research revealed that a young person could have a different reason for being hidden from one day to the next.

The factors most commonly cited by young people and support workers during the workshops and interviews were analysed and grouped, and are presented below under the following headings:

- Perceptions and experiences of Job Centres;
- Choosing and pursuing the right qualifications;
- Perceptions and experiences of the labour market;
- An increasingly precarious job market;
- Alternative sources of work and employment;
- Family and household circumstances;
- Environmental influences;
- Emotional wellbeing.

These themes represent the factors most commonly reported to be associated with a young person becoming hidden.

Perceptions and experiences of Job Centres

Young people felt a strong sense of pride and a desire to be in control of their own lives, which led many to make a proactive choice not to engage with the benefit system. There was a stigma attached to being on benefits and a belief that benefits were for certain types of people, such as those with no qualifications, people who did badly in school, or those who had “hit rock bottom”. Young people frequently distinguished themselves from those who do claim benefits, making statements such as “I’m not a scrounger”

or “I’m not like them.” One young person reported that he would only go to a Job Centre if he had absolutely nothing, no friends, no family and was completely on his own.

“

If I go to the Job Centre it means I’ve lost.”

Young Person

The financial and practical support provided by Job Centres were not seen as a genuine source of support that would help young people find a job, and there was a persistent fear that they would be subjected to poor treatment. The compulsory requirements of the signing on process were perceived to be unreasonable and unnecessarily restrictive. The expectations they had of the process was that they would have to spend unreasonable amounts of time looking for work, they would have to apply for jobs or attend training they were not interested in, or be expected to do unpaid work. They were discouraged from signing on after hearing stories from others who had been sanctioned or experienced delays to receiving their payments, and the financial hardship this caused. Young people described the process as “jumping through hoops for nothing”. Taking all of this into consideration, many young people decided that they would “rather not bother”.

There were some young people who had signed on or tried to sign on but faced administrative problems and other barriers, resulting in them quickly dropping out of the process and preventing them from accessing support. The barriers they encountered included:

- Difficulty providing the right documentation;
- Difficulty completing or accessing forms;

- Administrative problems that caused delays to a claim, a claim being rejected or an experience of being sanctioned early in the process; and
- Poor treatment by staff in a Job Centre.

These experiences resulted in young people dropping out of the benefits system early and produced feelings of mistrust in the system and a belief that Job Centres purposely tried to stop people from signing on. Support workers sometimes shared this sentiment. One support worker described a traumatic experience a young person she worked with had at a Job Centre. When the young person tried to sign on for benefits the advisor at the Job Centre Plus argued with the young person that he was making up that he had Asperger's syndrome.

During the workshops it was explained that it often takes a lot of encouragement and support from those around them to keep young people in the system, especially after bad experiences.

In summary, young people were wary of a system that they felt would take control over their lives and be unfairly punitive. Stigma, coupled with a belief that signing on would not lead to them getting the

“

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support they need, were major deterrents that prevented young people from engaging with the benefits system and receiving employment support. Where young people had tried to sign on, the difficulties they encountered meant that not only were they unable to access support, but their experience led to a further mistrust in the system. This presents a missed opportunity to help young people find employment.

Choosing and pursuing the right qualifications

The research found that hidden young people had often experienced what has been referred to as “fractured transitions”⁹ and that their pathway from education to employment has been significantly disrupted as a result of system that fails to equip them with what they need in order to make this transition successfully.

Significant economic and cultural changes in the last 20 years means the education system and labour market look very different now, and ‘fractured transitions’ for young people have increased. These changes include a cultural shift in the education sector which gives preference to academic subjects and university studies over vocational pathways.¹⁰ As a result, there has been an increase in the supply of graduates with a certain type of skill and knowledge, while the demand in the labour market for those graduates has not been matched (especially in London).¹¹ The labour market has also experienced the loss of “middle-skilled” roles such as those requiring more vocational or technical knowledge, resulting in an “hour-glass” economy where the jobs require either high qualifications or low qualifications.¹²

In today's world successful transitions into meaningful employment require more

complex decision-making for young people and their families. Parents are often the main source of support and advice for young people and yet will have faced quite a different set of choices in their own careers. Both the mechanisms through which careers advice and guidance is delivered, as well as the information that's provided, hasn't kept abreast with these changes and as a result we aren't equipping young people and their

families with the right information to navigate these complex choices.

With appropriate and targeted support young people can overcome many of these challenges but the young people who participated in this research described receiving poor quality advice and guidance. In some cases they had even been persuaded to take courses or pursue qualifications that were not aligned with their career aspirations or skills. This resulted in many young people dipping in and out of further education, changing their minds, and finding it hard to identify and maintain engagement in a suitable course or route to employment. Those who had completed a qualification had often not received any career advice and had been unsure what kind of career the qualification could lead to. Support workers described how many colleges had become more like businesses and were motivated to get more young people enrolled onto courses, with little consideration as to whether it was the right thing, thereby encouraging a system where young people bounce from one course to the next.

“They take a lot of courses and get lots of qualifications but they don't fit into a career. Colleges don't offer career guidance. They are motivated to get them onto more courses.”

Support Worker

”

These experiences, the lack of appropriate support and the unsettled educational path post 16 were reported to impact on young people's confidence in their ability to find work when they reached 18. One young person who participated in the research had been hidden for over a year, explaining that he felt he had made a lot of academic mistakes during his time in further education and that these mistakes had had a lasting impact. He felt he had been forced down a certain academic route, having been

persuaded by his college head not to take certain subjects that ended up being crucial for pursuing his preferred career.

“

I had a meeting with the dean of the college and he was saying that with my grades I wouldn't be able to get into university to study any science, things that I wanted to study... if that hadn't happened and he'd just let me do a science course I'd have been on a completely different track. I would have continued on at Sixth Form with what I wanted to study.”

Young Person

Other young people had come out of further education with a mismatch of skills and qualifications, high qualifications in vocational subjects but low qualifications in English and maths. This left them unable to meet minimum entry requirements for many jobs even though they were highly skilled because employer requirements for qualifications in English and maths took precedence over vocational skills. A support worker who worked with young people with learning disabilities explained that it was common for many of these young people to have entry level qualifications in some areas, but have high qualifications in other subjects like Information Technology. These young people often repeat maths and English multiple times while at college but because there is less support for learning needs at this stage in their education, they often struggle to achieve the grades they need. Many young people believed that this was the reason they had not found a job.

Pathways through university were not guaranteed to be smooth either. Some young people had started a university course but dropped out, perhaps restarting or changing course along the

⁹ Source: Yates, Scott et al. Early Occupational Aspirations and Fractured Transitions: A study of entry into 'NEET' status. U. Journal of Social Policy. Cambridge University Press. 2010.

¹⁰ Partnership for Young London. Young people's perceptions and attitudes of their post-16 options. September 2017.

¹¹ Source: CIPD. Over-Qualification in the graduate labour market. 2015.

¹² Source: London Assembly. The Hourglass Economy: An analysis of London's labour market. February 2016.

way. Support workers reported that they were seeing an increasing number of young people who had gone to university coming to them for help. Some of these young people had learning difficulties or mental health problems and had found it difficult to access the support they needed to maintain their studies, and as a result they had dropped out. Support workers also reported that an increase in graduates seeking employment support was due to employers requiring young people to have previous work experience. One explained that these young people usually have a good support network (at home), but that “the system isn’t set up right to help them get into employment unless they’ve had experience”.

Many of these issues will not be new to those working in the sector and there has been wide-ranging criticism of careers provision for young people in the last few years. In December 2017, the Government published a new Careers Strategy, which sets out a number of measures for improving the standard of careers provision in schools, and the more limited support that adults can expect. Whilst it is encouraging to see increased attention in this area, the focus on schools fails to recognise the needs of older young people who may have already left school or college, or who could benefit from impartial advice outside of a school environment.

“I have had clients who are studying for a degree, but have mental health issues. They’re not claiming any benefits and are sleeping on a bench. Technically they are in education, but they are actually not attending.

Support Worker

Perceptions and experiences of the labour market

The findings presented in this section are closely linked with the notion of fractured transitions described above. These occur during further and higher education and affect young people’s experiences of the labour market, and their perceptions of the opportunities available to them. Young people perceived that they had been put at a disadvantage by an education system that emphasised academic pathways over all else even though a university degree did not necessarily guarantee better employment opportunities.

They expressed frustration over a lack of entry routes into employment that did not require a lot of previous experience (which was often gained through unpaid work). This was reported as one of the most significant barriers to gaining employment. Young people acknowledged that there were many jobs available to them, but the jobs they were most exposed to were low skilled jobs in retail, warehouses, and ‘gig economy’ jobs that did not offer progression, nor enough stability for them to become fully independent. They felt that many employers were exploiting their workers and breaking the law and felt anxiety over ending up in a job where they would be treated poorly.

Young people also expressed frustration that they did not have the same job opportunities as their parents. They described how their parents had been successful at finding careers without a university degree, while a university degree offers no certainty of success only the certainty of debt. Differences in perceptions of opportunities and the ease of accessing these opportunities were frequently cited as the source of tension between generations. Young people reported that they received a lot of pressure from their parents and that their parents had a poor understanding of how fraught with anxiety the employment process has become. With young people facing such a dramatically different employment market to the one that their parents first entered, it also

becomes difficult for parents to effectively advise their children.

Even with the new Careers Strategy in place, it is difficult to see where young people can go for up-to-date careers advice that reflect the realities and complexities of the different educational pathways that they can take, the implications of their choices for future employment, and the changing job market. Careers advice undoubtedly needs to be of higher quality, but also more dynamic and help young people anticipate and prepare for future changes to come, as well as provide an immediate pathway.

An increasingly precarious job market

We didn’t originally intend to investigate issues related to young people who were employed, since the focus was on those who were unemployed and hidden. However, as we progressed in our research we found that young people and support workers frequently reported concerns about the impact of zero-hours, or ‘precarious,’ work. We decided to present these findings as they have important implications for youth employment support.

‘Precarious’ work among young people has been increasing since 2004.¹³ These jobs are typically low paid, insecure and unprotected. In 2014, 22% of young people under 25 were in precarious work, up from 18% in 2010.¹⁴ Support workers reported that they were working with an increasing number of young people who were employed but struggling to support themselves because they were on zero-hours contracts. These young people often do not sign on for benefits (although in some circumstances they may still be eligible), even when the work stops. It was reported that young people living independently were often in this type of work as were an increasing number of graduates. These young people tended to move in and out of employment frequently and were likely to spend periods of time hidden.

“

There are also young people who are on zero hours contracts who aren’t getting regular hours weekly. They’ve gained employment but might only be getting four hours of work a week. They aren’t getting a regular number of hours to support themselves on and that’s not enough. This is someone who is hidden.”

Support Worker

“Many young people took zero-hour contracts as a way of earning money and supporting themselves in the short term, but the lack of progression opportunities and stability meant they still needed career advice and support in the long term. Support workers were concerned that these young people were falling under the radar of employment services because they are classified as employed, and that eligibility requirements for employment services had effectively created a large cohort of young people who were “hidden in plain sight”.

Alternative sources of work and employment

Hidden young people were often very successful in finding ways to support themselves through cash-in-hand or informal work. This could involve doing small tasks for friends and family such as childcare, fixing computers, selling things, or doing work for business that was “off the books”. Young people engaged in this kind of work were drawing on extensive networks in their community, including friends, family, and business owners in order to find work and earn money. A support worker based in Newham explained that there is an entire hidden jobs market and that in many neighbourhoods there are shops hiring people but these roles are not “on the books”. For those

¹³ Precarious workers are defined by the International Labour Rights Forum as “those who fill permanent job needs but are denied permanent employee rights”: <https://www.laborrights.org/issues/precarious-work>

¹⁴ Source: Green, Andy. The Crisis for Young People: Generational Inequalities in Education, Work, Housing and Welfare. Palgrave Macmillan 2017.

undertaking them they provide more income and offer a level of independence and flexibility that they cannot get from signing on at a Job Centre. Support workers also said that informal work can include activities such as “hustling” (drug dealing and other criminal activity), which provides a way for young people to earn money quickly without the “hassle” of a Job Centre.

Family and household circumstances

Parents and family were perceived to be a strong and direct influence on a young person's choices. Having the most basic needs met by parents enabled young people to avoid signing on for benefit, and many parents were happy to support their child rather than have them go to a Job Centre.

There were also particular situations where circumstances at home had a significant impact on the young person and contributed to young people becoming hidden:

- **Responsibilities in the home** - Caring for a parent or someone in the family for example, or when there is severe dysfunction in the household. This prevented the young person from engaging with services and this was sometimes at the request of the parents themselves.

“The parent is key to influencing what the young person does. Mum doesn't want someone from the council coming in.

Support Worker

■ Family breakdown or strained relationships at home

- Resulting in young people spending periods of time “between places” sofa surfing, or staying with friends or extended family for periods of time.

■ Severe cases of abuse and domestic violence at home

- In these cases the young person often experiences homelessness and requires a lot of additional support (such as housing support) before they can even begin to think about employment.

“Mum bullied him quite a lot... but after school...she kicked him out. He went to stay with his grandmother initially. He went to stay with lots of different relatives, in fact, but they all ended up kicking him out. He came to [us] looking for somewhere to live. He was hidden. He was not in employment, education or training but was not claiming any benefits or other support. He was homeless and spent a lot of time sofa surfing with friends. He was gay...his family had lots of issues around his sexuality.

Support Worker

- **Strict gender norms** - These can be imposed on children, especially young women, restricting what they can and cannot do outside the home. Support workers working in communities with high levels of residents from Asian backgrounds reported that this was common. One support worker said many young Bengali women, for

example, were deterred from continuing their education or going into employment by strict cultural standards in relation to gender. These women would likely be spending most of their time at home.

“

A lot of [Asian] women with high attainment are sitting at home and not working and cultural attitudes may be the reason why.”

Support Worker

These circumstances were seen as being significant barriers to employment but also factors that put young people at high risk of becoming hidden. In many cases, family mediation was an important first step towards supporting that young person into employment.

The research also highlighted the positive role that families play in influencing decisions to seek employment support. Parent referrals were one of the most common routes into the Talent Match programme and when a young person had signed on for benefits it was usually at the request of their parents. This was more likely to happen if the parents were experiencing financial difficulty or were on a low income. This highlights the need to consider family circumstances as a whole when working with young people to support them into employment, as it is often not just their own circumstances and experiences that are affecting their decisions and choices.

Environmental influences

Young people are strongly influenced by their peers, and the power of this pressure cannot be underestimated. Being hidden was found to be strongly influenced by this and wider social networks. One person said during a workshop that young people tend to do what

their siblings and friends do, so if all their friends are out working, they will feel pressure to go out and work too. This social pressure has many adverse effects, especially in neighbourhoods where crime is high. Young people reported being exposed to gang activity and drug dealing from a very early age and were often introduced to it by friends, family or neighbours. Young people stated that drug dealing had become so prevalent that it has become a convenient way to make “fast money” and can be seen as an alternative to formal employment.

Support workers backed this up and said this is usually the result of severe financial pressure in the household and a strong sense of responsibility for the family. In situations where parents are struggling to pay bills and provide food, drug dealing is seen as the option making the most economic sense compared to a minimum wage job or benefits. It is a short-term strategy for dealing with urgent and immediate needs, but over time the ease of it, coupled with the influence of their peers, means that it becomes the primary source of income. Support workers reported that these young people remained hidden the longest and often had very little confidence in their ability to move into a formal work environment because they did not have formal work experience.

“

One young person said, ‘We pay our electricity by meter and the electricity is gone. Mum hasn't got any money. You step out of the block and you go downstairs and a guy pulls up in a Range Rover and says ‘you know what, I'm gonna give you fifty quid if you can take that box from there to there’. What do you do?’”

Support Worker

“For a kid who’s never been able to give his mum any money, can you imagine giving your mum £1,000? [If your mum asks] ‘What’s going on?’, the child would either lie, or keep it real, like ‘I’m doing something dodgy, but it’s bless, and do you want the money or not?’ And you know, single mums who need the money – it’s hard to turn down £1,000. It’s not like it’s blood money, no one’s died over it. Someone’s sold a little bag of something, it’s not the end of the world.

Young person

Many disclosed that they had been involved in drug dealing to an extent, but for short periods of time and without any serious consequences. They did not try to rationalise drug dealing in any way but instead spoke of how it was just part of growing up in a deprived area. Even though they had not become caught up in gang life, they all knew someone who had and acknowledged that it can be difficult to escape.

“It’s tempting, when things are going well in a gang. The money’s there, they got nice cars and everything...and then you’ll look over at someone like me in a bar struggling and think...‘I’m not going to go with you mate’.

Young person

Emotional wellbeing

Concern about emotional wellbeing was frequently self-reported by the young people in this research. The perception among young people was that rates of depression and anxiety are increasing and that this is holding back many people and creating barriers to employment. There were many factors reported that could affect a young person’s mental health and wellbeing, but strained relationships with family and friends were the most frequently discussed.

During the workshops we ran, young people also reported that the level of visibility of good quality jobs in the local environment influences how they perceive their options and the opportunities available to them. In some neighbourhoods, the perception of ‘regular’ employment might mean the off-license, betting shop and other low wage jobs. This can increase the chances of a young person deciding that formal employment is not for them.

Support workers are not generally optimistic about the outcomes for young people involved in gang activity. When asked for how long these young people stay hidden the common response is that they stay hidden until the young person ends up in jail or dies. For young people, their perceptions of outcomes are more mixed.

One young person recalled how anxiety had a profound influence on him during his period of being hidden. Unemployment brought a lot of stress and anxiety and the rejection he faced affected his confidence and motivation to keep trying. He described how eventually it got to the point where he just did not want to leave the house. During this time he did not understand that he was experiencing anxiety and was only able to recognise and understand his experience much later after listening to a podcast about mental health.

Support workers reported concern about increasing mental health needs among young people, especially those who are hidden. Some reported working with young people who had been accessing mental health services but were not on any benefits (neither Job Seekers Allowance, or Employment Support Allowance) or they had a mental health problem that was undiagnosed. For example, a support worker who was based in an organisation specialising in mental health services reported that when she received referrals from parents or family, the young person was usually hidden.

The prevalence of gang activity and crime was reported to have serious impacts on young

people’s wellbeing. One participant explained that there were periods of time where he was afraid to leave the house out of fear of being harassed by people in the neighbourhood. This affected his motivation to look for work because he did not want to go outside.

“I was in this situation where something happened to me. One time I was chased by some guys in a car and my friend got hit with a bat, luckily I made it out. After that day I just stayed at home because I was afraid they might come again. But they didn’t take anything so I was more in the head that this was a setup, someone set us up and so I didn’t want to go out, I think I was in my house for one week. So that obviously stops you from wanting to look for jobs and going out and looking for your future.”

Young Person



Section 4: Case studies

As outlined in the preceding section, there can be startling circumstances surrounding a young person becoming hidden, such as feeling forced to engage in illegal activity to earn some money for the family. But it can also be something as simple as not finding the right course to study or getting poor careers advice.

Within this section, we present three case studies of young people who were hidden prior to engaging in Talent Match London. These provide rich insight into the lives of hidden young people and their often very different journeys which nonetheless see them arrive at the same destination.

For each one, we have presented illustrative costs and savings for the state

associated with effective intervention¹⁵ because this does not just affect the young person involved. The impact of young people becoming and remaining hidden is much wider and there are both moral and economic imperatives for taking action.

¹⁵ The costs are illustrative and are not intended to be representative of the population of hidden young people as a whole. They represent costs and savings relevant to effective intervention, rather than any intervention regardless of outcomes. All unit costs are in 2017/18 prices and rounded to the nearest £10. Taxes and benefits are modelled in 2017/18.

Jeremy's story

Jeremy¹⁶ is a male in his early 20s and had spent a year and half hidden before engaging with Talent Match London. He experienced a difficult journey through post-16 education, with a few false starts and what he described as missed opportunities and feels that the advice he had received at Sixth Form college was what prompted this difficult journey.

Jeremy had done well at secondary school and was keen to take courses in science at 'A' levels, but a senior member of staff at the Sixth Form advised against it so he decided to study other subjects instead. He dropped out of the Sixth Form after the first year, however, because he did not enjoy studying these subjects. After this setback Jeremy ended up completing a Level 3 course in a different subject, although it wasn't quite what he originally wanted to study. After completing

this he found employment through a family connection and stayed in this job for two years. He then decided to go to university, but had a similar experience to his A-levels. He was not able to enrol in his preferred course and had to take an alternative one instead and then dropped out after the first year. He tried to find another university where he could study his preferred course but was unable to secure enough funding to cover the costs. He had left his job at this point and had been looking for another one to make up the rest of the funding, but had been unable to do so. It was at this point that he became hidden.

During this last period he was living at home with his parents and he took on several small bits of cash-in-hand work including computer repairs, child-minding, administration and maintenance work to get by. Looking back on this, Jeremy

said that he had been experiencing anxiety and depression but did not have the knowledge to recognize these mental health difficulties at the time. Unemployment brought a lot of stress and rejection really knocked his confidence. Eventually he got to a point where he just didn't want to leave the house. He found himself in a cycle of being very motivated and putting in a lot of effort to find a job, but then several weeks would go by without a response and then he would start to feel anxious or depressed and would stop going outside.

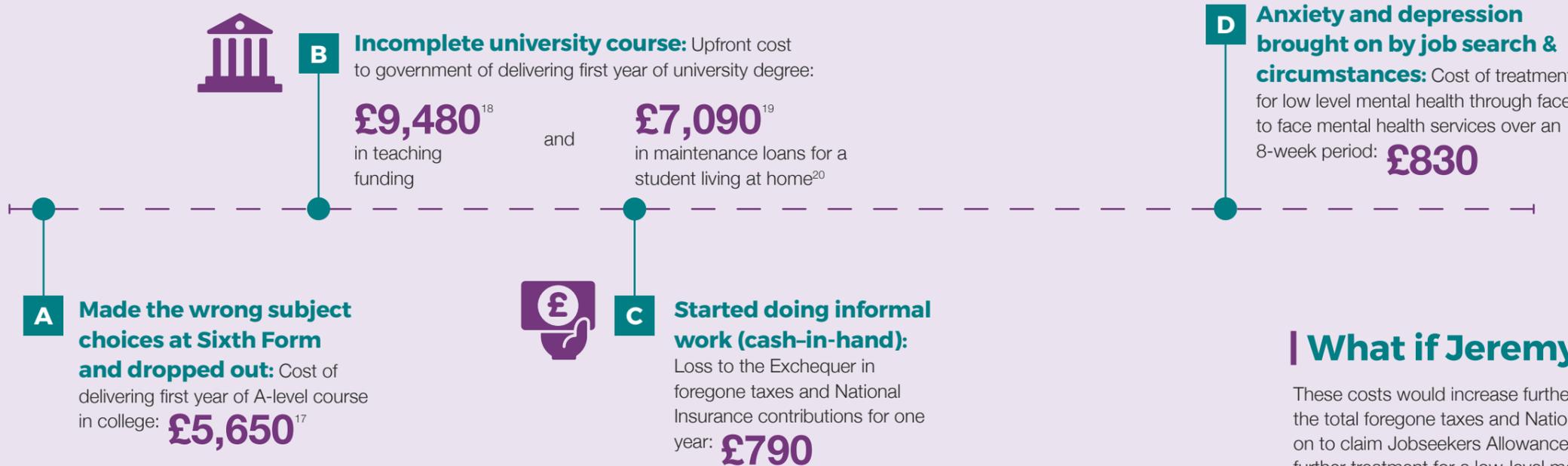
For Jeremy, finding work wasn't hard, but landing the thing he was passionate about had been difficult and he felt he had missed out on numerous occasions to get onto the right path. His confidence was knocked by his experience at the college when he was told he couldn't study science and he felt that his life would have gone

in a much more satisfactory direction had that experience been different.

Jeremy is now completing an apprenticeship at one of the Talent Match London partner agencies.

"I don't think it's hard to find a job in general, but finding one that you want to do and that you'll be passionate about and that you can see yourself staying in – that's what's difficult. Not only because it's hard to get into, but also because you might not know what you actually want to do."

Costs and savings associated with Jeremy's journey



Had Jeremy successfully been prevented from becoming hidden, an estimated **£23,800** could have been saved directly by government. But the true savings, which include both indirect and long-term savings from improved employment outcomes, are likely to be larger.

What if Jeremy had stayed hidden?

These costs would increase further if Jeremy had continued to be hidden. If hidden for three years, the total foregone taxes and National Insurance contributions would be at least £2,360. If he went on to claim Jobseekers Allowance, a sixth month period on JSA would cost £1,510. If he required further treatment for a low-level mental health condition, another 8-week treatment would cost a further £830, or more if the condition became severe.

¹⁶ The names of the young people in all the case studies have been changed to protect their identity.
¹⁷ Source: IFS, 2017. <https://www.ifs.org.uk/publications/8937>. We assume full cost of delivery of the year as most costs incurred in delivery (teaching time, capital costs) are fixed from early in the academic year.
¹⁸ Source: IFS, 2017.

¹⁹ Source: Student Loans Company [SLC] 2016, table 6.1. <http://www.slc.co.uk/official-statistics/full-catalogue-of-official-statistics/student-support-for-higher-education-in-england.aspx>
²⁰ Source: Teaching and maintenance costs could be reduced to £3,590 and £1,630 respectively for the year, if the individual follows an average graduate earnings trajectory and therefore repays the loans at an average pace. However, given the uncompleted qualification, this is unlikely. Source: IFS, 2017, and calculation using illustrative RAB charge of 23% for maintenance loan deduction.

Joseph's story

Joseph is a male in his early 20s living with his family. He is currently experiencing a particularly difficult time in his life, but is working very hard towards pursuing a career in music. He is receiving support through Talent Match London but also through small cash-in-hand jobs. The small amounts of money he makes from this help provide for himself and for his family, but financial constraints mean that he rarely has enough money to travel out of the local area.

After secondary school Joseph moved in and out of education, dropping out of a number

of courses. He completed his first year at one college, but then dropped out in the second year. He then moved into another college but left before the year was finished. He then started a foundation degree at a university, but also left that. The reasons for the disruption in Joseph's education include learning difficulties, mental health issues, and general disorder in other parts of his life. When he started at university his family were really proud of him, but when he dropped out everything started to go "down-hill". For nearly a year he has been out of employment, education or training and his family are starting to get impatient

with him. He has been trying to find a job but has had difficulties getting the documents together that he needs such as a passport. Joseph frequently smokes marijuana as a way of coping with the frustration he feels.

Through all these ups and downs, Joseph hasn't stopped pursuing his dream to create a name for himself in the music industry. He has had some successes and has lots of friends who support him and help him out from time to time. He is focussed now on moving forward and becoming a better person.

"Whatever you love doing, just keep doing what you love doing because in due time things are going to happen, just not at this time right now. It's going to happen at some point later during your pathway when you're still working and grinding."

Costs and savings associated with Joseph's journey



A Moving in and out of education and changing college courses, but not completing them: Cost of delivering first year of A-level course in college: **£14,130**²¹

C Frequent use of marijuana as a coping mechanism: If treated, the cost of delivering a 12-week community day programme to treat marijuana misuse would be: **£820**²³



D Cash-in-hand work: Loss to the Exchequer in foregone taxes and National Insurance contributions for one year: **£790**

B Incomplete Foundation course at university: Upfront cost to government of delivering first year of university degree: **£9,480** in teaching funding and **£7,090** in maintenance loans for a student living at home²²

Had Joseph been prevented from becoming hidden, an estimated **£23,300** could have been saved directly by government. But the true savings, which include indirect and long term savings from improved employment outcomes, are likely to be larger.

What if Joseph had stayed hidden?

These costs would increase if Joseph had continued to be hidden. If hidden for three years, the total foregone taxes and National Insurance contributions would be at least £2,360. If he went on to claim Jobseekers Allowance, a sixth month period on JSA would cost £1,510. If he required further treatment for drug misuse, another 12-week programme would cost £820, and if his drug misuse led to offending and greater use of health and social care services, the expected cost to services would be £3,820 each year.

²¹ Source: IFS, 2017 (see above). We assume full cost of delivery for two years, and 50% for dropping out early in the second year, as some in-year cost savings may be made.
²² Source: IFS, 2017 and SLC, 2016. We assume cost of delivery is the same for foundation and Bachelor degrees, following BIS 2011. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32419/11-973-returns-to-higher-education-qualifications.pdf. Likely repayment is lower given lower tuition fees for foundation degrees.
²³ Source: New Economy Unit Cost Database <http://www.neweconomymanchester.com/our-work/research-evaluation-cost-benefit-analysis/cost-benefit-analysis/unit-cost-database>

Ajay's story

Ajay is a young male in his late teens currently living with his family. After spending some time hidden, he found an apprenticeship through Talent Match London. He has been working as an accountancy apprentice for just over a year.

Ajay had finished secondary school with good GCSEs and went on to complete a BTEC at college. He knew he wanted to be a successful businessman, but he didn't have a firm idea of what that meant for him and didn't have a specific type of job in mind. At first he followed his parents' suggestion of what to study but this didn't work out because the course was full. He then decided to try a specific course because he thought it would suit his interests. Ajay and his parents had their differences about what he

should study or the type of job he should have. This was often a contentious topic in the household and his parents did not agree with his choices. Initially, his parents were not supportive of his apprenticeship as they didn't think it had anything to do with business.

“He really enjoys his apprenticeship and is very grateful for the help he receives from his support workers. He still doesn't know exactly what he wants to do, but he is exploring his options.”

After Ajay completed his BTEC course he started looking for work but didn't have a good experience of the process. His approach to job searching was very unfocussed and he was mainly applying for jobs in retail because he thought they would be easier to get. During this time he started selling drugs and this was the real reason he wasn't particularly focussed on looking for work. Selling drugs was a very convenient way to make money, but there was also a lot of peer pressure. There were a lot of people in his community involved in drug dealing, including his friends and extended family members. Although he was making some money, he was feeling a lot of anxiety and stress. The prevalence of dealing and crime made him feel anxious and there were times when he didn't

leave his house. Eventually, his family became very worried about him and contacted the Talent Match London programme and asked if they could help Ajay find employment.

Ajay feels that in places such as where he grew up, it is very easy to go down the wrong path, and if he had not got involved in Talent Match London he would be in a very different place. He really enjoys his apprenticeship and is very grateful for the help he receives from his support workers. He still doesn't know exactly what he wants to do, but he is exploring his options.

Costs and savings associated with Ajay's journey



What if Ajay had stayed hidden?

These costs would increase if Ajay had continued to be hidden. If hidden for three years, the total foregone taxes and National Insurance contributions would be at least £2,360. If Ajay went on to claim Jobseekers Allowance, a sixth month period on JSA would cost £1,510. If the young person followed the path of a typical offender, the expected annual cost to the criminal justice system would be £9,600.

²⁴ Sources: National Audit Office/ModJ, 2011. https://www.nao.org.uk/wp-content/uploads/2010/12/1011663_technical_paper.pdf and National Audit Office/Accenture, 2007. https://www.nao.org.uk/wp-content/uploads/2008/01/0708203_1.pdf

Section 5: The aggregate cost of young people being hidden

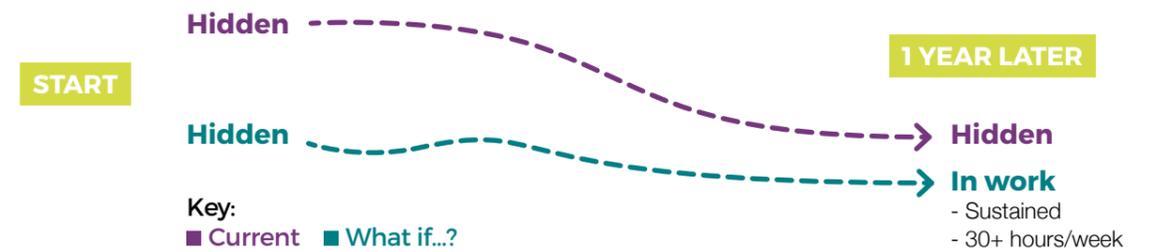
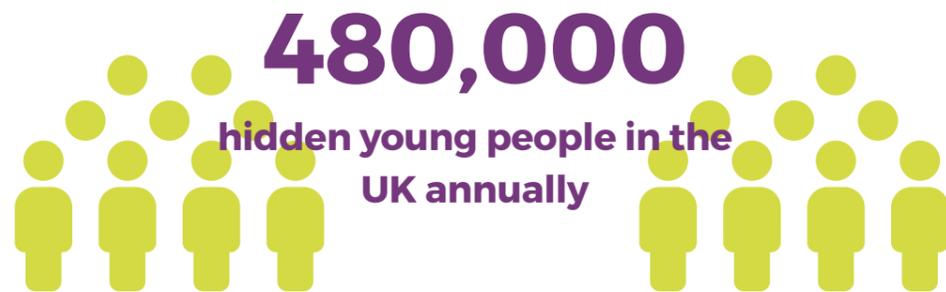
The Labour Force Survey indicates there are roughly 480,000 hidden young people in the UK annually.²⁵ Of these, one year later, 45% are in work (of which 87% are in sustained work for six months or more), 34% remain hidden, and 21% are either in education or training, unemployed and claiming benefits, or not seeking work (e.g. due to ill health) and claiming benefits.

We wanted to understand the potential fiscal benefit of supporting hidden young people into employment and in achieving better employment outcomes. To do this, we considered what would happen if hidden young people were supported to achieve different employment outcomes. We looked at this for:

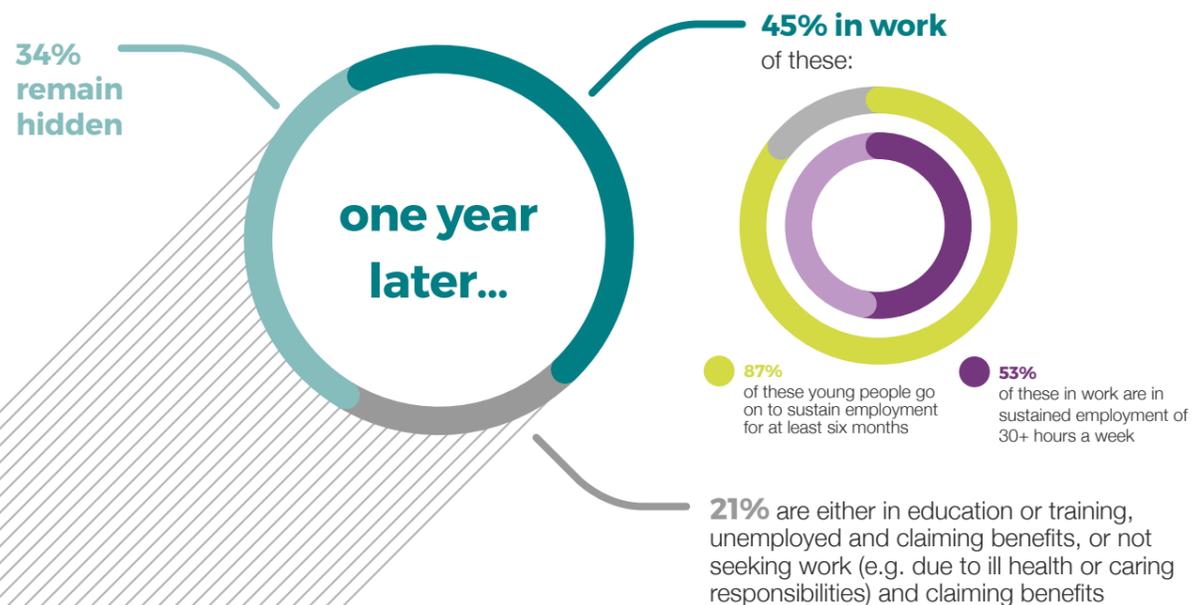
- Young people who start off hidden and continue to remain hidden;
- Young people who start off hidden and move into work, but who aren't in sustained employment and are working less than 30+ hours a week.

We focused our analysis on considering what the fiscal benefit would be if these two groups achieve an outcome of being in sustained employment and working 30+ hours a week. For full details of the fiscal analysis, please see the Appendix (P40).

What if young people who remain hidden had been supported into work?



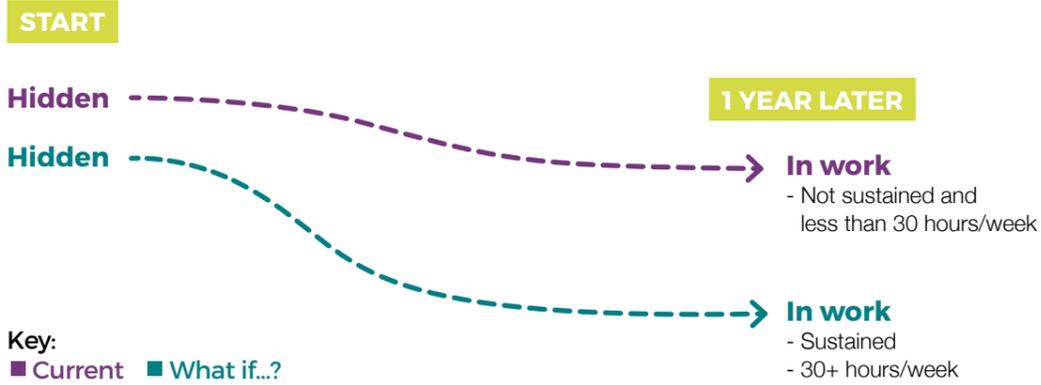
We estimate that if young people who are still hidden one year later were instead supported into sustained employment of 30 or more hours a week, this would generate additional revenue of £270 million per year through income tax and National Insurance contributions.



²⁵ In this analysis, we define 'hidden' as young people between 16 and 24, unemployed or inactive but would like work, not in education or training, and not claiming unemployment benefits. We pooled 17 waves of the Labour Force Survey, from 2012/13 to 2016/17.



What if hidden young people who move into work were supported to achieve better employment outcomes?



Whilst our analysis shows that some hidden young people are in work one year later, 13% do not sustain this work and this is not necessarily full-time. We wanted to understand the fiscal benefit from this group of hidden young people (those who are working one year later) achieving better employment outcomes – namely, in sustained employment and working 30+ hours a week. Our analysis shows that supporting this group of hidden young people to achieve better employment outcomes would raise an additional **£190 million per year** in income tax and National Insurance contributions.

Aggregate cost

Combining the additional revenue from achieving better employment outcomes for these two groups of hidden young people, we can see that there could be an additional **£460 million per year** returned to the Exchequer through income tax and National Insurance contributions if appropriate and effective interventions are put in place.

Alternative employment outcome: sustained employment, 30+ hours Additional revenue through income tax & NI	
Hidden young people who remain hidden move into work	£270,000,000
Better employment outcomes for hidden young people who already move into work	£190,000,000
TOTAL	£460,000,000

A more conservative estimate that assumes that two-thirds of the young people in the 'remain hidden group' move into sustained, full-time work²⁶, would still raise **£370 million per year** through additional income tax and national insurance contributions. This reflects that some young people may decide to return to education or may not be seeking work due to caring responsibilities or ill health.

Alternative employment outcome: sustained employment, 30+ hours Additional revenue through income tax & NI	
Two-thirds of young people who currently remain hidden move into work	£180,000,000
Better employment outcomes for hidden young people who already move into work	£190,000,000
TOTAL	£370,000,000

In summary, analysis of the costs associated with being hidden illustrated in Section 4 and the aggregate savings set out above demonstrate that there is likely to be substantial savings associated with decreased use of public services, increased indirect and direct taxes over lifetimes, and higher contributions as individuals progress through work. There are clearly large potential fiscal savings associated with young people being supported into employment. While the government saves money in the welfare budget in the short-term from young people remaining 'hidden', there are very substantial costs associated with poor outcomes that could be avoided with the correct intervention.



²⁶ This is equivalent to the proportion of those who cease to be hidden who enter employment.

Section 6: Implications

Hidden young people, like all young people, are not a single homogenous group. They share characteristics with groups of young people who are unemployed and claiming benefits, as well as those who are in employment. Yet, there are a number of reoccurring themes and experiences highlighted throughout the research.

We found that “fractured transitions” have become a common feature of life as a young Londoner and that there are significant barriers to young people engaging in and benefiting from statutory support available through Job Centre Plus. Careers advice and guidance has not kept abreast of the changing job market, or the different educational pathways that young people can take, and as a result they are not receiving adequate support to enable them to make a successful transition.



Careers advice and guidance has not kept abreast of the changing job market”

Hidden young people are not a single homogenous group

The single most important insight from this research is that hidden young people cannot be defined by a single set of characteristics. Doing so might misrepresent the problem as being primarily an individual one rather than as the outcome of complex interactions between individuals and wider structures and systems. Furthermore, it only serves to make young people feel marginalised by factors they cannot control, like their ethnicity or the neighbourhood they live in. The young people who participated in this research are very astute and aware that they were the “target” of government policy and intervention.

It is useful to see hidden young people’s circumstances as a spectrum, with some hidden young people having to overcome more significant barriers to employment than others. Some young people who had been employed at one point had become hidden at a later stage, and others moved in and out of this. The implication is that there is no “one size fits all” approach to supporting hidden young people. They may require various levels and types of support throughout this transitional period. However, within our recommendations we have tried to draw together the common strands from the research and identify ways in which we can better support young people to move into employment.

A young person’s journey after compulsory education is not a stable, linear trajectory

Transitions into work have become more individualised and complex and young people are expected to negotiate more diverse and complicated pathways in education and training and employment. Rather than being a stable and linear process, the journey is made up of twists and turns and young people have to test out and explore their options. Therefore, many young people may require some experimentation or exploration before they choose their preferred career option. This exploration can lead to dead ends and missed opportunities. However, this should not be mistaken as a lack of aspiration, but rather seen as a natural part of the process of discovery. Young people need support and need to be equipped to navigate the changing world of work and make the best choice for them.

The definitions used to identify and address the problem are outdated

The scope of funding for youth employment support relies on definitions that do not work well in practice, nor accurately reflect the impact of wider changes in society. For example, a young person who frequently moves in and out of employment or who works only a few hours a week on a zero-hours contract (or even no hours per week) could present in official employment statistics as ‘employed’, even though they would like to work more or frequently were unemployed or inactive. A young person working cash-in-hand or in drug-dealing could be misclassified in the Labour Force Survey depending on whether they answer the survey honestly, and their economic activity would not be captured by administrative datasets as the nature of this work means it is not reported in tax returns or through other means.

This makes it difficult both to measure the extent of unemployment, under-employment, and being hidden, and to identify young people who would benefit from more support. Administrative official statistics such as the Claimant Count do not enable agencies to identify hidden young people because they only collect data on those claiming benefits; they are therefore a poor indicator of who requires support when some people do not claim.

The intent of using classifications such as employed, unemployed, or NEET are to identify those furthest away from the labour market and therefore most in need, but these definitions may no longer accurately portray the problem. Young people’s employment circumstances are highly complex and there are no longer tight boundaries between employed and unemployed or even ‘hidden’ and ‘known’.

There are significant costs to the state associated with young people remaining hidden

As this research has shown, being ‘hidden’, or moving in and out of engagement with services or employment, has a large impact on young people’s lives. While this provides the strongest motivation for wanting to understand experiences of being hidden - and to find ways to help young people to re-engage - there are also associated costs for the state. Hidden young people are not claiming unemployment related benefits, as shown above, in part because they have effectively been discouraged by conditionality built into the benefits system. While this could be seen as a saving for the state, in the medium to long-term, remaining hidden is associated with other costs that are likely to outweigh the savings from not claiming unemployment related benefits. If young people were to find a path to better outcomes – including better health, financial wellbeing, and work – they may have fewer interactions with other state services, and may become net contributors through paying taxes and National Insurance contributions.

“Zero hours contracts, this really stresses me out because individuals could work full time one week and then not have any work another week. Or might have had one day in two weeks. It’s very hard to define whether they are technically unemployed or not. As an organisation, we can’t work with many of these people because of the terms of our funding.

Support Worker



Appendix

This appendix provides further detail on the fiscal analysis carried out by IPPR for this report that is summarised on page 35.

The aggregate cost of young people being hidden

There are a number of challenges in estimating the aggregate cost of young people being hidden:

1 Every young person's experience of being 'hidden' is different, and many will move in and out of being hidden, although their lived experience and material circumstances might not change that much; being in work in the modern economy does not, unfortunately, guarantee security and wellbeing.

2 Data on the extent to which re-engagement would support young people to better outcomes is scarce, and interaction with state services is not typically recorded in large-sample survey data.

Taken together this means that it is difficult to assess with a great degree of confidence the comprehensive aggregate cost to the state of young people becoming and remaining hidden.

The approach we took was to estimate the direct and short-term fiscal impact in National Insurance Contributions and income tax revenues of supporting young people into employment - one of the primary goals of re-engagement of this group. We considered this for any employment outcome, sustained employment and for sustained employment of 30 or more hours. The data we have presented in the main body of the report is based on this latter outcome. This is partly for simplicity and partly because our aim in delivering employability programmes is to support young people to achieve the best possible employment outcomes.

To carry out the analysis, we used the five quarter Labour Force Survey. This provides longitudinal

data on individual outcomes. We identified young people who were hidden in the first quarter (Q1), and analysed their outcomes a year later (Q5). As highlighted in the main body of the report, the Labour Force Survey indicates there are roughly 480,000 hidden young people in the UK annually. Of these, one year later, 45% are in work (of which 87% are in sustained work, 34% remain hidden, and 21% are either inactive and not seeking work, in education or training, or unemployed and claiming benefits).

To calculate savings to the Exchequer from supporting hidden young people into employment, we compared potential outcomes for two groups:

- Group 1: Young people who are hidden in the first quarter of the survey, and are employed one year later in the final quarter;
- Group 2: Young people who are hidden in the first quarter of the survey, and remain hidden one year later in the final quarter.

Our baseline for comparison was the annual estimated income tax and National Insurance contributions of all in group 1. We then calculated the additional income tax and National Insurance contributions the Exchequer would receive in the following counterfactual scenarios:

- All of group 2 were supported into employment one year later instead of remaining hidden;
- All of group 2 were supported into sustained employment, and any members of group 1 not in sustained employment were supported to achieve this outcome;
- All of group 2 were supported into sustained employment of 30 or more hours per week, and any of group 1 in insecure work or working less than 30 hours per week were supported to achieve this outcome.

We used the average weekly earnings of a young person who was hidden in Q1 but had achieved each employment outcome in Q5 (subsets of group 1). In each case the expected earnings and contributions differ, because at higher numbers of hours and levels of security, average earnings are higher due to both higher wages and increased hours (see Figure 1). We did not take into account the fiscal impact of increased Working Tax Credits, because we do not think it likely this group would be claiming them given their previous claim history.

Figure 1: Average weekly earnings and annual income tax and NICs contributions for hidden young people with different employment outcomes after one year

	Employment outcome one year after being identified as 'hidden' in the survey		
	In employment (any)	In sustained employment (any)	In sustained employment (30+ hours)
Average weekly earnings	£244	£252	£297
Annual income tax and National Insurance Contributions at this level of income	£790	£910	£1670

All figures are presented in 2017/18 prices. Income tax and NICs are rounded to the nearest £10. 'Hours' refers to usual working hours in a week.

The analysis found that supporting hidden young people into sustained employment of 30 or more hours per week could return to the Exchequer up to £460 million per year. This is the expected additional revenue if all of group 2 (who remain hidden in Q5) and some of group 1 (those employed in Q5 but not in sustained employment of 30+ hours) were supported into sustained work of 30 or more hours per week (see Figure 2).

If the same young people were supported into sustained employment at any number of hours, the expected additional revenue would be £170 million. If the group who remain hidden one year later were supported to achieve the same outcomes as the employed group (group 1), the additional revenue would be £130 million.

²⁸ ONS Labour Force Survey, five-quarter datasets 2012-2017

²⁹ In this analysis, we define 'hidden' as young people between 16 and 24, unemployed or inactive but would like work, not in education or training, and not claiming unemployment benefits. We pool 17 waves of the Labour Force Survey, from 2012/13 to 2016/17.

³⁰ Defined as in paid employment for two quarters.



Figure 2:
Additional Exchequer receipts as a result of different employment outcomes being achieved by groups 1 and 2 (£)

	Employment outcome		
	In employment (all)	In sustained employment (all)	In sustained employment (30+ hours)
1: Hidden in Q1, employed in Q5	N/A	30,000,000	190,000,000
2: Hidden in Q1, hidden in Q5	130,000,000	150,000,000	270,000,000
TOTAL	130,000,000	170,000,000	460,000,000

All figures are presented in 2017/18 prices and rounded to the nearest £10 million.

We also considered the likely impact of group 2 (who remain hidden after one year) no longer being hidden, e.g. entering education, employment and inactivity in the same proportions as those who are no longer hidden in Q5. This is because young people may be making a positive decision to enter education or take time out, for example to care for family.

Of those who are hidden in Q1 but no longer hidden in Q5, two thirds are in employment (the remaining are either inactive and not seeking work, in education or training, or unemployed and claiming benefits). Applying that proportion to the group who in reality remain hidden in Q5, we find that if young people who remain hidden were instead supported into employment, the Exchequer would gain £80 million. If supported into sustained employment of 30 or more hours per week, alongside better employment outcomes for those who do enter employment, the tax revenue receipts could be as high as £370 million.

Figure 3:
Additional Exchequer receipts as a result of different employment outcomes being achieved by groups 1 and 2 (£)

	Employment outcome		
	In employment	In sustained employment	In sustained employment 30+ hours
Hidden in Q1, employed in Q5	0	30,000,000	190,000,000
2/3 of those hidden in Q1 and Q5	80,000,000	100,000,000	180,000,000
TOTAL	80,000,000	130,000,000	370,000,000

All figures are presented in 2017/18 prices and rounded to the nearest £10 million.

Savings associated with decreased use of public services, as well as increased indirect and direct taxes over lifetimes, and higher contributions as individuals progress through work, imply that these figures are conservative estimates and in reality are likely to be much more substantial. There are clearly large potential fiscal savings associated with young people being supported into employment. While the government saves money in the welfare budget in the short-term from young people remaining 'hidden', there are very substantial costs associated with poor outcomes that could be avoided with the correct intervention.





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