

Tackling youth unemployment

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Young people make up just under half of the 115,000 people of working age unemployed in Wales, despite being just a sixth of the total working age population. The multiple negative effects of long-term youth unemployment make this a vital issue for the incoming Welsh Government.

Recent trends

The recession has hit young people in Wales hard. In October 2009-September 2010, there were 50,500 people aged 16-24 who were unemployed. This is 14 per cent of the whole age group and shows a 12,700 increase on two years ago. In this period, young people made up 44 per cent of the 115,000 people of working age unemployed in Wales. This is higher than the equivalent figure for the UK, which stands at 37 per cent.

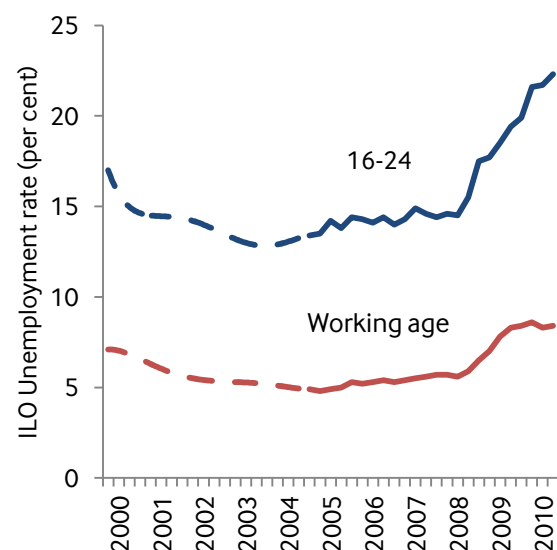
These figures are based on the International Labour Organisation (ILO) definition of unemployment, a count of jobless people who want to work, are available to work, and are actively seeking employment, rather than claimant count.

Youth unemployment numbers in Wales have risen in every quarter since July 2007-June 2008: this has not always been the case for total working age unemployment. The youth unemployment rate, that is the proportion of those economically active who are unemployed, has been consistently well over double that of the working age population over the past ten years. This gap has increased considerably over the last year or two.

Reasons for the increase

There are a number of reasons why recessions may have a deeper impact on younger people, such as:

- job vacancies are reduced, so there is less opportunity to find employment for those entering the job market;
- younger staff may be more likely to lose their jobs. Employers may retain more experienced and trained employees as they have invested more and they may be more expensive to make redundant; and
- job losses in this recession have been less than predicted by economists, suggesting that firms have attempted to retain staff capacity. Firms may therefore be slow to build up staffing during a recovery.



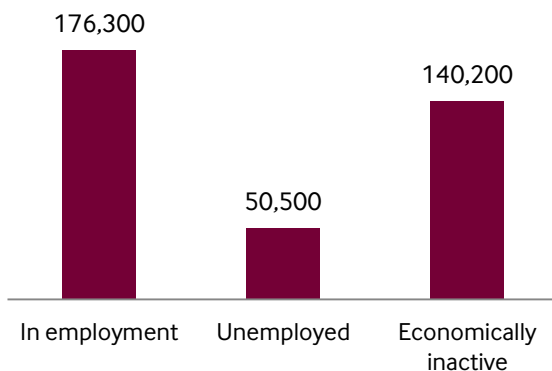
Source: ONS

Economic inactivity

Not all people of working age are seeking employment. Unemployment rates exclude those who are 'inactive' in the labour market. 37 per cent of people aged 16-24 are inactive; five years ago this figure was 31 per cent. A large

proportion of these will be in full-time education, two-thirds in the case of the UK.

16 to 24 year olds in Wales



Source: ONS

Impact of youth unemployment

Long term youth unemployment has a number of detrimental effects, for both the individual and society. In particular, youth unemployment:

- is a failure to take advantage of Wales' productive potential;
- reinforces intergenerational transmission of poverty;
- may encourage illegal alternatives to raising income and other disruptive behaviours;
- could lead to disenchantment of young people who do not feel they have the same opportunities as other adults;
- sustained youth unemployment can lead to lower future earnings.

Addressing youth unemployment

Promoting youth employment and employability requires an integrated effort that includes action in the areas of education, skills development, the job supply and support for young, low-income entrepreneurs. These initiatives require participation from central and local government, business, the third sector and other non-governmental organisations.

Welsh Government policies

The last Welsh Government implemented a package of measures to address rising youth unemployment. These measures were aimed at improving opportunities and breaking the negative unemployment cycles for the most disadvantaged young. Some examples are:

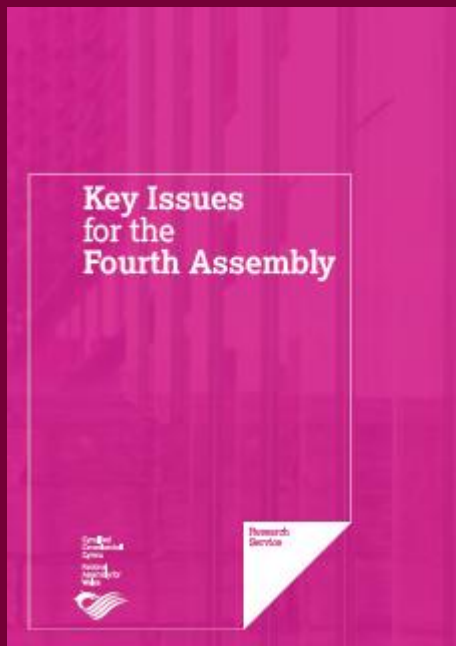
- the 14-19 Learning Pathways 2002 policy aimed to increase the number of learners who are fully engaged in learning and also progress to post-16 learning;
- the 2009-10 Young Recruits programme which was set up to create additional opportunities for young people to access quality apprenticeship places. The Pathways to Apprenticeship Programme in Wales was set up to ensure that young people are able to access high quality skills training in the absence of apprenticeship opportunities being offered through employment; and
- the 2011 Traineeship Programme for those aged 16-18 and Steps to Employment for those aged 18-plus who are not in employment, education or training.

Many of these policies are too recent for their success to be accurately measured yet. Assessing their impact on youth unemployment will be an important issue in the Fourth Assembly.

Future outlook

With the full impact of the cuts in the public sector yet to impact on Wales, and the risk of a slow recovery or further recession, it will be vital for the new Welsh Government to ensure that an integrated set of policies are in place to halt the increase and bring down the numbers of youth unemployment.

Article taken from Research Service publication



Key Issues for the Fourth Assembly

This document has been specially prepared for Assembly Members by the Research Service. It sets out some of the key issues likely to matter to Members during the Fourth Assembly.

[Key Issues for the Fourth Assembly](#)

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