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PLAN **B** FOR YOUTH

Edited by Lisa Nandy MP

With contributions from:

Jamie Audsley
Tasmia Akkas
Rosie Ferguson
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Guy Shrubsole
Joe Cox

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About Plan B

In October 2011 Compass published *Plan B: a good economy for a good society*. You can download a copy at <http://www.compassonline.org.uk/publications/> and a one page summary is available on page 22. The report was based on the work of 20 leading economists and on its launch was backed by over 100 economists. It stands as the most detailed alternative economic strategy to the Government's 'Plan A' austerity model and all of the predications it made about the dire economic and social effects of austerity are being proved right. Compass is now developing more detailed ideas and policy on how Plan B can be feasibly implemented in Britain today.

About the Editor

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Executive summary

- We believe that acting now to create an economy and society in which young people have educational and work opportunities, home and job security and a genuine share in political power is both imperative and possible; the alternative is unthinkable.
- Young people are vital if we are to secure a more ethical politics and society.

The Context:

- The 16-24 age group of young people have a great deal in common including a difficult labour market, increased barriers to educational opportunities and, as a smaller cohort, the problem of fighting for their fair share in a recession as against the weighting of public spending towards the elderly.
- This generation lives in a world of information overflow. Endless consumer delights packaged up as routes to self-realisation are constantly dangled in front of them. This combined with the reality of less stability, widening inequalities and little political power is a potentially explosive mix.
- Young people are angry but also optimistic, ambitious for their own futures and increasingly voicing their frustration through non-institutionalised forms of participation in politics. Yet these movements are not a substitute for power. In the meantime young people lack political power.
- Climate change will afflict generations to come – perhaps irrevocably – whilst the damage being inflicted on the biosphere is bequeathing today's young a desiccated, despoiled, and impoverished planet

The Challenges:

- Growing inequality and cuts to social security is leading to reduced social mobility and the risk is that we are condemning almost all but the extraordinarily gifted and lucky.
- As politicians struggle to construct a new economy young people continue to lose

out. With youth unemployment now over 1 million the future implications are severe.

- Vocational training does not have equal status with academic education and too many young people are now leaving education without work experience.
- The situation for young women is particularly pressing as women are bearing the brunt of joblessness and the cost of childcare is rising.
- Finding a secure and affordable home is increasingly difficult for young people.

The Solutions:

- Young people should be empowered at a local level to co-design and co-commission youth services.
- A year of 'modern national service' should be made available to anyone up to the age of 24. This would be a paid and structured set of placements to aid young people's political, social and personal development.
- A reprioritisation of Citizenship as a subject in schools with total focus on the active citizenship elements that sees students and schools become far more serious contributors and participants in local politics and the local community. This would be supported by the funding of a paid community organiser for each secondary school and primary cluster.
- The voting age should be lowered to 16 to allow young people to better engage in society and influence decisions that will define their future.
- To legislate for a Parliamentary Commissioner or Ombudsperson for Future Generations, who could represent the interests of generations to come in present-day political decision-making.
- Government should recognise education as public good and explore alternatives to tuition fees.
- The Education Maintenance Allowance should be fully reinstated.
- Employer National Insurance contributions for those aged below 25 should be temporarily removed to incentivise job creation.
- An increase in the programme of Wage Subsidies, partly funded through a windfall

tax on bankers' bonuses to create 600,000 youth jobs.

- A “youth guarantee” that every young person is offered a job, further education or work-focused training within four months of leaving education or becoming unemployed.
- A Green New Deal is necessary to train a vast carbon army to crawl over all the buildings in the UK making them energy efficient and fitting renewables such as solar photovoltaics.
- The creation of a well funded National Careers Advice service that works closely with employers and young people made available to all those from the age of 14.
- A new investigation into how to ensure young people are equipped with the skills and knowledge they need to succeed and progress in education, employment and adult life is required.
- A comprehensive system of good quality, affordable childcare should be a priority for action.
- Fairer division of caring responsibilities in a child's early years and on into their teenage years should see women better able to combine having children with paid work.
- It will be impossible to restore owner occupation amongst the young because of increase relative boom in house prices compared to wages, high levels of debt and employment uncertainty. We need a positive renting strategy for both vulnerable and transitional groups and for low/middle earners of ages 21-35.
- Government should also develop new schemes to enable young people to build up equity. This could include rent to save incentives and shared owner occupier schemes.

Introduction

This report starts from the belief that an economic and political vision for young people and their present and future opportunities can, and should, be a national priority.

Almost every day headlines decry the levels of youth unemployment both here and across the continent but too little attention has been given to the situation facing young people as a whole. What happens during youth continues to be significant for decades afterwards. Evidence suggests it can profoundly affect character, confidence, health and future economic and life chances.

The Government's plan *Positive for Youth*¹ brings together the key policies that directly affect young people now. However it neglects to consider the impact that action, or inaction in specific youth policy and across other areas of Government will have on the current generation of young people well into their adult lives.

There is little doubt that this generation face severe challenges. Youth unemployment has become the single most urgent problem facing the UK. Young people who spend prolonged spells out of the labour market suffer lost confidence, a wage scarring effect well into middle age and recurrent bouts of unemployment during their careers. This month, the youth unemployment rate across the Eurozone hit 22.6%.² These record levels will affect this generation for decades to come. The labour market poses severe challenges for young people beyond the current crisis. In difficult economic circumstances young people generally suffer disproportionately and a lack of protection in the labour market for all workers particularly impacts on the younger generation.

At the same time, policy choices in other areas will have a profound impact on the adult lives of young people growing up today. For example:

- Inequalities in the housing market currently put home ownership beyond reach for most until their early 30's, or even later without help from relatives.
- The failure to find a cross-party solution to social care means the young are increasingly under pressure to care for elderly relatives.

- The pension crisis has left the current generation trying to plug the gap for former generations whilst funding their futures.
- The costs of childcare continue to outstrip wages, putting women at a significant disadvantage in the current and future workforce
- The costs of tackling, and adapting to severe climate change will fall disproportionately on the next generation. It is the young who will have to pick up the bill for twenty wasted years.

This generation of young people and those born after them will have to contend with the economic and social cost of the policy choices politicians make today. Without fundamental change, the likely result will be long working hours for those in a position to find work, greater demands from parents and children, lower disposable income, job insecurity, anxiety about retirement and an impoverished planet.

For many young people the situation is bleak but there is reason to believe that for some it is more serious. The cuts to public services have fallen disproportionately on the young. The abolition of the Education Maintenance Allowance, Aim Higher Programme and the introduction of, and increase in tuition fees has made university a distant prospect for some. At the same time the failure to respond to the need for robust, well understood, highly valued vocational qualifications and apprenticeship opportunities has closed off alternative routes to skills and employment.

Young people are also less likely to vote; unable to do so before 18 and unlikely to do so afterwards. They are also underrepresented in formal politics. Some have suggested that the current political set-up is skewed in favour of the 'baby boomer' generation, with subsequent smaller cohorts struggling to get a place at the table. There is plenty of evidence to show that young people are interested in and active in politics, but are increasingly finding alternative ways to express their views: UK Uncut and Occupy are two prominent examples.

Recent events in the Middle East and North Africa emphasise the unsustainable nature of a situation where vast numbers of educated and unemployed young people feel that the political system is ineffective and impenetrable. The auto-

cratic regimes of North Africa may be wildly different from Westminster but the truth remains that when formal politics fails a generation, anger boils over into revolt.

On the one hand there are a plethora of reports suggesting the young in the UK are unhappier now than ever before, and widespread media negativity about young people is the norm. On the other hand young people themselves are energetic, optimistic and ambitious for themselves and others.³ Just look at the creativity in the activist community alone; the movement became a way for unemployed, politically active and innovative young people to literally 'occupy themselves'.

It is the premise of this report that there is an urgent need for a plan developed with and for young people that matches the energy, optimism and ambition that they possess. We will argue a vision for young people is a necessary precondition of a good society and a more equal, sustainable economy.

We begin by contextualising the political and environmental crises facing youth today, a situation we argue is damaging both for young people and wider society.

We then move on to identify specific issues and policy recommendations in areas including employment, skills and education, women and housing. When reading these sections it should be kept in mind that it is our contention that the economic, political and environmental crises are interlinked. Finally, we look at examples of best practice from abroad.

We believe that acting now to create an economy and society in which young people have educational and work opportunities, home and job security and a genuine share in political power is both imperative and possible; the alternative is unthinkable.

A political crisis

“A politician thinks of the next election. A statesman thinks of the next generation.”

BENJAMIN DISRAELI

There is much discussion of the crisis facing the current generation of young people. This report focuses largely on the group of young people – 16-24 – who are experiencing real problems now, and a series of shared concerns for the future.

As Laurie Penny writes, “it’s important, when speaking about generational politics, to be clear what we mean by a “generation”. Politically we’re talking about a specific set of political circumstances determining the psychic tempo of a demographic linked roughly by age. The generation of Europeans share more than digital fluency and knowledge of Rihanna.”⁴

The 16-24 age group of young people have a great deal in common including navigating a difficult labour market, facing increased barriers to educational opportunities and, as a smaller cohort, the problem of fighting for their fair share in a recession as against the weighting of public spending towards the elderly. This is all in the context of a planet whose natural resources are being rapidly depleted, something we’ll touch on more in the next section.

This generation lives in a world of information overflow. Endless consumer delights packaged up as routes to self-realisation are constantly dangled in front of them. This combined with the reality of less stability, widening inequalities and little political power is a potentially explosive mix.

Young people are vital to the future of a more ethical politics and society.

Firstly, young people often have a genuine space to think and deliberate by virtue of being in full time education. They are also less likely to come into politics with pre-conceived notions of what is feasible and desirable.

Secondly, it is harder to take something from somebody than never give it to them in the first place. That is why young people are strategically important in certain totemic battles like social security and the future of the welfare state.

Thirdly, the neoliberal promise, that each generation can earn more, buy more and live more uninhibited lives, has been shattered. In such austere times how young people respond will be significant.

“Tomorrow’s world will not necessarily amplify what is happening now. To combat historical determinism, thought and imagination are vital today.”

LIBERATION, FRANCE.

“There is nothing as dangerous as a young generation without hope”

ASA WESTLUND, SWEDISH MEP

There is no question that across Europe there is a great deal of anger and frustration that young people are giving voice to, but frustratingly it has not yet translated into political power. In Greece for example, the crisis in the Eurozone and impact on Greece’s young people has bred an anti-European sentiment. Young people have more limited political, social, cultural and economic rights than many of those around them and yet they are the most educated generation ever, breeding intense frustration.

Other European countries show a tilt towards support for extremist parties amongst the young. For example in Hungary where the far right Jobbik party has taken hold amongst uneducated and disillusioned young people.⁵

The Left must take some of the blame for this. This generation of young people have grown up witnessing social democratic parties subscribe to flexible labour markets, financialisation and austerity. All of which has led to greater inequality of wealth. Politicians have also become increasingly managerial, cautious and media savvy. They have become less and less likely to speak in emotional and ambitious terms, choosing instead to speak in technocratic and utilitarian language. It is easy to see why disillusionment is rife.

Yet there is reason to believe that in Britain the picture is mixed. Young people are angry but also optimistic, ambitious for their own futures and increasingly voicing their frustration through protest movements like the revival of grassroots feminism, groups like UK Uncut and the Occupy Movement. In one sense what is remarkable about these movements is how reasonable and

restrained their demands are; gender equality, an adequate level of social security and a more equal and democratic world are the central aims of the aforementioned groups.

Across the world a diverse range of protest movements have also emerged including Spain's "indignados", Greece's Syntagma square occupation and Israeli protests against spiralling living costs and the economic failings of the Netanyahu government. They provide young people with a platform and a voice, yet they lack a common thread, and there often remains a significant gap between these movements and formal political power. Across the EU it seems there is a shift towards non-institutionalised forms of participation in politics.⁶ Yet these movements are not a substitute for state power. Protest movements have limits. In the meantime young people lack institutionalised political power.

Disillusioned with the choices offered by mainstream political parties and unwilling to compromise in support of the choices that are on offer, many do not vote. Turnout has been consistently lower among 18-24 year olds than other age groups. Just 44% of 18-24 year olds vote in Britain compared to 76% of over 65's and until 2010 they were the only group where turnout was falling.⁷ The gap between the turnout of under 30s and over 30s is also higher in the UK than in most EU countries. As David Willets writes, older generations tend to wield greater political power. He cites research which showed that, for every extra year of the median voter, spending on pensions rose by 0.5%.⁸ As the average age is rising, this effect is likely to continue.

Meanwhile studies find a strong correlation between not understanding politics and not being interested in it.⁹ Young people are also underrepresented in politics.

There is a higher level of risk placed on those who are more disadvantaged which makes it harder for them to get into public life.¹⁰ Although the 2010 election brought more young people into national politics, only 2.3% of MPs (15) were under the age of 30 – compared to 37.5% of the population – and it remains to be seen what impact younger MPs will have for young people.

It is not simply a question of more young people in politics, but young people who speak for a generation. The German experience is illustrative, as the journalist Julia Friedrichs argues: "at

the moment the German government has many young politicians. They could be role models but I don't know what they stand for. I don't get the feeling that they are fighting for the big ideas."¹¹ Yet younger people are active and involved – they are the most likely age group to volunteer – 30% of under 25's do but only 1% would go to a 'political meeting'. Young people are not disillusioned with politics; they are just as likely to feel they can bring about change through their involvement.¹² But they are clearly switching off party politics.

Political parties across Europe tend to have much stronger youth wings than the UK equivalents. In its recent 'Refounding Labour' review the Labour Party recognised this lack of representation was a problem for political parties, not just young people themselves.

Much has been written about wanting to change the current culture and structures of our political system. Actual change though has proven harder, with well over half of us believing we have no way of influencing anything in our local areas, let alone beyond.¹³ We place our hope and our effort on rebuilding a thriving democracy beyond Westminster that is participative, inclusive and values young people at its core, not as a tack on, or an afterthought. This will need to see young people given far more say over the decisions that shape their lives and enable them to more easily access and develop democratic institutions they will one day run.

For the good of politics and for the 16-24 generation there is a pressing need for young people to take power back rather than turn to anger, alienation or frustration. It starts with the recognition that "how we have got here is a question of political choices" and requires older generations to share power with their younger counterparts.¹⁴ The people who created the problem will not solve it alone, but must work in partnership with the generation who come after them, whose experiences and perspective are necessarily different and from whom fundamental change will come.

"The state is...a partnership between those who are living, those who are dead, and those who are to be born." EDMUND BURKE.

Recommendations:

- Power at a local level to co-design and co-commission youth services.
- The legal right for young people who have organised petitions of over 100 young people to hold a debate in the local authority chamber.
- State funding for local political parties to ensure that there is a local route into politics for all young people. Allowances should be made for young people standing for local office to acknowledge the fact that they are more likely to be of working age and may be forgoing paid work.
- A year of ‘modern national service’ available to anyone up to the age of 24. This would be a paid and structured set of placements to aid young people’s political, social and personal development.
- The schools system must be reformed to more broadly recognise the development of the “whole child”.
- Schools must be developed as centres of political and social mobility through policies that ensure mixed school intakes, a wide range of mixed ability teaching and activities where students from all backgrounds learn and develop together. Every school should ensure it reaches the standards of a Unicef Rights Respecting School.
- A reprioritisation of Citizenship as a subject in schools with total focus on the active citizenship elements that sees students and schools become far more serious contributors and participants in local politics and the local community. This would be supported by the funding of a paid community organiser for each secondary school and primary cluster.
- The voting age should be lowered to 16 to allow young people to better engage in society and influence decisions that will define their future.
- Paid apprenticeships within political parties would open the world of politics to young people that do not currently have the financial means or family connections.

An environmental crisis

This political and economic crisis occurs in a challenging context. Climate change will afflict generations to come – perhaps irrevocably – whilst the damage being inflicted on the biosphere is bequeathing today's young a desiccated, despoiled, and impoverished planet. Part of the blame for this catastrophe must lie with the politicians who have presided over endless international environmental negotiations: negotiations that have now dragged on with no signs of urgency for two decades. A child born in 1992 – the year of the famous Rio Earth Summit – today inherits a world in which greenhouse gas emissions continue to accelerate and resources are consumed ever-faster. The diplomats at the table will be long-dead by the time their failures become blindingly apparent, but generations now young will surely remember them with bitterness.

The UK's catalogue of good achievements on environmental policy cannot hide the fact that in terms of actual delivery, we are still failing our children and grandchildren. The Coalition is proposing an Energy Bill that, if passed in its current state, could lead to a second dash for gas, making a mockery of our climate targets and leaving us dangerously dependent on imported fossil fuels. But what Osborne's Treasury sees as short-term economising would in fact merely shift the inevitable cost of decarbonisation onto the next generation – whilst squandering the chance to grow green jobs and build a world-beating renewables industry on Britain's shores.

- To guard against the kind of short-termism that discounts today's young people from economic calculations, the UK needs:
- To pass an Energy Bill that will start decarbonising our electricity system now, not later, and commit the UK full-throttle to developing renewables and green jobs;
- To legislate for a Parliamentary Commissioner or Ombudsperson for Future Generations, who could represent the interests of generations to come in present-day political decision-making;
- To develop a concept of environmental citizenship – so that people born into Britain

today are endowed with a clear right to a clean and healthy environment, access to the UK's beautiful countryside, and a fair share of its natural resources.

Towards a more equal society

People of all ages face a shared challenge, to ensure that certain groups of young people do not fall further and further behind. We know that a more equal society benefits everyone and helps us to address major social problems.¹⁵

Research by Danny Dorling of Sheffield University shows that voter segregation is at its highest level since 1918: not for nearly 100 years has it been less likely that a person will meet someone who thinks differently from them.¹⁶ Meanwhile from the cutting of Sure Start centres to today's educational reforms, there is a serious risk of social stratification; the first round of free schools appears to show that the UK is repeating the segregation Sweden experiences when it pioneered the approach.¹⁷

The underlying principle of competition, rather than collaboration, underpinning the reforms to the school system – coupled with the withdrawal of a great deal of out of school support – creates a real risk that the generation reaching adulthood today will be dealing with greater social polarisation.

This is a real challenge. The life chances of some young people are already extraordinarily limited. Current cuts and policy choices are entrenching disadvantage – widening the gap between rich and poor. Young people have been one group hit hard by cuts such as the Education Maintenance Allowance which helped less affluent young people stay on at college without hardship. Youth services are being closed down across the country as cuts to local authority budgets begin to bite and the single room rate which restricts housing benefit to the rate of a room in a shared house, now applies until 35. This condemns some of the least well off young people to poor quality housing until well into adulthood.¹⁸ In addition the minimum youth wage is increasingly lagging behind adult rates.

These cuts particularly restrict the chances of the most disadvantaged who lack other sources of help from friends and family. There is increasing recognition across the political spectrum that early intervention is more effective and less costly, yet

the cuts to services for children and young people makes early intervention less, not more, likely.

Growing inequality also leads to reduced social mobility and the risk is that we are condemning almost all but the extraordinarily gifted and lucky. Social mobility for the current generation of young people will be difficult to measure until well into the future, but the influence of a parent's income on the income of children in the UK is currently amongst the highest in the OECD and in educational outcomes, class still matters more than ability.¹⁹ Too little has been done about this for too long. Recent analysis suggests that under policies pursued by New Labour the UK would be as unequal as the USA in 39 years; we could be there in just 5 years under the policies currently being pursued by the Coalition.²⁰

There is also a further profound shift which is affecting young people disproportionately; this is the rise of indebtedness. It is partly a result of the marketisation of social goods like further education but it is also an economic trend of the past 30 years.²¹

High debt repayments affect the quality of life for individuals and households. The results are poorer diets, colder homes, rent, council tax and utility arrears, constraints on job seeking behaviour, and poor health, including mental health, all of which present wider economic costs that have to be met by national and local government and create pressure on public services.²²

Debt also makes society wide problems (low wages, insecure jobs, education bills, expensive housing, lack of adequate social security) seem like individual failures. Large debt often becomes a millstone around the neck, reducing the ability for young people to have genuine control over the direction of their lives and careers.

As a society we face a dual challenge – to ensure that some young people do not fall further and further behind, whilst repairing a societal fabric that is stretched, if not torn in places. Without action, the society young people inherit will be one that is bitter and fragmented, causing social problems that will last for generations.

Recommendations:

- The Education Maintenance Allowance was a relatively small investment that had

a big return for some young people. It was an effective policy intervention based on a contract model that rewarded hard work and effort. Its innate sense of fairness appealed to young people. Reinstating it would have a dramatic impact for the least well off.

- Government should recognise education as public good and explore alternatives to tuition fees. Public funding from the general taxation system, a combined system of business contribution and general taxation and a genuine graduate tax should all be explored.
- In the meantime it should urgently reinstate the Aim Higher Programme which significantly raised the number of young people in deprived areas going on to university.
- There should be a national compact between central and local Government to protect youth services, libraries and other community services that disadvantaged young people most rely on.
- To address the growing problem of indebtedness due to a lack of affordable credit the Government should look to pass similar legislation to the U.S Community Reinvestment Act. A Community Reinvestment Act would encourage commercial banks and savings organisations to meet the needs of borrowers in all segments of their communities, including those young people who earn low- and moderate-incomes. Furthermore, keeping RBS in public ownership rather than selling it to the highest bidder and devolving it into a system of locally governed banks would help plug this credit gap.

Jobs for young people

As Plan B; a good economy for a good society argued, that change must start with an alternative economic vision that can be the building block of a fairer, more equal society.²³ We believe politicians need to look beyond the work ethic to consider the ethics of work. 16-24 year olds are already paying a heavy price for a failed economic model. Without their input it is unlikely this will change.

There are profound shifts in working patterns that young people are at the sharp end of. It is not uncommon for those who work in the desirable and competitive professions like law, business, banking, politics to complain of never having enough time. The recession has meant that many people are working harder, those that reach burn out are susceptible to becoming 'anxious, aggressive and withdrawn'.²⁴

This partly reflects a change in work patterns which Hardt and Negri sum up by saying 'Life itself has been put to work'. Nowadays many workers, especially the desirable professions feel that they use their entire range of productive capacities; communication, intelligence, creativity and affective relations in their work.²⁵ This partly explains the rise of the internship as a prerequisite for these jobs.

At the other end of the labour market there are those that feel the compulsion to work long hours for a different reason, they are not paid a 'living wage' for their labour. Broadly speaking too these jobs are increasingly de-skilled.²⁶ The other extreme are those who can find no work.

As politicians struggle to construct a new economy young people continue to lose out. The implications are immediate: with youth unemployment now over 1 million the future implications are severe. Those 1 in 5 young people who cannot find work are more likely to have an interrupted work history, depressed wages and suffer the effects of low paid jobs without security or career progression.²⁷ A recent report calculated that the net present value of the cost to the Treasury, even looking only a decade ahead, is approximately £28 billion.²⁸

UK youth unemployment is currently around the EU average but is higher than in the USA.

Some attempt has been made to boost youth jobs and apprenticeships on offer with the Youth Contract. Yet in the face of 1.5 million young people out of work, education or training the number of wage incentives is woefully low and progress has been slow.

There is a real risk that the new schemes are not reaching the young people who most need them. The National Apprenticeship Service Survey in 2011 found that 70% of new apprentices were already employed (by the same employer) at the time they became apprentices.²⁹

Jonathan Portes, of the National Institute of Economic and Social Research argues that levels of youth unemployment in UK cannot be explained by the weakness of the recovery alone; it coincides with the deliberate winding down of the previous Government's Future Jobs Fund, which provided subsidised work for more than 41,000 young people in July 2010 and just 900 by late last year.

At the same time, the number of young people who receive a government training allowance has fallen from almost 25,000 to 4,200 in just over one year. The work programme, which contracts out the task of getting the long-term unemployed back into work, is so far untested as the DWP has not released data on how the work programme is performing. Payment is based on results, which makes it hard to assess its impact.³⁰

To set this within context, Britain currently spends less than the OECD average on getting people into work, and has worse than average youth unemployment rates –which ultimately costs more.

Intervention is also late. The Work Programme intervenes at nine months, whereas most other OECD countries intervene earlier. The Party of European Socialists is calling for intervention after four months.

French President Francois Hollande pledged to introduce a "generation contract", encouraging companies to employ young people by exempting them from employers social security contributions for two jobs when they hire a person under 25 and keep an older employee on the job until retirement age.

Yet in the UK the goal of secure employment and decent wages seems no nearer. Young people are more than twice as likely to be in temporary work.³¹ 40% of young people who work have

only part-time jobs, significantly more than the 27% of working adults who work part-time. It is no surprise that young people tend to be last in and first out of employment during a recession. Without stronger protections in the labour market, this cycle will repeat itself.

Furthermore, young workers must be confident that their entitlements in law will be properly enforced. Violations of Minimum Wage legislation are common, from unpaid internships to bogus self employment to corrupt employment agency practices.³² This only adds to the level of insecurity.

Recommendations

- Employer National Insurance contributions for those aged below 25 should be temporarily removed to incentivise job creation.
 - An increase in the programme of Wage Subsidies, partly funded through a windfall tax on bankers' bonuses to create 600,000 youth jobs.
 - A "youth guarantee" that every young person is offered a job, further education or work-focused training within four months of leaving education or becoming unemployed.
 - A Green New Deal is necessary to train a vast carbon army to crawl over all the buildings in the UK making them energy efficient and fitting renewables such as solar photovoltaics. This will generate a huge range of jobs from engineers, energy accountants through to solar roof fitters, loft insulators and draught strippers. This investment should guarantee career opportunities for the young and should be combined with a practical apprenticeship scheme.
 - Implementation of a requirement that firms offer apprenticeships as a condition of being awarded procurement contracts.
 - The Gangmasters Licensing Authority should be expanded to cover more sectors, including hospitality and services, and HMRC should be better resourced to investigate complaints and take action against rogue employers. Further steps should also be taken to ensure the Minimum Wage is enforced throughout the economy.
- The Youth Contract overlaps with 33 other funding streams. There should be action to simplify funding streams and services to help young people into work.³³
- Apprentice wage rates and youth wage rates should keep pace with inflation.
 - Government should remove loopholes from minimum wage legislation which allows employers to ask interns to work for free. Businesses should also be encouraged to make internships transparent ensuring those without personal connections can gain access.
 - Extra assistance needs to be available to certain groups of young people who face greater barriers to work, including disabled young people, and young carers. This includes extra help seeking work, allowing greater flexibility in work and financial assistance in line with extra costs associated with their situation.
 - As the apprentice minimum wage is low provision should be made to help with covering transport costs.
 - Providing workers in the UK with working time accounts would ensure that greater attention was paid to the huge scandal of unpaid overtime in the UK. Last year nearly 2 billion hours of unpaid overtime were worked, this is the equivalent of a million extra jobs.

Work related education and skills

- ‘Intervention’ beyond early years is required to acknowledge the difficulty of transitioning from teenage years to adulthood.

“If the route to university is a well signposted motorway, the route into work for these 16-to-18-year-olds is more like an unmarked field of landmines.”

ACEVO

Action is urgently needed to reform vocational training, to give it equal status with academic education.

Another reason young people lose out in the labour market is the perennial problem of lack of experience. The share of full-time learners at 16-17 who combine work with their learning has fallen by 50% since the late 1990s which means that young people leaving education are increasingly less experienced. Yet employers place emphasis on experience when they are recruiting, particularly smaller employers. This is one reason why younger people tend to lose out to older people in the labour market.

Evidence suggests that employers that recruit young people find them to be well prepared for work. Where employers do not recruit young people this is because of lack of experience as opposed to issues with education or literacy/numeracy.³⁴ Despite this the Government is currently removing the requirement for young people to do work experience between ages 14 and 16.

Recommendations:

- The creation of a well funded National Careers Advice service that works closely with employers and young people made available to all those from the age of 14.
- A new investigation into how to ensure young people are equipped with the skills and knowledge they need to succeed and progress in education, employment and adult life. This should go hand in hand with a new 14-19 curriculum that ends the academic/ vocational divide.

Young women

The situation for young women is particularly pressing and women are bearing the brunt of joblessness.³⁵ The cost of childcare is rising faster than household incomes and now accounts for more than 25% of the average family's net income.³⁶ As the pension age is raised, grandparents who used to provide childcare for free will be less able to do so. A recent survey found that grandparents provided 25% of childcare, as opposed to friends or childminders. The implications of this for young women entering the labour market today are severe.³⁷

Initially unemployment had a bigger impact on men because the construction, financial services and automotive sectors, all of which traditionally employ more men, have been hit especially hard.³⁸ But the view through a long-term lens is very different. Public sector cuts mean that women are now more heavily affected.

The Fawcett Society have identified that women face a “triple jeopardy” of wage freezes, public sector job cuts and gaps in care services.³⁹ Women also rely disproportionately on public services – care, health, and family support services and because of the traditional roles in family, they often have to leave their jobs to take care of relatives when support is withdrawn.

enables flexibility but does not reduce the amount of paid leave guaranteed to mothers, is important. Pay will remain an important factor in determining who takes parental leave so steps must be taken to equalise this distortion.⁴⁰

Recommendations:

- In Plan B we argued that cuts to the public sector during a time of recession are economically counter-productive, this was borne out by the fact that the UK is now mired in a double dip recession. Public sector cuts also effect women disproportionately, therefore they should be reversed, at least until the economy is growing strongly.
- A comprehensive system of good quality, affordable childcare should be a priority for action.
- In the longer term a fairer division of caring responsibilities in a child's early years and on into their teenage years should see women better able to combine having children with paid work. A system of shared leave, which

Homes for young people

housing ownership amongst older people. The culture of treating housing as a personal asset (in contrast to much of Europe) should also be addressed.

Finding a secure and affordable home is increasingly difficult for young people. Young people, saddled with more debt than any generation before them, are finding it increasingly difficult to buy their own home. Between 1985 and 2005 the proportion of under-25s who owned their own home fell from 34% to 19% and the median age for buying a house is now 30.^{41 42}

As a result there are now record numbers of young people in the private rented sector leaving them exposed to expensive rents and poor living conditions.⁴³

For many the situation is worse. Youth homeless charity Centrepoin recently revealed that young people living on £50 a week are now spending over a quarter of their income topping up their rent because of housing benefit shortfalls.⁴⁴

Recommendations:

- In light of the urgency of this crisis the Single Room Rent restriction should be removed
- It will be impossible to restore owner occupation amongst the young because of increase relative boom in house prices compared to wages, high levels of debt and employment uncertainty. We need a positive renting strategy for both vulnerable and transitional groups and for low/middle earners of ages 21-35.
- We must also develop a range of new build options and longer term tenancy options
- Local authorities need to give rent guarantees to developers to secure youth orientated developments
- Government should also develop new schemes to enable young people to build up equity. This could include rent to save incentives and shared owner occupier schemes.
- There is also a desperate need to instigate a national debate on the nature, quality and provision of housing in the UK. This must also cover debate around the generational inequality caused by the concentration of

Lessons from elsewhere

Governments across the world are finding different ways to respond to the crisis facing the younger generation. Inevitably the contexts differ from that of the UK but a cursory read through of some of the innovative ideas from abroad provides ideas and inspiration for the UK.

Germany

In Germany, more than half of young people combine academic learning with work experience, rather than attending classes alone. It offers a long period in which employers can get to know young employees.

Employers see the apprentice system as a vital investment in the German economy. Around 90 percent of apprentices successfully complete their training. The apprenticeships vary in length, between two and three-and-a-half years. Young people are paid an average training “allowance” of 680 Euros a month and about half of the apprentices stay employed at the company that trained them.

According to Rolf von Luede of the University of Hamburg “one of the crucial aspects of the German dual system is that it is created by a cooperation of the employers and the trade unions.” He argues it is “really a model that ensures that the qualifications that are needed within the industry are supported by this apprenticeship.”⁴⁵

The Netherlands

In the Netherlands, young unemployed people are expected to sit down with a careers’ adviser and made an offer based on their skills; a job, training or a combination of both. The offer exists until 27 but is limited to three offers before benefits are cut.

They also have a vocationally based apprenticeship system, where colleges are typically funded by both local construction companies and a grant from the city council. Students are employed by the college itself which sets its own pay rates depending on the state of the economy. Apprentices study a couple of days a week and

spend the rest of the time in work experience placements with local firms.

The downturn in the housing market has hit the Netherlands hard and placements are now more difficult to find. In response the Government has set up an emergency fund, the Youth Unemployment Action Plan, to help pay for more training places.

Austria

A recent Daily Telegraph article argued that the main difference between the UK system and those successful schemes abroad appears to be “mindset” among employers. According to Thomas Mayr, director at the Austrian Institute for Research on Qualifications and Training, bar a few “modest” Government subsidies worth a fraction of the overall cost, Mayr says employers expect to pay for the apprentices’ training and wages.⁴⁶

By contrast in the UK, apprenticeships for 16 to 18 year-olds are funded by the state. Despite this, a recent British Chambers of Commerce survey showed most employers don’t think the scheme is relevant to their sector. Although firms complain that students lack the right workplace skills, they do not see apprenticeships as the answer.

In Austria, there are more than 250 apprenticeship trades, ranging from car mechanics and hairdressers to clerks and retail sales advisers. Austrian employers have significant input into course design and content.

Careers advisers discuss a range of alternatives to academia with pupils from an early age – with young people viewing apprenticeships as equal to degrees. Mayr says teenagers can go on to study a degree after completing an apprenticeship if they wish, which increases the appeal of the system.

In contrast, apprenticeships in the UK are seen as an “either/or” choice compared with completing a degree.

The role of social security

In some countries the social security system does more for young people and continues for longer. In Germany parents can receive Child Benefit for children in education up to the age of 27.

On the whole, Scandinavian states offer more generous benefits for independent young adults in recognition of their vulnerability.

In Norway parents can access childcare from birth to age five at a cost that is half the OECD average. In Denmark, childcare is free to the lowest income families. Denmark and Norway have 10% more women in work than the UK.

Representation

There is also variation in which countries are willing to share power with young people.

There are a number of countries who allow young people to vote from the age of 16, including the Isle of Man, Austria (which is the sole exception in the EU), Brazil, Nicaragua and Ecuador. Other countries allow limited voting rights for younger people. For example, in Germany 16 year olds can vote in *Länder* or state elections, in Hungary if you are married before 18, in Slovenia if you are employed.

The vast majority of countries do not allow voting before 18. However a Council of Europe report suggests that in Austria and Germany turnout amongst 16-17 year olds is higher than turnout amongst 18-24 year olds. It also appears to show that if young people start voting before 18 they continue. After lowering the voting age, interest in politics in Austria also rose, from 34% to 57%.

Other countries have a greater share of young MPs. For example 8.9% of MPs in Estonia and 6.7% of MPs in the Netherlands are under 30.

Conclusion

In this report we have set out the urgent nature, and scale of the change required to ensure young people have educational, work opportunities, home and job security and a genuine share in political power.

We also believe that action is needed now, to tackle some of the potentially looming problems of the future. Politicians need to urgently prioritise the following areas for action:

- a cross-party sustainable solution to care for the elderly
- a sustainable, affordable solution on pensions that ensures this generation of young people can retire with dignity
- a national debate on the nature, quality and provision of housing in the UK
- a fundamental rethink of education policy to focus on social education, not just academic attainment, to build a system based on collaboration, and a much greater emphasis on lifelong learning.
- affordable, good quality childcare for all families
- averting runaway climate change and adapting to climate change
- to consider a 'cradle to grave' system of support, so it becomes a collective not individual enterprise.

Plan A is failing to deliver the bright future that this generation of 16-24 year olds deserves. It is time for Plan B.

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WHAT IS IT?

WHAT IS PLAN B?

An alternative economic model to the Government's strategy of drastically cutting public spending in order to try and eliminate the budget deficit within five years.

WHAT'S WRONG WITH PLAN A?

Plan A is failing to provide economic growth or jobs and could in fact increase the deficit. The cuts are also having a devastating effect on the public services that most of us rely on.

The impact of the government's decision to reduce spending by £130 billion over 5 years is now beginning to tell, the cuts are reducing GDP by up to 2% per year.

WHAT WOULD PLAN B ENTAIL IN THE SHORT TERM?

- The cuts would be reversed until the economy is growing strongly.
- A new round of Quantitative Easing (money created by the central bank) would be directed to a Green New Deal, to insulate and prepare large numbers of buildings to generate renewable energy.
- Increasing some benefits for the poorest who are then likely to spend any extra income, this would help get the economy moving again.

HOW WOULD PLAN B PAY DOWN THE DEFICIT?

- It would cancel Private Finance Initiative debts, saving the nation £200bn in debt repayments.
- By introducing a Financial Transaction (Robin Hood) tax on the banks.
- The £70 billion in yearly uncollected tax would be closed.

Plan B would mean that the Government pays down the deficit through growth and spending adjustments only when the economy is in good enough shape to.

HOW WOULD PLAN B CREATE JOBS?

Stopping the cuts and investing in a Green New Deal would help create new jobs and save hundreds of thousands of existing ones.

Plan B would also create a new British Investment Bank that focuses strategy on low carbon sectors such as housing, transport and renewables. This would help create the conditions for start-up businesses to develop.

HOW DOES THIS DIFFER FROM 'BUSINESS AS USUAL?'

In the context of climate change and the globalising economy there is no short term fix for Britain, we cannot go back to 'business as usual'. Instead short-term measures have to create the conditions for a good economy that is in tune with the needs of people and the planet. That's why plan B would:

- Reform the banking sector to reduce the likelihood of another crash and focus investment on the productive economy.
- Focus on the 'core economy' of families and move beyond 'GDP' as the sole measure of economic success and rebalance of time spent working and 'living'.
- Reduce wage inequality and make companies more efficient through worker participation.

WHAT OTHER MEASURES ARE THERE?

It is not just the economy that needs thorough going reform but the state. Via Plan B, the state will spend more effectively and efficiently.

Investment will be focused on preventing illness and social disruption rather than wasting money on symptoms. For example a small investment to stop obesity could more than halve the £4.8bn cost to the NHS.

Public services will also be transformed through the widespread use of co-production techniques, emulating successful examples like Newcastle where savings have been re-allocated to deep rooted social problems such as long-term care.

For more information go to:

action.compassonline.org.uk/planb

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